UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP PANAMA

GRANTS FROM THE GLOBAL FUND

Report No. 2418
Issue Date: 3 February 2022

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

The UNDP Office of Audit and Investigations (OAI), from 8 to 24 November 2021, conducted an audit of one grant from the Global Fund (Output No. 109292) (HIV/TB), managed by UNDP Panama (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 (individual contractors, procurement of other goods and services), 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 July 2021. The Office recorded Global Fund-related expenses of approximately $0.83 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2018. The Global Fund grants for Panama will close in 2022.

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 **fully satisfactory,** which means "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

Key recommendations: Total = **1**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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." This recommendation includes actions to address challenges in programmatic delivery and reporting.

The recommendation aims to ensure the reliability and integrity of financial and operational information.

Implementation status of previous OAI audit recommendations: Report No. 1929, 25 May 2018.
    Total recommendations: 7
    Implemented: 7

Management comments and action plan

The Resident Representative accepted the recommendation and is in the process of implementing it. 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
Osttveiten
2022.02.03
12:04:22 -05'00'

Helge S. Osttveiten
Director
Office of Audit and Investigations