REPORT OF THE INDEPENDENT AUDITOR ON THE UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN (UN WOMEN)

DIRECTLY IMPLEMENTED PROJECT

AFGHANISTAN COUNTRY OFFICE OPERATIONS

PROJECT NUMBER 91905

FOR THE PERIOD JANUARY 01, 2017 TO DECEMBER 31, 2017

ISSUED SEPTEMBER 13, 2018
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REPORT ON THE FINANCIAL AUDIT OF THE UN WOMEN AFGHANISTAN DIRECTLY IMPLEMENTED PROJECT, AFGHANISTAN COUNTRY OFFICE OPERATIONS (PROJECT NUMBER 91905), FOR THE PERIOD JANUARY 01, 2017 TO DECEMBER 31, 2017

PART 1 EXECUTIVE SUMMARY

We have conducted the financial audit of UN Women Afghanistan Directly Implemented (DIM) Project 91905 “Afghanistan Country Office (ACO) Operations that covers cost of security material and services, supply of power, staff cost, communication, equipment and material, transportation, staff capacity development and other running costs” for the period from January 01, 2017 to December 31, 2017. The audit was undertaken on behalf of the Internal Audit Services (IAS) of the Independent Evaluation and Internal Audit Services of the UN Women.

1.1 Audit Objective

The objective of the financial audit is to express an opinion on the Project Trial Balance and the statement of fixed assets which include:

a) Expressing an opinion on whether the financial expenses incurred by the Project for the period from January 01, 2017 to December 31, 2017 are 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, 2017. This statement must include all assets available as at December 31, 2017 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 on Auditing (ISA), the 800 series.

The following policies are in practice by UN Women:

- Human Resource Chapter;
- Contract Procurement;
- Duty Travel Chapter; and
- Cash Advance Chapter

Member of
Deloitte Touche Tohmatsu Limited
1.2 Audit Scope

The scope of the audit relates only to transactions concluded and recorded against the UN Women DIM project for the period from January 01, 2017 to December 31, 2017. The scope of the audit did not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”\(^2\), 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\(^3\).

The audit covered all activities of project number 91905 “Afghanistan Country Office Operations”, during the period from January 01, 2017 to December 31, 2017; and included review of project reports and records located at the UN Women country office in Kabul.

Specifically, the audit covered the expenses incurred and recorded in the Project Trial Balance of project number 91905 during the period from January 01, 2017 to December 31, 2017 as reported by the Country Office in Afghanistan and the value and existence of the fixed assets held by project 91905 as at December 31, 2017; and

Follow-up on the previous audit:

An audit was carried out in the prior year, and follow-up procedures were performed.

1.3 Summary of audit opinions

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Subject Matter</th>
<th>Type of opinion issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>Project trial balance</td>
<td>Unqualified</td>
</tr>
<tr>
<td>ii)</td>
<td>Statement of fixed assets</td>
<td>Unqualified</td>
</tr>
</tbody>
</table>

\(^2\) "Responsible Parties", (RPs) in the context of UN Women implemented projects, refer to governmental, NGO or CSO entities who have received funding through the respective UN Women country office to undertake specific elements of the project’s activities. These activities are governed by a Project Cooperation Agreement, or similar, signed by the respective entity and UN Women, along with the associated budget. Expenditure incurred by these RPs is reported to the UN Women country office on a quarterly basis, where it is subject to review and approval prior to being recorded within the project’s financial records. UN Women headquarters requires such expenditure to be audited separately from the individual projects and RPs selected on the basis of a risk assessment applied on a Global level. While it is not certain that any or all of the RPs who reported expenditure on a project selected for a DIM audit will necessarily have been audited for the period under review, the provision for such audits, within the remit of the internal audit function of UN Women, means that the expenditure does not need to be included as part of the DIM project audit scope.

\(^3\) The project financial records may include items which are not directly posted by the country office, such as centrally managed payroll costs or year-end journals or allocations. Such transactions fall within the remit of UN Women’s internal and external auditors, and are therefore not re-audited within the scope of the DIM project.
1.4 Follow up on previous year audit recommendations

Enquiring with the local management on the status of the implementation of audit recommendations on issues highlighted in previous year.

<table>
<thead>
<tr>
<th>Issue title</th>
<th>Previous year audit recommendation</th>
<th>Implementation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorrect Classification</td>
<td>The auditor had recommended that expenditure should be charged to the correct account code. Further, there should be adequate review of the account codes indicated in the payment vouchers to ensure that expenses are captured in the appropriate expense categories as agreed in approved budget/work plan.</td>
<td>Implemented</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

Umar Daraz
Partner

Dated: September 13, 2018
Kabul
Dear Sir

Part 2 – Financial Audit Reports

2.1 Independent Auditor’s Report to UN Women Afghanistan on the Project Trial Balance

Opinion

We have audited the accompanying Project Trial Balance of the UN Women project number 91905, “Afghanistan Country Office Operations (the Project)” for the period from January 1, 2017 to December 31, 2017.

The Project Trial Balance expenditure totaling US$ 1,393,037.11 is comprised of expenditure directly incurred by the UN Women Country Office in Afghanistan amounting to US$ 1,259,587.65 and expenditure incurred by entities other than the said Country Office amounting to US$ 133,449.46. Our audit only covered the expenditure directly incurred by the UN Women Country Office in Afghanistan amounting to US$ 1,259,587.65.

In our opinion, the expenditures of US$1,259,587.65 directly incurred by the UN Women Country Office in Afghanistan and charged to the Project for the period from January 1, 2017 to December 31, 2017 are in accordance with UN Women accounting policies and are: (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 (ISA 805). Our responsibilities under IAS 805 are further described in the Auditor’s Responsibilities for the Audit of the Project 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 (the Code), and have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3 “The amount is related to support cost amounting to US$ 59,020.30 and salary cost amounting to US$ 74,429.16 that is not processed by the Country Office in Kabul as it is processed and paid by Head Office of UN Women.”
Emphasis of matter

The Project Trial Balance expenditure is prepared to assist the UN Women to meet the requirements of the donors. As result, the trial balance expenditure may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management of UN Women for Project Trial Balance

Management is responsible for the preparation of the Project Trial Balance in accordance with UN Women accounting policies and are: (i) in conformity with the approved project budgets; (ii) for 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 and for such internal control as management determines is necessary to enable the preparation of the Project Trial Balance that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Project Trial Balance

Our objectives are to obtain reasonable assurance about whether the Project 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 this Project Trial Balance.

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 Project 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 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.

Engagement Partner
Umar Daraz
Date: September 13, 2018
Kabul
2.2 Independent Auditor’s Report to UN Women on the Statement of Fixed Assets

Opinion

We have audited the accompanying Statement of Fixed Assets of the UN Women project number 91905, “Afghanistan Country Office Operations (the Project)” as at December 31, 2017.

In our opinion, the accompanying Statement of Fixed Assets is prepared, in all material respects related to the assets of the UN Women project number 91905 as at December 31, 2017 in accordance with UN Women accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA 805). Our responsibilities under IAS 805 are further described in the Auditor’s Responsibilities for the Audit of the Statement of Fixed Assets 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 (the Code), and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The statement of fixed assets is prepared to assist the UN Women to meet the requirements of the donor(s). As result, the statement of fixed assets may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management of UN Women for the Statement of Fixed Assets

Management is responsible for the preparation of the Statement of Fixed Assets of the Project in accordance with UN Women accounting policies 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 this Statement of Fixed Assets.

[Signature]
Member of Deloitte Touche Tohmatsu Limited
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
Umar Daraz

Date:
Kabul
## Project Trial Balance

### Annexure 1

**Extract of UN Women’s Trial Balance as at the 31 December 2017**

<table>
<thead>
<tr>
<th>Project</th>
<th>Fund</th>
<th>Account</th>
<th>Description</th>
<th>Expense Category</th>
<th>Total per GS USD</th>
<th>Total per Asset Schedule</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>9100</td>
<td>9100</td>
<td>18130</td>
<td>Communications &amp; IT Equipment</td>
<td>Asset</td>
<td>30,906.61</td>
<td>30,906.61</td>
<td>0.00</td>
</tr>
<tr>
<td>9100</td>
<td>9100</td>
<td>18131</td>
<td>Heavy Machinery Equipment</td>
<td>Asset</td>
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</tr>
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<td>9100</td>
<td>9100</td>
<td>18101</td>
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<td>Asset</td>
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<tr>
<td>9100</td>
<td>9100</td>
<td>18121</td>
<td>Assumed Expenditure</td>
<td>Asset</td>
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<tr>
<td>9100</td>
<td>9100</td>
<td>18670</td>
<td>A/Dt Dep High Value Equip</td>
<td>Asset</td>
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<td>1,700.00</td>
<td>0.00</td>
</tr>
<tr>
<td>9100</td>
<td>9100</td>
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<td>A/Dt Dep Security Equip</td>
<td>Asset</td>
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<td>1,877.97</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Net Book Value**

| | 27,668.53 | 27,668.53 | 0.00 |

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I hereby certify that the above figures are based on UN Women’s unaudited Trial Balance for the period ended 31 December 2017 as at the 5th of April 2018.

Dhingi Gomeswa
Chief of Accounts

5 Apr 18

Engagement Partner

UMAR DARIQ

9. 1. 2018
## Statement of fixed assets

**Annexure 2**

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Operating Unit</th>
<th>Asset ID</th>
<th>Description</th>
<th>TAG Number</th>
<th>Serial Number</th>
<th>Model</th>
<th>Location</th>
<th>Acquisition Date</th>
<th>In Service Date</th>
<th>Cost (USD)</th>
<th>Net Book Value</th>
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</thead>
<tbody>
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<td>APC Smart-UPS 3000</td>
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<td>4/6/2016</td>
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<td>254.00</td>
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<td>254.00</td>
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<td>5,226.80</td>
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<td>235355456</td>
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<td>1,900.00</td>
<td>1,823.61</td>
</tr>
</tbody>
</table>

I hereby certify that this list details the assets per this project.

Denny Grimmett,
Chief of Accounts

Date: 5 April 2018

Engagement Partner

UMAR DADA

13th April 2023

Accredited Lead Assessment