

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP ANGOLA

GRANTS FROM THE GLOBAL FUND

Report No. 1833

Issue Date: 26 July 2017

Report on the Audit of UNDP Angola Grants from the Global Fund Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 15 to 26 May 2017, conducted an audit of two grants from the Global Fund (Output Nos. 46824 and 101046 [HIV]) managed by UNDP Angola (the Office) as the Principal Recipient. 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 (qualification 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 (revenue and accounts receivable, expenditures, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 January 2016 to 31 March 2017. The Office recorded Global Fund-related expenditures of approximately \$5.35 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 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 **partially satisfactory / some improvement needed**, which means "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to long delays in the staffing of the Programme Management Unit and inadequate quality assurance over finished pharmaceutical products.

Key recommendations: Total = 4, high priority = 2

| Objectives | Recommendation No. | Priority Rating |
|--|--------------------|-----------------|
| Achievement of the organization's strategic objectives | 2 | Medium |
| Effectiveness and efficiency of operations | 1 | High |
| | 3 | Medium |
| Compliance with legislative mandates, regulations and rules, policies and procedures | 4 | High |

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. All high (critical) priority recommendations are presented below:

Long delays in the staffing of the Programme Management Unit (Issue 1)

Several positions had remained vacant for extended periods of time which, for several months, rendered the human resource capacity in the Project Management Unit (PMU) inadequate to cope with the project implementation demands. The approved PMU structure comprised of 10 posts for the period from 1 July 2016 to 30 June 2018. Out of these 10 posts, 4 posts remained vacant, ranging from 6 months to 11 months. In addition, at the time of the audit, two newly - created positions, the Logistics Assistant and a Programme Officer United Nations Volunteer, were yet to be filled. The delays were caused by the Office facing difficulties in attracting suitable candidates. The protracted filling of key positions affected the implementation of activities which created the need for an accelerated project implementation plan.

Recommendation: The Office should strengthen capacity of the Programme Management Unit by (a) filling all remaining vacant positions as soon as possible; and (b) mapping and aligning the Programme Management Unit human resource capacity to the demands of the accelerated project implementation plan, and revise if needed.

Inadequate quality assurance over pharmaceutical products (Issue 4)


At the time of the audit mission, the update of the Quality Assurance Plan had not yet been finalized under the new grant on 1 July 2016. Furthermore, there had been no quality control testing of pharmaceutical products carried out since the start of the new grant.

Recommendation: Improve the quality assurance of pharmaceutical products by (a) finalizing the update of the Quality Assurance Plan, in consultation with the Global Fund /Health Implementation Support Team, HIV, Health and Development Group, Bureau for Policy and Programme Support and the government partner; and (b) ensuring that quality control testing of pharmaceutical products is carried out at central level and along the supply chain and finalized as soon as possible.

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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