



CONSOLIDATED REPORT

ON THE 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 2014

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

Background

In March 2015, 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 Principal Recipient. As of December 2014, UNDP was the Principal Recipient in 25 countries and 1 regional programme and was managing 50 Global Fund grants totalling \$1.84 billion.

Audit coverage

In 2014, 18 reports were issued pertaining to Global Fund grants managed by UNDP as Principal Recipient. Of the 18 audit reports, 16 covered 31 Global Fund grants in 14 Country Offices (5 in the Arab States, 4 in Africa, 3 in Europe and the Commonwealth of Independent States, 1 in Latin America and the Caribbean, and 1 in Asia and the Pacific). OAI also issued two consolidated reports on audits of UNDP Country Offices as Principal Recipient of Global Fund grants and Sub-recipients of Global Fund grants pertaining to 2013.

The 16 audits reported a total of 55 audit issues and made a total of 54 recommendations to address those issues. There were 18 recommendations, or 33 percent, that were rated high priority. The recurring or key issues were:

- (a) weaknesses in the staffing of Global Fund projects;
- (b) weaknesses in warehousing management;
- (c) lack of or delays in quality assurance testing of health products;
- (d) weaknesses in the procurement of health products;
- (e) weaknesses in financial management; and
- (f) weaknesses in stock management

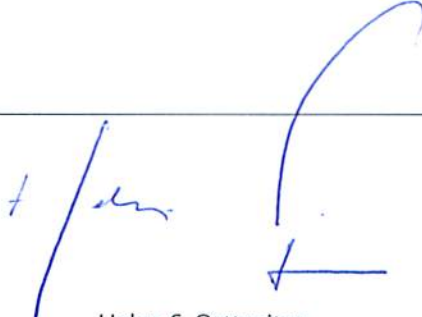
To ensure the successful implementation of Global Fund grants, OAI recommended that Country Offices:

- review and revise their recruitment processes to comply with UNDP policies and procedures, and institute procedures for adequate funding and timely recruitment of key posts;
- ensure that centres/hospitals that deal with medical supplies and pharmaceuticals are aware of and are able to comply with the requirements related to the proper disposal of expired drugs, and the proper storage of medical supplies;
- ensure that the finished pharmaceutical products are tested throughout the supply chain by a lab which meets the requirements of the Global Fund quality assurance policy;
- improve procurement management by placing orders in a timely manner to ensure an optimal stock level to enable the delivery of planned outcomes, and to avoid stock-outs; and
- recover all direct project costs from the Global Fund by charging against project accounts all direct costs incurred by the Programme Management Unit on behalf of Global Fund projects and recover the expenditures that were validated by the Local Fund Agent¹.

¹ The Global Fund normally designates one Local Fund Agent (typically an external audit firm) in each country to oversee, verify and report on grant performance. During grant implementation, the Local Fund Agent reviews the implementers' progress in achieving the performance targets, and reviews appropriate use of funds in accordance with the grant agreement.

Implementation of audit recommendations

In close cooperation with the Bureau for Policy and Programme Support, UNDP Global Fund Programme Team, OAI monitors and follows up, on a quarterly basis, on the progress achieved by each Country Office in implementing audit recommendations. As of 14 April 2015, the rate of implementation of audit recommendations for the 16 audit reports issued between 1 January and 31 December 2014 was 69 percent, as detailed in Section IV of this report. It will be important to increase the rate of implementation in 2015.



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