



AUDIT

OF

UNDP ISLAMIC REPUBLIC OF IRAN

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

Report No. 1539
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Report on the Audit of UNDP Islamic Republic of Iran Grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 6 to 17 September 2015, conducted an audit of four grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Output Nos. 84251, 94896 [HIV], 80152, 90873 [Malaria], 77633 [TB] and 88383 [Country Coordinating Mechanism]), managed by UNDP Islamic Republic of Iran (the Office) as the Principal Recipient. These grants were managed under the Global Fund's Additional Safeguard Policy.¹ 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 (quantification 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 (expenditures, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 January 2014 to 31 August 2015. The Office recorded Global Fund-related expenditures of approximately \$17 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in August 2014.

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."

¹ The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.

Key recommendations: Total = 3, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are three 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 staff performance assessments that were not completed in a timely manner, excess procurement of HIV medicines, and lack of an established procedure to monitor payments to NGOs by the Sub-recipient.

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

There is also one issue caused by factors beyond the control of UNDP: Delays in procurement of insecticides (refer to Issue 3).

Implementation status of previous OAI audit recommendations: Report Nos. 1362, 1363 and 1364 issued on 22 August 2014 did not result in any recommendations.

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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