



**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 2018**

**Report No. 2123**  
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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 2018 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 2019. OAI also identified the categories with recurring audit issues from the reports issued from 2015 to 2018.

In 2018, UNDP was the Principal Recipient in 18 countries and 3 regional programmes<sup>1</sup> and managed 31 Global Fund grants totaling \$905.6 million.

#### Audit coverage

In 2018, eight reports were issued pertaining to audits of Global Fund grants managed by UNDP as Principal Recipient. Seven of the eight reports (1 in Africa, 1 in Europe and the Commonwealth of Independent States, 1 in the Arab States, and 4 in Latin America and the Caribbean) covered 19 Global Fund grants with total expenditure of \$281.8 million in seven Country Offices. In addition, OAI issued one report on the on-site follow-up audit of the Malaria grant in Chad that was the subject of an audit in late 2016 with an “unsatisfactory” audit rating (Audit Report No. 1732 issued on 13 January 2017).

Of the reports issued, six were rated “partially satisfactory/some improvement needed” and one was rated “partially satisfactory/major improvement needed”.<sup>2</sup> A rating was not required for the follow-up audit in Chad.

The seven audits reported a total of 31 audit issues and made a total of 31 recommendations to address those issues. The follow-up audit in Chad identified one additional issue and included one new audit recommendation. The recurring issues noted in the eight audit reports were weaknesses in:

- (a) Procurement and supply management (inventory and warehousing)
- (b) Programme management (project implementation, monitoring and evaluation)
- (c) Sub-recipient management (selection, assessment, and monitoring)

There were 17 recommendations (53 percent) that were rated as high priority.

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

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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 Djibouti Report No. 1909

- Strengthen supply management by:
  - (a) recording and controlling inventory according to the World Health Organization’s guidelines for adequate storage, distribution practices, quality testing, physical inventory, stock certification, and disposal of expired medicines and other health products; and
  - (b) ensuring that adequate facilities are in place for storing medical products, and that all storage facilities are equipped with functioning and properly monitored thermometers.
- Strengthen programme management by:
  - (a) ensuring that required monitoring and evaluation activities such as, timely monitoring and site visits and project risk assessments are conducted as scheduled and that regularly updated project information is recorded in Atlas for accurate reporting;
  - (b) enhancing controls for timely implementation of project activities by ensuring that expected number of incentive payments are properly disbursed; following up with the government ministry to ensure the opening of clinics within the agreed timeframe; and
  - (c) providing relevant training to suppliers and completing required institutional capacity-building activities.
- Strengthen Sub-recipient management by:
  - (a) ensuring deliverables are received in accordance with the terms and timelines stipulated in the agreements/contracts;
  - (b) ensuring that programmatic and financial reports are reviewed, and recommendations are made to Sub-recipients to allow for performance improvement; and
  - (c) ensuring that staff are fully aware of the relevant policies and procedures in engaging Sub-recipients and Sub-sub-recipients and seek guidance from Headquarters for decision-making on procurement activities.

### **Implementation of audit recommendation**

In close cooperation with the Bureau for Policy and Programme Support, 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 5 March 2019, the rate of implementation of 2018 audit recommendations was 85 percent, as detailed in Section IV of this report.



Helge S. Ostveiten  
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