



**AUDIT**

**OF**

**UNDP KYRGYZSTAN**

**GRANTS FROM THE GLOBAL FUND**

**Report No. 2737**  
**Issue Date: 10 September 2024**



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

The UNDP Office of Audit and Investigations (OAI), from 3 to 14 June 2024, conducted an audit of three grants from the Global Fund (Output Nos. 119494 [TB/HIV], 128546 [TB/HIV COVID-19 Response Mechanism], and 1001719 [TB/HIV]) managed by UNDP Kyrgyzstan (the Office) as the Principal Recipient. The COVID-19 Response Mechanism (C19RM) was an additional funding mechanism to mitigate the impact of the COVID-19 pandemic on programmes to fight HIV, tuberculosis (TB), and malaria, and to initiate urgent actions to improve formal and community health systems. 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, grant closure);
- (c) Sub-recipient management (selection, assessment and contracting, financial and programmatic activities);
- (d) procurement (quantification 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), and asset management; and
- (e) financial management (revenue and accounts receivable, expenses, reporting to the Global Fund, Fund Administrator Role).

The audit covered the Global Fund-related activities of the Office from 1 January 2023 to 31 March 2024. The Office recorded Global Fund-related expenses of approximately \$15.72 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2022.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

### **Overall audit rating**

OAI assessed the Office's management of the Global Fund grants as **fully 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."

The audit did not result in any recommendations.

**Implementation status of previous OAI audit recommendations:** Report No. 2454, 13 September 2022.

Total recommendations: 3

Implemented: 3



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**Management comments and action plan**

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.

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## I. Profile of Global Fund grants managed by UNDP Kyrgyzstan

Since 2011, UNDP has been the Principal Recipient of Global Fund grants in Kyrgyzstan (the Country).

Grant No.	Output No.	Description	Start Date	End Date	Budget (in \$'000)	Funds Received as of <b>31 March 2024</b> (in \$ '000)	Implementation Rate (%)	Expenses as of <b>31 March 2024</b> (in \$ '000)	Global Fund Rating at <b>31 March 2024</b>
KGZ-C-UNDP	119494	Effective HIV and TB control project in the Kyrgyz Republic (Regular Funds)	1-Jan-21	31-Dec-23	27,436	27,113	91%	24,955	C-2
KGZ-C-UNDP	128546	Effective HIV and TB control project in the Kyrgyz Republic (C19RM Funds)	1-Jan-21	31-Dec-25	6,625	6,593	77%	5,126	C-2
KGZ-C-UNDP	1001719	Effective HIV and TB control project in the Kyrgyz Republic (Regular funds - Grant Cycle 7)	1-Jan-24	31-Dec-26	27,862	8,504	2%	625	N/A

## II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic management. All controls in this area were deemed to be well-designed and functioning.
- (b) Development activities. The grant was effectively managed to achieve the main programmatic and financial targets.
- (c) Sub-recipient management. Disbursements were made to the Sub-recipients in accordance with UNDP rules and regulations. Reports from Sub-recipients were reviewed by the Office and management letters were sent to the Sub-recipients.
- (d) Procurement and supply management. The procurement of goods and services was carried out according to UNDP's rules and regulations.
- (e) Financial management. Controls were adequately established to allow for the timely preparation and submission of the Progress Update and Disbursement Requests to the Global Fund. The sample of payments reviewed included adequate supporting documentation and were adequately authorized. Controls over Global Fund assets used and controlled by the Project Management Unit and the Sub-recipients were adequately implemented.

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

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## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Fully 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.
- **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.