



**AUDIT**

**OF**

**UNDP MALI**

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

**Report No. 1571**

**Issue Date: 27 May 2016**

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

The UNDP Office of Audit and Investigations (OAI), from 10 to 26 February 2016, conducted an audit of one grant from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (Output No. 84293 [HIV]) managed by UNDP Mali (the Office) as the Principal Recipient. This grant was managed under the Global Fund's Additional Safeguard Policy.<sup>1</sup> The Office also managed Output No. 85760 (Country Coordinating Mechanism [CCM]) as the CCM Funding Recipient.<sup>2</sup> 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, capacity development and exit strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation);
- (c) Sub-recipient management (oversight and monitoring);
- (d) procurement and supply management (procurement of health products, quality assurance of health products, procurement of other goods and services, supply management [inventory, warehousing and distribution], asset management); and
- (e) financial management (expenditures, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 February 2015 to 31 January 2016. The Office recorded Global Fund-related expenditures of approximately \$13.3 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2015.

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 **partially satisfactory**, which means, "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." This rating was mainly due to weaknesses in governance and strategic management, programme management, procurement and supply management, as well as financial management.

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

<sup>2</sup> Since the CCM is not a legally incorporated body and cannot receive funds, it designates a CCM Funding Recipient to be responsible for receiving funds on its behalf.

**Key recommendations:** Total = 8, high priority = 2

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	Medium
Reliability and integrity of financial and operational information	7	Medium
Effectiveness and efficiency of operations	3, 5	High
	2, 4, 8	Medium
Safeguarding of assets	6	Medium

For high (critical) priority recommendations, 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. The high (critical) priority recommendations are presented below:

Gaps in monitoring and evaluation processes (Issue 4)      Monitoring and evaluation remained a challenge in 2015 with delayed reporting, sub-optimal quality of reports, weakness in the implementing partners' monitoring and evaluation systems and data quality reviews not conducted in accordance with plan.

Recommendation 3: The Office should strengthen project monitoring.

Inadequate inventory management information system (Issue 6)      The monthly stock reports were inadequate for the purposes of tracking pharmaceutical products throughout the supply chain. Also, the Project Management Unit did not receive reports of stocks from health centres, which meant that it had no visibility of stock levels at the service delivery points. Lastly, the Project Management Unit did not have a mechanism to detect expired products at the service delivery points.

Recommendation 5: The Office should strengthen the inventory management information system to track and monitor pharmaceutical products throughout the supply chain.

**Implementation status of previous OAI audit recommendations:** Report No. 1432, 20 May 2015.

Total recommendations: 5

Implemented: 1

In progress: 4

The pending recommendations pertain to governance and strategic management, programme management, as well as procurement and supply management.

### Management comments and action plan

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



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