

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP BURUNDI

GRANTS FROM THE GLOBAL FUND

Report No. 2290
Issue Date: 11 August 2021

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

The UNDP Office of Audit and Investigations (OAI), from 14 to 28 June 2021, conducted an audit of four grants from the Global Fund (Output No. 107586 [malaria], Output Nos. 107589 and 125368 [TB, NMF2 grants], Output No. 124145 [malaria], and Output No. 123180 [TB, NMF3 grants]) managed by UNDP Burundi (the Office) as the Principal Recipient. These grants were managed under the Global Fund's Additional Safeguard Policy.¹ 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 2020 to 31 March 2021. The Office recorded Global Fund-related expenses of approximately \$22.7 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2019.

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 grants 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

¹ Additional Safeguards Policy (ASP) is a set of measures including: The Global Fund itself selecting the Principal Recipient (PR); The Global Fund approving Sub-recipients (SRs); Additional reporting requirements; Tailored procurement arrangements; and in some cases, a no-cash policy, prohibiting advance cash transfers to SRs that pose a particular risk.

due to inadequate planning and monitoring of supply of health products, and Insufficient implementation of the quality assurance plan.

Key recommendations: Total = 4, high priority = 2

The four recommendations aim to ensure the following:

| Objectives | Recommendation No. | Priority Rating |
|---------------------------------------------------------------------------------------|--------------------|-----------------|
| Reliability and integrity of financial and operational information | 2 | Medium |
| Effectiveness and efficiency of operations | 1 | Medium |
| | 3 | High |
| Compliance with legislative mandates, regulations and rules, policies, and procedures | 4 | High |

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendations are presented below:

Inadequate planning and monitoring of supply of health products (Issue 3)

While the target for stock-out in antiretroviral drugs was 5 percent over the grant cycle, in the last three years the stock-out fluctuated around an average of 208 stock-outs in 2,491 sites or 8.4 percent.

Recommendation: The Office should reinforce its monitoring of health commodities by taking additional measures to enhance the planning of the distribution.

Insufficient implementation of the quality assurance plan (Issue 4)

The audit team tested the alignment of the 2020 quality assurance plan with applicable procedures and the implementation of the quality analysis as per the annual plan and noted that out of the 13 batches that should have been tested in 2020, 6 (46 percent) were not carried out.

Recommendation: The Office should strengthen its quality controls over health products by ensuring that all the required controls are performed in line with the annual quality control plan.

Implementation status of previous OAI audit recommendations: Report No. 2091, 6 September 2019.

Total recommendations: 6

Implemented: 6

Management comments and action plan

The Resident Representative accepted all four recommendations and are 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.

A handwritten signature in blue ink, appearing to read 'H. Ostveiten', with a horizontal line underneath.

Helge
Ostveiten
2021.08.11
14:40:22 -04'00'

Helge S. Ostveiten
Director
Office of Audit and Investigations