



AUDIT

OF

UNDP ZIMBABWE

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

Report No. 1238

Issue Date: 10 December 2013

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

From 16 September to 2 October 2013, the Office of Audit and Investigations (OAI) conducted an audit of four grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Project Nos. 72970 [HIV], 72971 [TB], 72973 [HSS] and 82260 [Malaria]) 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 September 2012 to 31 August 2013. During the period reviewed, the Office recorded Global Fund-related expenditures totalling \$123 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2012.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform 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	Partially Satisfactory			
1.2 Staffing	Satisfactory			
1.3 Capacity development and exit strategy	Satisfactory			
2. Programme management				
2.1 Project approval and implementation	Satisfactory			
2.2 Monitoring and evaluation	Satisfactory			
2.3 Grant closure	Not applicable			
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	Satisfactory		
4.	Procurement and supply management			
4.1	Quantification and forecasting	Partially Satisfactory		
4.2	Procurement of health products	Satisfactory		
4.3	Quality assurance of health products	Satisfactory		
4.4	Procurement of other goods and services	Satisfactory		
4.5	Supply management (inventory, warehousing and distribution)	Partially Satisfactory		
4.6	Asset management	Partially Satisfactory		
4.7	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

The audit raised 4 issues and resulted in 4 recommendations, of which 1 (25 percent) was ranked high (critical) priority, meaning “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 and may affect the organization at the global level.”

Among the four issues raised, one was noted to be caused by factors beyond the control of UNDP (Issue 2).

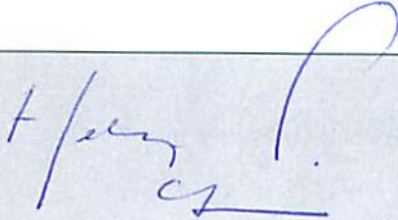
The high priority recommendation is as follows:

Quantification and forecasting (Issue 2) Weaknesses in quantification and forecasting. There were no documented standard operating procedures shared with the partners detailing procedures and critical steps in the quantification and forecasting processes. The complete data output and resulting forecasted procurement needs at national levels were not shared with all the partners. As a result, partners did not have complete and detailed information at the national level to provide for the management of stock levels in a timely manner. OAI recommends that the Office work with the relevant government ministry to ensure that proper terms of reference or standard operating procedures are developed and that detailed and complete information at the national level on quantification and procurement is shared with all the partners on a regular basis.

The implementation status of previous Global Fund audit recommendations (Report No. 1089, 5 March 2013) was also validated. All four recommendations were noted to be fully implemented.

Management comments and action plan

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



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