



**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 2021**

**Report No. 2450**  
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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

The UNDP Office of Audit and Investigations (OAI) analysed the audit issues identified in the 2021 OAI audits of the Global Fund grants managed by UNDP as Principal Recipient. In addition, the implementation status of audit recommendations was reviewed as of 31 January 2022. OAI also identified recurring audit issues from the reports issued between 2018 to 2021.

In 2021, UNDP was the Principal Recipient in 22 countries and two regional programmes<sup>1</sup> and managed 33 Global Fund grants with budgets totalling \$1.63 million.

### Audit coverage

In 2021, seven reports were issued pertaining to audits of Global Fund grants managed by UNDP as Principal Recipient. The reports included five in Africa (Angola, Burundi, Chad, Guinea-Bissau, Sao Tome and Principe), one in Europe and the Commonwealth of Independent States (Tajikistan), and one in Latin America and the Caribbean (Bolivia). The coverage included 14 Global Fund grants with total expenditures of \$84.6 million. Further details on these audits can be found in Annex 1.

Of the seven reports issued, three were rated “fully satisfactory” and four were rated “satisfactory/some improvement needed.”

The audit in Sao Tome and Principe did not result in any recommendations. The remaining six audits identified a total of 15 audit issues with 15 recommendations. Two recommendations (or 13 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.”

Within each of the following areas, at least three issues were observed:

- (a) Procurement and supply management (quality assurance and quantification and forecast)
- (b) Programme management (monitoring and evaluation)
- (c) Sub-recipient management (financial and programmatic activities selection)

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

- Strengthen procurement and supply management by:
  - a) reinforcing the monitoring of health commodities and taking additional measures to enhance the planning of the distribution;
  - b) enhancing the Logistics Management and Information System (LMIS) to monitor the stock levels of health commodities at the peripheral level, to reduce the incidence of stockouts; and

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<sup>1</sup> The Multi-country Western Pacific HIV/TB grant, which covers 11 countries: Republic of Marshall Islands, Federal States of Micronesia, Kiribati, Vanuatu, Tuvalu, Samoa, Tonga, Cook Islands, Nauru, Niue, and Palau; the Malaria grant, which covers Vanuatu; and the Multi-country Southern Asia grant, which covers three countries: Afghanistan, Iran, and Pakistan.

- c) ensuring that the quality control of pharmaceutical products is completed at all levels within the supply chain.
- Strengthen programme management by:
  - a) ensuring that project risks recorded in Atlas are specific to each project;
  - b) implementing the Global Fund recommendations in a timely manner and identifying those recommendations that are out of the control of UNDP; and
  - c) accelerating the implementation of the grant to achieve its objectives and targets.
- Strengthen Sub-recipient management by:
  - a) incorporating in the capacity-building plan those issues identified through the micro-assessment within the capacity assessment and ensuring their timely implementation; and
  - b) closely monitoring the Sub-recipients for timely submission of programmatic and financial reports, as well the timely issuance of management letters; and
  - c) working with the local authorities and the Global Fund to recover assets and cash from the Sub-recipient.

#### **Audit recommendations distribution during 2018, 2019, 2020 and 2021**

From 2018 to 2021, while the number of audits remained to a large extent the same, there was a downward trend in the number of recommendations, from 32 in 2018, to 15 in 2021

The highest number and percentage of high priority recommendations were made in 2018 (17 high priority recommendations representing 53 percent of the total). In 2021, there were 2 high priority recommendations (representing 13 percent of the total).

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Number of Audits	8	5	6	7
Number of recommendations	32	26	24	15
Number of high priority recommendations	17	6	11	2
High priority recommendations vs total recommendations	53%	23%	46%	13%

#### **Implementation of audit recommendations**

In close cooperation with the Global Policy Network, 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.



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As of 15 February 2022, 14 recommendations out of 15 recommendations were implemented as detailed in Section IV of this report.

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