



**AUDIT**

**OF**

**FUNDING FACILITY FOR STABILIZATION**  
**(Directly Implemented Project No. 89459, Output Nos. 95684, 120726 and 122573)**

**IN**

**UNDP IRAQ**

**Report No. 2510**  
**Issue Date: 15 August 2022**

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**Report on the Audit of Funding Facility for Stabilization (Project No. 89459, Output Nos. 95684, 120726 and 122573) Implemented by UNDP Iraq  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 5 to 16 June 2022, conducted an audit of Funding Facility for Stabilization (Project No. 89459, Output Nos. 95684, 120726 and 122573) (the Project), which is directly implemented and managed by UNDP Country Office in Iraq (the Office). The last audit of the Project (Output Nos. 95684 and 120726) was conducted by OAI, through Talal Abu-Ghazaleh & Co. in 2021 and covered project expenses from 1 January to 31 December 2020. This was the first audit of Output No. 122573.

The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) Project management
- (b) Project operations – procurement, finance and human resources

The audit covered the Project's activities from 1 January to 31 December 2021. The Project recorded expenses of approximately \$189.5 million during the audited period.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors (The IIA).

### **Overall audit rating**

OAI issued an audit rating for the Office's management of the Project of **fully satisfactory**, which means "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

### **Good practice**

#### Project monitoring

The Project employed a multi-layered monitoring system applied at programme, project and operational support to the Project's activities. The monitoring and evaluation plan prioritized enforcement of rapid feedback to support programming, field oversight, focus on delivery, and quality of work and impact. The Monitoring and Evaluation Unit's tasks were distributed and performed throughout the project cycle. The Project developed a system to track and address complaints and concerns received from beneficiaries.

The audit did not result in any recommendations.

### **Implementation status of previous OAI audit recommendations:**

The previous audit (Report No. 2349, issued on 27 August 2021) did not result in any recommendations.



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### Management comments and action plan

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

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

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| Helge S. Ostveiten<br>Director<br>Office of Audit and Investigations               |  |