Report on the Audit of UN Women Afghanistan
Afghanistan Country Office Political and Economic Empowerment Pillar
(Project No. 91906)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Deloitte (the audit firm), from 11 to 23 June 2017, conducted an audit of Afghanistan Country Office Political and Economic Empowerment Pillar, Project No. 91906 (the Project), which is directly implemented and managed by the UN Women Country Office in Afghanistan (the Office). This was the first DIM 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 expenses for the period from 1 January 2016 to 31 December 2016 and the Statement of Assets as of 31 December 2016. The audit did not include expenses processed and approved outside of the office (such as by the 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:

<table>
<thead>
<tr>
<th>Project Expenses*</th>
<th>Project Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (in $'000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>744</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Amount (in $'000)</td>
<td>Opinion</td>
</tr>
<tr>
<td>4</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

* Expenses recorded in the Project Trial Balance were $1,227,319. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UN Women offices outside of the country in the amount of $483,815.

The audit did not result in any recommendations.

Management comments

Management comments and/or additional information provided have been incorporated into the report, where appropriate.

Hedge S. Ostveiten
Director
Office of Audit and Investigations
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL AUDIT OF UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN (UN WOMEN) DIRECTLY IMPLEMENTED PROJECT

AFGHANISTAN COUNTRY OFFICE POLITICAL AND ECONOMIC EMPOWERMENT PILLAR

PROJECT NUMBER 91906

FOR THE PERIOD JANUARY 01, 2016 TO DECEMBER 31, 2016

ISSUED AUGUST 28, 2017
FINANCIAL AUDIT OF THE UN WOMEN AFGHANISTAN DIRECTLY IMPLEMENTED PROJECT AFGHANISTAN COUNTRY OFFICE POLITICAL AND ECONOMIC EMPOWERMENT PILLAR, PROJECT NUMBER: 91906, FOR THE PERIOD JANUARY 01, 2016 TO DECEMBER 31, 2016

PART 1 EXECUTIVE SUMMARY

We have conducted the financial audit of UN Women Afghanistan DIM Project "ACO PEEP Political and Economic Empowerment Pillar" (Project number: 91906) for the period from January 01, 2016 to December 31, 2016. The audit was undertaken on behalf of Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP).

1.1 Project Background

With the generous support of the Governments of Belgium, Iceland, Norway and Sweden among others, UN Women is implementing the ACO programme in Afghanistan. The United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Afghanistan Country Office (ACO) devised the country programme for Afghanistan including the Development Results Framework and the Operations Effectiveness and Efficiency Framework. The overall development goal of the ACO programme is to attain women's empowerment and gender equality.

1.2 Audit Objective

The objective of the financial audit is to express an opinion on the project’s financial statements which include:

a) Expressing an opinion on whether the financial expenses incurred by the project for the period from January 01, 2016 to December 31, 2016 and the funds utilization as at December 31, 2016 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.

b) Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UN Women project as at December 31, 2016. This statement includes all assets available as at December 31, 2016 and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.

c) As may be applicable, provide the progress made in implementing the recommendations raised in a previous year audit report.

The Financial Audit was conducted in accordance with the International Standards of Auditing (ISA), the 800 series.

1.3 Scope of Audit

The scope of the audit relates only to transactions concluded and recorded against the UN Women DIM project for the period from January 01, 2016 to December 31, 2016. 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 such as UN Women Regional Offices and UN Women Headquarters and where the supporting documentation is not retained at the level of the UN Women country office.

a) The audit covered all activities of project number 91906 "ACO PEEP Political and Economic Empowerment", during the period from January 01, 2016 to December 31, 2016; and included review of project reports and records located at the UN Women country office in Kabul, Afghanistan.

b) Specifically, the audit covered the expenses incurred and recorded in the Project Expenditure Trial Balance of project number 91906 during the period from January 01 to December 31, 2016 as reported by the Office in Afghanistan; and the value and existence of the fixed assets held by project 91906 as at December 31, 2016; and

c) Follow-up on previous audit:

No audit was carried out in the prior year, no follow-up procedures were performed.

1.3 Summary of audit opinions

<table>
<thead>
<tr>
<th>Summary Number</th>
<th>Subject Matter</th>
<th>Type of opinion issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Project Expenditure Trial Balance</td>
<td>Unqualified</td>
</tr>
<tr>
<td>ii)</td>
<td>Statement of Fixed Assets</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

We wish to express our appreciation for the cooperation extended to our representatives during the course of their work.

Chartered Accountants

Shahzad Ali
Partner

Dated: August 28, 2017
Kabul
Dear Sir,

Part 2 – FINANCIAL AUDIT REPORTS

2.1 Report on the Project Expenditure Trial Balance

Opinion

We have audited the accompanying Project Expenditure Trial Balance of the UN Women project, project number: 91906 ACO PEEP Political and Economic Empowerment Pillar (the Project) for the period from January 1, 2016 to December 31, 2016.

Project Expenditure totaling US$ 1,227,319, is comprised of (i) expenditure directly incurred by the UN Women Country Office in Afghanistan amounting to US$ 743,504 and (ii) expenditure incurred by entities other than the Country Office amounting to US$ 483,815. Our audit only covered the expenditure directly incurred by the UN Women Country Office in Afghanistan amounting to US$ 743,504.

In our opinion, the attached Project Expenditure Trial Balance presents fairly, in all material respects, the expenditure of US$ 743,504 directly incurred by the UN Women Country Office in Afghanistan and charged to the project for the period from January 1, 2016 to December 31, 2016 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the Project Expenditure Trial Balance section of our report. We are independent of UN Women in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Responsibilities of Management for the Project Expenditure Trial Balance

Management is responsible for the preparation of the Project Expenditure Trial Balance, and for such internal control as management determines is necessary to enable the preparation of the Project Expenditure Trial Balance that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for audit of the Project Expenditure Trial Balance

Our objectives are to obtain reasonable assurance about whether the Project Expenditure Trial Balance is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Project Expenditure Trial Balance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization’s internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
Dear Sir

Part 2 - FINANCIAL AUDIT REPORTS

2.2 Report on the Statement of Fixed Assets

Opinion

We have audited the accompanying Statement of Fixed Assets of the UN Women project number: 91906, ACO PEEP Economic Empowerment (the Project) as at December 31, 2016.

In our opinion, the accompanying Statement of Fixed Assets presents fairly, in all material respects, the assets status of the UN Women project amounting to US$ 3,942 as at December 31, 2016 in accordance with UN Women accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor’s responsibilities for the audit of the Statement of Fixed Assets. We are independent of UN Women in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Statement of Fixed Assets

Management is responsible for the preparation of the Statement of Fixed Assets of the Project, and for such internal control as management determines is necessary to enable the preparation of the statement of fixed assets that is free from material misstatement, whether due to fraud or error.
Auditor’s Responsibilities for the audit of the Statement of Fixed Assets

Our objectives are to obtain reasonable assurance about whether the statement of fixed assets is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of fixed assets, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization’s internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Accountants
Engagement Partner
Shahzad Ali
Date: August 28, 2017
Kabul
<table>
<thead>
<tr>
<th>Project</th>
<th>Account Code</th>
<th>Activity</th>
<th>Account Description</th>
<th>GL Account</th>
<th>Total GL</th>
<th>Total Per Asset</th>
<th>Schedule</th>
<th>Difference</th>
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<td>11250</td>
<td>Communications &amp; IT Equipment</td>
<td>Training of counter</td>
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<td>91903</td>
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<td>Accumulated E &amp; T-RC</td>
<td>Expenses</td>
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<td>1,537.11</td>
<td>1,537.11</td>
<td>1,537.11</td>
<td>1,537.11</td>
</tr>
</tbody>
</table>

I hereby certify that the Trial Balance is extracted from UN-Women's books and records which have been audited by the United Nations Board of Audit for the year ended 31 December 2016.

[Signature]
Chief accounts

Date: 16-May-17
<table>
<thead>
<tr>
<th>Asset Schedule as at the 31st December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Unit:</strong> Operating Unit</td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
</tbody>
</table>

I hereby certify that the Asset Schedule is extracted from UN-Women’s books and records, which have been audited by the United Nations Board of Audit for the year ended 31 December 2016.

Donna McEwan
Chief of Accounts

[Signature]

10th May 2017

[Date]

Printed Name: Donna McEwan

Chartered Accountant