



# STATE AUDIT OFFICE OF GEORGIA

## MANAGEMENT REPRESENTATION LETTER

State Fund for Protection and Assistance of (Statutory) Victims of Human Trafficking

State Fund for Protection and Assistance of (Statutory) Victims of Human Trafficking

The Reduction of Domestic Violence in Georgia

Independent Financial Audit for the period from January 1, 2018 to July 31, 2019

February 25, 2020

## The State Fund for Protection and Assistance of (Statutory) Victims of Human Trafficking

We have completed financial audit in respect of the Accountability Statement of the ATIP Fund for the period from January 1, 2018 to July 31, 2019.

Our activities included the following:

- Expression of an opinion on whether the Fund Accountability Statement for the USAID funded program (Activity) is prepared in all material respects in relation to the recipient's Fund Accountability Statement as a whole and in revenues received, costs incurred with the USAID funding for the period audited in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note 1, 2 and 3;
- Evaluation of ATIP Fund internal control system related to the Activity, assess control risk, and identify significant deficiencies including material weaknesses;
- Performance of tests to determine whether ATIP Fund complied, in all material respects, with the Agreement terms and applicable laws and regulations related to the Activity;

Our audit of the Fund Accountability Statement was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). We issued unqualified opinion on the Fund Accountability Statement, and that the statement is prepared in all material respects, in accordance with the terms of the Agreement and in conformity with the basis of accounting described in Note 1, 2 and 3 of the Accountability Statement.

We evaluated the ATIP Fund internal control system related to the Activity, as well as, performed tests to determine whether the ATIP Fund complied, in all material respects, with the Agreement terms and applicable laws and regulations related to the Activity.

In accordance with our normal practice, we attach a report containing recommendations on improvements to the the Fund's system of internal control and better observance of certain procedures and regulations. The matters dealt with by such recommendations are identified as a result of our normal audit procedures, within the framework of performed financial audit, and are designed to enable us to express an opinion on the Fund Accountability Statement. Accordingly, our comments cannot be expected to raise all the issues that a more extensive special examination of the system of internal controls and compliance might identify.

We identified number of areas, where the management might consider improvements to the internal control system and compliance with a number of respective regulations as presented below:



## INTERNAL CONTROL

### RECOMMENDATION №1 RELATED TO WEAKNESSES OF INTERNAL CONTROL ENVIRONMENT:

For the purpose of ensuring effective internal control system, we recommend to establish a documented internal control policy and all required sub-documents on the Activity level.

### RECOMMENDATION №2 RELATED TO WEAKNESSES OF PERFORMANCE MEASURES:

Improvement of performance evaluation system, through clearly defined objectives and measurable, achievable, relevant and time-based KPIs.

## COMPLIANCE

### RECOMMENDATION №3 RELATED TO LABOUR CONTRACTS:

We recommend the ATIP Fund to determine the payment policy related to the foreign currency exchange rate in order to ensure the compliance with its labor contracts.

### RECOMMENDATION №4 RELATED TO PUBLIC PROCUREMENT:

For the purpose of ensuring effective public procurement procedures, we recommend:

- to conduct relevant market research for every procurement instance;
- to choose the most appropriate CPV codes while announcing tenders;
- to improve the formulation of requirements in order to ensure effective competition, and to achieve the desired balance between the price and the quality of goods and services tendered.

