



CONSOLIDATED REPORT

OF 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 2016

Report No. 1772
Issue Date: 17 April 2017

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

Executive Summary

Background

The UNDP Office of Audit and Investigations (OAI) analyzed the audit issues noted in the 2016 OAI audits of the Global Fund grants managed by UNDP as Principal Recipient, and reviewed the status of implementation of audit recommendations as of April 2017. OAI also identified recurring audit issues from the reports issued from 2013 to 2016.

As of December 2016, UNDP was the Principal Recipient in 21 countries and 4 regional programmes, and managed 37 Global Fund grants totaling \$1.46 billion.

Audit coverage

In 2016, 13 reports were issued pertaining to audits of Global Fund grants managed by UNDP as Principal Recipient. The 13 reports (6 in Africa, 4 in the Arab States, 2 in Latin America and the Caribbean, and 1 in Asia and the Pacific) covered 23 Global Fund grants in 9 Country Offices.

The 13 audits reported a total of 28 audit issues and made a total of 25 recommendations to address those issues. The recurring or key issues noted were weaknesses in:

- (a) programme management
- (b) procurement and supply management (inventory, warehousing, and distribution)
- (c) financial management/project expenditures

There were eight recommendations (32 percent) that were rated as high priority.

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

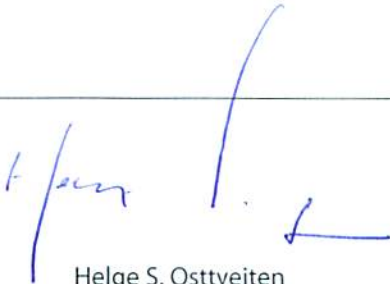
- Strengthen supply management by:
 - (a) developing and implementing the appropriate mechanisms to track and monitor pharmaceutical products throughout the supply chain;
 - (b) ensuring the accurate recording of inventory items;
 - (c) prioritizing the distribution of the first-to-expire stock; and
 - (d) monitoring stock levels on a monthly basis.
- Strengthen programme management by:
 - (a) establishing a mechanism to hold non-performing partners accountable, including documenting instances of non-performance and reporting them to appropriate authorities;
 - (b) expediting the fulfilment of conditions to allow for the commencement of delayed activities and adjusting the work plan accordingly;
 - (c) documenting how grant activities are implemented in hard-to-reach areas; and
 - (d) assessing the potential additional costs of implementing grant activities in hard-to-reach areas.

- Improve financial management controls by:
 - (a) obtaining and reconciling all advances including reprogrammed amounts to determine and request final balances;
 - (b) systematically recording advances in the correct accounts;
 - (c) liquidating only those items that have been received;
 - (d) enforcing contractual arrangements related to invoicing;
 - (e) recovering amounts identified as overpayments; and
 - (f) ensuring that expenses reported by other UN agencies are properly presented under the correct Atlas heading.

Implementation of audit recommendation

In close cooperation with the Bureau for Policy and Programme Support, UNDP Global Fund/Health Implementation Support Team, OAI continuously monitors and follows-up on the progress achieved by each Country Office in implementing audit recommendations.

As of 4 April 2017, the rate of implementation of 2016 audit recommendations was 52 percent, as detailed in Section IV of this report.

A handwritten signature in blue ink is located above the name. The signature is stylized and appears to read 'H. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations