

**UNITED NATIONS OFFICE FOR PROJECT SERVICES
(UNOPS)****INTERNAL AUDIT REPORT****25 June 2025**

Project name:	International Development Association Water Emergency Relief Project (WERP)
Project number:	23886-001
Country:	Afghanistan
Auditor:	BDO LLP
Period subject to audit:	9 July 2023 to 31 December 2024

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Acronyms and abbreviations

IAASB	International Auditing and Assurance Standards Board
IAIG	Internal Audit and Investigations Group
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Standard Accounting System
ISA	International Standards on Auditing
UN	United Nations
UNOPS	United Nations Office for Project Services
US\$	United States Dollars
WERP	Water Emergency Relief Project

Executive summary

The engagement context

The Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through BDO LLP ("the audit firm"), conducted an audit of the project 'International Development Association Water Emergency Relief Project (WERP)' ("the project") (oneUNOPS project ID 23886-001), which is implemented and managed by the UNOPS Office in Afghanistan. The audit firm was under the general supervision of IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to US\$ 7,843,681 during the period from 9 July 2023 to 31 December 2024. The donor who contributed to the project is the World Bank, International Development Association (IDA), acting as the administrator of the Afghanistan Reconstruction Trust Fund (ARTF).

Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives.

The areas of focus included:

- a) Effective, efficient and economical use of resources;
- b) Reliability of reporting;
- c) Safeguarding of assets; and
- d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

- a) Client/donor contributions and project expenditure are properly accounted for;
- b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
- c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project's objectives.

Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IAASB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the project as satisfactory (effective), which means, "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well.

Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area". The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

Project title		Period	Project no.
International Development Association Water Emergency Relief Project (WERP)		9 July 2023 to 31 December 2024	23886-001
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
7,843,681.37	Unmodified	3,042.00	Unmodified

Table 2: Internal control rating summary for project

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory	
Finance	Satisfactory	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration	Satisfactory	
Information and Communications Technology	Satisfactory	
Overall rating of internal control	Satisfactory	

Key issues and recommendations

The internal audit report did not raise any recommendation.

Signed:

DS
BDO LLP

BDO LLP

25 June 2025

Operational overview

Afghanistan has been grappling with an acute water crisis intensified by years of drought, inadequate water management infrastructure, and ongoing economic challenges exacerbated by the political transition in August 2021. These issues have significantly undermined the delivery of basic services, especially in rural and underserved urban areas. A large portion of the population remains without reliable access to safe drinking water, which is critical for public health and economic stability.

In response to this emergency, the Afghanistan Water Emergency Relief Project (WERP) has been launched as a short-term, life-saving intervention aimed at providing urgent access to safe water. The project is financed through a \$50 million grant from the Afghanistan Reconstruction Trust Fund (ARTF) and implemented by UNOPS as the Implementing Partner (IP).

WERP seeks to address immediate needs and build community resilience through rapid, high-impact, low-risk interventions. The approach is aligned with the Afghanistan Emergency Food Security Project (EFSP) to leverage complementarities in planning and implementation. All activities are designed to avoid complex institutional engagement and to ensure timely delivery of benefits.

The Project Development Objective (PDO) of WERP is to restore and improve access to safe drinking water in the target areas through emergency repairs, rehabilitation of existing infrastructure, and implementation of low-tech water supply systems, thereby mitigating the risk of water-borne diseases and ensuring a basic level of service delivery for vulnerable populations.

Key PDO-Level Indicators include:

- Number of people with restored or improved access to drinking water
- Number of water systems rehabilitated or constructed
- Percentage of functional water points under the project
- Proportion of female beneficiaries accessing improved services

Project Components

Component 1: Provision of Emergency Water Supply Infrastructure and Services: This component includes:

- Rehabilitation and repair of existing rural and peri-urban water supply systems (e.g., solar-powered schemes, shallow wells, gravity-fed systems)
- Installation of new low-tech systems where needed
- Support for operation and maintenance to ensure sustainability

Component 2: Community Engagement and Hygiene Promotion: Recognizing that infrastructure alone does not ensure safe water usage, this component will:

- Mobilize communities to ensure participation and ownership
- Conduct hygiene awareness and behavior change campaigns
- Promote safe storage and handling practices

Component 3: Implementation Support: This includes:

- UNOPS management and supervision of project delivery
- Deployment of national and regional-level teams to support planning, monitoring, and reporting
- Establishment of a project-tailored MIS for accountability and transparency
- Environmental and social risk management measures, including the establishment of a Grievance Redress Mechanism (GRM)

WERP interventions will be delivered in partnership with selected local NGOs and contractors. Given the fragile operating context, WERP adopts a conflict-sensitive, inclusive, and community-driven approach that prioritizes gender equity and accountability to affected populations.

The contract entered into force on 9 July 2023 for a period of 24 months, ending on 30 June 2025 for a total amount of US\$ 39,000,000.

The audit team extends its appreciation to the management and staff members of UNOPS office in Afghanistan for their full cooperation during the audit.

Annex I - Definitions

Standard audit ratings for overall performance of internal control system

Effective 1 January 2017, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

- (a) satisfactory (effective),
- (b) partially satisfactory (some improvement needed),
- (c) partially satisfactory (major improvement needed), and
- (d) unsatisfactory (ineffective).

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

Standard rating	Definition
Satisfactory (effective)	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (some improvement needed)	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Partially satisfactory (major improvement needed)	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory (ineffective)	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity.

Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

Categories	Definition
High	Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
Medium	Action is considered necessary to avoid exposure to significant risks (that is, where 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.

Possible causes

The following categories of **possible causes** are used:

- **Guidelines:** absence of written procedures to guide staff in performing their functions;
 - Lack of or inadequate corporate policies or procedures
 - Lack of or inadequate RO/OC/PC policies or procedures
 - Inadequate planning
 - Inadequate risk management processes
 - Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors;
 - Lack of or inadequate guidance or supervision at the RO/OC/PC level
 - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skill, staff) to carry out an activity or function;
 - Lack of or insufficient resources (financial, human, or technical resources)
 - Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other:** Factors beyond the control of UNOPS.