



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 FROM 1 JANUARY TO 31 DECEMBER 2015**

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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 April 2016, the UNDP Office of Audit and Investigations (OAI) analysed the audit issues noted and reviewed the status of recommendations from the 2015 OAI audits of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) grants managed by UNDP as Principal Recipient. OAI also identified recurring audit issues from the reports issued from 2012 to 2015.

As of December 2015, UNDP was the Principal Recipient in 24 countries, 1 regional programme, 1 multi-country programme, and was managing 47 Global Fund grants totalling \$1.59 billion.

Audit coverage

In 2015, 14 audit reports were issued pertaining to Global Fund grants managed by UNDP as Principal Recipient. The 14 reports (4 in the Arab States, 4 in Africa, 3 in Europe and the Commonwealth of Independent States, 2 in Latin America and the Caribbean, and 1 in Asia and the Pacific) covered 35 Global Fund grants in 13 Country Offices. There were two reports for one Country Office in the Arab States region.

The 14 audits reported a total of 54 audit issues and made a total of 53 recommendations to address those issues. There were 16 recommendations (30 percent) that were rated as high priority. The recurring or key issues noted in at least 5 countries were weaknesses in the following:

- (a) project approval and implementation;
- (b) management and oversight of Sub-recipients;
- (c) procurement and supply management; and
- (d) financial management of expenditures;

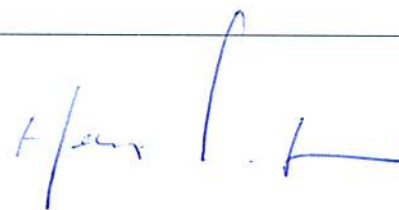
To ensure the successful implementation of Global Fund grants, OAI issued audit recommendations to the Country Offices. The critical and important recommendations included the following:

- Inform the Global Fund of the implementation challenges caused by the ongoing security situation so that activities and funds can be reprogrammed, as necessary.
- Strengthen the relationship with the Sub-recipients by timely processing operational requests and identifying important and strategic challenges and resolving them.
- Improve the monitoring of Sub-recipients and Sub-sub-recipients through an alternative supervisory visit plan, considering the prevailing security conditions.
- Implement standard operating procedures relating to the stock and inventory management of finished pharmaceutical products by coordinating with the national implementing partner.
- Improve the medical product distribution plan and control systems.
- Comply with the policy on payments to government staff.
- Ensure that all GLJEs¹ are adequately documented, approved by the senior management and filed for future reference.
- Exercise due diligence when processing payments.

¹ GLJE, or General Ledger Journal Entries, are adjustments made to the accounting books of the organization.

Implementation of audit recommendations

In close cooperation with the Bureau for Policy and Programme Support, UNDP Global Fund/Health Implementation Support Team, OAI monitors and follows up, on a quarterly basis, on the progress achieved by each Country Office in implementing audit recommendations. As of 20 April 2016, the rate of implementation of audit recommendations for the 14 audit reports issued between 1 January and 31 December 2015 was 65 percent, as detailed in Section IV of this report.



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