



**AUDIT**

**OF**

**UNDP UKRAINE**

**PROCUREMENT SUPPORT SERVICES TO THE MINISTRY OF HEALTH OF UKRAINE**  
**(Directly Implemented Project No. 90474)**

**Report No. 1988**

**Issue Date: 16 August 2018**

**Report on the Audit of UNDP Ukraine  
Procurement Support Services to the Ministry of Health of Ukraine  
(Directly Implemented Project No. 90474)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 29 May to 8 June 2018, conducted an audit of Procurement Support Services to the Ministry of Health of Ukraine, Project No. 90474 (the Project), which is directly implemented and managed by UNDP Country Office in Ukraine (the Office). 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, risk management, staffing and performance management, capacity development and transition strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation);
- (c) procurement (quantification and forecasting, procurement of health products, quality assurance of health products, individual contractors, procurement of other goods and services), and asset management; and
- (d) financial management (revenue and accounts receivable, expenses and account payables).

The audit fieldwork also included an audit of the Office. The other project-related areas of human resources, information and communication technology and general administration were covered by the audit of the Office. The results of the Office audit are covered under a separate OAI report (Report No. 1987, issued on 16 August 2018).

The audit covered the Project's activities from 1 January 2017 to 31 March 2018. The Office recorded expenses approximately \$115.9 million during the audited period. The last audit of the Project was conducted by OAI through Moore Stephens LLP in 2017 and covered the expenses of two outputs (96228 and 103344) from 1 January to 31 December 2016. That audit did not result in any audit recommendations.

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 Project 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 = 3, high priority = 0

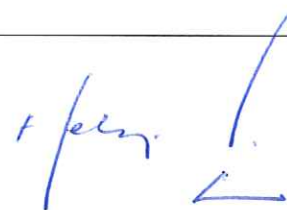
The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address weaknesses with the transition plan, weaknesses with the results and resources framework, and the lack of standard operating procedures.

The three recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendations 1 and 2); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 3).

#### **Management comments and action plan**

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

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

A handwritten signature in blue ink, which appears to read 'H. Osttveiten', is enclosed within a rectangular box.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations