



CONSOLIDATED REPORT

ON

AUDITS OF UNDP COUNTRY OFFICES

AS PRINCIPAL RECIPIENTS OF GRANTS

FROM THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

FOR THE PERIOD JANUARY TO DECEMBER 2012

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Consolidated Report on Audits of UNDP Country Offices as Principal Recipients of Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria Executive Summary

Background

In January 2013, the Office of Audit and Investigations (OAI) analysed the lessons learned from the 15 OAI audits of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) grants managed by UNDP as the Principal Recipient that had been conducted by OAI. As of December 2012, UNDP was the Principal Recipient in 25 countries managing 55 Global Fund grants totalling approximately \$1.4 billion.

Audit Coverage

The 15 audit reports issued by OAI in 2012 covered the UNDP Principal Recipient function in 13 countries (Angola, Belarus, Belize, Bolivia, Democratic Republic of the Congo (DRC), El Salvador, Haiti, Iraq, Maldives, Programme of Assistance to the Palestinian People in the West Bank and Gaza [PAPP], Sao Tome and Principe, Sudan and Zambia) as well as the UNDP corporate procurement functions for projects funded by the Global Fund. The number of Global Fund grants audited was 51 with a total expenditure volume of \$232.5 million. Of the 15 audit reports issued, 3 were rated "satisfactory" and 12 were rated "partially satisfactory."

The 15 audits reported a total of 73 issues and made a total of 69 recommendations to address those issues. Many of the issues reported had also been noted in last year's audit reports. The recurring or important issues were:

From the country office audits:

- Weaknesses in project monitoring and evaluation.
- Weaknesses in Sub-recipient reporting, including quality of Sub-recipient supporting documentation.
- Inadequate safeguarding and distribution of finished pharmaceutical products.

From the audit of the procurement function for Global Fund projects:

- Late engagement of the Global Procurement Unit in the country offices' procurement processes.
- Inadequate procurement planning leading to procurement delays.

To ensure the successful implementation of Global Fund grants, OAI recommended that:

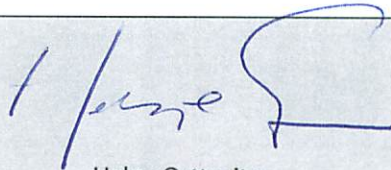
- The monitoring and evaluation function of country offices be strengthened, as OAI noted suboptimal monitoring and evaluation in at least four country offices. Also, the number of field visits carried out by the monitoring and evaluation teams was often inadequate, the field visits had not been carried out, or the follow-up on issues noted during field visits had not taken place.
- The country offices' management and oversight of Sub-sub-recipients be improved since weak capacity was evident in, *inter alia*, the poor quality of quarterly reports submitted by Sub-recipients to UNDP and in issues related to the management of stock and assets by Sub-recipients as noted in most OAI audits. Country offices should rigorously implement a quality assurance plan for testing finished pharmaceutical products with, as may be needed, the support of relevant units at headquarters.
- The monitoring and oversight by country offices of the supply management of health products be strengthened, including proper storage conditions, development of warehouse plans, efficient stock management to avoid stock-outs, and adequate record keeping in order ensure the quality and availability of health products in support of programme deliverables.
- The Global Procurement Unit, Bureau of Management become a key partner to country offices as its function is to provide continuous assistance through advice and support in procurement planning, processing and on-site training. Country offices often perceived the Unit as a supplier of last resort and used its services only after running into issues while conducting their own procurement process.

- The Procurement Support Office, in consultation with the Office of Information Systems and Technology develop and implement an online procurement planning tool that supports country offices in effective planning of Global Fund related procurement.

Implementation of audit recommendations

Even though this report presents analysis and data for the 15 audits issued between 1 January and 31 December 2012, OAI recognizes that implementation of the audit recommendations requires time. Therefore, the rate of implementation of the audit recommendations in Section III of the report only reflects the implementation data relating to the 57 recommendations included in the 11 audit reports issued between 1 January and 30 September 2012. In close cooperation with the Bureau for Development Policy, OAI monitored, on a quarterly basis, the progress achieved by UNDP country offices in implementing the audit recommendations. As of 31 March 2013, the overall implementation rate was 78 percent for the 11 reports issued between 1 January and 30 September 2012. Out of a total of 57 recommendations, 32 had been fully implemented, 18 were reported as still in the process of being implemented, 6 showed no action had been taken, and 1 recommendation had been withdrawn by OAI.

I wish to express my appreciation to the management and staff of the UNDP country offices concerned and to the UNDP Global Fund Partnership Team's Bureau for Development Policy, as well as the Bureau of Management's Procurement Support Office, Special Advisory Team, for the assistance and cooperation extended to the various OAI audit teams.



Helge Osttveiten
Director
Office of Audit and Investigations