



AUDIT

OF

UNDP ZIMBABWE

**GRANTS FROM THE GLOBAL FUND TO FIGHT
AIDS, TUBERCULOSIS AND MALARIA**

Report No. 1089
Issue Date: 5 March 2013

**Report on the audit of UNDP Zimbabwe
Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria
Executive Summary**

From 22 October to 5 November 2012, the Office of Audit and Investigations (OAI) conducted an audit of nine grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) [Project IDs: 71583 (TB), 72216 (Malaria), 72172 (HIV), 72970 (HIV), 72971 (TB), 72972 (Malaria), 72973 (Health System Strengthening), 80242 (Malaria) and 82260 (Malaria)] and managed by the UNDP Country Office in Zimbabwe (the Office) as the Principal Recipient. These grants were managed under the Global Fund’s Additional Safeguard Policy.¹ The audit covered all Global Fund-related activities of the Office during the period from 1 January 2011 to 31 August 2012. During the period reviewed, the Office recorded Global Fund-related expenditures totalling \$88.7 million. The last audit of the Office’s Global Fund-related activities was conducted by OAI in 2011.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed the Office’s management of Global Fund grants as **satisfactory**, which means “Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.” Ratings per audit area and sub-areas are summarized below:

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
1.1 Organizational structure	Satisfactory			
1.2 Staffing	Satisfactory			
1.3 Cooperation and coordination with Country Coordinating Mechanism and other stakeholders	Satisfactory			
1.4 Capacity building and exit strategy	Satisfactory			
2. Programme management				
2.1 Project approval and implementation	Partially Satisfactory			
2.2 Conditions precedent and special conditions of the grant agreements	Satisfactory			
2.3 Monitoring and evaluation	Satisfactory			
2.4 Grant closure	Satisfactory			
3. Sub-recipient management				

¹ The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.

3.1	Selection, assessment and contracting	Satisfactory
3.2	Funding	Satisfactory
3.3	Reporting	Satisfactory
3.4	Oversight and monitoring	Partially Satisfactory
3.5	Audit	Satisfactory
4.	Procurement and supply management	
4.1	Procurement of health products	Satisfactory
4.2	Quality assurance of health products	Satisfactory
4.3	Procurement of other goods and services	Satisfactory
4.4	Supply management (inventory, warehousing and distribution)	Partially Satisfactory
4.5	Asset management	Satisfactory
4.6	Individual contractors	Satisfactory
5.	Financial management	
5.1	Revenue and accounts receivable	Satisfactory
5.2	Expenditures	Satisfactory
5.3	Reporting to the Global Fund	Satisfactory

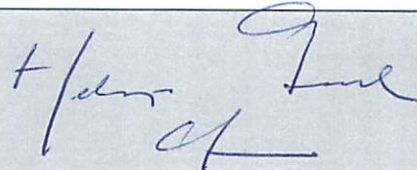
Key issues and recommendations

There were four recommendations, all ranked medium (important) priority, meaning “Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address: (a) lack of contingency planning, (b) delays in the disbursement of funds from the Global Fund, (c) weaknesses in the support provided to Sub-recipients and (d) weaknesses in the storage of products.

Among the four issues raised, one was noted to be caused by factors beyond the control of UNDP (Issue 1).

Management comments and action plan

The Resident Representative accepted all the recommendations and is in the process of implementing them.



Helge S. Osttveiten
Director
Office of Audit and Investigations