



AUDIT

OF

SUPPORT TO SECURITY AND JUSTICE SECTOR GOVERNANCE IN IRAQ
(Directly Implemented Project No. 115890, Output No. 113282)

IN

UNDP IRAQ

Report No. 2351
Issue Date: 27 August 2021

**Report on the Audit of Support to Security and Justice Sector Governance in Iraq
implemented by UNDP Iraq
(Project No. 115890, Output No. 113282)
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 ‘Support to Security and Justice Sector Governance in Iraq’ (Project No. 115890, Output No. 113282) (the Project), which is directly implemented and managed by the UNDP Country Office in Iraq (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit 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 as of 31 December 2020. The audit did not include 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 Expenses*				Project Assets	
Amount (in \$ '000)	Opinion	NFM** (in \$ '000)	Impact on CDR	Amount (in \$'000)	Opinion
3,502	Qualified	129	Overstatement	251	Unmodified

**Expenses recorded in the Combined Delivery Report were \$4,227,934. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country (\$725,534).*

***NFM= Net Financial Misstatement*

The audit firm qualified its opinion on project expenses due to not reporting the Project’s expenses in the correct accounting period. The resulting financial impact was a material overstatement of the financial statements in the amount of \$128,935, that represented 3.7 percent of the project expenditures directly incurred by the Office as at 31 December 2020.

The audit did not result in any recommendations as the Project took corrective actions at the end of 2020.

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.



Management comments and action plan

Comments and/or additional information provided have been incorporated into the report, where appropriate.

Helge S. Ostveiten
Director
Office of Audit and Investigations