



**AUDIT**

**OF**

**UNDP PACIFIC OFFICE IN FIJI**

**GRANTS FROM THE GLOBAL FUND**

**Report No. 1878**  
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## Table of Contents

<b>Executive Summary</b>	<b>i</b>
<b>I. Profile of Global Fund grants managed by UNDP Pacific Office in Fiji</b>	<b>1</b>
<b>II. Good practice</b>	<b>1</b>
<b>III. Audit results</b>	<b>1</b>
<b>Definitions of audit terms - ratings and priorities</b>	<b>2</b>

## Report on the Audit of UNDP Pacific Office in Fiji Grants from the Global Fund Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 5 to 16 June 2017, conducted an audit of two grants from the Global Fund (Output Nos. 96098 [HIV/ TB] and 96174 [Malaria]) managed by the UNDP Pacific Office in Fiji (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 July 2015 to 31 May 2017. The Office recorded Global Fund-related expenditures of approximately \$6.7 million. This was the first audit of the Office's Global Fund-related activities.

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."

### Good practice

The Office developed a tool called the 'Sub Recipient Reporting Performance Composite Index' which enabled the monitoring of timeliness, and the accuracy and completeness of Sub-recipient reports submitted to the Office (refer to page 1 for details).

### Key recommendations

The audit did not result in any recommendations.

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



Brett Simpson  
Officer-in-Charge  
Office of Audit and Investigations

## I. Profile of Global Fund grants managed by UNDP Pacific Office in Fiji

Since 2015, UNDP has been the Principal Recipient of Global Fund grants in the Pacific Office in Fiji.

Grant No.	Output No.	Description	Start Date	End Date	Budget (in \$'000)	Funds Received as of <b>31 May 2017</b> (in \$ '000)	Implementation Rate	Expenditures as of <b>31 May 2017</b> (in \$ '000)	Global Fund Rating as of <b>31 Dec 2015*</b>
QMJ-C_UNDP	96098	Western Pacific Integrated HIV/TB Programme	01 July 2015	31 Dec 2017	14,214.3	10,536.2	74%	5,353	B1
QMJ-M_UNDP	96174	Sustaining Universal Coverage of LLINs in Vanuatu	01 July 2015	31 Dec 2017	2,657.9	2,114	79.5%	1,344	A1

\*At the time of issuing this report, the Global Fund was in the process of finalizing new ratings for the grants.

## II. Good practice

OAI identified a good practice, as follows:

Sub-recipient management. The Office developed the 'Sub-recipient Reporting Performance Composite Index' to monitor the timeliness, accuracy and completeness of Sub-recipient reports. This standardized tool tracked Sub-recipient reporting and automatically allocated scores to individual Sub-recipients based on their aggregated performance against three key reporting criteria. This tool was subsequently enhanced to monitor the Sub-recipients' overall performance against the work plan, management recommendations, cash utilization rate, financial absorption rate, and use of funds.

## III. Audit results

Satisfactory performance was noted in all areas reviewed, as follows:

- Governance and strategic management. The Office had established adequate controls for the overall governance and strategic management of the implementation of the grants.
- Programme management. Grant activities were implemented in accordance with the grant agreement, and were adequately monitored.
- Sub-recipient management. Disbursements were made to Sub-recipients in accordance with UNDP regulations and rules. Financial and progress reports were prepared on a quarterly basis with adequate supporting documents.
- Procurement and supply management. There were adequate controls in place for the procurement of health products and other goods and services, along with the management of assets.
- Financial management. The review of payments through the verification of a sample of vouchers did not indicate any significant concerns regarding the reliability and integrity of financial and operational information.

The audit did not result in any recommendations.

Low priority recommendations were discussed directly and agreed upon with the Office and are not included in this report.

## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Satisfactory** 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.
- **Partially Satisfactory / Some Improvement Needed** 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.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** 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.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks. Failure to take action could contribute to negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.