UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT
OF
UNDP AFGHANISTAN

JUSTICE AND HUMAN RIGHTS IN AFGHANISTAN
(Directly Implemented Project No. 57613)

Report No. 1249
Issue Date: 12 February 2014
Report on the audit of UNDP Afghanistan
Justice and Human Rights in Afghanistan (Project No. 57613)

Executive Summary

The UNDP Office of Audit and Investigations (OAI), from 8 October 2013 to 15 January 2014, through Anjum Asim Shahid Rahman, member firm of Grant Thornton International Ltd (the audit firm), conducted an audit of Justice and Human Rights in Afghanistan, Project No. 57613 (the Project), which is directly implemented and managed by the UNDP Country Office in Afghanistan (the Office).

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 Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2012 and Statement of Assets as of 31 December 2012.

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.

<table>
<thead>
<tr>
<th>Project Expenditure</th>
<th>Project Assets</th>
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</thead>
<tbody>
<tr>
<td>Amount (in $ ‘000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>$2,508</td>
<td>Qualified</td>
</tr>
</tbody>
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NFI = Net Financial Impact

The audit firm qualified its opinion on the Project’s Statement of Expenditure and Statement of Assets due to the understatement of the depreciation costs of the fixed assets acquired in 2012.

Key recommendations: Total = 2, high priority = 1

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Fixed assets (Issue 1) Non-compliance with International Public Sector Accounting Standards. The Project’s Statement of Fixed Assets as of 31 December 2012 showed the value of assets at acquisition costs and without any adjustment for depreciation charges for the year. This was not in compliance with the Standards requiring that assets should be depreciated over their useful life and disclosed in the financial statements.

Recommendation: Properly recognize in Atlas the project assets acquired from 1 January 2012 onwards so that depreciation costs are determined and reflected in the Project’s Statement of Fixed Assets.
Management comments and action plan

The Resident Representative accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations