



AUDIT

OF

FUNDING FACILITY FOR STABILIZATION
(Directly Implemented Project No. 89459, Output Nos. 95684 and 120726)

IN

UNDP IRAQ

Report No. 2349
Issue Date: 27 August 2021

**Report on the Audit of Funding Facility for Stabilization
implemented by UNDP Iraq
(Project No. 89459, Output Nos. 95684 and 120726)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 20 May to 26 July 2021, conducted an audit of 'Funding Facility for Stabilization' (Project No. 89459, Output Nos. 95684 and 120726) (the Project), which is directly implemented and managed by the UNDP Country Office in Iraq (the Office). The last audit of Output No. 95684 was conducted by OAI, through Talal Abu-Ghazaleh & Co. in 2020 and covered project expenses from 1 January to 31 December 2019.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2020 and the accompanying Funds Utilization statement¹ as of 31 December 2020 as well as Statement of Assets for Output No. 95684 as of 31 December 2020. 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) or expenses of other United Nations agencies. The audit did not cover the Statement of Assets for Output No. 120726 as no assets were held by this Output. In addition, the audit did not cover the Statement of Cash 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 reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Output No.	Project Expenses				Project Assets	
	Amount (in \$ '000)	Opinion	NFM*** (in \$ '000)	Impact on CDR	Amount (in \$ '000)	Opinion
95684	185,542*	Qualified	28,270****	Overstatement	1,003	Unmodified
120726	10,251**	Unmodified	N/A	N/A	N/A	N/A

*Expenses recorded in the Combined Delivery Report were \$191,352,267. Excluded from the audit scope were transactions that relate to other United Nations agencies (-\$3,865) and expenses processed and approved by other UNDP offices outside of the country (\$5,057,445). Also excluded were expenses incurred at the "responsible party" level (\$756,419), which included the amount of \$700,668 that was subject to a separate audit conducted by external auditors that resulted in an unmodified opinion.

**Expenses recorded in the Combined Delivery Report were \$10,545,845. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$294,739).

***NFM= Net Financial Misstatement

¹ 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.

****This amount includes a NFM (understatement) of \$12,896,562 from the prior year audit, resulting in a net value of the NFM for 2020 of \$15,373,817.

The audit firm qualified its opinion on the expenses of Output No. 95684 due to 2019 expenditures recorded in 2020. The resulting financial impact was a material overstatement of the financial statements in the amount of \$28,270,379, that represented 15 percent of the Output expenditures directly incurred by the Office as at 31 December 2020.

The audit did not result in any recommendations. A recommendation related to the same observation was raised in the prior year audit and implemented in 2020. Expenses incurred in 2020 were recorded in the same fiscal year.

At the time this report was being issued, OAI was investigating allegations relating to the Project.

Implementation status of previous OAI audit recommendations: Report No. 2240, 28 September 2020.

Total recommendations: 1

Implemented: 1

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

**United Nations Development Programme
(UNDP)**

**Financial Audit of Directly Implemented Project Managed by
UNDP Country Office in Iraq**

**“Funding Facility for Stabilization, COVID -19 Response”
(Project ID 89459 - Output ID 120726)
For the period from 1 January to 31 December 2020**

19 August 2021

**Talal Abu–Ghazaleh & Co.
Member of Talal Abu–Ghazaleh & Co. International, TAGI
Certified Public Accountants**



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1. PART I – EXECUTIVE SUMMARY

1.1. Executive Summary:

This report represents the results of the financial audit conducted by Talal Abu – Ghazaleh & Co. of the project ID 89459 “Funding Facility for Stabilization” – output 120726 “COVID -19 Response” (the project), directly implemented by UNDP country office in Iraq for the period from 1 January to 31 December 2020.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the Contract for Professional Services signed between UNDP and Talal Abu-Ghazaleh & Co. on 11 April 2021.

- Audit Opinions:

The following is the summary of the audit opinions provided:

Report on	Type of Opinion	Note
Financial Position	Unmodified	No issues identified.
Statement of Fixed Assets	Not applicable	There were no fixed assets or equipment therefore, no audit opinion is provided on a Statement of fixed assets.
Statement of Cash	Not applicable	There was no separate bank account for the project under audit, therefore no audit opinion is provided on a statement of cash.

- Audit Finding:

There were no reportable findings with medium or high priority ratings, consequently we did not issue a management letter.

- Follow-up on previous year’s audit recommendations:

The project ID 89459 “Funding Facility for Stabilization” – output 120726 “COVID - 19 Response” was not audited in the prior years.

Sincerely yours,

Jamal Milhem, CPA
Certified Accountant License # (100/98)

Jamal J. Milhem
Talal Abu-Ghazaleh & Co.
License No. 251/1997
Ramallah – Palestine, 27 July 2021



1.2. Audit Objectives

A. The objectives of the financial audit is to express an opinion on the project’s financial position which include:

- 1) Expressing an opinion on whether the financial expenses incurred by the project for the period from 1 January to 31 December 2020 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2020 were 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.
 - 2) 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 a given date. This statement must include all assets available as at 31 December 2020 and not only those purchased in a given period. 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
 - 3) 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 a given date. Disbursements made against a DIM project are usually financed from the 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.
- B. As may be applicable, providing 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 on Auditing (ISA), the 700 series.

1.3. Scope of Audit:

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project for the period from 1 January to 31 December 2020.

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.

2. PART II – FINANCIAL AUDIT REPORTS

2.1. Auditor's Report on Financial Position.

Independent Auditor's Report on the Project Financial Position of UNDP DIM Project ID 89459 – Output ID 120726 “Funding Facility for Stabilization, COVID -19 Response”

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

Report on the Project Financial position

We have audited the financial position of the UNDP Project ID 89459 “Funding Facility for Stabilization” – output 120726 “COVID -19 Response” for the period from 1 January to 31 December 2020, 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.

The CDR expenditures totaling US\$ 10,545,844.84 are comprised of expenditures directly incurred by UNDP country office in Iraq with an amount of US\$ 10,251,105.73 and expenditures incurred by entities other than the Country Office for an amount of US\$ 294,739.11. Our audit only covered the expenditures directly incurred by the UNDP country office in Iraq of US\$ 10,251,105.73.

Unmodified Opinion

In our opinion, the attached CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US\$ 10,251,105.73 directly incurred by the UNDP Country Office in Iraq and charged to the project for the period from 1 January to 31 December 2020 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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's Responsibilities

Management is responsible for the preparation of the CDR and the Funds Utilization Statement of the project and for such internal controls as management determines is necessary to enable the preparation of a CDR and Funds Utilization statement that is 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 ISA 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.

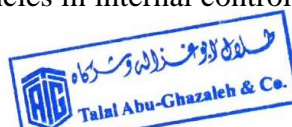
As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 controls.
- Obtain an understanding of internal controls 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 controls.

We communicated 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 controls that we identified during our audit.

Jamal Milhem, CPA

Certified Accountant License # (100/98)




Talal Abu-Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 27 July 2021

2.2. Combined Delivery Report (CDR) and Funds Utilization Statement:

"Funding Facility for Stabilization, COVID -19 Response" (Project ID 89459 – Output ID 120726) for the period from 1 January to 31 December 2020

 UN Development Programme Report ID: ungldrp				
Combined Delivery Report By Project				
Selection Criteria: Business Unit: IRQ10 Period: Jan-Dec (2020) Selected Project ID: ALL Selected Fund Code: ALL Selected Dept. IDs: ALL Selected Outputs: 00120726				
Project ID: 00089459 Funding Facility for stabiliza Output #: 00120726 COVID-19 Response				
Period: Jan-Dec (2020) Impl. Partner: 99999 UNDP Location:				
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 45001 (Iraq - Central)				
Fund : 04000 (Core Programme, UNU Centre)				
61305 - Salaries - IP Staff	0.00	25,918.34	0.00	25,918.34
64397 - Services to projects -CO staff	0.00	49,262.42	0.00	49,262.42
74586 - Services to projects -GOE	0.00	4,926.24	0.00	4,926.24
Total for Fund 04000	0.00	80,107.00	0.00	80,107.00
Fund : 28641 (FW_Crisis Response_COVID)				
71205 - Inrl Consultants-Shl Term-Tech	0.00	95,179.00	0.00	95,179.00
71210 - Inrl Consultants-Shl Term-Supp	0.00	0.00	0.00	0.00
71211 - Inrl Consult Security Charge	0.00	3,219.03	0.00	3,219.03
71305 - Local Consult.-Shl Term-Tech	0.00	68,731.49	0.00	68,731.49
72105 - Svc Co-Construction & Engineer	0.00	0.00	0.00	0.00
72140 - Svc Co-Information Technology	0.00	3,500.00	0.00	3,500.00
72210 - Machinery and Equipment	0.00	300,000.00	0.00	300,000.00
72615 - Micro Capital Grants-Other	0.00	299,849.00	0.00	299,849.00
73310 - Maint & Licencing of Software	0.00	5,000.00	0.00	5,000.00
75105 - Facilities & Admin - Implement	0.00	56,000.00	0.00	56,000.00
77305 - Salaries - IP Staff-TA	0.00	12,620.90	0.00	12,620.90
77310 - Post Adjustment - IP Staff-TA	0.00	6,790.05	0.00	6,790.05
77315 - Contrib-Med,Socins-IP Staff-TA	0.00	40.26	0.00	40.26
77320 - Assg hardship & mob allow-TA	0.00	1,736.16	0.00	1,736.16
77353 - Reimb of Income Tax - IP-TA	0.00	766.73	0.00	766.73
77357 - Repat. G4/Comm Ann Lv-IP-TA	0.00	1,338.70	0.00	1,338.70
77385 - Contribution to Security	0.00	776.43	0.00	776.43
77388 - Contribution to ICT TA	0.00	291.17	0.00	291.17
77395 - MAIP Premium TA/IP	0.00	9.70	0.00	9.70
77396 - PAYROLL MGT COST RECOVERY	0.00	102.86	0.00	102.86
77397 - Appendix D TA/IP	0.00	48.52	0.00	48.52
Total for Fund 28641	0.00	856,000.00	0.00	856,000.00
Fund : 28644 (COVID Country Response)				
61305 - Salaries - IP Staff	0.00	37,742.35	0.00	37,742.35
61310 - Post Adjustment - IP Staff	0.00	13,662.73	0.00	13,662.73
62305 - Dependency Allowances-IP Staff	0.00	3,491.71	0.00	3,491.71
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	13,323.81	0.00	13,323.81
62315 - Contrib. to medical, social in	0.00	800.55	0.00	800.55
62320 - Mobility, Hardship, Non-remova	0.00	9,422.76	0.00	9,422.76
62330 - Rental Supplements - IP Staff	0.00	- 703.10	0.00	- 703.10
62340 - Annual Leave Expense - IP	0.00	5,052.98	0.00	5,052.98
63330 - Ed Grl Ind Trvl&Allow-IP Stf	0.00	6,156.32	0.00	6,156.32
63335 - Home Leave Trvl & Allow-IP Stf	0.00	1,120.00	0.00	1,120.00



UN Development Programme
Report ID: unglcdrp

Combined Delivery Report By Project

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Project Id : 00089459 Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00120726 COVID-19 Response	Impl. Partner :	99999 UNDP		
	Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63350 - Reimb of Income Tax-IP Staff	0.00	2,030.48	0.00	2,030.48
63355 - Special Oper Living Allow-IP	0.00	6,774.71	0.00	6,774.71
63530 - Contribution to EOS Benefits	0.00	1,927.89	0.00	1,927.89
63535 - Contribution to Security	0.00	3,084.31	0.00	3,084.31
63540 - Contribution to Training	0.00	179.93	0.00	179.93
63545 - Contribution to ICT	0.00	771.08	0.00	771.08
63550 - Contributions to MAIP	0.00	25.69	0.00	25.69
63555 - Contribution to UN JFA	0.00	1,542.17	0.00	1,542.17
63560 - Contributions to Appendix D	0.00	128.52	0.00	128.52
64310 - Separations - IP Staff	0.00	719.67	0.00	719.67
65115 - Contributions to ASHI Reserve	0.00	5,114.83	0.00	5,114.83
65135 - Payroll Mgt Cost Recovery ATLA	0.00	386.28	0.00	386.28
71305 - Local Consult.-Sht Term-Tech	0.00	63,951.04	0.00	63,951.04
71405 - Service Contracts-Individuals	0.00	145,142.48	0.00	145,142.48
71410 - MAIP Premium SC	0.00	56.84	0.00	56.84
71415 - Contribution to Security SC	0.00	6,811.34	0.00	6,811.34
71505 - UN Volunteers-Stipend & Allow	0.00	10,594.64	0.00	10,594.64
71520 - UNV-Language Allowance	0.00	140.00	0.00	140.00
71525 - UNV-Hazard Pay	0.00	4,000.00	0.00	4,000.00
71535 - UNV-Medical Insurance	0.00	619.12	0.00	619.12
71540 - UNV-Global Charges	0.00	554.94	0.00	554.94
71541 - UNVs-Contribution to security	0.00	539.68	0.00	539.68
71545 - UNV-Home Leave Travel & Allowa	0.00	100.00	0.00	100.00
71550 - UNV-Resettlement Allowance	0.00	800.00	0.00	800.00
71592 - UNV_COST_RECOVERY_RECURRING	0.00	2,197.72	0.00	2,197.72
72105 - Svc Co-Construction & Engineer	0.00	45,151.68	0.00	45,151.68
72125 - Svc Co-Studies & Research Serv	0.00	27,136.02	0.00	27,136.02
72160 - Svc Co-Education & Health Serv	0.00	438,801.00	0.00	438,801.00
72210 - Machinery and Equipment	0.00	3,360,345.95	0.00	3,360,345.95
72325 - Chemical,Glass,NonMetallic Prd	0.00	31,981.50	0.00	31,981.50
72330 - Medical Products	0.00	230,732.16	0.00	230,732.16
72615 - Micro Capital Grants-Other	0.00	284,158.50	0.00	284,158.50
74505 - Insurance	0.00	276.08	0.00	276.08
74725 - Other L.T.S.H.	0.00	111,731.51	0.00	111,731.51
75105 - Facilities & Admin - Implement	0.00	378,740.76	0.00	378,740.76
Total for Fund 28844	0.00	5,257,118.43	0.00	5,257,118.43
Fund : 30000 (Programme Cost Sharing)				
72105 - Svc Co-Construction & Engineer	0.00	1,907,472.75	0.00	1,907,472.75
72160 - Svc Co-Education & Health Serv	0.00	995,394.00	0.00	995,394.00
72210 - Machinery and Equipment	0.00	736,090.48	0.00	736,090.48
75105 - Facilities & Admin - Implement	0.00	291,116.59	0.00	291,116.59
Total for Fund 30000	0.00	3,930,073.82	0.00	3,930,073.82
Fund : 32045 (JPN - Partnership Devt Pgm PCF)				
61305 - Salaries - IP Staff	0.00	67,217.50	0.00	67,217.50
61310 - Post Adjustment - IP Staff	0.00	24,332.75	0.00	24,332.75
62305 - Dependency Allowances-IP Staff	0.00	6,039.40	0.00	6,039.40
62310 - Contrib to JI Staff Pens Pd-IP	0.00	23,811.85	0.00	23,811.85
62315 - Contrib. to medical, social in	0.00	3,959.55	0.00	3,959.55



UN Development Programme
Report ID: unglcdp

Combined Delivery Report By Project

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Project Id : 00089459 Funding Facility for stabiliza		Period :	Jan-Dec (2020)	
Output # : 00120726 COVID-19 Response		Impl. Partner :	99999 UNDP	
		Location :		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
62320 - Mobility, Hardship, Non-remova	0.00	18,310.40	0.00	18,310.40
62330 - Rental Supplements - IP Staff	0.00	- 1,993.50	0.00	- 1,993.50
62340 - Annual Leave Expense - IP	0.00	10,523.00	0.00	10,523.00
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	10,400.00	0.00	10,400.00
63335 - Home Leave Trvl & Allow-IP Stf	0.00	2,100.00	0.00	2,100.00
63350 - Reimb of Income Tax-IP Staff	0.00	2,746.55	0.00	2,746.55
63365 - Special Oper Living Allow-IP	0.00	11,375.00	0.00	11,375.00
63530 - Contribution to EOS Benefits	0.00	3,433.15	0.00	3,433.15
63535 - Contribution to Security	0.00	5,493.00	0.00	5,493.00
63540 - Contribution to Training	0.00	320.45	0.00	320.45
63545 - Contribution to ICT	0.00	1,373.25	0.00	1,373.25
63550 - Contributions to MAIP	0.00	45.75	0.00	45.75
63555 - Contribution to UN JFA	0.00	2,746.55	0.00	2,746.55
63560 - Contributions to Appendix D	0.00	228.90	0.00	228.90
64310 - Separations - IP Staff	0.00	1,281.70	0.00	1,281.70
65115 - Contributions to ASHI Reserve	0.00	9,109.30	0.00	9,109.30
65135 - Payroll Mgt Cost Recovery ATLA	0.00	643.80	0.00	643.80
71205 - Intl Consultants-Sht Term-Tech	0.00	31,925.00	0.00	31,925.00
71211 - Intl Consult Security Charge	0.00	456.64	0.00	456.64
71305 - Local Consult-Sht Term-Tech	0.00	132,742.94	0.00	132,742.94
71405 - Service Contracts-Individuals	0.00	988.58	0.00	988.58
71615 - Daily Subsistence Allow-Intl	0.00	137.28	0.00	137.28
74105 - Management and Reporting Svcs	0.00	21,497.14	0.00	21,497.14
75105 - Facilities & Admin - Implement	0.00	31,299.66	0.00	31,299.66
Total for Fund 32045	0.00	422,545.59	0.00	422,545.59
Total for Dept : 45001	0.00	10,545,844.84	0.00	10,545,844.84
Total for Output : 00120726	0.00	10,545,844.84	0.00	10,545,844.84
Project Total :	0.00	10,545,844.84	0.00	10,545,844.84

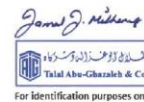
Signed By : Raj Kamal
FFS Programme Manager - Central

Signed By : Jim Sawatzky
FFS Programme Manager - North

Date : 28 Feb 2021

Signed By : Zena Ali Ahmad - UNDP Resident Representative

Date : 3 March 2021



For identification purposes only





UN Development Programme
Report ID: ungletrp

Combined Delivery Report By Project

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Selection Criteria :

Business Unit : IRQ10
Period : Jan-Dec (2020)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120726

Project Id : ALL	Period : Jan-Dec (2020)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45001 -Iraq - Central	0.00	10,545,844.84	0.00	10,545,844.84



UN Development Programme
Report ID: unglcdip

Combined Delivery Report By Project

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Funds Utilization

Selection Criteria:

Business Unit : IRQ10
Period : Jan-Dec (2020)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00120726

Project/Award: 00089459 Funding Facility for stabiliza

Period : As at Dec 31, 2020

Output #	Impl. Partner	UNDP AMOUNT
00120726	99999 UNDP	
Outstanding NEX advances		0.00
Undepreciated Fixed Assets		0.00
Unamortized Intangible Assets		0.00
Inventory		0.00
Prepayments		0.00
Commitments		862,112.50

**United Nations Development Programme
(UNDP)**

**Financial Audit of Directly Implemented Project Managed by
UNDP- Country Office in Iraq**

**“Funding Facility for Stabilization”
(Project ID 89459 - Output ID 95684)
For the period from 1 January to 31 December 2020**

19 August 2021

**Talal Abu–Ghazaleh & Co.
Member of Talal Abu–Ghazaleh & Co. International, TAGI
Certified Public Accountants**



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1. PART I – EXECUTIVE SUMMARY

1.1. Executive Summary:

This report represents the results of the financial audit conducted by Talal Abu-Ghazaleh & Co. of Project ID 89459 - Output ID 95684 “Funding Facility for Stabilization” (the project), directly implemented by UNDP country office in Iraq for the period from 1 January to 31 December 2020.

The audit was undertaken on behalf of UNDP, Office of Audit and Investigations (OAI) and mandated in accordance with the Contract for Professional Services signed between UNDP and Talal Abu-Ghazaleh & Co. on 11 April 2021.

- Audit Opinions:

The following is the summary of the audit opinions provided:

Report on	Type of Opinion	Note
Financial Position	Qualified	Not recording the expenses in the correct accounting period, causing a net financial overstatement of US\$ 28,270,378.84.
Statement of Fixed Assets	Unmodified	No issues identified.
Statement of Cash	Not applicable	There was no separate bank account for the project under audit. Therefore, no audit opinion to be provided on the Statement of Cash.

- Audit Findings:

As a result of our audit, the following findings were included in the management letter:

Finding No.	Summary of Audit Finding	Priority	Net Financial Misstatement
1	<p>The current Combined Delivery Report (CDR) is overstated with an amount of US\$ 26,193,866.51 due to the recognition of expense amounts in the current CDR related to the previous year.</p> <p>This also led to the overstatement of the General Management Support (GMS) (Facilities and Admin) amount in the current CDR by US\$ 2,076,512.33.</p>	Not Applicable. The recommendation on correcting the accounting process has been already implemented in December 2020.	Overstatement of the expenses in the current CDR with an amount of US\$ 28,270,378.84. The net effect of this misstatement over 2 financial years (2019 and 2020) is zero.

- Follow-up on Previous Year’s Audit Recommendations:

Project ID 89459 - Output ID 95684 “Funding Facility for Stabilization” was audited in the prior year (audit ID 2240 issued on 28 September 2020). The previous audit report included one recommendation. The recommendation raised and its implementation status is as follows:

Recommendation Title	Implementation
Not reporting the project’s expenses in the correct accounting period.	Implemented.

Sincerely yours,

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Jamal J. Milhem

Talal Abu – Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 27 July 2021



1.2. Audit Objectives

- A. The objective of the financial audit is to express an opinion on the project’s financial position which include:
- 1) Expressing an opinion on whether the financial expenses incurred by the project for the period from 1 January to 31 December 2020 and the funds utilization, the accounts receivable and the accounts payable as at 31 December 2020 were 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,
 - 2) 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 2020. This statement should include all assets available as at 31 December 2020 and not only those purchased in the year under audit. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion, and
 - 3) 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 2020. 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.
- B. As may be applicable, providing 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 on Auditing (ISA), the 700 series.

1.3. Scope of Audit:

The scope of the audit relates only to transactions concluded and recorded against the “UNDP-DIM” project for the period from 1 January to 31 December 2020.

The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”; 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.

2. PART II – FINANCIAL AUDIT REPORTS

2.1. Auditor's Report on Financial Position.

**Independent Auditor's Report on the Project Financial Position
of UNDP DIM Project ID 89459 – Output ID 95684
“Funding Facility for Stabilization”**

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

Report on the Project Financial position

We have audited the financial position of UNDP Project ID 89459 - Output ID 95684 “Funding Facility for Stabilization” for the period from 1 January to 31 December 2020, 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.

The CDR expenditures totaling US\$ 191,352,266.82, is comprised of expenditures directly incurred by the UNDP country office in Iraq for an amount of US\$ 185,542,266.83 and expenditures incurred by entities other than the Country Office for an amount of US\$ 5,809,999.99. Our audit only covered the expenditures directly incurred by the UNDP Country Office in Iraq of US\$ 185,542,266.83.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for the qualified opinion section of our report, the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement present fairly, in all material respects the expenses of US\$ 185,542,266.83 directly incurred by the UNDP Country Office in Iraq and charged to Project for the period from 1 January to 31 December 2020 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 Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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.

- The current 2020 CDR included the total amount of US\$ 36,559,348.32 which were related to 2019 expenses. The net financial impact was an overstatement of the 2020 CDR at an amount US\$ 26,193,866.51 (the total impact with the GMS of 8% was US\$ 28,270,378.84.).

Management’s Responsibility

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

Auditor’s Responsibility

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 ISA 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 ISA, we exercise professional judgment and maintain professional skepticism 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 controls.
- Obtain an understanding of internal controls 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 controls.

We communicated 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 controls that we identified during our audit.

Jamal Milhem, CPA

Certified Accountant License # (100/98)





Talal Abu-Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 27 July 2021

2.2. Combined Delivery Report (CDR) and Funds Utilization statement:

“Funding Facility for Stabilization” (Project ID 89459 - Output ID 95684) for the period from 1 January to 31 December 2020

 UN Development Programme Report ID: unglcdrp					Combined Delivery Report By Project		Page 1 of 9 Run Time: 15-08-2021 10:08:41	
Selection Criteria : Business Unit : IRQ10 Period : Jan-Dec (2020) Selected Project Id : ALL Selected Fund Code : ALL Selected Dept. IDs : ALL Selected Outputs : 00095684					Project Id : 00089459 Funding Facility for stabiliza Output # : 00095684 Fund Facilityfor Stabilization		Period : Jan-Dec (2020) Impl. Partner : 99999 UNDP Location : UNDP IRAQ	
					Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
Dept: 45001 (Iraq - Central)								
Fund : 02300 (RR Prog Sppt Country Offices)								
72505 - Stationery & other Office Supp					0.00	6,900.00	0.00	6,900.00
Total for Fund 02300					0.00	6,900.00	0.00	6,900.00
Fund : 04000 (Core Programme, UNU Centre)								
71605 - Travel Tickets-International					0.00	1,270.00	0.00	1,270.00
71615 - Daily Subsistence Allow-Intl					0.00	4,774.00	0.00	4,774.00
71635 - Travel - Other					0.00	1,060.00	0.00	1,060.00
Total for Fund 04000					0.00	7,104.00	0.00	7,104.00
Fund : 30000 (Programme Cost Sharing)								
33001 - Change(s) in accounting policy					0.00	0.00	0.00	0.00
61105 - Salaries - NP Staff					0.00	-5,441.14	0.00	-5,441.14
61205 - Salaries - GS Staff					0.00	-34,343.71	0.00	-34,343.71
61305 - Salaries - IP Staff					0.00	2,617,791.90	0.00	2,617,791.90
61310 - Post Adjustment - IP Staff					0.00	162,534.96	0.00	162,534.96
62105 - Dependency Allowance-NP Staff					0.00	-231.66	0.00	-231.66
62110 - Contrib Joint Staff Pension-NP					0.00	-1,660.56	0.00	-1,660.56
62115 - Contrib to Med,SocIns-NP Staff					0.00	-332.00	0.00	-332.00
62120 - Hazard Duty Station Allow-NP					0.00	-1,170.00	0.00	-1,170.00
62140 - Annual Leave Expense - NO					0.00	-978.50	0.00	-978.50
62205 - Dependency Allow - GS Staff					0.00	-1,246.91	0.00	-1,246.91
62210 - Contrib to Jt Staff Pens Fd-GS					0.00	-6,369.21	0.00	-6,369.21
62215 - Contrib. to Medical, social In					0.00	-2,668.11	0.00	-2,668.11
62225 - Hazard Duty Station Allow-GS					0.00	63.00	0.00	63.00
62240 - Annual Leave Expense - GS					0.00	-2,822.40	0.00	-2,822.40
62305 - Dependency Allowances-IP Staff					0.00	-3,300.12	0.00	-3,300.12
62310 - Contrib to Jt Staff Pens Fd-IP					0.00	182,231.12	0.00	182,231.12
62315 - Contrib. to medical, social in					0.00	6,070.39	0.00	6,070.39
62320 - Mobility, Hardship, Non-remova					0.00	135,551.70	0.00	135,551.70
62330 - Rental Supplements - IP Staff					0.00	-20,419.09	0.00	-20,419.09
62335 - Hazard Duty Station Allow-IP					0.00	110,930.00	0.00	110,930.00
62340 - Annual Leave Expense - IP					0.00	57,465.58	0.00	57,465.58
63245 - Medical Evacuation (GS)					0.00	220.89	0.00	220.89
63320 - Medical evacuation - IP Staff					0.00	411.40	0.00	411.40
63330 - Ed Grt Incl Trvl&Allow-IP Stf					0.00	37,472.59	0.00	37,472.59
63335 - Home Leave Trvl & Allow-IP Stf					0.00	6,274.65	0.00	6,274.65
63340 - Proc trips/Rest & Recup-IP Stf					0.00	13,500.00	0.00	13,500.00
63350 - Reimb of Income Tax-IP Staff					0.00	26,626.80	0.00	26,626.80
63360 - Medical Exams(incl Pre-empl)					0.00	141.28	0.00	141.28
63365 - Special Oper Living Allow-IP					0.00	66,880.75	0.00	66,880.75



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Combined Delivery Report By Project

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Project ID : 00089459 Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00095684 Fund Facilityfor Stabilization	Impl. Partner :	99999 UNDP		
	Location :	UNDP IRAQ		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
63515 - Security-related Costs	0.00	0.00	0.00	0.00
63530 - Contribution to EOS Benefits	0.00	23,133.67	0.00	23,133.67
63535 - Contribution to Security	0.00	35,335.31	0.00	35,335.31
63540 - Contribution to Training	0.00	822.57	0.00	822.57
63545 - Contribution to ICT	0.00	9,253.68	0.00	9,253.68
63550 - Contributions to MAIP	0.00	- 368.89	0.00	- 368.89
63555 - Contribution to UN JFA	0.00	17,097.55	0.00	17,097.55
63560 - Contributions to Appendix D	0.00	1,542.32	0.00	1,542.32
64110 - Separations - NP Staff	0.00	- 170.26	0.00	- 170.26
64210 - Separations - GS Staff	0.00	- 653.17	0.00	- 653.17
64306 - Appointment-Ticket Costs	0.00	2,361.00	0.00	2,361.00
64309 - Appointment-Shipments	0.00	13,000.00	0.00	13,000.00
64310 - Separations - IP Staff	0.00	9,212.87	0.00	9,212.87
64321 - Reassignment-Ticket Costs	0.00	4,910.00	0.00	4,910.00
64322 - Reassignments-Subsistence Allow	0.00	16,050.00	0.00	16,050.00
64323 - Reassignments-Lump Sum	0.00	19,103.08	0.00	19,103.08
64324 - Reassignments-Shipments	0.00	26,000.00	0.00	26,000.00
64397 - Services to projects -CO staff	0.00	1,041,868.54	0.00	1,041,868.54
65115 - Contributions to ASH Reserve	0.00	62,791.15	0.00	62,791.15
65135 - Payroll Mgt Cost Recovery ATLA	0.00	4,801.62	0.00	4,801.62
71205 - Intl Consultants-Sht Term-Tech	0.00	145,881.06	0.00	145,881.06
71211 - Intl Consult Security Charge	0.00	3,212.42	0.00	3,212.42
71305 - Local Consult-Sht Term-Tech	45,600.00	11,100,639.30	0.00	11,146,239.30
71310 - Local Consult-Short Term-Supp	15,635.00	0.00	0.00	15,635.00
71405 - Service Contracts-Individuals	0.00	2,440,277.33	- 3,773.80	2,436,503.53
71410 - MAIP Premium SC	0.00	435.76	0.00	435.76
71415 - Contribution to Security SC	0.00	78,170.67	0.00	78,170.67
71505 - UN Volunteers-Stipend & Allow	0.00	597,042.47	0.00	597,042.47
71510 - UNV Settling-In-Grant	0.00	11,245.42	0.00	11,245.42
71520 - UNV Volunteer Learning	0.00	3,648.61	0.00	3,648.61
71525 - UNV-Hazard Pay	0.00	104,771.82	0.00	104,771.82
71530 - UNV-Rest and Recuperation	0.00	3,750.00	0.00	3,750.00
71535 - UNV-Medical Insurance	0.00	17,216.65	0.00	17,216.65
71540 - UNV-Global Charges	0.00	15,241.71	0.00	15,241.71
71541 - UNVs-Contribution to security	0.00	14,064.85	0.00	14,064.85
71545 - UNV-Home Leave Travel & Allowa	0.00	2,606.15	0.00	2,606.15
71550 - UNV RSA / Exit Allowance	0.00	21,599.16	0.00	21,599.16
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	12,000.00	0.00	12,000.00
71565 - UNV-Natl Appoint/Sep incl Trvl	0.00	8,851.96	0.00	8,851.96
71584 - UNV Medical Exp. UN Mission	0.00	0.00	0.00	0.00
71591 - UNV Cost Recovery Deployment	0.00	12,300.00	0.00	12,300.00
71592 - UNV_COST_RECOVERY_RECURRING	0.00	61,295.97	0.00	61,295.97
71605 - Travel Tickets-International	0.00	87,817.25	0.00	87,817.25
71610 - Travel Tickets-Local	0.00	2,126.48	0.00	2,126.48
71615 - Daily Subsistence Allow-Intl	0.00	43,255.15	0.00	43,255.15
71620 - Daily Subsistence Allow-Local	0.00	18,194.50	0.00	18,194.50
71625 - Daily Subsist Allow-Mtg Partic	0.00	752.00	0.00	752.00
71630 - Shipment	0.00	1,112,350.78	0.00	1,112,350.78
71635 - Travel - Other	0.00	15,511.12	224.70	15,735.82
71640 - Prepaid Travel Advance	0.00	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	30,668,689.40	0.00	30,668,689.40
72115 - Svc Co-Natural Resources & Env	0.00	4,863.00	0.00	4,863.00
72125 - Svc Co-Studies & Research Serv	8,095.68	0.00	0.00	8,095.68
72130 - Svc Co-Transportation Services	0.00	6,604.28	0.00	6,604.28

Financial audit of Directly Implemented Project ID 89459 – Output ID 95684 “Funding Facility For Stabilization” for the period from 1 January to 31 December 2020.



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Project ID : 00089459: Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00095684: Fund Facilityfor Stabilization	Impl. Partner :	99999 UNDP		
	Location :	UNDP IRAQ		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
72135 - Svc Co-Communications Service	0.00	122,456.90	0.00	122,456.90
72145 - Svc Co-Training and Educ Serv	85,911.32	0.00	0.00	85,911.32
72170 - Svc Co-Humanitarian Aid & Relf	41,202.00	0.00	0.00	41,202.00
72210 - Machinery and Equipment	0.00	3,492,825.68	0.00	3,492,825.68
72215 - Transporation Equipment	0.00	7,521,928.63	0.00	7,521,928.63
72220 - Furniture	0.00	1,720,270.65	0.00	1,720,270.65
72311 - Fuel, petroleum and other oils	0.00	9,548.50	0.00	9,548.50
72330 - Medical Products	0.00	194,027.25	0.00	194,027.25
72350 - Medical Kits	0.00	192,441.58	0.00	192,441.58
72399 - Other Materials and Goods	0.00	359,315.00	0.00	359,315.00
72401 - Prefab structure/other buildin	0.00	187,586.00	0.00	187,586.00
72402 - Building Maintenance	0.00	80,198,743.69	0.00	80,198,743.69
72405 - Acquisition of Communic Equip	0.00	52,089.06	0.00	52,089.06
72406 - Security communication equipme	0.00	0.00	0.00	0.00
72415 - Courier Charges	0.00	16,304.00	0.00	16,304.00
72425 - Mobile Telephone Charges	0.00	43,095.32	0.00	43,095.32
72430 - Postage and Pouch	0.00	326.68	0.00	326.68
72440 - Connectivity Charges	0.00	40,168.92	0.00	40,168.92
72445 - Common Services-Communications	0.00	5,427.36	0.00	5,427.36
72505 - Stationery & other Office Supp	0.00	7,541.08	0.00	7,541.08
72510 - Publications	0.00	0.00	- 224.70	- 224.70
72515 - Print Media	0.00	642.98	0.00	642.98
72520 - Electronic Media	18,500.00	0.00	0.00	18,500.00
72620 - Joint Programming Expenditure	0.00	0.00	0.00	0.00
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	5,085.77	0.00	5,085.77
72815 - Inform Technology Supplies	0.00	101,549.20	0.00	101,549.20
72966 - Licenses and other	0.00	76.70	0.00	76.70
73104 - Leased Building	0.00	6,299.30	0.00	6,299.30
73105 - Rent	0.00	184,793.87	0.00	184,793.87
73107 - Rent - Meeting Rooms	0.00	8,210.00	0.00	8,210.00
73110 - Custodial & Cleaning Services	0.00	2,101,145.54	0.00	2,101,145.54
73120 - Utilities	0.00	2,794,700.17	0.00	2,794,700.17
73125 - Common Services-Premises	0.00	300,352.88	0.00	300,352.88
73310 - Maint & Licencing of Software	0.00	1,350.00	0.00	1,350.00
73405 - Rental & Maint-Other Office Eq	0.00	0.00	0.00	0.00
73406 - Maintenance of Equipment	0.00	289,517.83	0.00	289,517.83
73410 - Maint, Oper of Transport Equip	0.00	106,508.86	0.00	106,508.86
74110 - Audit Fees	0.00	152,450.00	0.00	152,450.00
74115 - Legal Fees	0.00	1,965.40	0.00	1,965.40
74210 - Printing and Publications	2,529.00	4,290.00	0.00	6,819.00
74215 - Promotional Materials and Dist	0.00	143.82	0.00	143.82
74220 - Translation Costs	0.00	0.00	- 1,951.68	- 1,951.68
74225 - Other Media Costs	7,000.00	0.00	0.00	7,000.00
74325 - Contrib.To CO Common Security	0.00	545,394.91	0.00	545,394.91
74505 - Insurance	0.00	24,155.31	0.00	24,155.31
74507 - Warranty Expense	0.00	602.29	0.00	602.29
74510 - Bank Charges	0.00	466.45	0.00	466.45
74520 - Storage	0.00	52,505.00	0.00	52,505.00
74596 - Services to projects -GOE	0.00	104,186.85	0.00	104,186.85
74710 - Land Transport	0.00	1,347.28	0.00	1,347.28
74720 - Distribution Cost	0.00	50,605.71	0.00	50,605.71
74725 - Other L.T.S.H.	0.00	290,171.10	0.00	290,171.10



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Combined Delivery Report By Project

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Project id : 00089459: Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00095684: Fund Facilityfor Stabilization	Impl. Partner :	99999 UNDP		
	Location :	UNDP IRAQ		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74965 - Low value equipment	0.00	0.00	0.00	0.00
75105 - Facilities & Admin - Implement	0.00	12,324,489.03	0.00	12,324,489.03
75705 - Learning costs	0.00	82,103.15	0.00	82,103.15
75707 - Learning – subsistence allowan	0.00	0.00	0.00	0.00
75709 - Learning - training of counter	42,005.00	0.00	1,951.68	43,956.68
75710 - Participation of counterparts	434,189.84	686.50	0.00	434,876.34
75711 - TrnWrkshp&Conf - Stipends	0.00	282.00	0.00	282.00
76110 - Foreign Exch Translation Loss	0.00	31,922.84	0.00	31,922.84
76125 - Realized Loss	0.00	4,513.33	0.00	4,513.33
76135 - Realized Gain	0.00	-27,557.78	-90.90	-27,648.68
77305 - Salaries - IP Staff-TA	0.00	448,517.52	0.00	448,517.52
77306 - Appoint-Tk cost-IP Staff-TA	0.00	576.00	0.00	576.00
77307 - Appoint-Sub Allow-IP Staff-TA	0.00	5,640.00	0.00	5,640.00
77309 - Appoint-shipment-IP Staff-TA	0.00	1,200.00	0.00	1,200.00
77310 - Post Adjustment - IP Staff-TA	0.00	30,864.75	0.00	30,864.75
77315 - Contrib-Med,Soclns-IP Staff-TA	0.00	4,592.06	0.00	4,592.06
77320 - Assg hardship & mob allow-TA	0.00	24,985.28	0.00	24,985.28
77345 - Dep Allowances-IP Staff-TA	0.00	7,919.11	0.00	7,919.11
77350 - Rental Supplements-IP Staff-TA	0.00	-1,143.96	0.00	-1,143.96
77353 - Reimb of Income Tax – IP-TA	0.00	6,455.40	0.00	6,455.40
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	15,767.72	0.00	15,767.72
77360 - Med Exams(Incl Pre-empl)-TA	0.00	53.44	0.00	53.44
77365 - Spec Oper Living Allow-IP-TA	0.00	30,598.56	0.00	30,598.56
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	33,257.16	0.00	33,257.16
77385 - Contribution to Security	0.00	7,241.27	0.00	7,241.27
77386 - Contribution to ICT- TA	0.00	1,860.24	0.00	1,860.24
77395 - MAIP Premium TA/IP	0.00	-49.39	0.00	-49.39
77396 - PAYROLL MGT COST RECOVERY	0.00	1,416.36	0.00	1,416.36
77397 - Appendix D TA/IP	0.00	310.05	0.00	310.05
77402 - Contrib-Security Share GOE	0.00	0.00	0.00	0.00
77630 - Dep Exp Owned-ITC	0.00	4,094.68	0.00	4,094.68
77660 - Dep Exp Owned -Vehicle	0.00	115,966.47	0.00	115,966.47
Total for Fund 30000	700,667.84	165,692,583.22	-3,864.70	166,389,386.36
Fund : 30071 (Programme cost sharing - GOV1)				
71630 - Shipment	0.00	167,700.00	0.00	167,700.00
72105 - Svc Co-Construction & Engineer	0.00	3,326,060.26	0.00	3,326,060.26
72220 - Furniture	0.00	707,088.00	0.00	707,088.00
72399 - Other Materials and Goods	0.00	924,080.00	0.00	924,080.00
73120 - Utilities	0.00	439,239.47	0.00	439,239.47
73406 - Maintenance of Equipment	0.00	6,000.00	0.00	6,000.00
74510 - Bank Charges	0.00	80.00	0.00	80.00
74725 - Other L.T.S.H.	0.00	170,000.00	0.00	170,000.00
75105 - Facilities & Admin - Implement	0.00	172,207.45	0.00	172,207.45
Total for Fund 30071	0.00	5,912,455.18	0.00	5,912,455.18
Fund : 30079 (EUROPEAN COMMISSION)				
61105 - Salaries - NP Staff	0.00	77,370.67	0.00	77,370.67
61205 - Salaries - GS Staff	0.00	34,343.71	0.00	34,343.71
61305 - Salaries - IP Staff	0.00	459,384.26	0.00	459,384.26

Financial audit of Directly Implemented Project ID 89459 – Output ID 95684 “Funding Facility For Stabilization” for the period from 1 January to 31 December 2020.



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Project ID : 00089459 Funding Facility for stabiliza	Period : Jan-Dec (2020)			
Output # : 00095684 Fund Facilityfor Stabilization	Impl. Partner : 99999 UNDP			
	Location : UNDP IRAQ			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61310 - Post Adjustment - IP Staff	0.00	198,983.66	0.00	198,983.66
62105 - Dependency Allowance-NP Staff	0.00	3,269.74	0.00	3,269.74
62110 - Contrib Joint Staff Pension-NP	0.00	15,479.46	0.00	15,479.46
62115 - Contrib to Med,SocIns-NP Staff	0.00	6,619.36	0.00	6,619.36
62120 - Hazard Duty Station Allow-NP	0.00	1,170.00	0.00	1,170.00
62140 - Annual Leave Expense - NO	0.00	4,659.15	0.00	4,659.15
62205 - Dependency Allow - GS Staff	0.00	1,246.91	0.00	1,246.91
62210 - Contrib to Jt Staff Pens Fd-GS	0.00	6,369.21	0.00	6,369.21
62215 - Contrib. to Medical, social in	0.00	2,668.11	0.00	2,668.11
62240 - Annual Leave Expense - GS	0.00	2,822.40	0.00	2,822.40
62305 - Dependency Allowances-IP Staff	0.00	49,182.67	0.00	49,182.67
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	166,702.27	0.00	166,702.27
62315 - Contrib. to medical, social in	0.00	7,498.12	0.00	7,498.12
62320 - Mobility, Hardship, Non-remova	0.00	114,616.13	0.00	114,616.13
62330 - Rental Supplements - IP Staff	0.00	-2,756.62	0.00	-2,756.62
62335 - Hazard Duty Station Allow-IP	0.00	9,270.40	0.00	9,270.40
62340 - Annual Leave Expense - IP	0.00	31,829.12	0.00	31,829.12
63330 - Ed Grt Incl Trvl&Allow-IP Stf	0.00	128,695.81	0.00	128,695.81
63335 - Home Leave Trvl & Allow-IP Stf	0.00	12,310.35	0.00	12,310.35
63340 - Proc trips/Rest & Recup-IP Stf	0.00	2,250.00	0.00	2,250.00
63350 - Reimb of Income Tax-IP Staff	0.00	20,386.50	0.00	20,386.50
63365 - Special Oper Living Allow-IP	0.00	89,033.92	0.00	89,033.92
63530 - Contribution to EOS Benefits	0.00	30,210.94	0.00	30,210.94
63535 - Contribution to Security	0.00	50,059.36	0.00	50,059.36
63540 - Contribution to Training	0.00	4,156.24	0.00	4,156.24
63545 - Contribution to ICT	0.00	12,084.40	0.00	12,084.40
63550 - Contributions to MAIP	0.00	1,080.18	0.00	1,080.18
63555 - Contribution to UN JFA	0.00	25,578.38	0.00	25,578.38
63560 - Contributions to Appendix D	0.00	2,014.15	0.00	2,014.15
64110 - Separations - NP Staff	0.00	1,529.70	0.00	1,529.70
64210 - Separations - GS Staff	0.00	653.17	0.00	653.17
64308 - Appointments-Lump Sum	0.00	4,424.25	0.00	4,424.25
64310 - Separations - IP Staff	0.00	9,750.86	0.00	9,750.86
65115 - Contributions to ASHI Reserve	0.00	78,750.30	0.00	78,750.30
65135 - Payroll Mgt Cost Recovery ATLA	0.00	5,800.29	0.00	5,800.29
71205 - Intl Consultants-Shrt Term-Tech	0.00	14,700.00	0.00	14,700.00
71211 - Intl Consult Security Charge	0.00	904.06	0.00	904.06
71305 - Local Consult-Shrt Term-Tech	0.00	2,271.75	0.00	2,271.75
71405 - Service Contracts-Individuals	0.00	690,514.51	0.00	690,514.51
71410 - MAIP Premium SC	0.00	501.65	0.00	501.65
71415 - Contribution to Security SC	0.00	34,269.36	0.00	34,269.36
71505 - UN Volunteers-Stipend & Allow	0.00	67,297.21	0.00	67,297.21
71520 - UNV_Volunteer_Learning	0.00	1,260.00	0.00	1,260.00
71525 - UNV-Hazard Pay	0.00	19,609.98	0.00	19,609.98
71530 - UNV-Rest and Recuperation	0.00	750.00	0.00	750.00
71535 - UNV-Medical Insurance	0.00	6,121.18	0.00	6,121.18
71540 - UNV-Global Charges	0.00	3,216.85	0.00	3,216.85
71541 - UNVs-Contribution to security	0.00	3,648.84	0.00	3,648.84
71545 - UNV-Home Leave Travel & Allowa	0.00	300.00	0.00	300.00
71550 - UNV RSA / Exit Allowance	0.00	4,893.54	0.00	4,893.54
71560 - UNV-Intl Appoint/Sep incl Trvl	0.00	177.15	0.00	177.15
71592 - UNV_COST_RECOVERY_RECURRING	0.00	13,493.33	0.00	13,493.33
71605 - Travel Tickets-International	0.00	1,758.00	0.00	1,758.00
71615 - Daily Subsistence Allow-Intl	0.00	22,188.44	0.00	22,188.44

Financial audit of Directly Implemented Project ID 89459 – Output ID 95684 “Funding Facility For Stabilization” for the period from 1 January to 31 December 2020.



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Project ID : 00089459 Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00095684 Fund Facilityfor Stabilization	Impl. Partner :	99999 UNDP		
	Location :	UNDP IRAQ		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
71620 - Daily Subsistence Allow-Local	0.00	894.60	0.00	894.60
71630 - Shipment	0.00	341,084.39	0.00	341,084.39
71635 - Travel - Other	0.00	3,285.16	0.00	3,285.16
72105 - Svc Co-Construction & Engineer	0.00	348,331.65	0.00	348,331.65
72130 - Svc Co-Transportation Services	0.00	234.32	0.00	234.32
72210 - Machinery and Equipment	0.00	1,250,550.47	0.00	1,250,550.47
72215 - Transportation Equipment	0.00	1,361,166.50	0.00	1,361,166.50
72220 - Furniture	0.00	414.11	0.00	414.11
72350 - Medical Kits	0.00	227,852.60	0.00	227,852.60
72402 - Building Maintenance	0.00	8,804,894.24	0.00	8,804,894.24
72405 - Acquisition of Communic Equip	0.00	196.49	0.00	196.49
72425 - Mobile Telephone Charges	0.00	4,034.98	0.00	4,034.98
72430 - Postage and Pouch	0.00	78.84	0.00	78.84
72440 - Connectivity Charges	0.00	3,244.37	0.00	3,244.37
72445 - Common Services-Communications	0.00	-10,225.51	0.00	-10,225.51
73105 - Rent	0.00	1,690.69	0.00	1,690.69
73115 - Moving Expenses	0.00	138,190.50	0.00	138,190.50
73120 - Utilities	0.00	157,927.00	0.00	157,927.00
73406 - Maintenance of Equipment	0.00	963,228.84	0.00	963,228.84
73410 - Maint, Oper of Transport Equip	0.00	1,407.83	0.00	1,407.83
74110 - Audit Fees	0.00	35,000.00	0.00	35,000.00
74325 - Contrib.To CO Common Security	0.00	88,151.35	0.00	88,151.35
74505 - Insurance	0.00	2,333.38	0.00	2,333.38
75105 - Facilities & Admin - Implement	0.00	1,154,597.31	0.00	1,154,597.31
75705 - Learning costs	0.00	120.00	0.00	120.00
76125 - Realized Loss	0.00	5,677.87	0.00	5,677.87
76135 - Realized Gain	0.00	-209.99	0.00	-209.99
77305 - Salaries - IP Staff-TA	0.00	89,358.75	0.00	89,358.75
77310 - Post Adjustment - IP Staff-TA	0.00	40,204.47	0.00	40,204.47
77315 - Contrib-Med,SocIns-IP Staff-TA	0.00	824.54	0.00	824.54
77320 - Assg hardship & mob allow-TA	0.00	27,206.17	0.00	27,206.17
77350 - Rental Supplements-IP Staff-TA	0.00	-4,053.51	0.00	-4,053.51
77353 - Reimb of Income Tax - IP-TA	0.00	2,900.98	0.00	2,900.98
77357 - Repat. Grt/Comm Ann Lv-IP-TA	0.00	-522.78	0.00	-522.78
77365 - Spec Oper Living Allow-IP-TA	0.00	10,977.01	0.00	10,977.01
77375 - Contrib-Jt Staff Pens Fd-IP-TA	0.00	35,173.96	0.00	35,173.96
77385 - Contribution to Security	0.00	8,802.29	0.00	8,802.29
77386 - Contribution to ICT_TA	0.00	2,150.76	0.00	2,150.76
77395 - MAIP Premium TA/IP	0.00	183.03	0.00	183.03
77396 - PAYROLL MGT COST RECOVERY	0.00	1,223.22	0.00	1,223.22
77397 - Appendix D TA/IP	0.00	358.48	0.00	358.48
Total for Fund 30079	0.00	17,654,312.74	0.00	17,654,312.74
Fund : 30084 (Prog Resources from 11888)				
71205 - Intl Consultants-Shrt Term-Tech	0.00	73,630.27	0.00	73,630.27
71211 - Intl Consult Security Charge	0.00	4,528.44	0.00	4,528.44
71635 - Travel - Other	0.00	234.32	0.00	234.32
75105 - Facilities & Admin - Implement	0.00	6,271.45	0.00	6,271.45
Total for Fund 30084	0.00	84,664.48	0.00	84,664.48
Fund : 32045 (JPN - Partnership Devt Pgm PCF)				



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Project Id : 00089459 Funding Facility for stabiliza	Period :	Jan-Dec (2020)		
Output # : 00095684 Fund Facilityfor Stabilization	Impl. Partner :	99999 UNDP		
	Location :	UNDP IRAQ		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61305 - Salaries - IP Staff	0.00	0.00	0.00	0.00
61310 - Post Adjustment - IP Staff	0.00	0.00	0.00	0.00
62305 - Dependency Allowances-IP Staff	0.00	0.00	0.00	0.00
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	264.80	0.00	264.80
62315 - Contrib. to medical, social in	0.00	282.62	0.00	282.62
62320 - Mobility, Hardship, Non-remova	0.00	984.91	0.00	984.91
71405 - Service Contracts-Individuals	0.00	741.49	0.00	741.49
71410 - MAIP Premium SC	0.00	0.23	0.00	0.23
71415 - Contribution to Security SC	0.00	27.40	0.00	27.40
72210 - Machinery and Equipment	0.00	245,881.58	0.00	245,881.58
72220 - Furniture	0.00	2,270.00	0.00	2,270.00
72350 - Medical Kits	0.00	39.90	0.00	39.90
72402 - Building Maintenance	0.00	867,155.09	0.00	867,155.09
74105 - Management and Reporting Srvs	0.00	75,607.55	0.00	75,607.55
74325 - Contrib.To CO Common Security	0.00	6,296.52	0.00	6,296.52
75105 - Facilities & Admin - Implement	0.00	96,106.97	0.00	96,106.97
77630 - Dep Exp Owned - ITC	0.00	1,785.00	0.00	1,785.00
Total for Fund 32045	0.00	1,297,444.06	0.00	1,297,444.06
Total for Dept : 45001	700,667.84	190,655,463.68	- 3,864.70	191,352,266.82
Total for Output : 00095684	700,667.84	190,655,463.68	- 3,864.70	191,352,266.82
Project Total :	700,667.84	190,655,463.68	- 3,864.70	191,352,266.82

Raj KAMAL
Programme Manager
FFS Central

Signed By :

J. Sawatzky
Programme Manager
FFS North

Date : 15 Aug.21




For identification purposes only

Signed By : Zena Ali Ahmad - RR

for

Date : 15 Aug.21

<div>  UN Development Programme Report ID: unglcdrp </div> <div> election Criteria : Business Unit : IRQ10 Period : Jan-Dec (2020) Selected Project Id : ALL Selected Fund Code : ALL Selected Dept. IDs : ALL Selected Outputs : 00095684 </div> <div> Page 8 of 9 Run Time: 15-08-2021 10:08:42 </div>				
Combined Delivery Report By Project				
Project Id : ALL	Period : Jan-Dec (2020)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
45001 - Iraq - Central	700,667.84	190,655,463.68	- 3,864.70	191,352,266.82



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Funds Utilization

Selection Criteria :

Business Unit : IRQ10
Period : Jan-Dec (2020)
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, 2020

Output #	00095684	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			1,003,065.53
Unamortized Intangible Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			132,636,472.54

Auditors Report on the Statement of Fixed Assets:

**Independent Auditor's Report on the Statement of Fixed Assets
of UNDP DIM Project ID 89459 – Output ID 95684
“Funding Facility for Stabilization”**

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

We have audited the accompanying statement of fixed assets of UNDP Project ID 89459 - Output ID 95684 “Funding Facility for Stabilization” as at 31 December 2020.

Unmodified Opinion

In our opinion, the accompanying statement of fixed assets presents fairly in all material respects the assets status of UNDP Project ID 89459 - Output ID 95684 “Funding Facility for Stabilization” amounting to US\$ 1,003,065.53 as 31 December 2020 in accordance with UNDP accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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's Responsibility

Management is responsible for the preparation of the statement of fixed assets of the project and for such internal controls as management determines are necessary to enable the preparation of the 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 ISA 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 ISA, we exercise professional judgment and maintain professional skepticism 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 controls.
- Obtain an understanding of internal controls 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 controls.

We communicated 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 controls that we identified during our audit.

Jamal Milhem, CPA

Certified Accountant License # (100/98)



Jamal J. Milhem
Talal Abu – Ghazaleh & Co.

License No. 251/1997

Ramallah – Palestine, 27 July 2021

2.3. Statement of Fixed Assets:

“Funding Facility for Stabilization” (Project ID 89459 - Output ID 95684) for the period from 1 January to 31 December 2020



Asset Management Detail Report
UN Development Programme
Project ID:95684 FFS

Business unit	Operating Unit	Asset ID	Profile ID	Description	Serial Number	Location	Acquisition Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agent	Donor	Project	Fund code
IRQ10	IRQ	000000001819	MTRV4	Land Cruiser GX.R L 1.4.0 L	JTMH0094F5J04540	IRQBAGHDAD	11/22/2015	44,000.00	25,055.54	1	145001	001981	00117	00095684	30000
IRQ10	IRQ	000000001822	ITC4	A Computer printers	CNDVGC004V	IRQERB	12/1/2015	8,990.00	4,420.08	1	145001	001981	00137	00095684	30000
IRQ10	IRQ	000000001841	MTRV5	Armoured TOYOTA LANDCRUISER 20	JTMU003030F4109766	IRQBAGHDAD	2/15/2016	196,821.30	116,179.24	1	145001	001981	10480	00095684	30000
IRQ10	IRQ	000000001925	ITC5	A Photocopiers/Xerox WorkCent	3919630689	IRQERB	7/19/2016	6,000.00	3,300.00	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000001935	MTRV5	Toyota land cruiser	JTMH0090JF4089287	IRQBAGHDAD	7/19/2016	6,000.00	3,300.00	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000001935	MTRV5	Toyota land cruiser	JTMH0090JF4089287	IRQERB	1/11/2017	84,359.66	56,239.78	0.5	145001	001981	00117	00095684	30000
IRQ10	IRQ	000000001949	MTRV4	TOYOTA LANDCRUISER	JTMH001J6H4136457	IRQERB	1/11/2017	84,359.67	56,239.79	0.5	145001	001981	00204	00095684	30000
IRQ10	IRQ	000000001954	ITC4	A Computer printers	3923615708	IRQERB	1/16/2017	63,000.00	42,000.00	1	145001	001981	00182	00095684	30000
IRQ10	IRQ	000000001956	ITC4	A Computer printers	3923535887	IRQERB	4/13/2017	5,950.00	3,718.75	1	145001	001981	00141	00095684	32645
IRQ10	IRQ	000000001979	MTRV5	A Computer printers	3923659500	IRQERB	4/13/2017	5,950.00	3,718.75	1	145001	001981	00141	00095684	32645
IRQ10	IRQ	000000001981	MTRV5	Armored Vehicle Toyota LC 200	JTMH001J0G5081486	IRQERB	1/31/2017	139,206.00	92,804.00	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000001981	MTRV5	Armored Vehicle Toyota LC 200	JTMH001J0G5081486	IRQBAGHDAD	1/31/2017	142,368.00	94,912.00	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000001984	MTRV5	Armored Vehicle Toyota LC 200	JTMH001J0G5081486	IRQBAGHDAD	1/31/2017	139,206.00	92,804.00	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000001988	ITC4	A Computer printers	3923659518	IRQERB	11/13/2017	5,950.00	4,065.83	1	145001	001981	00117	00095684	30000
IRQ10	IRQ	000000001991	ITC4	A Computer printers	3923659518	IRQERB	11/13/2017	5,950.00	4,065.83	1	145001	001981	00117	00095684	30000
IRQ10	IRQ	000000002002	MTRV4	A Toyota Prado TXL 4.0 L	JTEBU3FJ8K135925	IRQBAGHDAD	3/7/2018	44,000.00	33,611.10	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000002005	MTRV4	A Toyota Prado TXL 4.0 L	JTEBU3FJ8K135925	IRQBAGHDAD	3/7/2018	44,000.00	33,611.10	1	145001	001981	00187	00095684	30000
IRQ10	IRQ	000000002018	MTRV5	Level VPT Armoured Vehicle as	JTMH001J2H5038503	IRQERB	5/30/2018	136,759.00	106,368.12	1	145001	001981	00117	00095684	30000
IRQ10	IRQ	000000002040	MTRV5	Level VPT Toyota Armoured Vehi	JTMH001J2H4292177	IRQERB	8/17/2018	136,759.00	109,217.26	1	145001	001981	10283	00095684	30000
IRQ10	IRQ	000000002041	MTRV5	Level VPT Toyota Armoured Vehi	JTMH001J2H4292183	IRQERB	8/17/2018	136,759.00	109,217.26	1	145001	001981	10283	00095684	30000
IRQ10	IRQ	000000002048	ITC13	Polycam Video Tele Conferencin	86173747CA52CV	IRQ EBL ST	10/18/2017	6,445.41	4,498.35	1	145001	001981	00117	00095684	30000

Total

1,003,065.53

Zena Ali Ahmad
Asset focal point

Zena Ali Ahmad
Resident Representative

For identification purposes only

3. PART III: MANAGEMENT LETTER

3.1 Current year audit findings and recommendations

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

Introduction

Under International Standards on Auditing, auditors are encouraged to report various matters concerning an entity's internal controls structure noted during their audit and are required to report certain of those matters. Matters that are required to be reported are "significant deficiencies in the design or operation of the internal controls structure that, in the auditor's judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements".

As part of our audit of the Project's financial position of Project ID 89459 - Output ID 95684 "Funding Facility for Stabilization" for the period from 1 January to 31 December 2019, we considered UNDP's internal controls structure and compliance with its accounting policies in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. Our purpose was not to provide assurance on the internal controls structure.

We emphasize that the responsibility for a sound system of internal controls rests with management and work performed by external audit should not be relied upon to identify all strengths and weaknesses that may exist, neither should our work be relied upon to identify all circumstances of irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery.

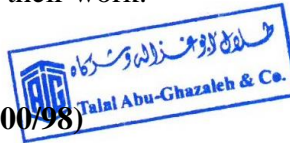
The matters raised in this part are those which came to our attention during the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be needed. Recommendations for improvements should be assessed by management for their full business impact before they are implemented. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal controls system.

Acknowledgment

We wish to express our appreciation for the courtesy and cooperation extended to our representatives during the course of their work.

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27 July 2021

Finding No. 1:

Title: Not Charging the Project’s Expenditure in the Correct Reporting Period.

Criteria:

In accordance with IPSAS, UNDP expenses policy follows the accrual basis of accounting, under which transactions and events are recognized as they occur (and not only when cash or its equivalent is received or paid). The transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate when goods or services are received and accepted by UNDP and a corresponding liability to pay is created.

As UNDP has to comply with IPSAS, Offices should ensure any anticipated expenses before closing the year are recorded through the accrual system using the correct accounting year. Further, in accordance with UNDP POPP, it is important that the receipts be entered promptly in the ATLAS when the goods and services are actually received. It is mandatory to enter receipts in the ATLAS within 48 hours of actual receipt of goods and services, so that the expense and asset recognition is done correctly in accordance with the UNDP accounting policy.

Observation

The office recorded the amount of US\$ 26,193,866.51 in the FY2020 CDR although this total amount represents expenses related to FY 2019 CDR, which also led to an overstatement of the GMS (Facilities and Admin) included in the current CDR by US\$ 2,076,512.33.

Details are shown in the following table:

Date of the Invoice	Voucher No.	Amount US\$
2 Jan. 2020	IRQ10-00095270-1-1-ACCR-DST	2,004,363.2
2 Jan. 2020	IRQ10-00095639-1-1-ACCR-DST	2,000,000.00
10 Jan 2020	IRQ10-00095478-1-1-ACCR-DST	1,263,505.67
25 Feb 2020	IRQ10-00096898-1-1-ACCR-DST	719,335.23
3 Jan 2020	IRQ10-00095167-1-1-ACCR-DST	634,563.00
2 Jan 2020	IRQ10-00095639-2-1-ACCR-DST	632,997.13
23 Jan 2020	IRQ10-00097512-1-1-ACCR-DST	549,171.85
12 Jan. 2020 25 Nov 2019 16 Oct 2019 12 Sep 2019 15 Jul 2019	IRQ10-00096314-7-1-ACCR-DST	2,555,257.65
2 Jan 2019 5 Jan 2020 4 Jan 2020 16 Oct 2019 2 Jan 2020	IRQ10-00095541-7-1-ACCR-DST	3,569,607.71
4 Jan 2020	IRQ10-00095328-1-1-ACCR-DST	616,839.10
10 Mar 2020	IRQ10-00097706-1-1-ACCR-DST	357,525.28
12 Sep 2019	IRQ10-00095653-1-1-ACCR-DST	165,850.00

30 June 2020	IRQ10-00099745-1-1-ACCR-DST	851,846.26
31 July 2020	IRQ10-00098885-1-1-ACCR-DST	110,108.35
11 Mar 2019	IRQ10-00097239-1-1-ACCR-DST	1,827,000.00
11 Mar 2019	IRQ10-00097239-1-1-ACCR-DST	1,150,000.00
11 Mar 2019	IRQ10-00097239-1-1-ACCR-DST	884,000.00
11 Mar 2019	IRQ10-00097239-1-1-ACCR-DST	325,500.00
29 Jan 2019 12 Feb 2020	IRQ10-00097659-8-1-ACCR-DST	121,936.50
29 Jan 2019 12 Feb 2020	IRQ10-00097659-8-1-ACCR-DST	189,000.00
11 Mar 2019 20 Dec 2018 8 Oct 2019	IRQ10-00097239-9-1-ACCR-DST	321,173.39
11 Mar 2019 20 Dec 2018 8 Oct 2019	IRQ10-00097239-9-1-ACCR-DST	447,978.02
31 Mar 2019 11 Feb 2019 11 Dec 2019	IRQ10-00095859-2-1-ACCR-DST	207,900.00
25 Jan 2020	IRQ10-00095814-2-1-ACCR-DST	1,346,354.01
23 April 2020	IRQ10-00098053-1-1-ACCR-DST	288,845.75
3 Jan 2020	IRQ10-00095163-1-1-ACCR-DST	278,169.00
4 Feb 2020	IRQ10-00096029-1-1-ACCR-DST	435,834.00
13 Jan 2020	IRQ10-00095338-1-1-ACCR-DST	227,655.20
5 Jan 2020	IRQ10-00095151-1-1-ACCR-DST	105,500.00
6 Jan 2020	IRQ10-00095164-1-1-ACCR-DST	314,086.70
6 Jan 2020	IRQ10-00095164-1-1-ACCR-DST	110,376.75
6 Jan 2020	IRQ10-00095166-1-1-ACCR-DST	654,046.40
7 Jan 2020	IRQ10-00095182-1-1-ACCR-DST	334,127.46
13 Jan 2020	IRQ10-00095331-1-1-ACCR-DST	294,618.60
14 Jan 2020	IRQ10-00095405-1-1-ACCR-DST	298,794.30
	Total of Entries	26,193,866.51

UNDP Office explained that this issue occurred because they did not want to raise the receipts in 2019 as supporting documents were not available yet. The office raised the receipts in the Atlas only after receiving the supporting documents in January 2020.

Not charging the project’s expenditures to the correct accounting period, FY2019, led to an overstatement of the expenses in the current CDR (FY2020) with an amount of US\$ 26,193,866.51. Since the 2019 and 2020 books are already closed, adjustment entries entered following the closure will not correct the overstatement in the CDR of FY2020. Not recording the 2019 expenses in the correct accounting period led to overstating the current CDR with a total amount of US\$ 28,270,378.84.

We believe this case is important, as the net financial misstatement on the 2020 CDR is an overstatement of US\$ 26,193,866.51 (The total net effect with the GMS is US\$ 28,270,378.84).

Management’s Response:

We have noticed that list of transaction identified as not charged to correct accounting year where related to FY2019 activities which were before we implemented the DIM audit recommendations of FY2019.

As a result of the last year audit of the same project the office had an audit observation related to Not Charging Project’s Expenditure in the Correct Reporting Period. In particular receipts in Atlas were raised only after acceptance of the works/services and not in the year when service was actually delivered. The office followed the POPP guidance available at that time, however acknowledged that this approach is not in line with IPSAS accounting principles.

Later during 2020 the office has followed up with the Office of Audit and Investigations (OAI) and the Office of Financial Resources Management (OFRM) on this issue and received a revised guidance on this subject from OFRM. Following steps has been taken by the office in December 2020:

1. Identify the projects where milestones for goods and services are expected to be delivered/completed in December 2020.
2. Record the completion of goods/services in Atlas in 2020 by recording an Atlas receipt and then follow up on the submission of all relevant supporting requirements.
3. Once relevant documentation is obtained the receipt value is updated (if needed) and package is submitted to Finance Unit for processing.

As for the processing of the third-party Contractor salaries the below was applied:

1. Tentative receipt with a value equal to the contract monthly cost paid to the third-party vendor of each individual contractor (including management fee) will be issued before 31 December 2020 but will not be processed or submitted to Finance Unit.
2. The signature of timesheets by respective supervisors will take place as usual (after the completion of the last working day of the month of December 2020).
3. Once the salary payment is completed and the invoices are received from vendor the existing receipts will be used for processing. Any necessary amendments will be made to the existing receipts to reflect actual costs

Auditor’s response:

The above-mentioned activities enable the office to record expenditure in the correct accounting period. Best to our knowledge all expenses incurred in FY2020 has been recorded in the same year.

No further recommendation is raised as the above-mentioned observation is a result of the observation coming from last year audit of FY2019 and the office has already implemented the recommendations and took the needed action at the end of FY2020.