

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



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**CONSOLIDATED REPORT**

**OF THE AUDITS OF**

**UNDP COUNTRY OFFICES AS PRINCIPAL RECIPIENTS OF GRANTS FROM**

**THE GLOBAL FUND**

**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

**Report No. 1917**  
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## Consolidated Report of the Audits of UNDP Country Offices as Principal Recipients of Grants from the Global Fund Executive Summary

### Background

The UNDP Office of Audit and Investigations (OAI) analysed the audit issues noted in the 2017 OAI audits of the Global Fund grants managed by UNDP as Principal Recipient and reviewed the status of implementation of audit recommendations as of February 2018. OAI also identified the categories with recurring audit issues from the reports issued from 2014 to 2017.

In 2017, UNDP was the Principal Recipient in 18 countries and 3 regional programmes<sup>1</sup> and managed 34 Global Fund grants totalling \$1.24 billion.

### Audit coverage

In 2017, 10 reports were issued pertaining to audits of Global Fund grants managed by UNDP as Principal Recipient. The 10 reports (4 in Africa, 2 in Europe and the Commonwealth of Independent States, 2 in Asia and the Pacific, 1 in the Arab States, and 1 in Latin America and the Caribbean) covered 29 Global Fund grants in 10 Country Offices.

Of the 10 reports, 5 were rated “satisfactory”, 3 were rated “partially satisfactory/some improvement needed”, 1 was rated “partially satisfactory/major improvement needed” and 1 was rated “unsatisfactory”.<sup>2</sup>

Eight of the 10 audits reported a total of 32 audit issues and made a total of 33 recommendations to address those issues. The remaining two audit reports did not raise any issues. The recurring or key issues noted in the eight audit reports were weaknesses in:

- (a) supply management (inventory, warehousing, distribution)
- (b) programme management (project implementation, monitoring and evaluation)
- (c) Sub-recipient management (funding and reporting)

There were 13 recommendations (39 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) updating the quality assurance plan in consultation with the Bureau for Policy and Programme Support Global Fund team and the government partner;
  - (b) finalizing and implementing a quality assurance plan that includes testing throughout the supply chain;
  - (c) establishing a system to track the movement of samples to ensure that testing is performed in a timely manner;
  - (d) visiting health centres on a regular basis to ensure good storage conditions; and

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<sup>1</sup> The three regional programmes covered another 29 countries in Africa, Caribbean and Western Pacific.

<sup>2</sup> UNDP Chad Report No. 1732

- (e) recording all pharmaceutical movements on stock cards at all storage facility levels.
- Strengthen programme management by:
  - (a) improving the coordination with all stakeholders and facilitating an assessment of data collection in health care facilities;
  - (b) conducting monitoring and evaluation visits more regularly and according to plan;
  - (c) collating and sharing systemic issues with the government counterpart;
  - (d) updating the standard monitoring checklist in cooperation with the government counterpart;
  - (e) improving the coordination with the implementing partner to ensure the activities planned are accomplished on time;
  - (f) finalizing ongoing reprogramming and initiating measures to accelerate the implementation of project activities; and
  - (g) setting up an implementation plan to achieve grant targets.
- Strengthen Sub-recipient management by:
  - (a) finalizing the contracting of Sub-recipients and accelerating the implementation of activities;
  - (b) committing to use the standard Sub-recipient agreement template when contracting Sub-recipients in the future;
  - (c) ensuring close follow-up with each Sub-recipient for submission of quarterly reports and liquidation of advances within the stipulated timeframe;
  - (d) implementing a mechanism to track the resolution of challenges that are recorded in the quarterly reports and working with the Sub-recipients to ensure compliance in quarterly financial reporting; and
  - (e) issuing a management letter describing weaknesses identified and providing recommendations in relation to the Sub-recipient reports.

### 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 20 February 2018, the rate of implementation of 2017 audit recommendations was 93 percent, as detailed in Section IV of this report.



Helge S. Osttveiten  
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