AUDIT

OF

IRAQ CRISIS RESPONSE AND RESILIENCE PROGRAMME (ICRRP),
INTEGRATED RECOVERY SUPPORT
(Directly Implemented Project No. 85156, Output No. 105112)

IN

UNDP IRAQ

Report No. 2350
Issue Date: 27 August 2021
Report on the Audit of Iraq Crisis Response and Resilience Recovery Programme (ICRRP),
Integrated Recovery Support, implemented by UNDP Iraq
(Project No. 85156, Output No. 105112)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 30 May to 15 July 2021, conducted an audit of ‘Iraq Crisis Response and Resilience Programme (ICRRP)’ (Project No. 85156), ‘Integrated Recovery Support’ (Output No. 105112) (the Project), which is directly implemented and managed by the UNDP Country Office in Iraq (the Office). The last audit of the Project 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 statement as of 31 December 2020 as well as Statement of Assets 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. 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 report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

<table>
<thead>
<tr>
<th>Project Expenses*</th>
<th>Project Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (in $’000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>4,970</td>
<td>Qualified</td>
</tr>
</tbody>
</table>

*Expenses recorded in the Combined Delivery Report were $7,872,362. Excluded from the audit scope were transactions that relate to other United Nations agencies (-$18,704) and expenses processed and approved by other UNDP offices outside of the country ($10,538). Also excluded were expenses incurred at the “responsible party” level ($2,910,981), which includes $2,613,311 that were subject to a separate audit conducted by external auditors that resulted in an unmodified opinion.

**NFM= Net Financial Misstatement

***This amount includes a NFM (understatement) of $610,703 from the prior year audit, resulting in a net NFM for 2020 of $5,599.

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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.
The audit firm qualified its opinion on project expenses due to 2019 expenditures recorded in 2020. The resulting financial impact was a material overstatement of the financial statements in the amount of $616,302, that represented 12.4 percent of the project 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.

**Implementation status of previous OAI audit recommendations:** Report No. 2241, 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.
United Nations Development Programme  
(UNDP)

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

“Iraq Crisis Response and Resilience Programme (ICRRP), Integrated Recovery Support”  
(Project ID 85156 - Output ID 105112)  
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 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)” – Output ID 105112 “Integrated Recovery Support” (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:

<table>
<thead>
<tr>
<th>Report on</th>
<th>Type of Opinion</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Position</td>
<td>Qualified</td>
<td>Not recording the expenses in the correct accounting period resulted in an overstatement of the CDR at an amount of US$ 616,301.82.</td>
</tr>
<tr>
<td>Statement of Fixed Assets</td>
<td>Unmodified</td>
<td>None.</td>
</tr>
<tr>
<td>Statement of Cash</td>
<td>Not applicable</td>
<td>There was no separate bank account for the project under audit, therefore no audit opinion is provided on the statement of cash.</td>
</tr>
</tbody>
</table>

- Audit Finding:

As a result of our audit, the following finding was included in the management letter:

<table>
<thead>
<tr>
<th>Finding No.</th>
<th>Summary of Audit Finding</th>
<th>Priority</th>
<th>Net Financial Misstatement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The current Combined Delivery Report (CDR) is overstated with an amount of US$ 570,649.83 due to the recognition of expenses in the current CDR related to the previous year. The financial impact was the overstatement of the 2020 expenses in the CDR by US$ 570,649.83. (Total effect with GMS of 8% is US$ 616,301.82).</td>
<td>Not Applicable. The recommendation on correcting the accounting process has been already implemented in December 2020.</td>
<td>Overstatement of the expenses in the current CDR with an amount of US$ 616,301.82. The net effect of this misstatement over 2 financial years (2019 and 2020) is zero.</td>
</tr>
</tbody>
</table>
Follow-up on Previous Year’s Audit Recommendations:

Project ID 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)”- Output ID 105112 “Integrated Recovery Support” was audited in the prior year (Report No. 2241 issued on 28 September 2020). The previous audit report included two recommendations. The recommendations raised and their implementation status are as follows:

<table>
<thead>
<tr>
<th>Recommendation Title</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not reporting the project’s expenses in the correct accounting period.</td>
<td>Implemented.</td>
</tr>
</tbody>
</table>

Sincerely yours,

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

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 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. It 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 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 the 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;
- 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


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 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)” - Output ID 105112 “Integrated Recovery Support” 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 at a total of US$ 7,872,361.89, are comprised of expenditures directly incurred by the UNDP country office in Iraq for an amount of US$ 4,969,546.82 and expenditures incurred by entities other than the Country Office for an amount of US$ 2,902,815.07. Our audit only covered the expenditures directly incurred by the UNDP Country Office in Iraq of US$ 4,969,546.82.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the accompanying CDR and Funds Utilization statement present fairly, in all material respects, the expenses of US$ 4,969,546.82 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 US$ 570,649.83 which were related to 2019 expenses, and were found recorded in the 2020 CDR. The financial impact was an overstatement of the 2020 CDR at an amount of US$ 570,649.83 (the total impact with the GMS was US$ 616,301.82).

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 are 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 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)
Tafal Abu–Ghazaleh & Co.
License No. 251/1997
Ramallah – Palestine, 27 July 2021
2.2. Combined Delivery Report (CDR) and Funds Utilization statement:

“Iraq Crisis Response and Resilience Programme (ICRRP), Integrated Recovery Support”
(Project ID 85156 - Output ID 105112)
for the period from 1 January to 31 December 2020

<table>
<thead>
<tr>
<th>Funds Utilization</th>
<th></th>
</tr>
</thead>
</table>

**Funds Utilization**

- Cashless Unit: ORG/10
- period: Jan-Dec (2020)
- selected Project ID: ALL
- selected Fund Code: ALL
- selected Dept. No: 09015112

<table>
<thead>
<tr>
<th>Project ID:</th>
<th>Output ID:</th>
<th>UNDP Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>85156 ICRRP</td>
<td>105112</td>
<td></td>
</tr>
<tr>
<td>Unaudited NEF xxidicted</td>
<td>72,361.62</td>
<td></td>
</tr>
<tr>
<td>Underestimated Fixed Assets</td>
<td>2,710.75</td>
<td></td>
</tr>
<tr>
<td>Unauthorized Intangible Assets</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Commitments</td>
<td>97,380.75</td>
<td></td>
</tr>
</tbody>
</table>
2.3. Auditors Report on the Statement of Fixed Assets:

“Iraq Crisis Response and Resilience Programme (ICRRP), Integrated Recovery Support”

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 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)” - Output ID 105112 “Integrated Recovery Support” 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 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)” - Output ID 105112 “Integrated Recovery Support” amounting to US$ 3,718.75 as at 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)
Talal Abu–Ghazaleh & Co.
License No. 251/1997
Ramallah – Palestine, 27 July 2021
2.4. **Statement of Fixed Assets:**

“**Iraq Crisis Response and Resilience Programme (ICRRP), Integrated Recovery Support**”

(Project ID 85156 - Output ID 105112)

for the period from 1 January to 31 December 2020

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Operating Unit</th>
<th>unchecked</th>
<th>Asset ID</th>
<th>Profile ID (ID)</th>
<th>Description</th>
<th>Serial Number</th>
<th>Location</th>
<th>Acquisition Method</th>
<th>Billing Code</th>
<th>Max Book Value</th>
<th>Quantity</th>
<th>Department</th>
<th>Project ID</th>
<th>Fixed Code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UN Development Programme</td>
<td>IRRP</td>
<td>0000000000000000</td>
<td>IRRP</td>
<td>Integrated Recovery Support</td>
<td>0000000000000000</td>
<td>IRRP</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
<td>0000000000000000</td>
</tr>
</tbody>
</table>

Zena Ali Ahmad

Resident Representative
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 the Project ID 85156 “Iraq Crisis Response and Resilience Programme (ICRRP)” - Output ID 105112 “Integrated Recovery Support” for the period from 1 January to 31 December 2020, we considered the 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 control system.

Acknowledgment

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

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

Ramallah – Palestine, 27 July 2021
Finding No. 1:
Title: Not Reporting the Project’s Expenses in the Correct Accounting Period

Criteria:
In accordance with IPSAS, UNDP expense 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 assets recognitions are done correctly in accordance with the UNDP accounting policy.

Observation.
During the audit, we noticed that the office recorded an amount of US$ 570,649.83 in the FY2020 CDR although this amount represents expenses related to FY 2019.
Details are shown in the following table:

<table>
<thead>
<tr>
<th>Invoice Date</th>
<th>Voucher No.</th>
<th>Amounts US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2019</td>
<td>95485</td>
<td>157,332.00</td>
</tr>
<tr>
<td>8 January 2020</td>
<td>95588</td>
<td>5,184.38</td>
</tr>
<tr>
<td>16 January 2020</td>
<td>IRQ10-00095485-1-1-ACCR-DST</td>
<td>232,109.00</td>
</tr>
<tr>
<td>21 January 2020</td>
<td>IRQ10-00095618-1-1-ACCR-DST</td>
<td>176,024.45</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>570,649.83</strong></td>
</tr>
</tbody>
</table>

This occurred since the office could not raise the receipts in FY2019 as the supporting documents were not available at that time yet. The office raised the receipts in the Atlas only after receiving the supporting documents in FY2020.

Not charging the project’s expenditures to the correct accounting period (FY 2019) led to the overstatement of the expenses in the current CDR (FY 2020) by US$ 570,649.83. This also led to an overstatement of the GMS (Facilities and Admin) included in the current CDR by US$ 45,651.99.

The net financial impact is an Overstatement in the current CDR by US$ 616,301.82.
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.