UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

9 September 2021

PROJECT NAME:	**EXPLOSIVE HAZARD MITIGATION IN AREAS LIBERATED FROM DA'ESH, IRAQ, 2019 VTF EU DEVCO**
PROJECT NUMBER:	**21305-001**
COUNTRY:	**IRAQ**
AUDITOR:	**BDO LLP**
PERIOD SUBJECT TO AUDIT:	**25 FEBRUARY 2019 TO 30 NOVEMBER 2020**

Contents

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020
2

Acronyms and abbreviations

IAASB	International Auditing and Assurance Standards Board
IAIG	Internal Audit and Investigations Group
IP	Implementing Partner
IPSAS	International Public Sector Accounting Standards
OC	Operations Centre
PC	Project Centre
RO	Regional Office
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
US$	United States Dollars

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   3

Executive summary

The engagement context

From February to May 2021, the Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through BDO LLP ("the audit firm"), conducted an audit of the project 'Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO' ("the project") (oneUNOPS project ID 21305-001), which is implemented and managed by UNOPS Peace and Security Cluster (PSC). The audit firm was under the general supervision by IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to US$ 10,437,472 during the period from 25 February 2019 to 30 November 2020.

Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives.

The areas of focus included:

a) Effective, efficient and economical use of resources;
b) Reliability of reporting;
c) Safeguarding of assets; and
d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

a) Client/donor contributions and project expenditure are properly accounted for;
b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project's objectives.

Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IAASB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the project as satisfactory, which means, "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   4

by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area". The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Project title		Period	Project no.
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO		25 February 2019 to 30 November 2020	21305-001
Financial statement		**Statement of non-expendable property**	
Amount US$	**Opinion**	**Amount US$**	**Opinion**
10,437,472	Unmodified	-	Not applicable

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	**Rating**	
Project management	Satisfactory	
Finance	Satisfactory	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration	Satisfactory	
Overall rating of internal control	**Satisfactory**	

Key issues and recommendations

The audit did not raise any recommendations.

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   5

Signed:

Robert Waters
Partner
BDO LLP

8 September 2021

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020

6

Operational overview

UNOPS is an operational arm of the United Nations, supporting the implementation of its partners' peacebuilding, humanitarian and development projects around the world. The unit responsible for the implementation of the United Nations Mine Action Service (UNMAS) portfolio within UNOPS is the Peace and Security Cluster (PSC), which is a thematically-based business unit based in New York.

UNMAS is a division located within the UN Secretariat's Department of Peace Operations (DPO). The UNMAS programme in Iraq is implementing a multi-year comprehensive response to address the problem of explosive hazards. UNOPS is acting as the implementing partner for the project 'Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO', which forms part of the overall Iraq programme. The project is funded by the European Commission, through Delegation Agreement MIDEAST/2018/389-310, signed 17 December 2018. A Financial Agreement was signed on 14 March 2019, between UNOPS and UNMAS, with the project being implemented under the Financial Regulations and Rules of UNOPS.

The overall objective of the project was for stabilisation and humanitarian interventions to be enabled in areas that are newly liberated from ISIL (Da'esh), and the Government strategic coordination mechanisms to be strengthened to ensure a common approach to clearance of explosive hazards.

The project outcomes funded under the Financial Agreement were foreseen as follows:

Output 1: Humanitarian, stabilisation and development initiatives undertaken.

Output 2: Internally Displaced Persons (IDPs) confidently returned to displaced areas.

Output 3: Government of Iraq ability to manage, regulate and coordinate a response to explosive hazards enhanced.

The project implementation period ran from 25 February 2019 to 20 November 2020.

The audit team extends its appreciation to the management and staff members of UNOPS office in New York, as well as Iraq, for their full cooperation during the audit.

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   7

Annex I - Definitions

Standard audit ratings for overall performance of internal control system

Effective 1 January 2017, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

(a) satisfactory (effective),

(b) partially satisfactory (some improvement needed),

(c) partially satisfactory (major improvement needed), and

(c) unsatisfactory (ineffective).

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

Standard rating	Definition
Satisfactory **(effective)**	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.
Partially satisfactory **(some improvement needed)**	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Partially satisfactory **(major improvement needed)**	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory **(ineffective)**	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity.

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   8

Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

Categories	Definition
High	Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
Medium	Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
Low	Action is considered desirable and should result in enhanced control or better value for money.

Possible causes

The following categories of **possible causes** are used:

- **Guidelines**: absence of written procedures to guide staff in performing their functions;
  - Lack of or inadequate corporate policies or procedures
  - Lack of or inadequate RO/OC/PC policies or procedures
  - Inadequate planning
  - Inadequate risk management processes
  - Inadequate management structure
- **Guidance**: inadequate or lack of supervision by supervisors;
  - Lack of or inadequate guidance or supervision at the RO/OC/PC level
  - Inadequate oversight by Headquarters
- **Resources**: insufficient resources (funds, skill, staff) to carry out an activity or function;
  - Lack of or insufficient resources (financial, human, or technical resources)
  - Inadequate training
- **Human error**: Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other**: Factors beyond the control of UNOPS.

UNOPS Internal Audit and Investigations Group
Internal audit report
Explosive Hazard Mitigation in areas liberated from Da'esh, Iraq, 2019 VTF EU DEVCO, (21305-001), Iraq
25 February 2019 to 30 November 2020   9