MINISTRY OF CONSTRUCTION AND HOUSING – KURDISTAN REGION - GENERAL DIRECTORATE OF ROADS AND BRIDGES Duhok - Transport Corridors Project

Construction Supervision and Related Services on the Construction of the Road Between Girsheen-Suheila

Statement of Cash Receipts and Cash Disbursements

For the Year Ended 31 December 2016
INDEPENDENT AUDITOR’S REPORT
TO THE MINISTER OF THE MINISTRY OF CONSTRUCTION AND HOUSING – KURDISTAN REGION

Report on the audit of Statement of Cash Receipts and Cash Disbursements

Opinion
We have audited the accompanying Statement of Cash Receipts and Cash Disbursements (the “Statement”) of the “Transport Corridors Project” (the “Project”) implemented by the “General Directorate of Roads and Bridges Duhok” (the “Entity) for the year ended 31 December 2016 and notes to the statement, including a summary of significant accounting policies and other explanatory information.

In our opinion, the statement presents fairly, in all material respects, the cash receipts and cash disbursements for the year ended 31 December 2016 in accordance with the basis of accounting described in Note 2 to the accompanying statement.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Statement of Cash Receipts and Cash Disbursements section of our report.
We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Distribution
We draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the Entity to comply with the laws, regulations and provisions under the Loan Agreement (the “Agreement”) signed between the International Bank for Reconstruction and Development – World Bank (the “Bank”) and the Republic of Iraq. As a result, the statement may not be suitable for another purpose. Our report is intended solely to the Entity and the Bank and should not be distributed to or used by parties other than the Entity and the Bank. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement of Cash Receipts and Cash Disbursements
Management is responsible for the preparation and fair presentation of the statement in accordance with International Public Sector Accounting Standards under the basis of accounting described in Note 2 to the accompanying statement, and for such internal control as management determines is necessary to enable the preparation of the statement that are free from material misstatement, whether due to fraud or error.

In preparing the statement, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.
Auditor's Responsibilities for the Audit of the Statement of Cash Receipts and Cash Disbursements

Our objectives are to obtain reasonable assurance about whether the statement as a whole 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 ISAs 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 this statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control.
- Obtain an understanding of internal control 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 Entity's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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 control that we identify during our audit.
GENERAL DIRECTORATE OF ROADS AND BRIDGES DUHOK  
TRANSPORT CORRIDORS PROJECT  
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>2016 USD</th>
<th>2015 USD</th>
<th>Cumulative USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash receipts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from International Bank for Reconstruction and Development - World Bank</td>
<td>3</td>
<td>5,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash disbursements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational costs</td>
<td>4</td>
<td>69,311</td>
<td>-</td>
</tr>
<tr>
<td>Construction and traffic designs</td>
<td>4</td>
<td>65,000</td>
<td>-</td>
</tr>
<tr>
<td>Individual technical expert – Procurement</td>
<td>4</td>
<td>22,975</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>157,286</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess of cash receipts over cash disbursements</strong></td>
<td>3</td>
<td>4,842,714</td>
<td>-</td>
</tr>
</tbody>
</table>

The attached notes from 1 to 5 are an integral part of this Statement