UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

FINANCIAL AUDIT REPORT

2015

PROJECT NAME: RURAL ACCESS IMPROVEMENTS PROJECT PHASE – III (“RAIP III”)
PROJECT NUMBER: 00084840
COUNTRY: AFGHANISTAN
AUDITOR: KPMG
PERIOD: 1 APRIL 2013 TO 31 DECEMBER 2014
Independent Auditor’s Report

To: The Director
Internal Audit and Investigations Group (IAIG),
United Nations Office for Project Services (UNOPS)

Report on the Project Financial Statement

We have audited the accompanying financial statement of the project Rural Access Improvement Project Phase – III (“RAIP – III”) Atlas project 00084840 of UNOPS for the period from 1 April 2013 to 31 December 2014, which includes the notes to the financial statement containing a summary of significant accounting policies and other explanatory information. The financial statement has been prepared by management of the project using accounting policies described in note 2.

Management’s Responsibility for the Financial Statement

Management is responsible for the preparation of this financial statement in accordance with the basis of accounting described in note 2; for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with 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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of the financial statement 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial 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 project financial statement presents fairly, in all material respects, the income and expenditure of RAIP – III for the period from 01 April 2013 to 31 December 2014, in accordance with the basis of accounting described in note 2.

Basis of Accounting

Without modifying our opinion, we draw attention to note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to UNOPS and the donor of the Project. As a result, the financial statement may not be suitable for another purpose.

KPMG Afghanistan Limited
30 September 2015
Kabul
June 4, 2015
Ref: Project No: 00084840
Funding: SIDA

To: Ms. Jannike Fager

Subject: Certified Annual Financial Statement as at 31 December 2014

We enclose the Certified Financial Statement for project 00084840 Rural Access Improvement Project Phase III, which commenced in year 2013 and indicates project expenses as at 31 December 2014.

We draw your attention to the following:

› Project expenditure and management fee: US$ 16,112,168
› Project advances: US$ 757 and open purchase orders: US$ 2,416,080
› Total cash received: US$ 20,750,083 including interest earned: US$ 61,970
› Project fund balance: US$ 2,221,078

If you have any question, please do not hesitate to contact UNOPS

Yours sincerely,

Kanit Pukchareon
Regional Finance Specialist
CSPG IPAS, UNOPS HQ

Ms. Jannike Fager
Programme Officer
Afghanistan Unit
Department for Asia, North Africa and Humanitarian Assistance
Swedish International Development Cooperation Agency (Sida)
### Opening Balances 2003

**1) INCOME**

<table>
<thead>
<tr>
<th>DEPOSITS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6,199,573.16</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>14,488,540.00</td>
<td>20,688,113.16</td>
</tr>
</tbody>
</table>

**INTEREST**

| 2013 | 10,552.63 |            |
| 2014 | 51,417.12 | 61,969.75 |

**TOTAL FUNDS (A)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,750,082.91</td>
</tr>
</tbody>
</table>

### 2) PROJECT EXPENSES

**PERIOD - PRIOR YEARS:**

| 2013 | Project Expense | 4,086,970.10 |
|      | Net Exchange Loss | 51.17 |
|      | Management Fee | 286,087.91 |

**TOTAL PROJECT EXPENSES (B)**

|            | 16,112,167.73 |

| Project Advances (C) | 756.58 |

**PROJECT CASH BALANCE (D) = (A) - (B) - (C)**

|            | 4,637,158.60 |

| Open Purchase Orders (E) | 2,416,080.17 |

**PROJECT FUND BALANCE (F) = (D) - (E)**

|            | 2,221,078.43 |

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The Statement is following IPSAS reporting requirements, Management Fee is calculated and recorded against Project Expenses (Disbursements + Receipt Accruals).

Project Advances represents amounts yet to be either recovered or settled against Project Expenses. Open POs represents amounts committed against goods/services yet to be delivered/rendered. Fund balance represents cash available for implementation activities.

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Prepared by: M. Sita RATAE  
Senior Finance Associate  
CSPG IPAS, UNOPS HQ

Certified by: Kanit Puksamakeon  
Regional Finance Specialist  
CSPG IPAS, UNOPS HQ
1. Status and nature of operations

The United Nations Office for Project Services (UNOPS) is an operational arm of the United Nations, supporting the successful implementation of its partners' peace building, humanitarian and development projects around the world.

After successful implementation of RAIP II, the Government of Sweden through Swedish International Development Corporation (SIDA) agreed to implement phase III of Rural Access Improvement Project (“the Project”) in four Northern provinces of Afghanistan.

The overall objective of the Project is to contribute to reduction of poverty in rural areas, bridge disparities between urban and rural areas and support the Government of Afghanistan’s efforts towards equitable growth.

2. Basis of accounting and significant accounting policies:

2.1 Basis of Accounting

The financial statement has been prepared to report the grant received and expenditure incurred by the project in accordance with the grant agreement signed with donor. The financial statement includes grant income received from the donor and expenditure charged to the project using following basis of accounting:

a) Grant income and interest is recognized when received; and
b) Expenditure is recognized when paid, except:
   • Construction completed but not yet paid;
   • Provision for entitled leave encashment; and
   • Management fee, which is charged @ 10% of Grant income.

The financial statement is prepared to assist the project to comply with the reporting instructions of donor. Hence, the financial statement may not be suitable for another purpose.

2.2 Significant accounting policies

The accounting policies set out below have been applied in preparation of the Statement.

(a) Equipment

Cost of equipment is expensed at the time of purchase.

(b) Exchange rate

Contribution received in Swedish Kronor was recorded in USD on the bank rate. All project expenditures incurred in currency other than USD was recorded using the United Nations Operational rate of exchange in effect on the date of each transaction.
Independent Auditor’s Report

To: The Director
   Internal Audit and Investigations Group (IAIG),
   United Nations Office for Project Services (UNOPS)

Report on the statement of non-expendable property

We have audited the accompanying statement of non-expendable property (“the Statement”) of the project Rural Access Improvement Project Phase – III (“RAIP – III”) Atlas project 00084840 of UNOPS for the period from 1 April 2013 to 31 December 2014. The Statement has been prepared by management of the project using UNOPS accounting requirements.

Management’s Responsibility for Statement

Management is responsible for the preparation of the Statement in accordance with UNOPS accounting requirements relevant to preparing such Statement, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with 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 our judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the Statement 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall 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 Statement is prepared, in all material respects, in accordance with UNOPS accounting requirements.
Basis of Accounting

Without modifying our opinion, we draw attention to the basis of preparation of the Statement. The Statement is prepared in accordance with UNOPS accounting requirements. As a result, the Statement may not be suitable for another purpose.

KPMG Afghanistan Limited
30 September 2015
Kabul
United Nations Office for Project Services (UNOPS)
Project: Rural Access Improvements Project Phase - III
Funded by Swedish International Development Cooperation Agency (SIDA)

**Statement of non expendable property**
*For the period from 01 April 2013 to 31 December 2014*

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as at 1 April 2013</td>
<td>-</td>
</tr>
<tr>
<td><strong>Add:</strong> Assets and equipment purchased during period</td>
<td></td>
</tr>
<tr>
<td>Individual unit cost more than USD 2,500</td>
<td>Annexure - A</td>
</tr>
<tr>
<td>Individual unit cost less than USD 2,500</td>
<td>Annexure - B</td>
</tr>
<tr>
<td><strong>Less:</strong> Assets and equipment transferred</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance as at 31 December 2014</strong></td>
<td>148,860</td>
</tr>
</tbody>
</table>

Project Manager: [Signature]  
Project Logistics Associate: [Signature]

Asharam Nhemafuki  
Project Manager  
30/09/2015

[Signature]  
Project Logistics Associate  
30/09/15
### Statement of non expendable property - individual unit cost more than USD 2,500

For the period from 01 April 2013 to 31 December 2014

<table>
<thead>
<tr>
<th>No</th>
<th>Asset ID</th>
<th>Profile ID</th>
<th>Acq Date</th>
<th>Tag Number</th>
<th>Description</th>
<th>More Description</th>
<th>Quantity</th>
<th>Cost (USD)</th>
<th>Project</th>
<th>Location</th>
<th>Status</th>
<th>Custodian</th>
<th>Region</th>
<th>Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>000000008508</td>
<td>OPS_MTRV5</td>
<td>5-Sep-13</td>
<td>FTG48J363X/3010455</td>
<td>PA Armored Vehicles</td>
<td>Armored Vehicle (Hard Top Land Cruiser)</td>
<td>1</td>
<td>85,375</td>
<td>00848448</td>
<td>AFGMZR00</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>2</td>
<td>000000009051</td>
<td>OPS_ICT3</td>
<td>1-Aug-14</td>
<td>72225AFG0260</td>
<td>Digital Sender</td>
<td>Digital Sender (HP Scanner)</td>
<td>1</td>
<td>4,600</td>
<td>00848448</td>
<td>AFGMZR00</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>3</td>
<td>000000009052</td>
<td>OPS_ICT3</td>
<td>1-Aug-14</td>
<td>72225AFG0103</td>
<td>Accuracy Total Station Survey</td>
<td>SOKKIA SET02N 2&quot; Accuracy Total Station Non-reflective, Wooden Tripod, Single Range Pole Prism Set, Communication Software, Communication Cable</td>
<td>1</td>
<td>5,750</td>
<td>00848448</td>
<td>AFGMZR00</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>4</td>
<td>000000009053</td>
<td>OPS_ICT3</td>
<td>1-Aug-14</td>
<td>72225AFG0104</td>
<td>Accuracy Total Station Survey</td>
<td>SOKKIA SET02N 2&quot; Accuracy Total Station Non-reflective, Wooden Tripod, Single Range Pole Prism Set, Communication Software, Communication Cable</td>
<td>1</td>
<td>5,750</td>
<td>00848448</td>
<td>AFGMZR00</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>5</td>
<td>000000009750</td>
<td>OPS_BLDG9</td>
<td>23-Jun-14</td>
<td>N/A</td>
<td>Prefabricated Buildings 20 FT</td>
<td>Prefabricated Container (20ft for Accommodation space)</td>
<td>20</td>
<td>5,800</td>
<td>00848448</td>
<td>AFGMZR01</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>6</td>
<td>000000009751</td>
<td>OPS_BLDG9</td>
<td>23-Jun-14</td>
<td>N/A</td>
<td>Prefabricated Buildings 20 FT</td>
<td>Prefabricated Container (20ft for Accommodation space)</td>
<td>1</td>
<td>5,800</td>
<td>00848448</td>
<td>AFGMZR01</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
<tr>
<td>7</td>
<td>N/A</td>
<td>N/A</td>
<td>15-Dec-14</td>
<td>N/A</td>
<td>Alternator for 110KVA Generator</td>
<td>Alternator for 110KVA Generator (Power Supplier)</td>
<td>1</td>
<td>3,600</td>
<td>00848448</td>
<td>AFGMZR00</td>
<td>Good Condition</td>
<td>Yes</td>
<td>Mohammad Nasser</td>
<td>SEDDIQ</td>
</tr>
</tbody>
</table>

**Total:** $116,675
<table>
<thead>
<tr>
<th>No</th>
<th>Item Description</th>
<th>Brand and Model</th>
<th>Asset Class Description</th>
<th>Acquisition Date</th>
<th>Acquisition Value ($)</th>
<th>Unit of Use</th>
<th>Date of Usage</th>
<th>Months of usage</th>
<th>Current Represented Value</th>
<th>Date of today</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GPS</td>
<td>GARMIN</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>17</td>
<td>2</td>
<td>27-Oct-13</td>
<td>241</td>
<td>0000409401</td>
<td>2DV102149</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>2</td>
<td>GPS</td>
<td>GARMIN</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>17</td>
<td>0</td>
<td>27-Oct-13</td>
<td>241</td>
<td>0000409401</td>
<td>2DV102162</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>3</td>
<td>Digital Camera</td>
<td>Canon/12MP</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>13</td>
<td>2</td>
<td>27-Oct-13</td>
<td>130</td>
<td>0000416595</td>
<td>653060032431</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>4</td>
<td>Digital Camera</td>
<td>Canon/12MP</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>13</td>
<td>2</td>
<td>27-Oct-13</td>
<td>130</td>
<td>0000416595</td>
<td>648060028058</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>5</td>
<td>Mobile Phone</td>
<td>Nokia/515</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>13</td>
<td>2</td>
<td>27-Oct-13</td>
<td>180</td>
<td>0000017904</td>
<td>QTLRM-952</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>6</td>
<td>Mobile Phone</td>
<td>Nokia/515</td>
<td>Equipment</td>
<td>10-Mar-15</td>
<td>13</td>
<td>2</td>
<td>27-Oct-13</td>
<td>180</td>
<td>0000017904</td>
<td>648060028058</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>7</td>
<td>Projector</td>
<td>Sony / XGA VLP-DX100</td>
<td>Equipment</td>
<td>12-Oct-14</td>
<td>90</td>
<td>3</td>
<td>20-Oct-13</td>
<td>540</td>
<td>0000485022</td>
<td>7220171424S</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>8</td>
<td>Projector</td>
<td>Sony / XGA VLP-DX100</td>
<td>Equipment</td>
<td>12-Oct-14</td>
<td>90</td>
<td>3</td>
<td>20-Oct-13</td>
<td>540</td>
<td>0000485022</td>
<td>7050106317S</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>9</td>
<td>Projector Screen</td>
<td>LCD 200X200</td>
<td>Equipment</td>
<td>12-Oct-14</td>
<td>90</td>
<td>3</td>
<td>20-Oct-13</td>
<td>226</td>
<td>0000416595</td>
<td>N/A</td>
<td>Location: Good Working</td>
</tr>
<tr>
<td>10</td>
<td>Projector Screen</td>
<td>LCD 200X200</td>
<td>Equipment</td>
<td>12-Oct-14</td>
<td>90</td>
<td>3</td>
<td>20-Oct-13</td>
<td>226</td>
<td>0000416595</td>
<td>N/A</td>
<td>Location: Good Working</td>
</tr>
</tbody>
</table>

**Total** 32,185
Responsibility Statement by Management

The United Nations Office for Project Services (UNOPS) management is responsible for the preparation, integrity and fair presentation of the Financial Statements ("Statement") of the UNOPS Project ID. 00084840, “Rural Access Improvement Project (RAIP) Phase III (RAIP III)” ("the Project”). The Statement presented in has been prepared in accordance with the requirements of the applicable UNOPS regulations and rules.

We do hereby state that, in our opinion:

Financial Statement

The Financial Statement as reported, presents fairly in all material aspects, the expenditure of US$ 16,112,167.73 incurred by the UNOPS office for the period from 01 April 2013 to 31 December 2014 in accordance with the accounting policies set out in the Notes to the Statement and in conformity with approved activities and budgets of UNOPS Project ID. 00084840, “Rural Access Improvement Project (RAIP) Phase III (RAIP III)”.

Statement of Inventory of Non-Expendable Equipment

The Statement of Non-Expendable Equipment presents fairly, in all material respects, the Non-Expendable Equipment balance procured during the period from 01 April 2013 to 31 December 2014 of the Project amounting to US$ 148,860 in accordance with the Non-Expendable Inventory listing certified by project management.

Name: Al’a A. Nemer
Regional Financial Management Officer
Region: Asia
Place: Copenhagen, Denmark
Date: 10/19/2015

Name: Sanjay Mathur
Regional Director
Region: Asia
Place: Bangkok, Thailand
Date: 19/10/2015

Name: Asharam Nhemafulk
Project/Portfolio Manager*
Region: Asia
Place: Mazar, Afghanistan
Date: 18/10/2015