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. 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:

<table>
<thead>
<tr>
<th>Audit Areas</th>
<th>Not Assessed/Not Applicable</th>
<th>Unsatisfactory</th>
<th>Partially Satisfactory</th>
<th>Satisfactory</th>
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<tbody>
<tr>
<td>1. Governance and strategic management</td>
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<td>1.1 Organizational structure</td>
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<td>Satisfactory</td>
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<td>1.2 Staffing</td>
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<td>1.3 Cooperation and coordination with Country Coordinating Mechanism and other stakeholders</td>
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<td>Satisfactory</td>
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<td>1.4 Capacity building and exit strategy</td>
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<td>2. Programme management</td>
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<td>Partially Satisfactory</td>
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<td>2.1 Project approval and implementation</td>
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<td>2.2 Conditions precedent and special conditions of the grant agreements</td>
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<td>2.3 Monitoring and evaluation</td>
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<td>2.4 Grant closure</td>
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<td>3. Sub-recipient management</td>
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1 The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.
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.