

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP CUBA

GRANTS FROM THE GLOBAL FUND

Report No. 1884

Issue Date: 1 December 2017

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

The UNDP Office of Audit and Investigations (OAI), from 2 to 13 October 2017, conducted an audit of one grant from the Global Fund (Output No. 92866 [HIV]) managed by UNDP Cuba (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, expenses, reporting to the Global Fund).

The audit covered the Global Fund-related activities of the Office from 1 January 2016 to 30 June 2017. The Office recorded Global Fund-related expenses of approximately \$9.9 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 **satisfactory**, which means "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

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. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address staffing issues within the Project Management Unit, low project delivery rate, and weaknesses in the use of Atlas impacting project management.

The three recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives, and effectiveness and efficiency of operations (Recommendation 1); (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2); and (c) reliability and integrity of financial and operational information (Recommendation 3).

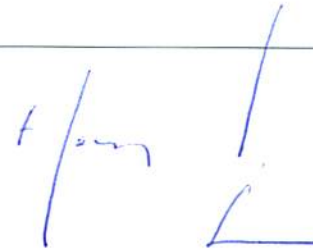
Implementation status of previous OAI audit recommendations: Report No. 1454, 22 May 2015.

Total recommendations: 3

Implemented: 3

Management comments and action plan

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

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', enclosed within a rectangular box.

Helge S. Osttveiten
Director
Office of Audit and Investigations