

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP TURKMENISTAN

GRANTS FROM THE GLOBAL FUND

Report No. 2615
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**Report on the Audit of UNDP Turkmenistan
Grants from the Global Fund
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 6 to 20 February 2023, conducted an audit of three grants from the Global Fund (Output Nos. 105124 [TB NFM2], 123300 [TB NFM3], 128678 [TB NFM3 - C19RM]) managed by UNDP Turkmenistan (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, internal control framework and delegation of authorities, risk management, staffing and performance management, and allegations of wrongdoing);
- (b) development activities (project approval and implementation, monitoring and evaluation, capacity development and transition strategy, and 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 of medical products (inventory, warehousing and distribution); and
- (e) financial management (Global Fund budget during grant making, revenue and accounts receivable, expenditure and payment processing, financial reporting to the Global Fund, Fund Administrator Role, general ledger journal entries, Anti-Money Laundering and Countering the Financing of Terrorism, and asset management).

In addition, OAI assessed whether the projects were effectively implemented to achieve the performance targets as set in the Global Fund grant agreement. This was done using the performance auditing methodology.

Performance auditing is an independent, objective and reliable examination of an entity or process to assess whether economy, efficiency and effectiveness in the employment of available resources is being achieved.

The audit covered the Global Fund-related activities of the Office from 1 January to 31 December 2022. The Office recorded Global Fund-related expenses of approximately \$2.87 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* of The Institute of Internal Auditors (The IIA). In view of the low-risk rating assigned to the Global Fund Programme in Turkmenistan from the OAI annual risk assessment, 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 physically. However, the Office managed to obtain a video verification of the central warehouse conditions as well as some stock cards.
- (d) Verification of assets and inventory was performed by selecting an asset sample and requesting photos of these assets along with their registration number.

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."

All three projects were effectively implemented according to the Global Fund grant agreements. The Office was able to achieve all four coverage indicators of the grant as per the performance evaluation issued by the Global Fund covering 1 July to 31 December 2021.

Good practice

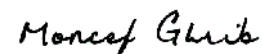
The Global Fund programme was fully integrated into the UNDP Turkmenistan Health Portfolio, which included active projects funded by the World Bank and the Government of Turkmenistan. Using the portfolio approach, the Office made more efficient use of resources, personnel, and reporting, and moreover, benefited from strategic partnerships and opportunities within the portfolio. Benefits obtained from this synergy included: a) complementarity for greater impact on the projects; b) implementation effectiveness; c) design effectiveness; d) planning efficiency; and e) operational efficiency.

The audit did not result in any recommendations.

Management comments and action plan

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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