



**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 2013**

**Report No. 1301**

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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 February 2013, the UNDP Office of Audit and Investigations (OAI) analysed the lessons learned and recommendations from the OAI audits of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) grants managed by UNDP as the Principal Recipient. As of December 2013, UNDP was the Principal Recipient in 26 countries, and was managing 53 Global Fund grants totalling \$1.66 billion.

### Audit coverage

OAI issued 14 audit reports in 2013, covering the UNDP Principal Recipient function in 10 countries (Chad, the Democratic Republic of the Congo, Iran, Iraq, Kyrgyzstan, Mali, Niger, South Sudan, Sudan, and Zimbabwe). The number of Global Fund grants audited was 53, with a total expenditure of \$399.8 million. Of the 14 audit reports issued, 4 were rated "satisfactory", 9 "partially satisfactory" and 1 "unsatisfactory."

The 14 audits reported a total of 83 issues and made a total of 74 recommendations to address those issues. Twenty-nine recommendations, or 39 percent, were rated high priority. Many of the issues reported had also been noted in audit reports of prior years. The recurring or key issues were:

- (a) weaknesses in the liquidation of Sub-recipient advances;
- (b) weaknesses in warehouse management;
- (c) quality assurance testing for finished pharmaceutical products not performed, or performed but not in a timely manner; and
- (d) weaknesses in asset management.


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

- Country Offices implement a system of verification of the liquidation of at least 80 percent of prior advances before approving new advances, and ensure that the Sub-recipients have the appropriate capacity to prepare quarterly reports by closely working with the Sub-recipients to identify and analyse weaknesses and set up a plan to address them;
- the supply management of health products be strengthened, especially storage conditions, floor plans, record-keeping, and that stock management be improved to avoid potential stock-outs;
- finished pharmaceutical products be tested throughout the supply chain by laboratories that meet the requirements of the Global Fund quality assurance policy; and
- mid-year and end-year physical verifications be conducted for all warehouses and assets reconciled with the list of assets; that assets be properly tagged and registered in Atlas; and that any stolen assets be reported and investigated in a timely manner.

OAI also audited the quantification and forecasting process, as well as grant closure as a cross-cutting area in 2013 (refer to Section V). Delayed grant closure was noted in most countries where the process was reviewed.

### Implementation of audit recommendations

In close cooperation with the Bureau for Development Policy, OAI monitors, on a quarterly basis, the progress achieved by UNDP Country Offices in implementing audit recommendations. OAI recognizes that the implementation of audit recommendations requires time. As of 27 March 2014, the rate of implementation of the recommendations for the 14 audit reports issued between 1 January and 31 December 2013 was 32 percent, as detailed in Section III of this report. It should be highlighted that 8 of the 14 audit reports (more than 50 percent) were recently issued, in December 2013, less than six months before the date at which OAI calculated the implementation rate.



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