

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



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**AUDIT**

**OF**

**UNDP TAJIKISTAN**

**BORDER MANAGEMENT IN NORTHERN AFGHANISTAN**  
**(Directly Implemented Project, Output No. 77375)**

**Report No. 1378**

**Issue Date: 10 July 2014**

**Report on the audit of UNDP Tajikistan  
Border Management in Northern Afghanistan (Output No. 77375)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 21 April to 2 May 2014, through Grant Thornton CJSC (the audit firm), conducted an audit of "Border Management in Northern Afghanistan", Output No. 77375 (the Project), which is directly implemented and managed by the UNDP Country Office in Tajikistan (the Office). The last audit of the Office was conducted by OAI in 2008.

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2013 as well as the Statement of Assets as of 31 December 2013.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

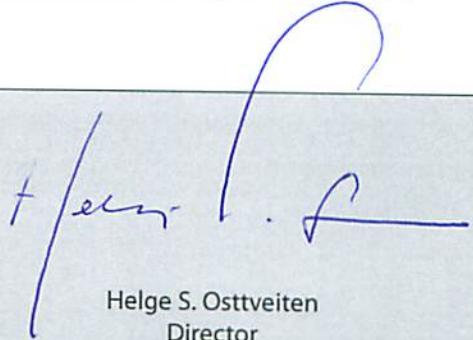
**Audit results**

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

Project Expenditure		Project Assets	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
3,259*	Unqualified	312	Unqualified

\*Expenditure amounting to \$227,933 was excluded from the scope of the audit, since it was incurred by UNDP Headquarters.

The audit did not result in any recommendations.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.



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Independent Auditor's Report and Financial Statements

United Nations Development Programme

Border Management in Northern Afghanistan

Award ID 00061164

Project ID 00077375

From January 1, 2013 to December 31, 2013

# Contents

	Page
Independent auditor's report on the Combined Delivery Report	1
Combined Delivery Report	3
Independent auditor's report on the Statement of Fixed Assets	7
Statement of Fixed Assets	9
Notes to the financial statements	10

**Գրանթ Թորնթոն ՓԲԸ**

ՀՀ, ք. Երևան 0012  
Վաղարշյան 8/1

Հ. + 374 10 260 964

Փ. + 374 10 260 961

**Grant Thornton CJSC**

8/1 Vagharshyan str.  
0012 Yerevan, Armenia

T + 374 10 260 964

F + 374 10 260 961

[www.granthornton.am](http://www.granthornton.am)

To: Director of the Office of Audit and Investigations,

We have audited the accompanying Combined Delivery Report (the "CDR") and the Statement of Fixed Assets of the UNDP project 00077375, Border Management in Northern Afghanistan (the "Project"), implemented by the UNDP Country Office in Tajikistan for the period from January 1, 2013 to December 31, 2013.

During our audit we have had one audit observation which we categorized as a low priority. This observation was dealt with by us directly with the UNDP Country Office management during our exit meeting and through a separate memo subsequent to the fieldwork. Therefore, we have not issued a separate Management Letter and we have not included our observation on low priority recommendations in the audit report.

We would like to take this opportunity to thank the Project and UNDP Country Office staff for the cooperation and assistance we have received during the course of our audit.

Yours very truly,

May 13, 2014

Gagik Gyulbudaghyan

Managing Partner

Emil Vassilyan, FCCA

Engagement Partner





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## Independent auditor's report on the Combined Delivery Report

Գրանթ ԹորնթոնՓԲԸ  
ՀՀ, ք. Երևան 0012  
Վաղարշյան 8/1

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F + 374 10 260 961

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To the Director of the Office of Audit and Investigations,

We have audited the accompanying Combined Delivery Report (the "CDR") of the UNDP project 00077375, Border Management in Northern Afghanistan project (the "Project"), implemented by the UNDP Country Office in Tajikistan for the period from January 1, 2013 to December 31, 2013. Expenditures amounting to 227,933.49 US dollars were excluded from the scope of our audit, since these expenditures were incurred by the UNDP Headquarters.

### *Management's Responsibility for the CDR*

Management is responsible for the preparation of the CDR for the Border Management in Northern Afghanistan project and for such internal control as management determines is necessary to enable the preparation of the CDR that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the CDR based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the CDR. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation of the statements 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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the CDR.

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

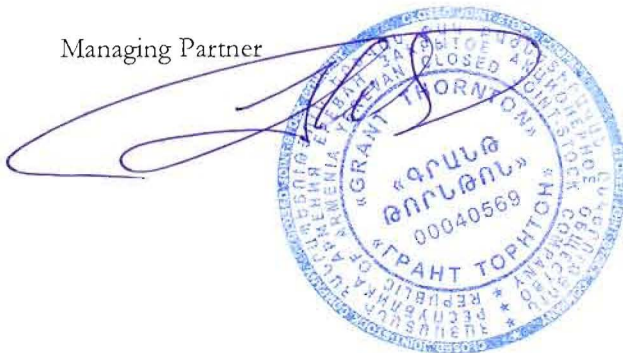
*Opinion*

In our opinion, the attached Combined Delivery Report presents fairly, in all material respects, the expenses of 3,258,858.72 US dollars incurred by the Border Management in Northern Afghanistan project for the period from January 1, 2013 to December 31, 2013 in accordance with UNDP accounting policies and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

May 13, 2014

Gagik Gyulbudaghyan

Managing Partner



Emil Vassilyan, FCCA

Engagement Partner



Combined Delivery Report By Project

Selection Criteria :

Business Unit : TJK10  
Period : Jan-Dec (2013)  
Selected Project Id : 00061164  
Selected Fund Code : ALL  
Selected Dept. IDs : B0576  
Selected Outputs : 00077375

Project Id : 00061164	Border Management in Northern	Period :	Jan-Dec (2013)
Output # : 00077375	Border Management in Afghanist	Impl. Partner :	99999 UNDP
		Location :	Tajikistan
		Govt Exp	UNDP Exp
		UN Agencies Exp	Total Exp

Dept: 57601 (Tajikstan - Central)

Fund : 30079 (EUROPEAN COMMISSION)

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
61305 - Salaries - IP Staff	0.00	72,618.75	0.00	72,618.75
61310 - Post Adjustment - IP Staff	0.00	32,702.12	0.00	32,702.12
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	24,562.86	0.00	24,562.86
62315 - Contrib. to medical, social in	0.00	319.20	0.00	319.20
62320 - Mobility, Hardship, Non-remova	0.00	11,609.99	0.00	11,609.99
62340 - Annual Leave Expense - IP	0.00	509.14	0.00	509.14
63335 - Home Leave Trvl & Allow-IP Stf	0.00	1,850.04	0.00	1,850.04
63530 - Contribution to EOS Benefits	0.00	3,949.56	0.00	3,949.56
63535 - Contribution to Security	0.00	4,212.83	0.00	4,212.83
63540 - Contribution to Training	0.00	1,053.23	0.00	1,053.23
63545 - Contribution to ICT	0.00	1,579.81	0.00	1,579.81
63550 - Contributions to MAIP	0.00	210.63	0.00	210.63
63555 - Contribution to UN JFA	0.00	1,895.75	0.00	1,895.75
63560 - Contributions to Appendix D	0.00	315.96	0.00	315.96
65115 - Contributions to ASHI Reserve	0.00	8,425.69	0.00	8,425.69
65135 - Payroll Mgt Cost Recovery ATLA	0.00	772.56	0.00	772.56
71205 - Intl Consultants-Sht Term-Tech	0.00	209,578.25	0.00	209,578.25
71305 - Local Consult.-Sht Term-Tech	0.00	4,811.90	0.00	4,811.90
71405 - Service Contracts-Individuals	0.00	132,988.10	0.00	132,988.10
71410 - MAIP Premium SC	0.00	566.80	0.00	566.80
71605 - Travel Tickets-International	0.00	25,905.29	0.00	25,905.29
71610 - Travel Tickets-Local	0.00	5,520.00	0.00	5,520.00
71615 - Daily Subsistence Allow-Intl	0.00	138,856.46	0.00	138,856.46
71620 - Daily Subsistence Allow-Local	0.00	30,176.04	0.00	30,176.04
71625 - Daily Subsist Allow-Mtg Partic	0.00	- 2,084.42	0.00	- 2,084.42
71635 - Travel - Other	0.00	28,087.01	0.00	28,087.01
72105 - Svc Co-Construction & Engineer	0.00	1,127,311.93	0.00	1,127,311.93
72120 - Svc Co-Trade and Business Serv	0.00	8.96	0.00	8.96
72145 - Svc Co-Training and Educ Serv	0.00	40,061.07	0.00	40,061.07
72205 - Office Machinery	0.00	5,403.68	0.00	5,403.68
72210 - Machinery and Equipment	0.00	5,297.53	0.00	5,297.53
72215 - Transporation Equipment	0.00	39.15	0.00	39.15
72220 - Furniture	0.00	50,207.06	0.00	50,207.06
72311 - Fuel, petroleum and other oils	0.00	1,627.67	0.00	1,627.67
72350 - Medical Kits	0.00	4,625.00	0.00	4,625.00
72399 - Other Materials and Goods	0.00	1,215.47	0.00	1,215.47
72401 - Prefab structure/other buildin	0.00	483,761.91	0.00	483,761.91
72402 - Building Maintenance	0.00	53,916.83	0.00	53,916.83
72405 - Acquisition of Communic Equip	0.00	1,230.23	0.00	1,230.23
72410 - Acquisition of Audio Visual Eq	0.00	4,461.30	0.00	4,461.30
72420 - Land Telephone Charges	0.00	358.09	0.00	358.09
72425 - Mobile Telephone Charges	0.00	5,068.41	0.00	5,068.41
72430 - Postage and Pouch	0.00	457.18	0.00	457.18
72440 - Connectivity Charges	0.00	42.00	0.00	42.00







Combined Delivery Report By Project

Selection Criteria :

Business Unit : TJK10  
Period : Jan-Dec (2013)  
Selected Project Id : 00061164  
Selected Fund Code : ALL  
Selected Dept. IDs : B0576  
Selected Outputs : 00077375

Project Id : ALL Output # : ALL	Period : Jan-Dec (2013)			Total Exp
	Govt Exp	UNDP Exp	UN Agencies Exp	
57601 - Tajikstan - Central	0.00	3,486,792.21	0.00	3,486,792.21



Funds Utilization

Selection Criteria :

Business Unit : TJK10  
Period : Jan-Dec (2013)  
Selected Project Id : 00061164  
Selected Fund Code : ALL  
Selected Dept. IDs : B0576  
Selected Outputs : 00077375

Project/Award: 00061164 Border Management in Northern Period : As at Dec 31, 2013

Output #	00077375	Impl. Partner :99999 UNDP	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			90,129.70
Inventory			681,746.99
Prepayments			0.00
Commitments			109,956.00



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## Independent auditor's report on the Statement of Fixed Assets

Գրանթ ԹորնթոնՓԲԸ  
ՀՀ, ք. Երևան 0012  
Վաղարշյան 8/1

Հ. + 374 10 260 964  
Ֆ. + 374 10 260 961

Grant Thornton CJSC  
8/1 Vagharshyan str.  
0012 Yerevan, Armenia

T + 374 10 260 964  
F + 374 10 260 961

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To the Director of the Office of Audit and Investigations,

We have audited the accompanying Statement of Fixed Assets (the "statement") of the UNDP project 00077375, Border Management in Northern Afghanistan project (the "Project") as of December 31, 2013.

### *Management's Responsibility for the Statement*

Management is responsible for the preparation of the statement for the Border Management in Northern Afghanistan project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the schedule 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 project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

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



Statement of Assets and Equipment  
as at 31 December 2013



<b>Country Office:</b> Tajikistan
<b>Project title:</b> BORDER MANAGEMENT NORTH-EAST AFGHANISTAN
<b>Award ID:</b> award ID
<b>Project ID:</b> 77375
<b>Period covered from inception of project:</b> (day/mo/year) to 31 December 2013

For asset value of a minimum of 1000\$ per item

TAG NO.	ACQUISITION DATE	ITEM DESCRIPTION (make and model)	PROJECT No.	FUND	CONDITION	ITEM LOCATION	US\$ VALUE	SERIAL NO.	REMARKS
00000000257	05.13.05	TOYOTA RAV 4, 4WD, 2005	77375	30079	Good	BOMNAF Office	26 500	20V455005551	
000000002871	10.17.07	TOYOTA LAND CRUISER 105	77375	30079	Good	BOMNAF Office	41 430	JTEB01G801012490	
000000002881	10.10.07	TOYOTA LAND CRUISER 106	77375	30079	Good	BOMNAF Office	42 567	JTECB01J-301034230	
000000002882	04.18.07	COMPUTER DESCTOP P4 3.2/1GB/256/200GB	77375	30079	Good	BOMNAF Office	1309.51	N/A	
000000002883	04.18.07	COMPUTER DESCTOP P4 3.2/1GB/256/200GB	77375	30079	Good	BOMNAF Office	1309.51	N/A	
000000002885	07.05.07	SERVER S4000B	77375	30079	Good	BOMNAF Office	2194.57	S4244LGI	
000000002886	03.27.08	LAPTOP TOSHIBA M100-233-RU	77375	30079	Good	BOMNAF Office	2068.05	37805431G	
000000002887	03.27.08	LAPTOP TOSHIBA M100-233-RU	77375	30079	Good	BOMNAF Office	2068.05	37805092G	
000000002888	03.27.07	LAPTOP TOSHIBA M100-180-RU	77375	30079	Good	BOMNAF Office	1926.16	96607241G	
000000002889	12.12.07	LAPTOP TOSHIBA SATELLITE A200	77375	30079	Good	BOMNAF Office	2100.00	77407278K	
000000002890	12.12.07	LAPTOP TOSHIBA SATELLITE P200	77375	30079	Good	BOMNAF Office	2050.00	67214187K	
000000003108	02.22.10	PERSONAL COMPUTER PANASONIC CF-52	77375	30079	Damaged	BOMNAF Office	3360.00	CF52GGNBY2M	
000000003109	02.22.10	SONY VIAO VGN-NW240F	77375	30079	Good	BOMNAF Office	1370.00	27505634-3002032	
000000003110	02.22.10	SONY VIAO VGN-NW240F	77375	30079	Good	BOMNAF Office	1370.00	27505634-3000548	
000000003111	02.22.10	HP DESIGNJET Z3200 PHOTO PLOTTER	77375	30079	Good	BOMNAF Office	11658.00	MY9161C03K	
000000003112	02.22.10	COLORTRAC SMART LF Gx42 SCANNER	77375	30079	Good	BOMNAF Office	15420.00	G2805022	
000000003113	02.22.10	XEROX COLOR PHASER 6180DN PRINTER	77375	30079	Good	BOMNAF Office	2009.93	DRA323781	
000000004496	09.12.11	LAPTOP HP PAVILION DV6-6170US	77375	30079	Good	BOMNAF Office	1520.00	5CH1210R0A	
	05.19.11	PANASONIC TOUGHBOOK CF-52- PGNBE1M	77375	30079	Good	BOMNAF Office	3700.00	1DTYA08070	
000000004932	10.14.11	TOYOTA LC76 AV 2012	77375	30079	Good	BOMNAF Office	144014.58	JTEEB71J107009891	
000000004976	03.02.12	DISPLAY BOARD	77375	30079	Good	BOMNAF Office	902.09	N/A	
000000004977	04.10.12	NICON COOLPIX P510	77375	30079	Good	BOMNAF Office	813.24	31035517	
							<b>311 662</b>		

**For project:**

(position, name)

William Edward Lawrence, BOMNAF Project Manager

**For Country Office:**

Norimasa Shimomura, UNDP Country Director

**For Auditors:**



# Notes to the financial statements

## 1 General information

The Border Management in Northern Afghanistan project (the “Project”) is financed by the European Union and the total budget of the grant agreed with the donor was EURO 8,000,000. The Project is implemented by the UNDP Tajikistan Country Office.

The primary objective of this Project is to improve cross border cooperation and the capacity to reduce crime and improve legal trade, travel and commerce along the Afghanistan’s border with Tajikistan and Uzbekistan. This will contribute to mutual trust, regional development, conflict resolution and prevention, and enhanced human security, as well as to indirectly enhance and expand economic development on both sides of the border.

The Project was designed to increase the Government of Afghanistan’s capacity to combat cross border crime, primarily narcotics trafficking, to Tajikistan. The Project aims to improve cross border cooperation and to facilitate the flow of persons and goods between Afghanistan and Tajikistan, and Afghanistan and Uzbekistan. Such capacities are particularly important in this region due to the rise in cross border crime, including illegal trafficking in drugs, arms and human beings.

The expected outputs are the follows:

1. Efficiency and capacity of Afghan Border Police and Afghan Customs Department on the Northern Afghan border with Tajikistan and Uzbekistan is increased.
2. Inter-agency and cross border communication, cooperation and coordination between Afghanistan - Tajikistan and Afghanistan - Uzbekistan are improved.
3. Countering illicit narcotic trafficking and precursor chemicals through the northern Afghan border with Tajikistan and Uzbekistan is increased.

## 2 Significant accounting policies

### 2.1 Statement of compliance

The UNDP Tajikistan Country Office's policy is to prepare the Combined Delivery Report in conformity with the UNDP accounting policies. The accounts are maintained in accordance with the UNDP accounting policies. The accounts and the Combined Delivery Report are prepared using Enterprise Resource Planning software – Atlas.

The accounting policies have been applied consistently throughout the presented period.

The Combined Delivery Report has been prepared for the year ended December 31, 2013.

### 2.2 Functional and presentation currency

Tajik somoni ("TJS") is the national currency of Tajikistan. The US dollar ("USD") is the functional currency of the UNDP Tajikistan Country Office for maintaining the Project records and ledgers. The financial statements of the Project are presented in US dollars (presentation currency).

Expenses are recognized when they are incurred and posted in the accounting records.

Payments in Tajik somoni are converted into and accounted for in US dollars based on the official UN operational exchange rate prevailing during the month of recognition of the expenses by the Office.

Differences arising between the exchange rate used at the time an expense is recognized and the one used at the time the actual payment is made are reflected in the Combined Delivery Report as exchange rate gain or loss.