



AUDIT

OF

UNDP CHAD

GRANTS FROM THE GLOBAL FUND

Report No. 2207
Issue Date: 12 January 2021

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

The UNDP Office of Audit and Investigations (OAI), from 3 to 19 November 2020, conducted an audit of one grant from the Global Fund (Output No. 0112695 Malaria) managed by UNDP Chad (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 2019 to 31 August 2020. The Office recorded Global Fund-related expenses of \$31.3 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*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.
- (c) Project site visits, including to medical facilities, warehouses, Sub-recipients, and meetings with counterparts/beneficiaries were not conducted.
- (d) A physical verification of assets and inventory was not performed.

Overall audit rating

OAI assessed the Office's management of the Global Fund grant as **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 weaknesses in Sub-recipient management and weaknesses within the procurement and supply of health products.

Key recommendations: Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two 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 weaknesses in the management of Sub-recipients and weaknesses in the procurement and supply of health products.

The two recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	1	Medium
Achievement of the organization’s strategic objectives	2	Medium

Implementation status of previous OAI audit recommendations: Report No. 1732, 13 January 2017.

Total recommendations: 9

Implemented: 9

Management comments and action plan

The Resident Representative accepted the two 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.



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