

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



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP AFGHANISTAN**

**GRANTS FROM THE GLOBAL FUND**

**Report No. 2099**  
**Issue Date: 14 February 2020**

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

The UNDP Office of Audit and Investigations (OAI), from 24 November to 8 December 2019, conducted an audit of three grants from the Global Fund (Output Nos. 101508 [HIV]; 101509 [Malaria]; and 101510 [TB]) managed by UNDP in Afghanistan (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, risk management, staffing and performance management, capacity development and transition strategy);
- (b) programme management (project approval and implementation, monitoring and evaluation, grant closure);
- (c) Sub-recipient management (selection, assessment and contracting, financial and programmatic activities);
- (d) procurement (quantification and forecasting, procurement of health products, quality assurance of health products, individual contractors, procurement of other goods and services), supply management (inventory, warehousing and distribution), and asset management; and
- (e) financial management (revenue and accounts receivable, expenses, reporting to the Global Fund, Fund Administrator Role).

The audit covered the Global Fund-related activities of the Office from 1 January 2018 to 30 September 2019. The Office recorded Global Fund-related expenses of approximately \$25.7 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2017.

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 is mainly due to weaknesses in the quality assurance process over health products and inadequate control over the electronic Logistics Management Information system.

**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."

The three recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	1, 3	Medium
Effectiveness and efficiency of operations	2	Medium

**Implementation status of previous OAI audit recommendations:** Report No. 1898, 21 December 2017.

The previous audit (Report No. 1898, issued on 21 December 2017 did not result in any recommendations.

#### Management comments and action plan

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

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten  
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