

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP AFGHANISTAN

Justice and Human Rights in Afghanistan
(Directly Implemented Project No. 68012, Output Nos. 85458, 85459, 85460 and 85461)

Report No. 1478

Issue Date: 25 August 2015

**Report on the audit of UNDP Afghanistan
Justice and Human Rights in Afghanistan
(Project No. 68012, Output Nos. 85458, 85459, 85460 and 85461)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through Ernst & Young Ford Rhodes Sidat Hyder (the audit firm), conducted from 4 to 25 June 2015 an audit of Justice and Human Rights in Afghanistan (Project No. 68012, Output Nos. 85458, 85459, 85460 and 85461) (the Project), which is directly implemented and managed by the UNDP Country Office in Afghanistan (the Office). The last audit of the Project was conducted by OAI in 2014 and covered project expenditure from 1 January to 31 December 2013.

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 2014 and the accompanying Funds Utilization statement¹ as of 31 December 2014 as well as Statement of Assets as of 31 December 2014. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters), or where supporting documentation was not retained at the UNDP Country Office level. The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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
3,182	Unqualified	1,242	Unqualified

*Expenditures recorded in the Combined Delivery Report were \$5.1 million. Excluded from the audit scope were transactions that relate to expenditures not processed or approved at the Office level (\$0.9 million) and expenditures incurred at the "responsible party" level (\$1 million). The expenditures incurred at the "responsible party" level were subject to a separate audit conducted by external auditors that resulted in a qualified opinion with a net financial impact of \$0.1 million.

¹ 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.

Key recommendation: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." This recommendation includes actions to correct expenditures of \$27,000 incurred in 2013 but recorded in 2014.

Implementation status of previous OAI audit recommendations

The previous audit (Report No. 1383, issued on 29 October 2014) did not result in any recommendations.

Management comments and action plan

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



Helge S. Ostveiten
Director
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