

**UNITED NATIONS OFFICE FOR PROJECT SERVICES  
(UNOPS)**

**AUDIT REPORT**

**30 April 2026**

<b>Project name:</b>	<b>Verification of Claims and Expenditures Project (VCEP)</b>
<b>Project number:</b>	<b>24156-001</b>
<b>Country:</b>	<b>Afghanistan</b>
<b>Auditor:</b>	<b>BDO LLP</b>
<b>Period subject to audit:</b>	<b>4 December 2023 to 31 December 2024</b>

## Contents

Acronyms and abbreviations.....	3
PART A – FINDINGS ARISING FROM OUR AUDIT .....	4
Management letter .....	5
PART B – PROJECT FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT THEREON.....	6
Audit opinion on the project financial statements .....	7
Audit opinion on the statement of non-expendable assets .....	7
Annex I – Statement of financial position .....	9
Annex II – Statement of budgeted vs actual expenditures.....	11
Annex III – Statement of changes in net assets .....	13
Annex IV – Statement of cash flows .....	15
Annex V – Income statement .....	17
Annex VI – Significant accounting policies and explanatory notes.....	19
Annex VII – Statement of non-expandable assets.....	22
Annex VIII – Responsibility Statement by Management .....	24
Annex IX – Responsibility Statement of Compliance.....	26

## Acronyms and abbreviations

IAIG	Internal Audit and Investigations Group
IESBA	International Ethics Standards Board for Accountants
ISA	International Standards on Auditing
UNOPS	United Nations Office for Project Services
US\$	United States Dollars
ADB	Asian Development Bank
VCEP	Verification of Claims and Expenditures Project

## **PART A – FINDINGS ARISING FROM OUR AUDIT**

“Part A” presents the findings arising from our audit. It does not form part of “Part B – Project financial statements and independent auditor’s report thereon”.

## Management letter

We set out below the findings from the audit of the project 'Verification of Claims and Expenditures Project (VCEP)' ("the project") (oneUNOPS project ID 24156-001), which is implemented and managed by the UNOPS Office in Afghanistan, for the period from 4 December 2023 to 31 December 2024.

### Findings relating to the project's internal control systems

The audit did not identify anything to report in relation to the stated requirements of the terms of reference, namely:

- i. Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the advance account and statement of expenditures (SOE) procedures;
- ii. Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- iii. Recommendations to rectify identified weaknesses;
- iv. Management's comments on the audit recommendations along with the timeframe for implementation;
- v. The status of significant matters raised in previous management letters;
- vi. Any other matters that the auditor considers should be brought to the attention of the project's management; and
- vii. Details of any ineligible expenditure identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed under the terms of the legal / financing agreements; and (iii) expenditures incurred in violation of applicable government regulations.

### Status of significant matters raised in previous management letters

The project had not previously been audited.

**PART B – PROJECT FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR’S REPORT THEREON**

## Audit opinion on the project financial statements

### Unmodified opinion

We have audited the accompanying project financial statements for the project 'Verification of Claims and Expenditures Project (VCEP)' ("the project") (oneUNOPS project ID 24156-001), which is implemented and managed by the UNOPS Office in Afghanistan, for the period from 4 December 2023 to 31 December 2024.

In our opinion, the financial statements give a true and fair view of, in all material respects, the income and expenditure of the project 'Verification of Claims and Expenditures Project' ("the project") (oneUNOPS project ID 24156-001), for the period from 4 December 2023 to 31 December 2024 in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

### 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 responsibility for the audit of the project financial statements' section of this report.

We are independent of UNOPS in accordance with the IESBA Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinions on the use of Grant proceeds

The UNOPS Office is also responsible for compliance with Article III of the Grant Agreement on the use of the proceeds of the Grant and for compliance with particular covenants contained in Article IV of the Grant Agreement. We have audited the utilization of the proceeds of the Grant in accordance with requirements of Articles III and IV of the Grant Agreement, described in Note 4 of the Notes to the Project Financial statements. In our opinion, the Fund has utilized, in all material respects, the proceeds of the Grant only for the purposes of the Project in accordance with Articles III and IV of the Grant Agreement and no proceeds have been used for other purposes.

## Audit opinion on the statement of non-expendable assets

### Unmodified opinion

We have audited the accompanying statement of non-expendable assets of the project 'Verification of Claims and Expenditures Project (VCEP)' (oneUNOPS project ID 24156-001) of UNOPS as at 31 December 2024.

In our opinion, the statement of non-expendable assets presents fairly, in all material respects, the status of non-expendable assets of the project 'VCEP' (oneUNOPS project ID 24156-001), as at 31 December 2024, in conformity with the terms of the agreements and in accordance with International Public Sector Accounting Standards.

### Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of a financial statements that is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility for the audit of the project financial statements**

The objectives of our audit are set out in the terms of reference for the audits of UNOPS projects, as issued by the Internal Audit and Investigations Group (IAIG) of UNOPS, and include obtaining reasonable assurance about whether the project financial statements 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 decisions of users taken on the basis of the project financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also identify and assess the risks of material misstatement of the project financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Use of this report**

This report is made solely to UNOPS, in accordance with terms of reference defined by UNOPS and the Asian Development Bank. Our work has been undertaken so that we might state to UNOPS those matters we are required to state to it in accordance with UNOPS's terms of reference and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than UNOPS, for our work, for this report, or for the opinions we have formed.

## **Project financial statements**

These are attached as Annexes I to V to this report.

## **Statement of non-expendable assets**

This is attached as Annex VII to this report.



**BDO LLP**  
55 Baker Street  
London W1U 7EU

30 April 2026

## **Annex I – Statement of financial position**

Project ID and Name: 24156-001 Verification of Claims and Expenditures Project (VCEP)

Donor: Asian Development Bank (ADB)

Grant No: 0918-NG1 (SF)



### Statement of Financial Position (Balance Sheet)

(as at 31 December 2024)

In USD

	2023	2024
<b>Assets</b>		
Cash and cash equivalents	3,582,938	3,337,432
Property, plant and equipment	0	4,276
<b>Total assets</b>	<b>3,582,938</b>	<b>3,341,707</b>
<b>Liabilities</b>		
<b>Contract liabilities (Deferred revenue)</b>		
Deferred revenue – donor funding	3,582,938	3,219,757
<b>Total deferred revenue</b>	<b>3,582,938</b>	<b>3,219,757</b>
<b>Other liabilities</b>		
Accounts payable	0	121,951
<b>Total liabilities</b>	<b>3,582,938</b>	<b>3,341,707</b>
<b>Net Assets / Equity</b>		
Accumulated surplus / (deficit)	0	0
<b>Total net assets / equity</b>	<b>0</b>	<b>0</b>

Certified by:

  
 Head of Project Finance, UNOPS

Date: 23/04/2026

**Annex II – Statement of budgeted vs actual expenditures**

Project ID and Name: 24156-001 Verification of Claims and Expenditures Project (VCEP)

Donor: Asian Development Bank (ADB)

Grant No: 0918-NG1 (SF)

### **Statement of Budgeted versus Actual Expenditures**

*(as at 31 December 2024)*

In USD

Category	Budget	Actual	Variance
Verification of Advance Accounts (VAA)	4,781,047	1,024,414	3,756,633
Verification of Works and Securing Certificates (VWSC)	9,718,953	1,978,690	7,740,263
<b>Total</b>	<b>14,500,000</b>	<b>3,003,104</b>	<b>11,496,896</b>

Certified by:

  
\_\_\_\_\_  
 Head of Project Finance, UNOPS

Date: 23/04/2026

## **Annex III – Statement of changes in net assets**

Project ID and Name: 24156-001 Verification of Claims and Expenditures Project (VCEP)

Donor: Asian Development Bank (ADB)

Grant No: 0918-NG1 (SF)

## Statement of Changes in Net Assets

(as at 31 December 2024)

In USD

	2023	2024
Opening balance	0	0
Net surplus / (deficit) for the year	0	0
Other comprehensive income	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>

Certified by:

  
\_\_\_\_\_  
 Head of Project Finance, UNOPS

Date: 23/04/2026

## **Annex IV – Statement of cash flows**

Project ID and Name: 24156-001 Verification of Claims and Expenditures Project (VCEP)

Donor: Asian Development Bank (ADB)

Grant No: 0918-NG1 (SF)

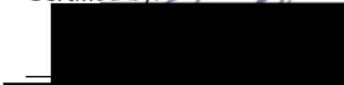
## Statement of Cash Flows

(as at 31 December 2024)

In USD

	2023	2024
<b>Cash flows from operating activities</b>		
Cash received from cleint	3,604,837	2,582,568
Interest received (restricted)	3,368	32,088
Cash paid to suppliers and employees	-25,267	-2,855,422
<b>Net cash from operating activities</b>	<b>3,582,938</b>	<b>-240,767</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	0	-4,740
<b>Net cash used in investing activities</b>	<b>0</b>	<b>-4,740</b>
<b>Net increase / (decrease) in cash</b>		
Net change in cash	3,582,938	-245,506
Cash at beginning of year	0	3,582,938
<b>Cash at end of year</b>	<b>3,582,938</b>	<b>3,337,432</b>

Certified by: 

  
 Head of Project Finance, UNOPS

Date: 23/04/2026

## Annex V – Income statement

Project ID and Name: 24156-001 Verification of Claims and Expenditures Project (VCEP)

Donor: Asian Development Bank (ADB)

Grant No: 0918-NG1 (SF)

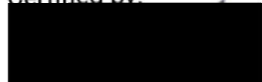
## Income Statement

(as at 31 December 2024)

In USD

	2023	2024
Funds used for project activities	21,899	2,945,749
Finance income (interest)	3,368	32,088
<b>Total income</b>	<b>25,267</b>	<b>2,977,837</b>
Salaries and employee benefits	0	-12,332
Other personnel costs	-20,319	-1,812,022
Contractual services	0	-9,850
Operational costs	-4,948	-957,991
Supplies and consumables	0	-80,198
Travel	0	-105,119
Depreciation (PPE)	0	-464
Exchange rate gain / (loss)	0	140
<b>Total expenses</b>	<b>-25,267</b>	<b>-2,977,837</b>
<b>Net surplus / (deficit)</b>	<b>0</b>	<b>0</b>

Certified by:



Head of Project Finance, UNOPS

Date: 23/04/2026

## **Annex VI – Significant accounting policies and explanatory notes**

## **Notes to the project financial statements**

### **1. Status and Nature of the Project**

The Verification of Claims and Expenditures Project (VCEP) (Project ID: 24156-001) is financed by the Asian Development Bank (ADB) through a Grant Agreement signed with UNOPS on 4 December 2023. At the time of the Audit, the project duration was from 4 December 2023 to 31 December 2025 with a total approved budget of USD 14.5 million. This was later amended in December 2025 with an extension to 31 December 2026 and a budget increase to USD 19.5 million. For the sake of clarity, the budget of USD 14.5 million was used in the statements as it represents the available budget at the end of the reporting period. UNOPS, acting as the executing agency and verifying agent, is responsible for verifying outstanding claims and expenditures incurred under ADB-financed sovereign projects in Afghanistan.

### **2. Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting in accordance with:

- International Public Sector Accounting Standards (IPSAS) – Accrual Basis.
- UNOPS Financial Regulations and Rules (FRRs).
- Specific requirements under the Grant Agreement and ADB Loan Disbursement Handbook (2022).

Figures are presented in US Dollars (USD), which is both the functional and presentation currency of the project.

### **3. Significant Accounting Policies**

3.1 Revenue is recognized on an accrual basis. Grant revenue is recognized as the project satisfies its performance obligations by incurring eligible expenditures. Any funds received in advance of expenditure are recorded as Contract Liabilities (Deferred Revenue) in the Statement of Financial Position.

3.2 Expenditure Recognition: Expenses are recognized on an accrual basis when goods are delivered or services are rendered regardless of when the cash payment is made. This includes the recognition of Accounts Payable for obligations incurred but not yet paid at the reporting date.

3.3 Property, Plant and Equipment: Project-related assets, if procured, are capitalized and depreciated over the useful life.

3.4 Foreign Currency Transactions: Transactions in currencies other than USD are translated at the exchange rate prevailing at the date of the transaction. Year-end balances in foreign currencies are retranslated at the closing exchange rate, with resulting exchange gains or losses recognized in the Income Statement.

### **4. Project Funds**

Project funds represent contributions received from ADB under the Grant Agreement.

- Approved Budget as of December 31, 2024: USD 14,500,000. (see Statement of Budgeted vs. Actual Expenditure)
- Funds Received as of 31 December 2024: USD 6,222,861 (including cumulative finance income of USD 35,456 interest)

## **5. Project Expenditure**

Expenditures incurred during the reporting period are categorized by budget lines as follows:

- Output 1 – Verification of Outstanding Claims.
- Output 2 – Verification of Advance Accounts and Compensation Payments.

Total expenditure incurred up to 31 December 2024 amounted to USD 3,003,104. (see Statement of Budgeted versus Actual Expenditures)

## **6. Cash and Cash Equivalents**

Cash and cash equivalents consist of balances held in the designated project bank accounts maintained by UNOPS. (see Statement of Financial Position)

Cash and Cash Equivalents (at year-end): USD 3,337,432.

## **7. Compliance Statement**

Management confirms that:

Funds were used solely for project purposes.

Financial statements present fairly, in all material respects, the financial position and performance of the project as of 31 December 2024.

Internal controls, including procurement and documentation, were maintained in accordance with UNOPS FRRs and ADB regulations.

## **8. Subsequent Events and Contingencies**

There are no known contingent liabilities as of the reporting date. No material events have occurred between 31 December 2024 and the date of authorization that require adjustment to these statements.

## **9. Date of authorization**

These financial statements were authorized for issue by UNOPS management on 23 April 2026.

## Annex VII – Statement of non-expandable assets

**Project ID and Name:** 24156-001 Verification of Claims and Expenditures Project (VCEP)  
**Donor:** Asian Development Bank (ADB)  
**Grant No:** 0918-NG1 (SF)

**Statement of Non-Expendable Assets - as of 31 Dec 2024**

Asset List - UNOPS - VCEP														
S/No	Project No.	Asset Category	Item Description	Unit	Quantity	Amount	Asset ID	Serial Number	Period From	Condition	Cumulative Depreciation	NBV	Remarks	
1	24156-001	ICT	Printer HP Color LaserJet MFP M776z	PC	1	\$ 4,739.93	136991	JPBRR610J5	18 July 2024	Good	\$ 464.18	\$ 4,275.75		
<b>Grand Total</b>											<b>\$ 4,739.93</b>	<b>\$ 464.18</b>	<b>\$ 4,275.75</b>	

Prepared by: [Redacted]

Title: Support Services Manager, VCEP

Date: 20 Apr 2026

Signature: [Redacted]

Verified by: [Redacted]

Title: ICT Assistant, AFCCO

Date: 20 Apr 2026

Signature: [Redacted]

## **Annex VIII – Responsibility Statement by Management**

**UNITED NATIONS OFFICE FOR PROJECT SERVICES****oneUNOPS Project ID: 24156-001****"Verification Claims and Expenditures Project"****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 Statement of the UNOPS Project ID: 24156-001 "Verification Claims and Expenditures Project". The Statement presented 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\$ 3,003,104.07 incurred by the UNOPS office for the period from 4 December 2023 to 31 December 2024 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: 24156-001 "Verification Claims and Expenditures Project".

[Redacted]  
Name: [Redacted]  
Title: Head of Project Finance  
Unit: FG  
Place: Copenhagen, Denmark  
Date: 29 April 2026

[Redacted]  
Name: [Redacted]  
Title: Regional Director  
Region: Asia Pacific Region  
Place: Bangkok, Thailand  
Date: 29 April 2026

[Redacted]  
Name: [Redacted]  
Title: Senior Project Manager  
Office: AFCO  
Place: Kabul, Afghanistan  
Date: 29 April 2026

## **Annex IX – Responsibility Statement of Compliance**

**UNITED NATIONS OFFICE FOR PROJECT SERVICES****oneUNOPS Project ID: 24156-001****"Verification Claims and Expenditures Project"****Responsibility Statement of Compliance**

The United Nations Office for Project Services (UNOPS) management confirms that, for the Verification of Claims and Expenditures Project (VCEP, Project ID: 24156-001) financed under ADB Grant No. 0918-NG1(SF):

1. Grant proceeds were used solely for the purposes of the project in accordance with the Grant Agreement dated 4 December 2023.
2. UNOPS complied with all financial covenants and provisions of the Grant Agreement.
3. The advance account was operated in line with the *ADB Loan Disbursement Handbook (2022)*.
4. Adequate supporting documentation was maintained for all expenditures.
5. Effective internal controls, including over procurement and disbursement, were maintained throughout the period 4 December 2023 to 31 December 2024.



Name: [Redacted]  
Title: Head of Project Finance  
Unit: FG  
Place: Copenhagen, Denmark  
Date: 29 April 2026



Name: [Redacted]  
Title: Regional Director  
Region: Asia Pacific Region  
Place: Bangkok, Thailand  
Date: 29 April 2026



Name: [Redacted]  
Title: Senior Project Manager  
Office: AFCO  
Place: Kabul, Afghanistan  
Date: 29 April 2026