



AUDIT

OF

UNDP TURKMENISTAN

GRANTS FROM THE GLOBAL FUND

Report No. 1832
Issue Date: 26 July 2017

Report on the Audit of UNDP Turkmenistan Grants from the Global Fund Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 22 May to 2 June 2017, conducted an audit of two grants from the Global Fund (Output Nos. 75647 [TB] and 100807 [TB], managed by UNDP Turkmenistan (the Office), as the Principal Recipient. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure, staffing, capacity development and exit strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation, grant closure);
- (c) Sub-recipient management (selection, assessment and contracting, funding, reporting, oversight and monitoring);
- (d) procurement and supply management (qualification and forecasting, procurement of health products, quality assurance of health products, procurement of other goods and services, supply management [inventory, warehousing and distribution], asset management, individual contractors); and
- (e) financial management (revenue and accounts receivable, expenditures, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 January 2016 to 31 March 2017. The Office recorded Global Fund-related expenditures of approximately \$2.5 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2014.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office's management of the Global Fund grants as **satisfactory**, which means "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/ area."

Key recommendations: Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address weaknesses within monitoring and evaluation activities and delays in liquidating advances and quarterly reporting by Sub-recipients.

The two recommendations aim to ensure the following: (a) effectiveness and efficiency of operations (Recommendation 1) and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2).

Implementation status of previous OAI audit recommendations: (Report No. 1410, 26 December 2014).

Total recommendations: 4

Implemented: 4

Management comments and action plan

The Resident Representative accepted both recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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