

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP IRAQ

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

Report No. 1643

Issue Date: 24 June 2016

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

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

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

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

Audit results

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

Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,207	Unqualified	71	Unqualified

Key recommendations: Total = 3, high priority = 1

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

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

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

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

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

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

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

Management comments and action plan

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



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