



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 2020

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Consolidated Report of the Audits of UNDP Country Offices as Principal Recipient of Grants from the Global Fund Executive Summary

Background

In 2020, UNDP was the Principal Recipient in 19 countries and two regional programmes¹ and managed 31 Global Fund grants totalling \$974.2 million.

The UNDP Office of Audit and Investigations (OAI) analysed the audit issues noted in the 2020 OAI audits of the Global Fund grants managed by UNDP as Principal Recipient and reviewed the status of implementation of audit recommendations as of 15 February 2021. OAI also identified the categories with recurring audit issues from the reports issued from 2017 to 2020.

Audit coverage

In 2020, six reports were issued pertaining to audits of Global Fund grants managed by UNDP as Principal Recipient. These six reports, one in Africa (South Sudan), two in Asia and the Pacific (Afghanistan and Fiji), two in the Arab States (Djibouti and Sudan), and one in Europe and the Commonwealth of Independent States (Kyrgyzstan), covered 18 Global Fund grants with total expenses of \$90.3 million. Due to the COVID-19 pandemic, the audits in Fiji, Djibouti, and South Sudan were conducted remotely. Further details on these audits can be found in Annex 1.

Of the six reports issued, five were rated “partially satisfactory/some improvement needed” and one was rated “partially satisfactory/major improvement needed.”

The six audits reported a total of 24 audit issues and raised a total of 24 recommendations to address those issues, of which 11 recommendations (or 46 percent) were rated as high priority, meaning that “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 recurring² issues noted in the six audit reports were weaknesses in the following:

- (a) Procurement and supply management (inventory, quality assurance, and assets management)
- (b) Programme management (project approval, implementation, monitoring and closure)
- (c) Sub-recipient management (selection, assessment and contracting)

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

- Strengthen procurement and supply management by:
 - (a) ensuring that adequate and complete inventory records and warehouse management and distribution systems are maintained;

¹ The two regional programmes covered another 14 countries in Southern Asia and Western Pacific.

² Issues are considered as “recurring” when there are more than three issues and recommendations for a given audit area.

- (b) timely performing and documenting all required quality assurance and controls; and
 - (c) defining clear mechanisms, roles, responsibilities and procedures for the receipt, recording, storage, distribution, disposal, and reconciliation of assets.
- Strengthen programme management by:
 - (a) reprogramming unused funds and submitting reprogramming proposals for approval by the Global Fund in a timely manner;
 - (b) improving monitoring activities and enhancing the data validation process through an effective mechanism for direct verification by the Principal Recipient with end users of the data; and
 - (c) timely and efficiently processing of UNDP project closure activities, operationally and financially, and obtaining reimbursement from Sub-recipients for the pre-financed funds.
 - Strengthen Sub-recipient management by:
 - (a) completing capacity assessments of all Sub-recipients and implementing risk mitigation measures and action plans to address identified capacity gaps;
 - (b) keeping up-to-date records of authorized signatories and verifying that FACE forms are appropriately signed and have the proper supporting documentation; and
 - (c) recovering unspent advances and clearing outstanding cash advances.

Implementation of audit recommendations

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 18 March 2021, the rate of implementation of 2020 audit recommendations was 66.9 percent as detailed in Section IV of this report.



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