

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP IRAQ**

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION**  
**(Directly Implemented Project No. 89459, Output No. 95684)**

**Report No. 1643**

**Issue Date: 24 June 2016**

## Report on the Audit of UNDP Iraq Funding Facility for Immediate Stabilization (Project No. 89459, Output No. 95684) Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Deloitte & Touche (the audit firm), from 18 to 28 April 2016, conducted an audit of Funding Facility for Immediate Stabilization (Project No. 89459, Output No. 95684) (the Project), which is directly implemented and managed by the UNDP Country Office Iraq (the Office). This was the first audit of the Project.

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 June (commencement of Project) to 31 December 2015, and the accompanying Funds Utilization statement<sup>1</sup> 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). In addition, 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
3,207	Unqualified	71	Unqualified

**Key recommendations:** Total = 3, high priority = 1

The audit resulted in three recommendations, which aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	1, 3	Medium
Safeguarding of assets	2	High

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:

<sup>1</sup> 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.

No evidence of  
obtaining copy of  
cheque recipients'  
identification (Issue 2)

The Office provided cheques to vendors without evidence of receiving a copy of their identification documents.

Recommendation: The Office should obtain and archive a copy of the identification of cheque recipients.

### Management comments and action plan

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



Helge S. Ostveiten  
Director  
Office of Audit and Investigations

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**

**IMPLEMENTED BY**  
**UNITED NATIONS DEVELOPMENT PROGRAMME “UNDP”**

**FOR THE PERIOD**

**FROM JUNE 1, 2015 TO DECEMBER 31, 2015**

## **Executive Summary**

## FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”

### Executive Summary

#### 1. Background Information

During 2014, a joint UN trust fund was established to support stabilization and reconstruction in areas newly liberated from ISIL. The Funding Facility for Immediate Stabilization project (FFIS) was officially established on June 11, 2015 and is organized to support four types of activity:

- Public works and light infrastructure rehabilitation. Finance for light repairs of key public infrastructure and provision of short term employment through public works schemes.
- Livelihoods. Finance for activities like small businesses with high community impact including bakeries, electrical shops, agriculture, food kiosks and micro-stores.
- Capacity support to finance technical support for local governments.
- Community reconciliation to finance programmers that help local leaders and community groups promote social cohesion and dialogue. The intention is to provide micro-credit grants to community organizations to support reconciliation activities.

During 2015, FFIS project received funds from donors like USAID and Kreditanstalt für Wiederaufbau (KfW) and from the governments of France, Germany, Japan, Norway, Korea, Slovakia, Sweden, Austria and UK.

#### 2. Audit Objective

The objective of the financial audit is to express an opinion on the project's financial statements prepared by the Office which include:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 June (project commencement) and 31 December 2015 and the funds utilization as at 31 December 2015 are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.
- Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the project as at 31 December 2015
- Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of the project as at 31 December 2015.

### 3. Audit Scope

We conducted our audit in accordance with the International Standards on Auditing.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project between 1 June (project commencement) and 31 December 2015. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centers and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office

Our scope of work covered the followings:

	USD
1- Expenditures reported in the CDR	3,207,121
2- FIXED ASSETS reported in the statement of assets and equipment	70,977

### 4- Audit Results

No significant issues or misstatements were identified that would affect our audit opinion and accordingly an unqualified audit report was issued.

Other audit findings were reported under the “Letter to Management” points.

Erbil, Iraq

June 6, 2016

*Deloitte & Touche*

Deloitte & Touche

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**  
**IMPLEMENTED BY**  
**UNITED NATIONS DEVELOPMENT PROGRAMME “UNDP”**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORTS**  
**FOR THE PERIOD FROM JUNE 1, 2015 TO DECEMBER 31, 2015**

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**  
**IMPLEMENTED BY**  
**UNITED NATIONS DEVELOPMENT PROGRAMME “UNDP”**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORTS**  
**FOR THE PERIOD FROM JUNE 1, 2015 TO DECEMBER 31, 2015**

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## **INDEPENDENT AUDITOR'S REPORTS**

To the: United Nations Development Programme "UNDP"  
Project name: Funding Facility for Immediate Stabilization "FFIS"

### **REPORT ON THE STATEMENT OF EXPENSES**

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement totalling \$3,207,121 ("the statement") of the UNDP project Funding Facility for Immediate Stabilization "FFIS" for the period from 1 June 2015 (project commencement) to 31 December 2015.

#### ***Management's Responsibility for the statement***

Management is responsible for the preparation of the statement for the project Funding Facility for Immediate Stabilization "FFIS" and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Unqualified Opinion***

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilisation statement present fairly, in all material respects, the expenses of \$3,207,121 incurred by the project Funding Facility for Immediate Stabilization "FFIS" for the period 1 June 2015 to 31 December 2015 in accordance with UNDP accounting policies.

***Emphasis of Matter***

Without modifying our opinion, we draw attention to note 6 to the financial statements which states that the project agreement identified the project related overhead costs to be eight percent of the total expenditures to cover administrative costs. Based upon this agreement, administrative costs should have totalled \$231,091 but was in actuality found to be understated by \$6,990.

Erbil, Iraq  
June 6, 2016

*Deloitte & Touche*  
Deloitte & Touche

*Deloitte & Touche*  
Management Consulting W.L.L.

## **REPORT ON THE STATEMENT OF ASSETS AND EQUIPMENT**

We have audited the accompanying Statement of Assets and Equipment ('the statement') of the UNDP project Funding Facility for Immediate Stabilization "FFIS" as at 31 December 2015.

### ***Management's Responsibility for the statement***

Management is responsible for the preparation of the statement for Funding Facility for Immediate Stabilization "FFIS" and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Unqualified Opinion***

In our opinion, the attached Statement of Assets and Equipment presents fairly, in all material respects, the balance of inventory of the UNDP project Funding Facility for Immediate Stabilization "FFIS" amounting to \$70,977 as at 31 December 2015 in accordance with UNDP accounting policies.

Erbil, Iraq  
June 6, 2016

*Deloitte & Touche*  
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## REPORT ON THE STATEMENT OF CASH POSITION

We noted that the UNDP project Funding Facility for Immediate Stabilisation did not have a dedicated bank account for DIM project activities subject to audit and accordingly a Statement of Cash Position was not produced.

Erbil, Iraq  
June 6, 2016

*Deloitte & Touche*  
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Management Consulting W.L.L.



UN Development Programme  
Report ID: unglcdrp

# Combined Delivery Report By Project

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Run Time 25-02-2016 07:02:18

## Selection Criteria :

Business Unit : IRQ10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095684

Project Id : 00089459 Funding Facility for stabiliza	Period : Jan-Dec (2015)
Output # : 00095684 Fund Facilityfor stabilization	Impl. Partner : 99999 UNDP
	Location : UNDP IRAQ

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 45001 (Iraq - Central)				
Fund : 30000 (PROGRAMME COST SHARING)				
61305 - Salaries - IP Staff	0.00	173,373.25	0.00	173,373.25
61310 - Post Adjustment - IP Staff	0.00	73,190.27	0.00	73,190.27
62225 - Hazard Duty Station Allow-GS	0.00	76.92	0.00	76.92
62305 - Dependency Allowances-IP Staff	0.00	5,222.51	0.00	5,222.51
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	54,133.56	0.00	54,133.56
62315 - Contrib. to medical, social in	0.00	9,481.11	0.00	9,481.11
62320 - Mobility, Hardship, Non-remova	0.00	38,549.31	0.00	38,549.31
62330 - Rental Supplements - IP Staff	0.00	1,017.01	0.00	1,017.01
62335 - Hazard Duty Station Allow-IP	0.00	999.40	0.00	999.40
62340 - Annual Leave Expense - IP	0.00	4,712.07	0.00	4,712.07
63305 - Installation Allowance-IP Stf	0.00	3,000.00	0.00	3,000.00
63320 - Medical evacuation - IP Staff	0.00	32.70	0.00	32.70
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	9,744.00	0.00	9,744.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	7,770.03	0.00	7,770.03
63340 - Proc trips/Rest & Recup-IP Stf	0.00	6,000.00	0.00	6,000.00
63360 - Medical Exams(Incl Pre-empl)	0.00	284.98	0.00	284.98
63365 - Special Oper Living Allow-IP	0.00	25,810.94	0.00	25,810.94
63515 - Security related Costs	0.00	5,155.97	0.00	5,155.97
63530 - Contribution to EOS Benefits	0.00	7,482.90	0.00	7,482.90
63535 - Contribution to Security	0.00	12,038.96	0.00	12,038.96
63540 - Contribution to Training	0.00	2,394.55	0.00	2,394.55
63545 - Contribution to ICT	0.00	2,993.16	0.00	2,993.16
63550 - Contributions to MAIP	0.00	798.13	0.00	798.13
63555 - Contribution to UN JFA	0.00	5,986.37	0.00	5,986.37
63560 - Contributions to Appendix D	0.00	598.62	0.00	598.62
64306 - Appointment Ticket Costs	0.00	2,067.00	0.00	2,067.00
64307 - Appointment-Subsistence Allow	0.00	5,790.00	0.00	5,790.00
64309 - Appointment Shipments	0.00	5,000.00	0.00	5,000.00
64322 - Reassignments-Subsistence Allow	0.00	27,810.00	0.00	27,810.00
64323 - Reassignments-Lump Sum	0.00	405.00	0.00	405.00
64324 - Reassignments-Shipments	0.00	13,932.71	0.00	13,932.71
65115 - Contributions to ASHI Reserve	0.00	15,963.51	0.00	15,963.51
65135 - Payroll Mgt Cost Recovery ATLA	0.00	1,186.27	0.00	1,186.27
71205 - Intl Consultants-Sht Term-Tech	0.00	27,269.88	0.00	27,269.88
71305 - Local Consult-Sht Term-Tech	0.00	25,602.72	0.00	25,602.72
71405 - Service Contracts-Individuals	0.00	87,122.75	0.00	87,122.75
71410 - MAIP Premium SC	0.00	302.30	0.00	302.30
71415 - Contribution to Security SC	0.00	4,912.32	0.00	4,912.32
71605 - Travel Tickets-International	0.00	4,860.50	0.00	4,860.50
71610 - Travel Tickets-Local	0.00	2,570.84	0.00	2,570.84
71615 - Daily Subsistence Allow-Intl	0.00	2,823.00	0.00	2,823.00
71620 - Daily Subsistence Allow-Local	0.00	10,706.33	0.00	10,706.33
71625 - Daily Subsist Allow-Mtg Partic	0.00	709.94	0.00	709.94
71635 - Travel - Other	0.00	4,610.03	0.00	4,610.03



**Combined Delivery Report By Project**

Project Id : 00089459 Funding Facility for stabiliza Output # : 00095684 Fund Facilityfor stabilization		Period : Impl. Partner : Location :		Jan-Dec (2015) 99999 UNDP UNDP IRAQ
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72105 - Svc Co-Construction & Engineer	0.00	911,499.00	0.00	911,499.00
72125 - Svc Co-Studies & Research Serv	0.00	35,000.00	0.00	35,000.00
72135 - Svc Co-Communications Service	0.00	0.00	0.00	0.00
72215 - Transportation Equipment	0.00	19,110.00	0.00	19,110.00
72220 - Furniture	0.00	201,250.00	0.00	201,250.00
72310 - Minerals,Mining & Metal Prdcts	0.00	130,000.00	0.00	130,000.00
72311 - Fuel, petroleum and other oils	0.00	89.74	0.00	89.74
72399 - Other Materials and Goods	0.00	325,000.00	0.00	325,000.00
72402 - Building Maintenance	0.00	291,785.00	0.00	291,785.00
72405 - Acquisition of Communic Equip	0.00	760.00	0.00	760.00
72425 - Mobile Telephone Charges	0.00	458.04	0.00	458.04
72430 - Postage and Pouch	0.00	516.00	0.00	516.00
72440 - Connectivity Charges	0.00	34.00	0.00	34.00
72505 - Stationery & other Office Supp	0.00	1,526.00	0.00	1,526.00
72510 - Publications	0.00	155.67	0.00	155.67
72515 - Print Media	0.00	600.00	0.00	600.00
72705 - Hospitality-Special Events	0.00	282.00	0.00	282.00
72715 - Hospitality Catering	0.00	0.00	0.00	0.00
72805 - Acquis of Computer Hardware	0.00	1,410.00	0.00	1,410.00
73107 - Rent - Meeting Rooms	0.00	4,474.00	0.00	4,474.00
73115 - Moving Expenses	0.00	200.00	0.00	200.00
73216 - Construction Cost	0.00	88,460.00	0.00	88,460.00
74220 - Translation Costs	0.00	12,180.00	0.00	12,180.00
74505 - Insurance	0.00	174.30	0.00	174.30
74510 - Bank Charges	0.00	210.40	0.00	210.40
74599 - UNDP cost recovery chrgs-Bills	0.00	760.00	0.00	760.00
74725 - Other L.T.S.H.	0.00	6,968.11	0.00	6,968.11
75105 - Facilities & Admin - Implement	0.00	230,995.79	0.00	230,995.79
75705 - Learning costs	0.00	12,623.00	0.00	12,623.00
75706 - Learning - ticket costs	0.00	792.00	0.00	792.00
75707 - Learning - subsistence allowan	0.00	2,849.88	0.00	2,849.88
75711 - TrnWrkshp&Conf - Stipends	0.00	6,650.00	0.00	6,650.00
76110 - Foreign Exch Translation Loss	0.00	4,383.07	0.00	4,383.07
77305 - Salaries - IP Staff-TA	0.00	76,578.28	0.00	76,578.28
77310 - Post Adjustment - IP Staff-TA	0.00	34,361.73	0.00	34,361.73
77315 - Contrib-Med SocIns-IP Staff-TA	0.00	14,965.12	0.00	14,965.12
77320 - Assg hardship & mob allow-TA	0.00	18,247.92	0.00	18,247.92
77345 - Dep Allowances-IP Staff-TA	0.00	2,669.24	0.00	2,669.24
77350 - Rental Supplements-IP Staff-TA	0.00	6,478.32	0.00	6,478.32
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	5,628.60	0.00	5,628.60
77365 - Spec Oper Living Allow-IP-TA	0.00	16,915.80	0.00	16,915.80
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	24,745.95	0.00	24,745.95
77385 - Contribution to Security	0.00	7,693.63	0.00	7,693.63
77386 - Contribution to ICT_TA	0.00	3,116.20	0.00	3,116.20
77395 - MAIP Premium TA/IP	0.00	731.63	0.00	731.63
77396 - PAYROLL MGT COST RECOVERY	0.00	3,593.12	0.00	3,593.12
77397 - Appendix D TA/IP	0.00	4,974.66	0.00	4,974.66
77630 - Dep Exp Owned - ITC	0.00	262.25	0.00	262.25
77660 - Dep Exp Owned -Vehicle	0.00	611.11	0.00	611.11
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>3,205,841.50</b>	<b>0.00</b>	<b>3,205,841.50</b>
<b>Total for Dept : 45001</b>	<b>0.00</b>	<b>3,205,841.50</b>	<b>0.00</b>	<b>3,205,841.50</b>




UN Development Programme  
Report ID : 00095684

Combined Delivery Report By Project

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Run Time: 25-02-2016 07:02:18

Project Id : 0009459 Funding Facility for stabilization		Period :	Jan-Dec (2015)	
Output # : 00095684 Fund Facilityfor stabilization		Impl. Partner :	99999 UNDP	
		Location :	UNDP IRAQ	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 45002 (Iraq - UN Dev Coord)				
Fund : 30000 (PROGRAMME COST SHARING)				
64306 - Appointment Ticket Costs	0.00	1,185.00	0.00	1,185.00
75105 -Facilities & Admin - Implement	0.00	94.80	0.00	94.80
Total for Fund 30000	0.00	1,279.80	0.00	1,279.80
Total for Dept : 45002	0.00	1,279.80	0.00	1,279.80
Total for Output : 00095684	0.00	3,207,121.30	0.00	3,207,121.30
Project Total :				
	0.00	3,207,121.30	0.00	3,207,121.30

  
25 Feb 2016  
Ahmed Alyogerey APM

Signed By

Ahmed Alyogerey

Date

25/2/2016

Signed By

Date



Combined Delivery Report By Project

Selection Criteria :

Business Unit : IRQ10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095684

Project id : ALL	Period : Jan-Dec (2015)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45001 - Iraq - Central	0.00	3,205,841.50	0.00	3,205,841.50
45002 - Iraq - UN Dev Coord	0.00	1,279.80	0.00	1,279.80





**Funds Utilization**

**Selection Criteria :**

Business Unit : IRQ10  
Period : Jan-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00095684

Project/Award: 00089459 Funding Facility for stabiliza

Period : As at Dec 31, 2015

Output #	00095684	Impl. Partner :99999 UNDP	UNDP AMOUNT
	Outstanding NEX advances		842,934.29
	Undepreciated Fixed Assets		70,103.84
	Inventory		0.00
	Prepayments		324,487.89
	Commitments		4,177,486.35



UN Development Programme  
Report ID: UNAM5558

### Asset Management Detail Report

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Run Time: 26-02-2016 19:02:41

Business Unit: IRQ10 Country: Iraq  
Operating Unit: IRQ Department: 45001  
Category: In Service Project Type: Development Amount >=0  
Impl Agency: 001981 Donor: Fund Code: 30000  
From/To date: 01-JAN-2015 ~ 31-DEC-2015  
Project: 00095684 Profile ID:

<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001819	MTRV4	Land Cruiser	UN3771	JTMH09J4F5104540		IRQERB	2015-11-22
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		44000.00	1.00	IRQ	45001	001981	00117	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001822	ITC4	A) Computer printers	000000001822	CNDVGCJ04V		IRQERB	2015-12-01
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		8990.00	1.00	IRQ	45001	001981	00141	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001825	ITC1	A) Notebook computers	000000001825	JQLB082		IRQERB	2015-12-20
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		1635.20	1.00	IRQ	45001	001981	10480	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001826	ITC1	A) Notebook computers	000000001826	JQLS082		IRQERB	2015-12-20
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		1635.20	1.00	IRQ	45001	001981	10480	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001827	ITC1	A) Notebook computers	000000001827	JQMB082		IRQBAGHDAD	2015-12-20
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		1635.20	1.00	IRQ	45001	001981	10480	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001828	ITC1	A) Notebook computers	000000001828	JQM7082		IRQERB	2015-12-20
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		1635.20	1.00	IRQ	45001	001981	10480	00095684	30000
<b>Business unit</b>		<b>Asset ID</b>	<b>Profile ID</b>	<b>Description</b>	<b>TAG Number</b>	<b>Serial Number</b>	<b>Model</b>	<b>Location</b>	<b>Acquisition Date</b>
IRQ10		000000001829	ITC1	A) Notebook computers	000000001829	JQM6082		IRQERB	2015-12-20
Currency	USD	Cost	Quantity	Operating Unit	Department	Impl Agency	Donor	Project	Fund code
		1635.20	1.00	IRQ	45001	001981	10480	00095684	30000



UN Development Programme  
Report ID: UNAM5558

Asset Management Detail Report

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Business Unit: IRQ10 Operating Unit: IRQ		Country: Iraq Department: 45001	Category: In Service Impl Agency: 001981	Project Type: Development Donor:	Amount >=0 Fund Code: 30000	From/To date: 01-JAN-2015 ~ 31-DEC-2015 Project: 00095684 Profile ID:
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001830 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001830 Department 45001	<u>Serial Number</u> JQW9082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQERB Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001832 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001832 Department 45001	<u>Serial Number</u> JQLC082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQERB Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001833 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001833 Department 45001	<u>Serial Number</u> JQL8082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQERB Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001834 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001834 Department 45001	<u>Serial Number</u> JQWC082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQBAGHDAD Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001835 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001835 Department 45001	<u>Serial Number</u> JQM8082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQBAGHDAD Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
<u>Business unit</u> IRQ10 Currency USD	<u>Asset ID</u> 000000001836 Cost 1635.20	<u>Profile ID</u> ITC1 Quantity 1.00	<u>Description</u> A) Notebook computers Operating Unit IRQ	<u>TAG Number</u> 000000001836 Department 45001	<u>Serial Number</u> JQN6082 Impl Agency 001981	<u>Model</u> Donor 10480
						<u>Location</u> IRQERB Project 00095684
						<u>Acquisition Date</u> 2015-12-20 <u>Fund code</u> 30000
Count:		13		Total Value:		70,977.20 (USD)

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**

**IMPLEMENTED BY  
UNITED NATIONS DEVELOPMENT PROGRAMME “UNDP”**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD FROM JUNE 1, 2015 TO DECEMBER 31, 2015**

**1- GENERAL INFORMATION:**

During 2014, a joint UN trust fund was established to support stabilization and reconstruction in areas newly liberated from ISIL. The Funding Facility for Immediate Stabilization (FFIS) was officially established on June 11, 2015 and is organized to support four types of activity:

- Public works and light infrastructure rehabilitation. Finance for light repairs of key public infrastructure and provision of short term employment through public works schemes.
- Livelihoods. This window is used to finance activities like small businesses with high community impact including bakeries, electrical shops, agriculture, food kiosks and micro-stores.
- Capacity support to finance technical support for local governments.
- Community reconciliation to finance programmers that help local leaders and community groups promote social cohesion and dialogue. The intention is to provide micro-credit grants to community organizations to support reconciliation activities.

During 2015, FFIS project received funds from donors such as USAID and Kreditanstalt für Wiederaufbau (KfW) and from the governments of France, Germany, Japan, Norway, Korea, Slovakia, Sweden, Austria and UK.

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Statement of compliance:**

The financial statements and the explanatory information are prepared in accordance with the UNDP accounting policies and procedures.

**Basis of preparation:**

The financial statements are prepared on an accrual basis of accounting in accordance with the financial regulations and the rules of UNDP.

**Foreign currencies:**

The project's presentation currency is USD for the statement of expenditures and the statement of fixed assets. All expenditures incurred in USD currencies

### Fixed assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The following are the useful lives of various classes of fixed assets.

Class	Useful Life
IT and communication equipment	8-20 years
Vehicles	12 years

### 3- COST STRUCTURE:

For the period from June 1, 2015 to December 31, 2015, the cost plan was presented in the financial statements, and summarized as follows:

	Notes	Expenditures incurred USD
Counstructions		1,454,959
Payrol		822,420
Building Maintenance		291,785
Furnitures		201,250
Shipping and transpodtation		66,490
Consultation		52,873
Travel		26,082
Training		16,265
Security		12,850
Rent		4,474
Foreign exchange		4,383
Printing and Stationery		2,282
Tools and equipments		2,170
Overhead cost	6	231,091
Others		17,747
		<u>3,207,121</u>

Below is the cost structure by activities:

	<b>Expenditure incurred USD</b>
Activity 1: Assessment	147,302
Activity 2: Infrastructure	2,360,831
Activity 3: Livelihood	98,426
Activity 4: Capacity ssessment	143,199
Activity 5: Comm. reconciliation	146,488
Project Management cost	310,875
	<b>3,207,121</b>

#### **4- ASSETS AND EQUIPMENT**

	<b>Vehicles USD</b>	<b>Information Technology and communication equipment USD</b>	<b>Total USD</b>
Opening balance	-	-	-
Additions	44,000	26,977	70,977
<b>Cost as of December 31,2015</b>	<b>44,000</b>	<b>26,977</b>	<b>70,977</b>
Less:			
Accumulated depreciations:			
Opening balance	-	-	-
Additions	( 610)	( 264)	( 874)
<b>Depreciation as of December 31,2015</b>	<b>( 610)</b>	<b>( 264)</b>	<b>( 874)</b>
<b>Net book value as of December 31,2015</b>	<b>43,390</b>	<b>26,713</b>	<b>70,103</b>

**5- FINANCING STRUCTURE**

For the period from June 1, 2015 to December 31, 2015, UNDP received the amount of \$29,764,813 from donors after signing the project agreement as detailed below:

<b>Original currencies</b>	<b>Amounts in original currencies</b>	<b>Equivalent to USD</b>
Euro	8,050,000	8,830,299
USD	14,300,000	14,300,000
GBP	1,250,000	1,921,089
NOK	41,000,000	4,713,425
		<b>29,764,813</b>

**6- OVERHEAD COST:**

Overhead costs represent administration expenses and are defined as eight percent of total project expenditures as per the project agreement. .

**7- APPROVAL OF STATEMENT OF RECEIPTS AND PAYMENTS:**

The project director approved the statement of receipts and payments on June 6, 2016.

**FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**

**IMPLEMENTED BY**  
**UNITED NATIONS DEVELOPMENT PROGRAMME “UNDP”**

**LETTER TO MANAGEMENT**





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#### **FUNDING FACILITY FOR IMMEDIATE STABILIZATION “FFIS”**

We have completed our Audit Procedures for the project Funding Facility for Immediate Stabilization “FFIS” for the period from June 1, 2015 to December 31, 2015.

As part of our examination we studied and evaluated the responsible party’s system of internal accounting controls to the extent we considered necessary in order to meet the requirements of International Standards on Auditing. These standards require a study and evaluation of internal accounting control only for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing an opinion on the responsible party’s financial information.

Our study and evaluation was, therefore, more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole and would not necessarily disclose all material weaknesses in the system of the responsible party internal accounting control.

Our work to date indicates that the internal controls and accounting systems are effective to meet the requirements to effectively manage the project. Our work, however, indicates certain areas where the project internal control systems and accounting procedures may be enhanced. This report covers those areas of significance identified to date, which require your kind attention.

Erbil, Iraq  
June 6, 2016

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Management Consulting W.L.L.

**Issue Title:**

Salaries allocation is subject to excessive adjustments during the period.

**Observation**

During our specific audit procedures, we noted excessive correction entries in allocating payroll cost on related projects. Our inquiries of the responsible employee in the HR department revealed that those corrections are made when salary costs of certain employees are charged to projects/ budgets other than those they were working on.

This would weaken the reliability and accuracy of financial records, would increase the possibility of errors, and would indicate lack of control over salary allocation process.

**Priority:**

Medium (Important)

**Recommendation**

We recommend UNDP Iraq ("the Office") to implement alternative procedures that maintain allocating the salaries on timely basis.

**Management response and action plan:**

Staff were hired to mobilize the funding and complete the project set up before contributions/ revenues were received from the donors. The salaries of the staff were temporarily charged to other fully established UNDP projects on the basis of reimbursement. When the contributions were received, with the consent of donors the salaries were reversed from the other projects to the FFIS project.

As of 1<sup>st</sup> January For 2016, all FFIS staff salaries are charged directly to FFIS project.

**Issue Title:**

No evidence of archiving a copy of the receiver's identification (ID) is obtained.

**Observation**

During our audit, we noted that the Office submitted a cheque to vendors without archiving copy of their IDs.

Transaction code	Description	Amount
IRQ10-00060974-1-1-ACCR-DST	Travel tickets	1,672

Archiving a copy of the cheque recipient's identification would enhance the control over payments made by cheque and avoid submitting cheques to unauthorized persons.

**Priority:**

High (Critical)

**Recommendation**

We recommend the Office obtain and archive a copy of beneficiaries' IDs.

**Management response and action plan:**

For all payments by cheque, the recipient signs on the voucher page before collecting the cheque. Archiving copy of beneficiaries' ID is not done for UNDP staff but verification of ID and archiving copies is the practice for non UNDP staff.

**Issue Title:**

Overhead expenses of eight percent not recognized properly.

**Observation**

We noted differences in calculating the overhead cost between the percentages stated in the project agreement of eight percent of total expenditure and the amount recognized in the combined delivery reports. Total differences amounted to \$6,990.

**Priority:**

Medium (Important)

**Recommendation**

We recommend the Office to record the overhead cost to equal to eight percent in accordance with the project document

**Management response and action plan:**

The General Management Service /GMS (eight percent overhead) has been set up for all contributions received in 2015 in the UNDP financial system/ATLAS. The difference of \$6,990 was due to a timing gap between the receipt of donor contributions and setting up GMS distribution in Atlas. Corrections have been made since. (General Ledger reference 0006484556).