



**AUDIT**

**OF**

**UNDP ZAMBIA**

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

**Report No. 1447**

**Issue Date: 9 July 2015**

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

The UNDP Office of Audit and Investigations (OAI), from 13 to 24 April 2015, conducted an audit of seven grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Output Nos. 76782 [HIV], 77862 [Malaria], 79589 [TB], 79590 [Malaria], 79742 [HIV], 79743 [HIV] and 87640 [HIV]) managed by UNDP Zambia (the Office) as the Principal Recipient. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure, staffing, capacity development and exit strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation, grant closure);
- (c) Sub-recipient management (selection, assessment and contracting, funding, reporting, oversight and monitoring);
- (d) procurement and supply management (qualification and forecasting, procurement of health products, quality assurance of health products, procurement of other goods and services, supply management [inventory, warehousing and distribution], asset management, individual contractors); and
- (e) financial management (revenue and accounts receivable, expenditures, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 October 2013 to 31 March 2015. The Office recorded Global Fund-related expenditures totalling \$134 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*.

### Overall audit rating

OAI assessed the Office's management of the 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."

**Key recommendations:** Total = 4, high priority = 0

The four recommendations aim to ensure the following: (a) effectiveness and efficiency of operations (Recommendation 3); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1, 2 and 4).

The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address Sub-recipient reporting, the management and administration of individual contracts, and the quality assurance of temperature-sensitive products.

One of the recommendations related to addressing delays in the procurement of non-health products, partly caused by factors beyond the control of UNDP (refer to Issue 3).

**Implementation status of previous OAI audit recommendations:** Report No. 966, 1 August 2012.

Total recommendations: 3

Implementation rate: 100%<sup>1</sup>

#### **Management comments and action plan**

The Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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<sup>1</sup> This may differ from the implementation rate in the Comprehensive Audit and Recommendation Database System (CARDS), which includes extra points depending on how quickly the recommendations have been implemented.