

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP IRAQ

SUPPORT TO TB AND HIV PROGRAMS
(Directly Implemented Project No. 47321, Output No. 56801)

Report No. 1654

Issue Date: 19 September 2016

**Report on the Audit of UNDP Iraq
Support to TB and HIV Programs (Project No. 47321, Output No. 56801)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu- Ghazaleh & Co. (the audit firm), from 12 to 19 June 2016, conducted an audit of Support to TB and HIV Programs (Project No. 47321, Output No. 56801) (the Project), which is directly implemented and managed by the UNDP Country Office in Iraq (the Office) as the Principal Recipient, since the Project was funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria. The last audit of the Project was conducted by OAI in December 2014 and was reported on in 2015. That last audit covered project expenditure from 1 January to 31 December 2013.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2015 and the accompanying Funds Utilization statement¹ as of 31 December 2015 as well as Statement of Assets as of 31 December 2015. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure*		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
3,119	Unqualified	8	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$4,585,504. Excluded from the audit scope were transactions that relate to expenditures incurred by other United Nations agencies (\$1,062,203) and expenditures processed and approved by other UNDP offices outside of the country (\$277,563). Also excluded were expenditures incurred at the "responsible party" level (\$126,560), which were subject to a separate audit conducted by external auditors that resulted in an unqualified opinion.

Key recommendation: 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 that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes action to address incorrect classification and presentation of expenditures incurred by other United Nations agencies.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

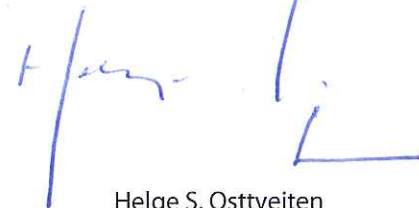
Implementation status of previous OAI audit recommendation: Report No. 1366, 24 March 2015

Total recommendations: 1

Implemented: 1

Management comments and action plan

The UNDP 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.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', is written over a rectangular box. The signature is stylized and extends beyond the top and right edges of the box.

Helge S. Osttveiten
Director
Office of Audit and Investigations