UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP AFGHANISTAN

GRANTS FROM THE GLOBAL FUND

Report No. 2822

Issue Date: 19 November 2024

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

The UNDP Office of Audit and Investigations (OAI), from 1 to 12 September 2024, conducted an audit of three grants from the Global Fund (Output Nos. 122298/129589 [HIV/malaria/TB], 1001381 [HIV/malaria/TB], and 130324 [TB]) managed by UNDP Afghanistan (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 January 2023 to 31 July 2024. The Office recorded Global Fund-related expenses of approximately $39 million. The last audit of the Office's Global Fund-related activities was conducted by OAI in 2022.

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 **satisfactory/some improvement needed**, which means "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to weaknesses in the management of health products.

Key recommendations: Total = **4**, high priority = **1**

The four recommendations aim to ensure the following: (a) effectiveness and efficiency of operations (Recommendations 1, 2, and 4); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 3).

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

For high (critical) priority recommendations, 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 high (critical) priority recommendation is presented below:

Weaknesses in the quality assurance of health products (Issue 3)	(a) Flaws in handling dataloggers at receipt and inspection We noted lapses in the handling and monitoring of health product shipments that required specific transport and storage conditions. Of the 30 purchase orders reviewed, 19 required datalogger[2] monitoring; however, 14 cases (74 percent) lacked datalogger reports in their reception documentation. In addition, one shipment did not contain a datalogger, and in two cases where significant temperature deviations were recorded, the Office did not undertake any follow-up actions. The audit issues reflected weaknesses in complying with the UNDP-Global Fund guidelines, which may potentially compromise product efficacy. (b) Inadequate temperature control in the distribution of health products We identified gaps in maintaining required storage and transportation conditions for temperature-sensitive health products. For health products where the storage and transportation conditions require "ambient" temperature (15°C-25°C), no specific measures were taken to ensure compliance with the required storage and transportation conditions. This oversight could potentially affect product quality. Recommendation: The Office should improve its quality assurance processes over health products by: (a) reading and retaining the datalogger data from health product shipments, while escalating cases to the UNDP Global Fund Partnership and Health Systems Team where temperatures during shipment deviate from the prescribed transport and storage conditions; and (b) developing procedures that bring additional safeguards to ensure adequate distribution conditions for medical products.

Implementation status of previous OAI audit recommendations: Report No. 2573, 21 March 2023.
Total recommendations: 4
Implemented: 4

Management comments and action plan

The Resident Representative accepted all four recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

[2] Dataloggers are electronic devices used to record temperature and/or humidity conditions during transport of health products.

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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