

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP BELIZE

GRANT FROM THE GLOBAL FUND

Report No. 1908
Issue Date: 4 April 2018

Report on the Audit of UNDP Belize Grant from the Global Fund Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 23 January to 2 February 2018, conducted an audit of one grant from the Global Fund, BLZ-C-UNDP that corresponds to Project ID 00084493 (Outputs No. 00092472 and 00097570 [HIV/TB]) managed by UNDP Belize (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 (qualification and forecasting, procurement of health products, quality assurance of health products, individual contractors, procurement of other goods and services), supply management (inventory, warehousing and distribution), asset management.
- (e) financial management (revenue and accounts receivable, expenses, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 January 2016 to 31 December 2017. The Office recorded Global Fund-related expenses of approximately \$1.8 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2012.

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 **partially satisfactory/some improvement needed**, which means, "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to capacity issues within the Project Management Unit and insufficient project oversight activities (monitoring and evaluation) carried out.

Key recommendations: Total = 4, high priority = 2

The four recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 1, high priority); (b) reliability and integrity of financial and operational information (Recommendation 3, high priority and Recommendation 2, medium priority); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 4, medium priority).

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Capacity issues within the Project Management Unit impacting project delivery (Issue 1)

The audit noted several capacity issues within the Project Management Unit:

- Average project delivery for 2016 and 2017 remained lower than planned. In 2016, project expenditures were 54.5 percent of the approved budget, whereas in 2017, 66 percent of the approved budget was expended. Although the project had taken steps in 2017 to accelerate delivery, the delivery pace was still low at year-end.
- Sub-recipients interviewed indicated that there were delays in the disbursement of funds from the Office to initiate activities in 2016 and 2017. As of 2 February 2018, the funds had yet to be disbursed for first quarter activities, therefore impacting project delivery.
- Staff responsible for providing the National AIDS Commission and Country Coordination Mechanism with quarterly information on the grant's performance did not attend meetings and did not provide the fourth quarter grant performance information for 2017 in a timely manner.
- From April to December 2016 the Monitoring and Evaluation Officer position was vacant; however, the Project Management Unit did not request any temporary support. The Sub-recipients interviewed by the audit team expressed concerns regarding the lack of sufficient monitoring and evaluation support visits carried out since April 2016, and throughout 2017. Further verification showed that more desk reviews were conducted versus field visits to cover the monitoring and evaluation activities. In addition, the Monitoring and Evaluation Officer eventually recruited was also providing monitoring and evaluation services exclusively to the UNDP Belize Office.

Recommendation: The Project Management Unit should address the issues identified by: (a) diligently monitoring project delivery and engaging staff exclusively in Global Fund activities; (b) timely transferring financial resources to partners; and (c) providing timely financial reporting to the Country Coordinating Mechanism and the Global Fund.

Monitoring and evaluation activities not conducted (Issue 3)

The approved Monitoring and Evaluation Plan included one semi-annual visit, one annual verification visit, and one quarterly visit (if required) to the five Sub-recipients. During 2017 the Project Management Unit did not conduct any visits to one Sub-recipient.

Furthermore, the approved Monitoring and Evaluation Plan included capacity-building activities such as informal mentoring, "learning by doing" and short-term training in managing the Monitoring and Evaluation Plan for Global Fund activities but those activities were not conducted during the review period.

Recommendation: The Office should ensure that the Project Management Unit's planned monitoring and evaluation activities such as visits (quarterly, semi-annual and annual) and capacity-building are conducted as scheduled.

Management comments and action plan

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



Helge S. Ostveiten
Director
Office of Audit and Investigations