

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
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AUDIT

OF

UN WOMEN AFGHANISTAN

AFGHANISTAN COUNTRY OFFICE OPERATIONS
(Directly Implemented Project No. 91905)

Report No. 1701

Issue Date: 14 September 2016

**Report on the Audit of UN Women
Afghanistan Country Office Operations (Project No. 91905)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 19 to 29 June 2016, conducted an audit of 'Afghanistan Country Office Operations' (Project No. 91905) (the Project), which is directly implemented and managed by the UN Women Country Office in Afghanistan (the Office). This was the first audit of the Project.

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 Trial Balance Report, which includes expenditure for the period from 1 January to 31 December 2015 and the Statement of Assets as of 31 December 2015. The audit did not include expenditures processed and approved outside of the country (such as UN Women Regional Centres and UN Women Headquarters).

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
575	Unqualified	2	Unqualified

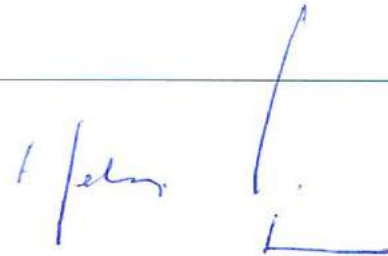
* Expenditures recorded in the Project Trial Balance were \$ 1,516,852.34. Excluded from the audit scope were transactions that relate to expenditures processed and approved outside of the country, amounting to \$941,686.82.

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 UN Women is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UN Women." This recommendation includes actions to address expenses accounted for under incorrect accounting codes (without any impact on the audit opinion rendered). The recommendation aims to ensure the reliability and integrity of financial and operational information.

Management comments and action plan

The Representative of the Office accepted the recommendation and has already taken corrective action. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Ostveiten
Director
Office of Audit and Investigations



United Nations Development Programme (UNDP)

Report of the Independent Auditor on the United Nations
Entity for Gender Equality and the Empowerment of
Women (UN Women) Directly Implemented (DIM)
Project 00091905 “Afghanistan Country Office
Operations”

- Afghanistan -

For the year ended 31 December 2015



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Executive Summary

KPMG Geneva conducted the financial audit of UN Women project number 00091905 “Afghanistan Country Office Operations” (the project) for the period 1 January to 31 December 2015. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP).

We have issued audit opinions as summarized in the table below and as detailed in the next section:

Project Trial Balance (PTB) Statement	Unqualified
Project Statement of Fixed Assets	Unqualified

Findings as a result of our audit are provided in the management letter on page 8.

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



Audit Objectives and Scope

The objective of the financial audit was to express an opinion on the Directly Implemented Modality (DIM) project’s statements which include:

- Expressing an opinion on whether the financial expenses incurred by the project between 1 January and 31 December 2015 are fairly presented in accordance with UN Women accounting policies and that the expenses incurred 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 UN Women; and (iv) supported by properly approved vouchers and other supporting documents. The Project Trial Balance (PTB) certified by the UN Women Chief of Accounts is the mandatory and official Statement upon which the audit opinion should be expressed. Other forms of Statement of expenses that may be prepared by a project office are not acceptable.
- Expressing an opinion on whether the Project Statement of Fixed Assets presents fairly the balance of assets of the UN Women project as at 31 December 2015. This Statement must include all assets available as at 31 December 2015 and not only those purchased in the period. The Project Statement of Fixed Assets as at 31 December 2015, certified by the UN Women Chief of Accounts, is the mandatory and official Statement upon which the audit opinion should be expressed. Other forms of Project Statement of Fixed Assets that may be prepared by a project office are not acceptable. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

The scope of the audit relates only to transactions concluded and recorded against the UN Women DIM project, between 1 January and 31 December 2015. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the Country Office responsible for the project, such as expenditures initiated at UN Women Regional Offices and UN Women Headquarters for which the supporting documentation is not retained at the level of the UN Women country office.



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Independent Auditors' Report

Project Trial Balance (PTB) Statement

To: Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP)

Audited Project: "Afghanistan Country Office Operations"

Period covered by the audited PTB Statement: From 1 January 2015 to 31 December 2015

Atlas Project Number to identify the PTB: 00091905

Location: Afghanistan

We have audited the accompanying Project Trial Balance (PTB) Statement of the UN Women project number 00091905 "Afghanistan Country Office Operations" for the period 1 January to 31 December 2015. The PTB expenditures totalling \$1,516,852.34 are comprised of audited expenditures of \$575,165.52 under the Directly Implemented Modality (DIM) and expenditures processed and approved outside the UN Women Country office in Afghanistan of \$941,686.82 which were excluded from the scope of our audit.

Management's Responsibility for the Project Trial Balance Statement

Management is responsible for the preparation of the PTB Statement for "Afghanistan Country Office Operations" project 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.

Auditors' 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 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 Statement.

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 Project Trial Balance (PTB) Statement presents fairly, in all material respects, the expenses of \$575,165.52 incurred by the project number 00091905 “Afghanistan Country Office Operations” for the period 1 January to 31 December 2015 in accordance with UN Women 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 UN Women; and (iv) supported by properly approved vouchers and other supporting documents.

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



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Independent Auditors' Report

Project Statement of Fixed Assets

To: Office of Audit and Investigations, United Nations Development Programme (UNDP)

Audited Project: "Afghanistan Country Office Operations"

Period covered by the Project Statement of Fixed Assets: 1 January 2015 to 31 December 2015

Atlas Project Number to identify the PTB: 00091905

Location: Afghanistan

We have audited the accompanying Project Statement of Fixed Assets of the UN Women project number 00091905, "Afghanistan Country Office Operations" as at 31 December 2015.

Management's Responsibility for the Project Statement of Fixed Assets

Management is responsible for the preparation of the Statement for the "Afghanistan Country Office Operations" project 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.

Auditors' 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 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 Statement.

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 Project Statement of Fixed Assets present fairly, in all material respects, the balance of inventory of the UN Women project number 00091905 “Afghanistan Country Office Operations” with a Net Book Value of \$1,676 as at 31 December 2015 in accordance with UN Women accounting policies.

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016



Management Letter

To: Office of Audit and Investigations, United Nations Development Programme

Audited Project: “Afghanistan Country Office Operations”

Period covered: 1 January 2015 to 31 December 2015

Atlas Project Number to identify the PTB: 00091905

Location: Afghanistan

We have raised the following finding related to the project:

Observation

- **Expenses accounted for under incorrect accounting codes**

The detailed budget provides detailed account codes against which expenses should be reported. From our review of 90 expenditure samples, we noted six instances where expenses amounting to \$5,935 as detailed below were posted to the wrong accounting codes:

Voucher No.	Description	Date	Amount (USD)	Charged to account		Correct account	
				Code	Description	Code	Description
AFG30-00013405-1-3-ACCR-DST	Payment made to vendor for purchase of two 512K Unlimited WIFI prepaid card	9-Dec-15	50	72410	Acquisition of audio visual equipment	72445	Common services-communications
AFG30-00013114-1-3-ACCR-DST	Payment made to a vendor account for purchase of two 512K Unlimited WIFI prepaid card	8-Nov-15	53	72405	Acquisition of communication equipment	72445	Common services-communications
AFG30-00012260-1-1-ACCR-DST	Salary paid to a coordinator for the month of January 2015 as he worked 20 days @ \$150 per day	15-Feb-15	3,000	71205	Intl Consultants - Short term	71305	Local Consultants - Short term
AFG30-00013197-1-2-ACCR-DST	Payment made to a staff member on account of danger pay for the month of October 2015	19-Nov-15	1,600	63365	Special Operating Living Allowance	62335	Hazard duty station allowance-IP



AFG30-00012698-1-2-ACCR-DST	Payment made to a staff member on account of danger pay for the month of June 2015	13-Jul-15	1,600	63365	Special Operating Living Allowance	62335	Hazard duty station allowance-IP
AFG30-00012698-1-3-ACCR-DST	Payment deducted from a staff member on account of excess danger pay for the month of June 2015	13-Jul-15	(368)	63365	Special Operating Living Allowance	62335	Hazard duty station allowance-IP
	Total		5,935				

The error above was caused due to inadequate review of costs posted to the account codes.

Though no impact to the overall expenses was noted, there is a risk that controls over the recording of expenses to the appropriate account codes may not be operating effectively which could potentially lead to future impacts on budgets as activities may not be implemented as planned.

- **Priority/Grading**

Medium

- **Recommendation**

KPMG recommends that expenses should be charged to the correct account code. Further there should be adequate review of the accounts codes indicated in the payment vouchers to ensure that expenses are captured in the appropriate expense categories as agreed in approved budget/work plan.

- **Management Comment and Action Points**

Comments are noted and steps are taken to avoid recurrence of incorrect classification in future; Finance team has shared list of account codes with payment requesters (Program and Operations staff) to apply right account code while raising the requisition for payment. (See, distribution list attached). Finance team is further advised to adhere and re-check payment requisitions and mainly Fund Authorization and Certification of Expenditures Report (FACE forms) for application of correct account codes before processing the payment.

KPMG SA

Pierre-Henri Pigeon
Auditor in Charge

Henri Mwaniki

Geneva, 29 July 2016

Annex 1 : Project Trial Balance (PTB) Statement

Extract of UN Women Trial Balance as at the 31 December 2015.
Expenditure by Project

Project	Account	Acc Desc	Donor Report Classification	Total Per GL	Total Per Asset Schedule	Difference:
91905	18130	Communications & IT Equipments	Undepreciated Asset	6,078.81		
91905	18630	Accumulated Dep - ITC	Undepreciated Asset	(103.44)		
			Total Undepreciated Assets	5,975.37	1,676.00	4,299.37 (a)

(a) The difference is the asset accrual amount that was booked in Dec-2015 to reverse in Jan 2016

91905	61105	Salaries - NP Staff	Expenses	54,729.38		
91905	61205	Salaries - GS Staff	Expenses	32,692.98		
91905	61305	Salaries - IP Staff	Expenses	91,951.99		
91905	61310	Post Adjustment - IP Staff	Expenses	35,893.43		
91905	62105	Dependency Allowance-NP Staff	Expenses	1,932.00		
91905	62110	Contrib Joint Staff Pension-NP	Expenses	10,925.43		
91905	62115	Contrib to Med,SocInns-NP Staff	Expenses	3,967.84		
91905	62120	Hazard Duty Station Allow-NP	Expenses	6,456.00		
91905	62140	Annual Leave Expense - NO	Expenses	3,862.79		
91905	62205	Dependency Allow - GS Staff	Expenses	600.00		
91905	62210	Contrib to Jt Staff Pens Fd-GS	Expenses	6,396.68		
91905	62215	Contrib. to Medical, social In	Expenses	2,370.22		
91905	62225	Hazard Duty Station Allow-GS	Expenses	6,456.00		
91905	62240	Annual Leave Expense - GS	Expenses	2,769.07		
91905	62305	Dependency Allowances-IP Staff	Expenses	1,167.10		
91905	62310	Contrib to Jt Staff Pens Fd-IP	Expenses	29,117.60		
91905	62315	Contrib. to Medical, social In	Expenses	1,884.06		
91905	62320	Mobility, Hardship, Non-remova	Expenses	951.72		
91905	62335	Hazard Duty Station Allow-IP	Expenses	13,243.00		
91905	62340	Annual Leave Expense - IP	Expenses	(1,637.52)		
91905	63330	Ed Grt Incl Trvl&Allow-IP Stf	Expenses	7,833.49		
91905	63340	Proc trips/Rest & Recup-IP Stf	Expenses	15,636.00		
91905	63365	Special Oper Living Allow-IP	Expenses	42,470.40		
91905	63530	Contribution to EOS Benefits	Expenses	8,072.59		
91905	63535	Contribution to Security	Expenses	8,610.68		
91905	63540	Contribution to Training	Expenses	2,152.66		
91905	63545	Contribution to ICT	Expenses	8,610.68		
91905	63550	Contributions to MAIP	Expenses	430.55		
91905	63555	Contribution to UN JFA	Expenses	3,874.82		
91905	63560	Contributions to Appendix D	Expenses	645.83		
91905	65115	Contributions to ASHH Reserve	Expenses	17,221.45		
91905	65135	Payroll Mgt Cost Recovery ATLA	Expenses	1,310.40		
91905	71205	Intl Consultants-Sht Term-Tech	Expenses	6,025.00		
91905	71305	Local Consult.-Sht Term-Tech	Expenses	13,243.00		
91905	71405	Service Contracts-Individuals	Expenses	475,675.89		
91905	71410	MAIP Premium SC	Expenses	1,390.45		
91905	71415	Contribution to Security SC	Expenses	15,284.35		
91905	71440	Appendix D SC	Expenses	11,115.43		
91905	71605	Travel Tickets-International	Expenses	4,619.91		
91905	71615	Daily Subsistence Allow-Intl	Expenses	4,800.89		
91905	71620	Daily Subsistence Allow-Local	Expenses	-		
91905	71635	Travel - Other	Expenses	290.00		
91905	72311	Fuel, petroleum and other oils	Expenses	44,052.49		
91905	72370	Security related goods and mat	Expenses	2,767.37		
91905	72405	Acquisition of Communic Equip	Expenses	52.82		
91905	72410	Acquisition of Audio Visual Eq	Expenses	49.63		
91905	72420	Land Telephone Charges	Expenses	1,289.28		
91905	72425	Mobile Telephone Charges	Expenses	30,835.93		
91905	72430	Postage and Fouch	Expenses	1,364.35		
91905	72440	Connectivity Charges	Expenses	1,795.41		
91905	72445	Common Services-Communications	Expenses	40,611.72		
91905	72505	Stationery & other Office Supp	Expenses	77.70		
91905	72810	Acquis of Computer Software	Expenses	2,818.25		
91905	72815	Inform Technology Supplies	Expenses	424.15		
91905	72963	Copyrights	Expenses	455.87		
91905	73106	Leased premises alterations	Expenses	333.33		
91905	73125	Common Services-Premises	Expenses	44,927.24		
91905	73405	Rental & Maint-Other Office Eq	Expenses	67,576.51		
91905	73410	Maint, Oper of Transport Equip	Expenses	14,322.29		
91905	73505	Reimb to UNDP for Supp Srvs	Expenses	171,646.74		
91905	74205	Audio Visual Productions	Expenses	509.00		
91905	74325	Contrib.To CO Common Security	Expenses	39,810.02		
91905	74510	Bank Charges	Expenses	137.62		
91905	74520	Storage	Expenses	816.80		
91905	74525	Sundry	Expenses	1,511.47		
91905	74965	Low value equipment	Expenses	-		
91905	75115	Facilities & Admin - OH & Ind	Expenses	92,360.69		
91905	75705	Learning Costs	Expenses	1,496.79		
91905	76125	Realized Loss	Expenses	1.05		
91905	76135	Realized Gain	Expenses	(339.87)		
91905	77630	Dep Exp Owned - ITC	Expenses	103.44		
91905 Total				1,516,852.34		

I hereby certify that the Trial balance is extracted from UN Womens books and records, which has been audited by the United Nations Board of Audit for the year ended 31 December 2015.

Donna Grimwade
Chief of Accounts

24-May-16

Pierre-Henri Pingeon, Partner
KPMG SA, Geneva
29 July 2016

Henri Mwaniki, Senior Manager
KPMG SA, Geneva
29 July 2016

Annex 2: Project Statement of Fixed Assets




United Nations Entity for Gender Equality and the Empowerment of Women

Asset Schedule by Project as at the 31 December 2015

Business unit	Operating Unit	Asset ID	Profile ID	Description	TAG Number	Serial Number	Model	Location	Acquisition Date	In Service Date	Cost,USD	Net Book Value	Quantity	Department	Impl Agency	Donor	Project	Fund code	
AFG30	AFG	000000002475	UNW ICT8	3KVA APC Uninterruptable UPS	UNW-A-0268	QS1238150067	SURTD3000XLI	AFGOFFB-06	6/28/2015	6/28/2015	1,779.44	1,676.00	1	92501	002001	00555	00091905	W3000	
												1,676.00							


I hereby certify that the Asset Schedule is extracted from UN Womens books and records, which has been audited by the United Nations Board of Audit for the year ended 31 December 2015.



 Donna Grimwade
 Chief of Accounts


 Frankline Okumu
 Asset Focal Point

25-May-16
 Date

25-May-16
 Date


 Pierre-Henri Pingeon, Partner
 KPMG SA, Geneva
 29 July 2016


 Henri Mwaniki, Senior Manager
 KPMG SA, Geneva
 29 July 2016

Annex 3: Audit Findings Priority Ratings

Annex 3: Audit finding priority ratings

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UN Women is not exposed to high risks. Failure to take action could result in major consequences and issues
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.