

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



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP IRAQ**

**SUPPORT TO SECURITY SECTOR REF,  
SSR Phase II  
(Directly Implemented Project No. 88597, Output No. 95175)**

**Report No. 2146**

**Issue Date: 16 August 2019**

**Report on the Audit of UNDP Iraq**  
**Support to Security Sector Ref, SSR Phase II (Project No. 88597, Output No. 95175)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG (the audit firm), from 9 to 23 June 2019, conducted an audit of Support to Security Sector Ref, SSR Phase II (Project No. 88597, Output No. 95175) (the Project), which is directly implemented and managed by the UNDP Country Office in 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 expenses for the period from 1 January to 31 December 2018 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2018 as well as Statement of Assets as of 31 December 2018. 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**

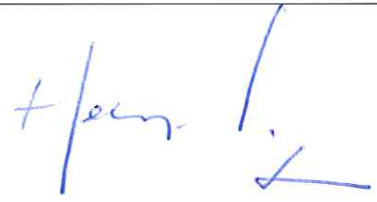
Based on the audit report submitted by the audit firm, the results are summarized in the table below:

Project Expenses		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,177	Unmodified	4	Unmodified

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.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations

<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) undepreciated 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.



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on  
The United Nations Development Program (UNDP)  
Directly Implemented (DIM) Project ID 00088597 Support to  
Security Sector Ref. – Output no. 00095175 SSR Phase II  
- Erbil, Republic of Iraq -  
For the period from 1 January to 31 December 2018



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## Executive Summary

KPMG Geneva conducted the financial audit of UNDP Project ID 00088597 - Output no. 00095175 for the period from 1 January to 31 December 2018. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

We have issued audit opinions as summarized in the table below and as detailed in the next section:

<b>Financial Position</b>	<b>Unmodified</b>
<b>Statement of Fixed Assets</b>	<b>Unmodified</b>
<b>Statement of Cash</b>	<b>Not Applicable</b>

There were no reportable findings with a medium or high priority rating consequently we do not issue a management letter. This Project ID 00088597 - Output no. 00095175 was not audited in the prior year.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 30 July 2019

## **Audit Objectives and Scope**

The objective of the financial audit was to express an opinion on the project financial position which includes:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2018 as well as the Fund Utilization statement, the accounts receivable and the accounts payable as at 31 December 2018 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. The Combined Delivery Report (CDR) and the accompanying Funds Utilization statement are the mandatory and official Statements. Other forms of Statements of expenses that may be prepared by a project office are not accepted.
- Expressing an opinion on whether the Statement of Fixed Assets, at Net Book Value, presents fairly the balance of depreciated assets of the UNDP project as at 31 December 2018. This Statement must include all assets available as at 31 December 2018 and not only those purchased between 1 January and 31 December 2018. The opinion is rendered on the Net Book value balance of the Assets. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion; and
- Expressing an opinion on whether the Statement of Cash held by the project presents fairly the cash and bank balance of UNDP project as at 31 December 2018. Disbursements made against a DIM project are usually financed from regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.
- As may be applicable, provide the progress made in implementing the recommendations raised in a previous year audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project, between 1 January and 31 December 2018. 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 Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.



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## **Independent Auditors' Report**

Opinion on Financial Position

**To: The Director of the Office of Audit and Investigations (OAI)**  
**United Nations Development Programme (UNDP)**

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We have audited the financial position of the UNDP Project ID 00088597 Support to Security Sector Ref. – Output no. 00095175 SSR Phase II for the period from 1 January to 31 December 2018 which includes: (a) the accompanying Combined Delivery Report (CDR); (b) the Funds Utilization Statement ("The Statement"); and (c) the project related accounts receivable and accounts payable.

### **Unmodified Opinion**

In our opinion, the attached CDR and the Funds Utilization statement present fairly, in all material respects, the expenses of USD 3,177,490.93 directly incurred by the UNDP Country Office in The Republic of Iraq and charged to the project for the period from 1 January to 31 December 2018 in accordance with UNDP accounting policies and 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.

### **Basis for unmodified opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the CDR and Funds Utilization section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

### **Management responsibilities**

Management is responsible for the preparation of the CDR and the Funds Utilization statement of the project, and for such internal control as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that are free from material misstatement, whether due to fraud or error.



## **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the CDR and the Funds Utilization statement are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the CDR and Funds Utilization statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 30 July 2019





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## **Independent Auditors' Report**

Certification for Statement of Fixed Assets

**To: The Director of the Office of Audit and Investigations (OAI),  
United Nations Development Programme (UNDP)**

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We have audited the accompanying statement of fixed assets of the UNDP Project ID 00088597 Support to Security Sector Ref. – Output no. 00095175 SSR Phase II as at 31 December 2018.

### **Unmodified Opinion**

In our opinion, the accompanying statement of fixed assets presents fairly, in all material respects, the assets status of the UNDP Project ID 00088597 – Output no. 00095175 amounting to USD 3,847.59 as at 31 December 2018 in accordance with UNDP accounting policies.

### **Basis for unmodified opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of fixed assets. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management responsibilities**

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

### **Auditor's responsibilities for the audit**

Our objectives are to obtain reasonable assurance about whether the statement of fixed assets is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of fixed assets, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG SA

Pierre-Henri Pingeon  
*Partner*

Henri Mwaniki  
*Senior Manager*

Geneva, 30 July 2019

**Annexes:**

Annex 1: Combined Delivery Report and Funds Utilization Statement – Output 00095175 (USD)

# Combined Delivery Report By Project

UN Development Programme  
 art ID: unglcdpr

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 Run Time: 03-04-2019 07:04:58

## ction Criteria :

ness Unit : IRQ10  
 od : Jan-Dec (2018)  
 icted Project Id : 00088597,00088685  
 icted Fund Code : 30000  
 icted Dept. IDs : 80450  
 icted Outputs : 00095175

Project ID : 00088597 Support to Security Sector Ref		Period :	Jan-Dec (2018)	
Input # : 00095175 SSR Phase II		Impl. Partn	99999 UNDP	
		Location :	UNDP IRAQ	
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Ex

pt: 45001 (Iraq - Central)

nd : 30000 (PROGRAMME COST SHARING)

81305 - Salaries - IP Staff	0.00	89,865.47	0.00	89,865.47
61310 - Post Adjustment - IP Staff	0.00	36,438.06	0.00	36,438.06
62105 - Dependency Allowance-NP Staff	0.00	23.85	0.00	23.85
62205 - Dependency Allow - GS Staff	0.00	2,532.23	0.00	2,532.23
62225 - Hazard Duty Station-Allow-GS	0.00	210.00	0.00	210.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	27,668.80	0.00	27,668.80
62315 - Contrib. to medical, social in	0.00	265.95	0.00	265.95
62320 - Mobility, Hardship, Non-remova	0.00	22,939.92	0.00	22,939.92
62330 - Rental Supplements - IP Staff	0.00	55,853.88	0.00	55,853.88
62335 - Hazard Duty Station-Allow-IP	0.00	32,314.80	0.00	32,314.80
62340 - Annual Leave Expense - IP	0.00	4,736.01	0.00	4,736.01
63150 - Reimb For Med Costs (LNO)	0.00	32.70	0.00	32.70
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	11,688.00	0.00	11,688.00
63340 - Proc trips/Rest & Recup-IP Stf	0.00	4,500.00	0.00	4,500.00
63350 - Reimb of Income Tax-IP Staff	0.00	6,345.36	0.00	6,345.36
63355 - Special Oper Living Allow-IP	0.00	7,500.00	0.00	7,500.00
63530 - Contribution to EOS Benefits	0.00	4,740.09	0.00	4,740.09
63535 - Contribution to Security	0.00	7,900.11	0.00	7,900.11
63540 - Contribution to Training	0.00	505.59	0.00	505.59
63545 - Contribution to ICT	0.00	1,896.06	0.00	1,896.06
63550 - Contributions to MAIP	0.00	126.39	0.00	126.39
63555 - Contribution to UN JFA	0.00	4,108.08	0.00	4,108.08
63560 - Contributions to Appendix D	0.00	315.99	0.00	315.99
64310 - Separations - IP Staff	0.00	1,769.84	0.00	1,769.84
64397 - Services to projects -CO staff	0.00	7,274.84	0.00	7,274.84
65115 - Contributions to ASHI Reserve	0.00	12,280.88	0.00	12,280.88
65135 - Payroll Mgt Cost Recovery ATLA	0.00	772.56	0.00	772.56
71205 - Intl Consultants-Sht Term-Tech	0.00	578,029.64	0.00	578,029.64
71211 - Intl Consult Security Charge	0.00	25,493.91	0.00	25,493.91
71305 - Local Consult-Sht Term-Tech	0.00	56,191.00	0.00	56,191.00
71405 - Service Contracts-Individuals	0.00	295,626.34	0.00	295,626.34
71410 - MAIP Premium SC	0.00	221.58	0.00	221.58
71415 - Contribution to Security SC	0.00	13,846.28	0.00	13,846.28
71505 - UN Volunteers-Slupend & Allow	0.00	6,418.81	0.00	6,418.81
71520 - UNV-Language Allowance	0.00	311.29	0.00	311.29
71525 - UNV-Hazard Pay	0.00	1,925.84	0.00	1,925.84
71535 - UNV-Medical Insurance	0.00	303.50	0.00	303.50
71540 - UNV-Global Charges	0.00	380.25	0.00	380.25
71541 - UNVs-Contribution to security	0.00	401.19	0.00	401.19
71550 - UNV-Resettlement Allowance	0.00	274.46	0.00	274.46
71590 - UNV Development Effectiveness	0.00	1,550.22	0.00	1,550.22
71605 - Travel Tickets-International	0.00	2,973.37	0.00	2,973.37
71610 - Travel Tickets-Local	0.00	5,368.58	0.00	5,368.58
71615 - Daily Subsistence Allow-Intl	0.00	18,267.34	0.00	18,267.34

# Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

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Project ID : 00095175 Support to Security Sector Ref	Period : Jan-Dec (2018)
Output # : 00095175 SSR Phase II	Impl. Partner : 00000 UNDP
	Location : UNDP IRAQ

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71620 - Daily Subsistence Allow-Local	0.00	7,033.12	0.00	7,033.12
71625 - Daily Subsist Allow-Mtg Partic	0.00	100,908.90	0.00	100,908.90
71635 - Travel - Other	0.00	20,365.04	0.00	20,365.04
72120 - Svc Co-Trade and Business Serv	0.00	2,520.00	0.00	2,520.00
72130 - Svc Co-Transportation Services	0.00	144.90	0.00	144.90
72135 - Svc Co-Communications Service	0.00	13,790.00	0.00	13,790.00
72311 - Fuel, petroleum and other oils	0.00	106.20	0.00	106.20
72350 - Medical Kits	0.00	32.70	0.00	32.70
72370 - Security related goods and mat	0.00	2,946.27	0.00	2,946.27
72425 - Mobile Telephone Charges	0.00	4,161.00	0.00	4,161.00
72440 - Connectivity Charges	0.00	2,758.20	0.00	2,758.20
72505 - Stationery & other Office Supp	0.00	2,514.00	0.00	2,514.00
72605 - Grants to Instit & other Benef	0.00	41,152.50	0.00	41,152.50
72815 - Inform Technology Supplies	0.00	251.28	0.00	251.28
73104 - Leased Building	0.00	1,750.28	0.00	1,750.28
73105 - Rent	0.00	198,605.55	0.00	198,605.55
73115 - Moving Expenses	0.00	125.00	0.00	125.00
73410 - Maint. Oper of Transport Equip	0.00	410.56	0.00	410.56
74220 - Translation Costs	0.00	5,900.01	0.00	5,900.01
74325 - Contrib. To CO Common Security	0.00	-1,005.81	0.00	-1,005.81
74530 - Staff Welfare	0.00	214.13	0.00	214.13
74596 - Services to projects -GOE	0.00	3,583.13	0.00	3,583.13
74710 - Land Transport	0.00	270.75	0.00	270.75
75105 - Facilities & Admin - Implement	0.00	234,338.22	0.00	234,338.22
75705 - Learning costs	0.00	830,202.27	0.00	830,202.27
75708 - Learning - ticket costs	0.00	24,629.93	0.00	24,629.93
75707 - Learning - subsistence allowan	0.00	53,911.00	0.00	53,911.00
75708 - Learning - subcontracts	0.00	259,080.50	0.00	259,080.50
76110 - Foreign Exch Translation Loss	0.00	13,920.35	0.00	13,920.35
76125 - Realized Loss	0.00	4.68	0.00	4.68
77630 - Dep Exp Owned - ITC	0.00	599.64	0.00	599.64
<b>tal for Fund 30000</b>	<b>0.00</b>	<b>3,177,490.93</b>	<b>0.00</b>	<b>3,177,490.93</b>
<b>tal for Dept: 45001</b>	<b>0.00</b>	<b>3,177,490.93</b>	<b>0.00</b>	<b>3,177,490.93</b>
<b>tal for Output: 00095175</b>	<b>0.00</b>	<b>3,177,490.93</b>	<b>0.00</b>	<b>3,177,490.93</b>
<b>Project Total :</b>	<b>0.00</b>	<b>3,177,490.93</b>	<b>0.00</b>	<b>3,177,490.93</b>



Prepared By: C.T. Hemingway  
PROJECT MANAGER

Date: 03/04/2019  
Iraq

Prepared By: ISABELA URIBE  
- Officer - In - Charge - UNDP - IRAQ

Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
30 July 2019

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
30 July 2019

# Combined Delivery Report By Project

UN Development Programme  
 Report ID: unglcdrp

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## Selection Criteria:

Business Unit: IRQ10  
 Period: Jan-Dec (2018)  
 Selected Project Id: 00088597,00088685  
 Selected Fund Code: 30000  
 Selected Dept. IDs: B0450  
 Selected Outputs: 00095175

Project Id	Period	Location	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45001 - Iraq - Central	Jan-Dec (2018)		0.00	3,177,490.93	0.00	3,177,490.93

Combined Delivery Report By Project

UN Development Programme  
Report ID: unglcdrp

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Run Time: 03-04-2019 07:04:59

**Funds Utilization**

**Selection Criteria:**

Business Unit : IRQ10  
Period : Jan-Dec (2018)  
Selected Project Id : 00088597,00088595  
Selected Fund Code : 30000  
Selected Dept. IDs : B0450  
Selected Outputs : 00085175

Project/Award : 00088597 Support to Security Sector Ref

Period: As at Dec 31, 2018

Output# : 00095175 Impl. Partner : 99999 UNDP

	UNDP AMOUNT
Outstanding NEX advances	0.00
Undepreciated Fixed Assets	3,847.59
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	1,061,122.61

## Annex 2: Statement of Fixed Assets





**Asset Management Detail Report**  
**UN Development Programme**  
**Project ID:SSR project (00095175)**

Business unit	Operating Un	Asset ID	Profile ID	Description	TAG Number	Serial Number	Location
IRQ10	IRQ	000000001987	ITC1	A Notebook computers	000000001987	5F2L4H2	IRQBAGHDAD
IRQ10	IRQ	000000001990	ITC1	A Notebook computers	000000001990	5TNHCG2	IRQBAGHDAD
IRQ10	IRQ	000000001992	ITC1	A Notebook computers	000000001992	5G6L4H2D	IRQBAGHDAD

Acquisition Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code
6/16/2017	1,599.00	1,282.53	1	45001	001981	00095	00095175	30000
6/16/2017	1,599.00	1,282.53	1	45001	001981	00095	00095175	30000
6/16/2017	1,599.00	1,282.53	1	45001	001981	00095	00095175	30000
<b>Total</b>	<b>4,797.00</b>	<b>3847.59</b>						

Saz Baban

Asset management  
Focal Point

21/12/2018



Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
30 July 2019

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
30 July 2019