



AUDIT

OF

UNDP DJIBOUTI

GRANTS FROM THE GLOBAL FUND

Report No. 2635

Issue Date: 14 August 2023

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

The UNDP Office of Audit and Investigations (OAI), from 29 May to 10 June 2023, conducted an audit of two grants from the Global Fund (Output Nos. 125114 [HIV/Malaria/TB], and 128533 [Covid-19 Response]), managed by UNDP Djibouti (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 July 2021 to 31 December 2022. The Office recorded Global Fund-related expenses of approximately \$8.6 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2020.

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).

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."

This rating was mainly due to the fact that no recommendations were rated high (critical) priority and adequate controls established in most areas.

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

¹ The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.

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.”

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

Implementation status of previous OAI audit recommendations: Report No. 2189, 25 June 2020.

Total recommendations: 4

Implemented: 4

Management comments and action plan

The Resident Representative accepted the audit 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.

A handwritten signature in black ink, reading 'Moncef Ghrib', is centered within a rectangular box.

Moncef Ghrib
Deputy Director (Audit)
Office of Audit and Investigations