Audit Report of
Support to Implementation of a National Unified Registry and
Outreach Program for Targeting Social Assistance Project
World Bank Grant No. TF 015887.
Ministry of Planning International Cooperation
Amman - Jordan
for the period 1 January 2016 to 31 December 2016
TABLE OF CONTENTS

I. Auditor Report
II. Statement of Cash Receipts & Payments by Category
III. Notes to the Financial Statement
INDEPENDENT AUDITOR REPORT

To Ministry of Planning & International Cooperation
Amman, Jordan

Opinion
We have audited the accompanying special purpose project financial statement comprising of the statement of Cash Receipts and Payments of Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project (World Bank Grant No. TF 015887) for the year ended 31 December 2016, and the explanatory notes for the period.

(a) The general purpose project financial statement presents fairly, in all material respects, the cash receipts and payments of the Project for the year ended to 31 December 2016 in accordance with the International Public Sector Accounting Standards, under the cash basis of accounting

(b) Internal control over financial reporting involved in the preparation of replenishments, direct payments and reimbursement can be relied upon to support the related withdrawals for the period

(c) The project was in all material respects in compliance with laws, regulations, guidelines and provisions governed by the Grant agreement

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the statement section of our report. We are independent of the project management, in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Project Management responsibilities
Project Management is responsible for the preparation and fair presentation of the statement for and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities
Our objectives are to obtain reasonable assurance about whether the statement 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 these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
1. Identify and assess the risks of material misstatement, 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.

2. 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 organization's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Evaluate the overall presentation, structure and context of the project financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

5. Obtain sufficient appropriate audit evidence regarding the financial information of the project activities within the project to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the project audit. We remain solely responsible for our audit opinion.

We communicate with project management 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.

Other matter
This report is intended solely for the information and use of World Bank, the Government of Jordan and the related project management

Mohammad Qazzaz
License # 712
19 April 2017
Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project World Bank Grant No. TF015887

Statement of Cash Receipts & Expenses for the year ended 31 December 2016

**Financing**

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 2016</th>
<th>2016 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MoF</td>
<td>MoP</td>
</tr>
<tr>
<td>Initial Deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances Transferred from WB during the period</td>
<td>0</td>
<td>977,333</td>
</tr>
<tr>
<td>Direct Transfers from WB to Contractors</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refund to WB *</td>
<td>(196,969)</td>
<td>0</td>
</tr>
<tr>
<td>Transfer Between Designated Accounts</td>
<td>(1,021)</td>
<td>1,021</td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td>(197,990)</td>
<td>978,354</td>
</tr>
</tbody>
</table>

**Expenditures**

<table>
<thead>
<tr>
<th>Category (1) Goods, Non Consulting Services, Consultants' Services, Operating Costs &amp; Training under Part A</th>
<th>Year 2016</th>
<th>2016 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MoF</td>
<td>MoP</td>
</tr>
<tr>
<td></td>
<td>65,640</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category (2) Goods, Non Consulting Services, Consultants' Services, Operating Costs &amp; Training under Part B</th>
<th>Year 2016</th>
<th>2016 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,041,899</td>
<td>1,041,899</td>
</tr>
</tbody>
</table>

**Total Expenditures**

|                                                                                                         | MoF       | MoP              | Total     |
|                                                                                                         | 65,640    | 1,041,899        | 1,107,539 |

**Net Fund (Surplus/Deficit)**

627,535

* This amount include USD 23 transfer fees, where the World Bank received USD 196,946
outreach Program for
5887

Bank (WB) to implement
ded registry and Outreach
velopment objective is to
ng an efficient outreach
households. The indirect
peration (MOPIC) (ii)
STD); (iii) Government
ving as referral to the
nted across Jordan.

(IV) for Targeting; and

nkages between the two
of poor and helping them
hem with cash assistance
tries with similar socio-
help activate the poor to
approach calling it the

ntegrated Outreach Worker Program (IOWP). The recently launched Poverty Reduction
Strategy (PRS) for 2013-2017 includes IOWP as an integral part of its action plan. This is
not a policy in Jordan yet. It is an approach to be piloted under this project.

While the component 1 (NUR) focus on building the national unified registry (NUR)
database of all potential beneficiaries of subsidy compensation program and other
al poverty reduction programs. component 2 (IOWP) support reaching out and working
directly with the poorest beneficiaries (households) through outreach workers to (i) validate
the target population of the NUR and decrease error of inclusion; (ii) verify the access of
poorest households to the compensation program; and (ii) link them to the relevant social and
or market programs that will meet their unique and multiple demands to help graduate out
poverty. Along with revamped targeted cash transfer program (and other anti-poverty
grams detailed in the PRS), the Government will pilot the IOWP to enhance its
effectiveness of its social assistance. By employing the outreach workers and through its
validation process, the poverty impact of the subsidy compensation program could be
proved. IOWP will be piloted in 3 governorates in Jordan reaching about 22,400
households. MOPIC and the ISTD are responsible for the overall coordination and management of the project. MOPIC is also responsible for all fiduciary aspects of the project. In order to facilitate project implementation, MOPIC is establishing a Project Management Unit (PMU) staffed with professionals to facilitate the implementation of the project.

In October 2016 the project was restructures as per the following: National Aide Fund (NAF) shall replace the Income and Sales Tax Department in implementing the technical aspects of Part 1. In addition the Ministry of Planning and International Cooperation (MoPIC) shall assume the overall project responsibility and National Aide Fund (NAF) is working with MoPIC on the first part of the project.

2. Summary of Significant Accounting Policies

Basis of Accounting & Reporting:
The project management followed and maintained its accounts under Cash Basis of Accounting in recording the transactions; accordingly recognizes funds when received and expenditures when occurred.

As for reporting of this grant project management reports the project operations in accordance with International Public Sector Accounting Standards, under the cash basis of accounting.

Project management maintains the accounts in JOD and USD while reports all transactions in USD.

Translation of currencies:
Functional currency for the project operations is Jordanian Dinars (JOD) and translated into United States Dollars (USD) at the prevailing exchange rate of JOD 1 = USD 1.41

3. Designated Accounts

As per the grant agreement; the project has 2 designated accounts opened by MOPIC with the Central Bank of Jordan

- MOPIC operates a Designated Account Number 3200/3660/1 in USD with an initial deposit from the World Bank of USD 700,000
- MOF/ISTD operates the second Designated Account Number 3199/3660/1 in USD with an initial deposit from the World Bank of USD 300,000

As of 20 August 2016 the MOF/ISTD designated bank account was closed by transferring the balance to the World Bank based on the restructuring of the project.

Initial Deposit:
2 Initial Deposit from the World Bank of USD 700,000 and 300,000 were transferred to the Designated Accounts 3200/3660/1 and 3199/3660/1 respectively in 2014.

WB Replenishments:
During the period the World Bank replenished the Designated Account 3200/3660/1 with 2 replenishments with the total of USD 977,333.
No replenishments occurred for the Designated Account 3199/3660/1 in 2016.

Disbursements:
The 2 Designated Accounts summary of transactions during the period is illustrated below in USD:

**Project Designated Accounts 2016**

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Account No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3199/3660/1</td>
<td>3200/3660/1</td>
</tr>
<tr>
<td>MoF/ISTD</td>
<td>MoPIC</td>
</tr>
</tbody>
</table>

**Beginning Balance**

Add:
World Bank Replenishments in 2016
Deduct:
Payments for Expenditures in 2016
Refund to the World Bank *
Transfer between Designated Accounts

**Ending Balance**

* This amount includes USD 23 transfer fees, where the World Bank received USD 196,946.
"Report on Accounting Procedures & Internal Control"

Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project
World Bank Grant No. TF 015887.
2016