

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**Audit**

**of**

**UNDP in the former Yugoslav Republic of Macedonia**

**Municipal Council Support**  
**(Directly Implemented Project No. 79119, Output No. 89225)**

**Report No. 1638**  
**Issue Date: 19 July 2016**

**Report on the Audit of UNDP in the former Yugoslav Republic of Macedonia  
Municipal Council Support (Project No. 79119, Output No. 89225)  
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 9 May to 23 May 2016, conducted an audit of Municipal Council Support (Project No. 79119, Output No. 89225) (the Project), which is directly implemented and managed by the UNDP Country Office in the former Yugoslav Republic of Macedonia (the Office). This was the first 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 Combined Delivery Report, which includes expenditure for the period from 1 July 2015 to 30 April 2016, and the accompanying Funds Utilization statement<sup>1</sup> as of 30 April 2016. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level, or expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Assets as no assets were purchased by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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:

Project Expenditure	
Amount (in \$ '000)	Opinion
358	Unqualified

**Key recommendations:** Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations include actions to address expenses accounted for under incorrect accounts (without any impact on the expenses reported), and expenses posted into incorrect activities, leading to the inaccurate computation of General Management Support fees (without any impact on the audit opinion rendered).

The two recommendations aim to ensure the reliability and integrity of financial and operational information.

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

### Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative of UNDP in the former Yugoslav Republic of Macedonia accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations



**United Nations Development Programme  
(UNDP)**

Report of the Independent Auditor on  
the United Nations Development Program (UNDP)  
Directly Implemented (DIM) Project 00089225  
“Municipal Council Support”  
- Skopje, Macedonia -  
For the period from 1 July 2015 to 30 April 2016



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## **Executive Summary**

KPMG Geneva conducted the financial audit of UNDP project number 00089225 “Municipal Council Support” (the project) directly implemented by UNDP country office in Macedonia (“the Office”) for the period 1 July 2015 to 30 April 2016. The audit was undertaken on behalf of the Office of Audit and Investigations (OAI) United Nations Development Programme (UNDP).

We have issued an audit opinion as summarized in the table below and as detailed in the next section:

<b>Combined Delivery Report (CDR) Statement</b>	<b>Unqualified</b>
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The project did not have any assets or equipment, or a dedicated bank account and as such no opinion have been issued on the statement of fixed assets or statement of cash.

Findings as a result of our audit are provided in the management letter on page 6.

KPMG SA

Pierre-Henri Pingeon  
*Auditor in Charge*

Henri Mwaniki

Geneva, 1 July 2016

## **Audit Objectives and Scope**

The objective of the financial audit was to express an opinion on the Directly Implemented (DIM) project's trial balance which includes:

- Expressing an opinion on whether the financial expenses incurred by the project for the period 1 July 2015 to 30 April 2016 and the funds utilization as at 30 April 2016 are fairly presented in accordance with UNDP 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 UNDP; and (iv) supported by properly approved vouchers and other supporting documents. Combined Delivery Report (CDR) and the accompanying Funds Utilization Statement are the mandatory and official Statement upon which the audit opinion should be expressed. Other forms of Statement of expenses that may be prepared by a project office are not accepted.
- Expressing an opinion on whether the Statement of Fixed Assets presents fairly the balance of assets of the UNDP project as at 30 April 2016. This Statement must include all assets available as at 30 April 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.
- Expressing an opinion on whether the Statement of Cash held by the project presents fairly the cash and bank balance of the project as at 30 April 2016. Where a DIM project does not have a dedicated bank account for the project, it will not be necessary to express such an opinion.

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project, between 1 July 2015 to 30 April 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 UNDP Regional Offices and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.



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## **Independent Auditors' Report**

Combined Delivery Report (CDR) Statement

**To:** Office of Audit and Investigations (OAI), United Nations Development Programme (UNDP)

**Audited Project:** "Municipal Council Support"

**Period covered by the audited Combined Delivery Report:** From 1 July 2015 to 30 April 2016

**Atlas Project Number to identify the CDR:** 00089225

**Location:** Skopje, Macedonia

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We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization Statement ("the statement") of the UNDP project number 00089225 "Municipal Council Support" for the period 1 July 2015 to 30 April 2016. The CDR expenditures totalling \$357,662 are comprised of audited expenditures under the Directly Implemented Modality (DIM).

### **Management's Responsibility for the Project Trial Balance Statement**

Management is responsible for the preparation of the CDR Statement for "Municipal Council Support" project and for such internal control as management determines is necessary to enable the preparation of a Statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the 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 the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the Statements 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 project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 attached Combined Delivery Report (CDR) and the Funds Utilization Statement presents fairly, in all material respects, the expenses of \$357,662 incurred by the project number 00089225 “Municipal Council Support” for the period 1 July 2015 to 30 April 2016 in accordance with UNDP 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 UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

KPMG SA

Pierre-Henri Pingeon  
*Auditor in Charge*

Henri Mwaniki

Geneva, 1 July 2016



## Management Letter

**To:** Office of Audit and Investigations, United Nations Development Programme (UNDP)

**Audited Project:** "Municipal Council Support"

**Period covered:** 1 July 2015 to 30 April 2016

**Atlas Project Number to identify the CDR:** 00089225

**Location:** Skopje, Macedonia

---

We noted the following finding related to this project as a result of our audit.

### **Finding 1: Expenses accounted for under incorrect Account (presentation)**

- **Observation**

Based on the UNDP's Standard Operating Procedures, the project assistant is responsible for initiation of procurement action by creating requisition form in which the expenditure account code is stated. The project manager is responsible for approval of the requisition form:

We noted the following instance where expenses were not booked to the correct account and activity codes:

An agreement signed with one subcontractor for expenses related to selection of advisors, research and analysis, providing technical inputs based on the research and analysis for different purposes of the Project and delivery of trainings has been recorded on incorrect account codes. In 2015 an expenditure amounting to \$35,000 related to this agreement was recorded under two accounts 72615 – Micro capital grants and account 72145 – Service contract training and educational services. In 2016 an expenditure amounting to \$35,000 related to the same agreement was recorded on account no. 75705 – Learning costs. Given the nature of the services provided, these expenses should have been recorded under account code 72125 – Service contract – Studies and research services and account code 72145 – Service contract training and educational services.

Though no impact to the overall expenses was noted, there is a risk that controls over the recording of expenses to the appropriate activity/budget line codes may not be operating effectively which could potentially lead to future impacts on budgets as activities may not be implemented as planned.

- **Priority/Grading**

Medium.

- **Recommendation**

We recommend management to improve the approval process of the requisition forms to ensure that expenses are charged to the correct activity/account codes.

- **Management Comment and Action Points**

The Project team will continue to regularly monitor and reconcile the expenditures paying particular attention to utilizing the correct account codes. In addition, the office will include in its SOPs instructions for additional reviews of project accounts by Project, Programme and Operations teams.



- **KPMG response (if applicable)**

None

**Finding 2: Expenses posted into incorrect activities leading to inaccurate computation of GMS**

According to Article 6 of the special provisions to contract no. 81034334 signed between UNDP and the Swiss Agency for Development and Cooperation (SDC) only consultant fees are eligible for General Management Support (GMS), which is calculated at 8 percent of the reported consultant fee expense. From our review of sampled expenses we noted that:

- a. GMS eligible expenses amounting to \$12,750 were reported under Activity 3, on which GMS is not calculated, instead of Activity 1 on which GMS is calculated. Consequently the GMS expense was understated by \$1,020.
- b. Expenditures for international consultants are presented under one account number 71205, included within Activity 1 (Management and expertise). Consultant costs amounting to \$11,519 relating to travel expenses and daily subsistence allowance (DSA) were reported under Activity 1, consequently the GMS expense calculated on the expenses of \$11,519 is overstated by \$922..

As a result of the above errors, the total expenses reported in the CDR was understated by \$98.

- **Priority/Grading**

Medium.

- **Recommendation**

We recommend management to improve the approval process of the requisition forms to ensure that expenses are charged to the correct activity/account codes, further GMS should only be computed on expenses that are eligible for GMS.

- **Management Comment and Action Points**

In line with UNDP's own procedures, payment of consultants is regulated through a lump sum through one account line. Rules governing this specific project instead require consultants to be paid separate lines for consultancy fee and travel/DSA. In this specific case, regular UNDP rules were applied instead of project specific rules. In the future, for the purpose of this project, the Office will budget and pay consultants through separate account lines. An instruction has already been sent to project staff on this approach.

- **KPMG response (if applicable)**

None

Annex 1: Combined Delivery Report (CDR) in USD



Page 1 of 4  
Run Time: 15-06-2016 10:06:14

Business Unit : MKD10  
Period : July-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

**Activity : ACTIVITY1 (Management and expertise)**

**Fund : 30000 (PROGRAMME COST SHARING)**

<b>Total for Fund 30000</b>	<b>0.00</b>	<b>79,048.69</b>	<b>0.00</b>	<b>79,048.69</b>
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<b>Total for Activity ACTIVITY1</b>	<b>0.00</b>	<b>79,048.69</b>	<b>0.00</b>	<b>79,048.69</b>
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**Activity : ACTIVITY2 (Operations and logistics)**

**Fund : 30000 (PROGRAMME COST SHARING)**

<b>Total for Fund 30000</b>	<b>0.00</b>	<b>6,206.83</b>	<b>0.00</b>	<b>6,206.83</b>
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<b>Total for Activity ACTIVITY2</b>	<b>0.00</b>	<b>6,206.83</b>	<b>0.00</b>	<b>6,206.83</b>
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**Activity : ACTIVITY3 (Programmatic activities)**

**Fund : 30000 (PROGRAMME COST SHARING)**

71620 - Daily Subsistence Allow-Local	0.00	79.62	0.00	79.62
72105 - Svc Co-Construction & Engineer	0.00	37,880.64	0.00	37,880.64
72120 - Svc Co-Trade and Business Serv	0.00	4,216.41	0.00	4,216.41
72145 - Svc Co-Training and Educ Serv	0.00	14,000.00	0.00	14,000.00
72615 - Micro Capital Grants-Other	0.00	21,000.01	0.00	21,000.01
73104 - Leased Building	0.00	0.00	0.00	0.00
73405 - Rental & Maint-Other Office Eq	0.00	0.00	0.00	0.00
74210 - Printing and Publications	0.00	1,085.06	0.00	1,085.06



Combined Delivery Report by Activity

Project Id : 00079119 MUNICIPAL COUNCILS SUPPORT	Period :	July-Dec (2015)		
Output # : 00089225 Initiation P, Mun.Councils	Impl. Partner :	01983 Direct Execution		
	Location :	Macedonia, former Yugoslav Rep		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
74220 - Translation Costs	0.00	10,754.35	0.00	10,754.35
74525 - Sundry	0.00	699.17	0.00	699.17
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
75705 - Learning costs	0.00	16,919.53	0.00	16,919.53
75709 - Learning - training of counter	0.00	324.56	0.00	324.56
75710 - Participation of counterparts	0.00	135.53	0.00	135.53
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>107,094.88</b>	<b>0.00</b>	<b>107,094.88</b>
<b>Total for Activity ACTIVITY3</b>	<b>0.00</b>	<b>107,094.88</b>	<b>0.00</b>	<b>107,094.88</b>
<b>Total for Output : 00089225</b>	<b>0.00</b>	<b>192,350.40</b>	<b>0.00</b>	<b>192,350.40</b>
<b>Project Total :</b>	<b>0.00</b>	<b>192,350.40</b>	<b>0.00</b>	<b>192,350.40</b>

Signed By :

Date :

15.06.2016

Signed By :

Date :

Pierre-Henri Pigeon, Partner  
KPMG SA, Geneva  
1 July 2016

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
1 July 2016



Combined Delivery Report by Activity

Selection Criteria :

Business Unit : MKD10  
Period : July-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

Project Id : ALL	Period : July-Dec (2015)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
56204 - FYR Macedonia -Dem. Governance	0.00	192,350.40	0.00	192,350.40



Funds Utilization

Selection Criteria :

Business Unit : MKD10  
Period : July-Dec (2015)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

Project/Award: 00079119 MUNICIPAL COUNCILS SUPPORT

Period : As Of Dec31,2015

Output #	00089225	Impl. Partner :01983 Direct Execution	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00





Page 1 of 4  
Run Time: 13-06-2016 09:06:25

Business Unit : MKD10  
Period : Jan-April (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

**Activity : ACTIVITY1 (Management and expertise)**

**Fund : 30000 (PROGRAMME COST SHARING)**

61105 - Salaries - NP Staff	0.00	730.02	0.00	730.02
61205 - Salaries - GS Staff	0.00	1,639.88	0.00	1,639.88
71205 - Intl Consultants-Sht Term-Tech	0.00	12,666.12	0.00	12,666.12
71405 - Service Contracts-Individuals	0.00	5,800.23	0.00	5,800.23
75105 - Facilities & Admin - Implement	0.00	1,666.90	0.00	1,666.90
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>22,503.15</b>	<b>0.00</b>	<b>22,503.15</b>
<b>Total for Activity ACTIVITY1</b>	<b>0.00</b>	<b>22,503.15</b>	<b>0.00</b>	<b>22,503.15</b>

**Activity : ACTIVITY2 (Operations and logistics)**

**Fund : 30000 (PROGRAMME COST SHARING)**

71405 - Service Contracts-Individuals	0.00	1,933.29	0.00	1,933.29
73104 - Leased Building	0.00	488.64	0.00	488.64
73405 - Rental & Maint-Other Office Eq	0.00	449.23	0.00	449.23
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00
76125 - Realized Loss	0.00	0.00	0.00	0.00
76135 - Realized Gain	0.00	0.00	0.00	0.00
<b>Total for Fund 30000</b>	<b>0.00</b>	<b>2,871.16</b>	<b>0.00</b>	<b>2,871.16</b>
<b>Total for Activity ACTIVITY2</b>	<b>0.00</b>	<b>2,871.16</b>	<b>0.00</b>	<b>2,871.16</b>

**Activity : ACTIVITY3** (Programmatic activities)

**Fund : 30000 (PROGRAMME COST SHARING)**

71205 - Intl Consultants-Sht Term-Tech	0.00	19,717.00	0.00	19,717.00
71305 - Local Consult.-Sht Term-Tech	0.00	3,867.82	0.00	3,867.82
71620 - Daily Subsistence Allow-Local	0.00	241.89	0.00	241.89
71635 - Travel - Other	0.00	392.35	0.00	392.35
71810 - Contractual Svcs-indiv ImpPtr	0.00	0.00	0.00	0.00
72105 - Svc Co-Construction & Engineer	0.00	6,062.44	0.00	6,062.44
72120 - Svc Co-Trade and Business Serv	0.00	1,551.01	0.00	1,551.01
74205 - Audio Visual Productions	0.00	22,583.28	0.00	22,583.28
74220 - Translation Costs	0.00	22,435.58	0.00	22,435.58
74525 - Sundry	0.00	1,995.39	0.00	1,995.39
75105 - Facilities & Admin - Implement	0.00	0.00	0.00	0.00





Combined Delivery Report by Activity

Project Id : 00079119 MUNICIPAL COUNCILS SUPPORT	Period :	Jan-April (2016)		
Output # : 00089225 Initiation P, Mun.Councils	Impl. Partner :	01983 Direct Execution		
	Location :	Macedonia, former Yugoslav Rep		
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
75705 - Learning costs	0.00	61,091.01	0.00	61,091.01
Total for Fund 30000	0.00	139,937.77	0.00	139,937.77
Total for Activity ACTIVITY3	0.00	139,937.77	0.00	139,937.77
Total for Output : 00089225	0.00	165,312.08	0.00	165,312.08
Project Total :	0.00	165,312.08	0.00	165,312.08

Signed By :  Date : 13.06.2016

Signed By : \_\_\_\_\_ Date : \_\_\_\_\_

  
Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
1 July 2016

  
Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
1 July 2016



Combined Delivery Report by Activity

Selection Criteria :

Business Unit : MKD10  
Period : Jan-April (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

Project Id : ALL	Period : Jan-April (2016)			
Output # : ALL	Impl. Partner : Location :			
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
56204 - FYR Macedonia -Dem. Governance	0.00	165,312.08	0.00	165,312.08



Funds Utilization

Selection Criteria :

Business Unit : MKD10  
Period : Jan-April (2016)  
Selected Project Id : ALL  
Selected Fund Code : ALL  
Selected Dept. IDs : ALL  
Selected Outputs : 00089225

Project/Award: 00079119 MUNICIPAL COUNCILS SUPPORT

Period : As Of Apr30,2016

Output #	00089225	Impl. Partner :01983 Direct Execution	UNDP AMOUNT
Outstanding NEX advances			0.00
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			0.00

Annex 2: Combined Delivery Report (CDR) in CHF

## Combined Delivery Report by Activity

Selection Criteria :

Business Unit :

Period :

Selected Project Id :

Selected Fund Code :

Selected Dept. IDs :

Selected Outputs :

Project Id :

Output # :

Location :

MKD10

Jul-Dec (2015)

ALL

ALL

ALL

89225 MUNICIPAL COUNCILS SUPPORT

79119

Period :

Jul -Dec (2015)

89225 Initiation P, Mun. Councils

Impl. Partner :

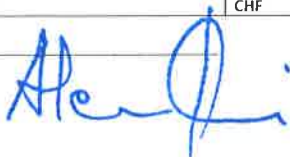
01983 Direct Execution

Macedonia, former Yugoslav Rep

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
<b>ACTIVITY1</b>	CHF -	CHF 77,690.78	CHF -	CHF 77,690.78
<b>61105</b>	CHF -	CHF 7,477.96	CHF -	CHF 7,477.96
Salaries - NP Staff	CHF -	CHF 7,477.96	CHF -	CHF 7,477.96
<b>61205</b>	CHF -	CHF 12,147.52	CHF -	CHF 12,147.52
Salaries - GS Staff	CHF -	CHF 12,147.52	CHF -	CHF 12,147.52
<b>71205</b>	CHF -	CHF 31,735.23	CHF -	CHF 31,735.23
INTL CONSULTANTS-SHT TERM-TECH	CHF -	CHF 31,735.23	CHF -	CHF 31,735.23
<b>71305</b>	CHF -	CHF 3,598.44	CHF -	CHF 3,598.44
LOCAL CONSULT.-SHT TERM-TECH	CHF -	CHF 3,598.44	CHF -	CHF 3,598.44
<b>71405</b>	CHF -	CHF 16,946.66	CHF -	CHF 16,946.66
Service Contracts-Individuals	CHF -	CHF 16,946.66	CHF -	CHF 16,946.66
<b>71410</b>	CHF -	CHF (0.03)	CHF -	CHF (0.03)
MAIP Premium SC	CHF -	CHF (0.03)	CHF -	CHF (0.03)
<b>71415</b>	CHF -	CHF (0.30)	CHF -	CHF (0.30)
Contribution to Security SC	CHF -	CHF (0.30)	CHF -	CHF (0.30)
<b>75105</b>	CHF -	CHF 5,785.30	CHF -	CHF 5,785.30
Facilities & Admin - Implement	CHF -	CHF 5,785.30	CHF -	CHF 5,785.30
<b>ACTIVITY2</b>	CHF -	CHF 6,168.65	CHF -	CHF 6,168.65
<b>71405</b>	CHF -	CHF 3,365.77	CHF -	CHF 3,365.77
Service Contracts-Individuals	CHF -	CHF 3,365.77	CHF -	CHF 3,365.77
<b>71620</b>	CHF -	CHF 438.56	CHF -	CHF 438.56
DAILY SUBSISTENCE ALLOW-LOCAL	CHF -	CHF 438.56	CHF -	CHF 438.56
<b>73104</b>	CHF -	CHF 1,474.43	CHF -	CHF 1,474.43
LEASED BUILDING	CHF -	CHF 1,474.43	CHF -	CHF 1,474.43
<b>73405</b>	CHF -	CHF 889.89	CHF -	CHF 889.89
RENTAL MAINT-OTHER OFFICE EQ	CHF -	CHF 229.86	CHF -	CHF 229.86
Rental & Maint-Other Office Eq	CHF -	CHF 660.02	CHF -	CHF 660.02
<b>75105</b>	CHF -	CHF -	CHF -	CHF -
Facilities & Admin - Implement	CHF -	CHF -	CHF -	CHF -
<b>76125</b>	CHF -	CHF -	CHF -	CHF -
REALIZED LOSS	CHF -	CHF -	CHF -	CHF -
<b>76135</b>	CHF -	CHF -	CHF -	CHF -
REALIZED GAIN	CHF -	CHF -	CHF -	CHF -
<b>ACTIVITY3</b>	CHF -	CHF 105,780.27	CHF -	CHF 105,780.27
<b>71205</b>	CHF -	CHF -	CHF -	CHF -
INTL CONSULTANTS-SHT TERM-TECH	CHF -	CHF -	CHF -	CHF -
<b>71305</b>	CHF -	CHF -	CHF -	CHF -
LOCAL CONSULT.-SHT TERM-TECH	CHF -	CHF -	CHF -	CHF -
<b>71620</b>	CHF -	CHF 76.59	CHF -	CHF 76.59
DAILY SUBSISTENCE ALLOW-LOCAL	CHF -	CHF 76.59	CHF -	CHF 76.59
<b>71635</b>	CHF -	CHF -	CHF -	CHF -
TRAVEL - OTHER	CHF -	CHF -	CHF -	CHF -
<b>71810</b>	CHF -	CHF -	CHF -	CHF -
CONTRACTUAL SVCS-INDIV IMPPTNR	CHF -	CHF -	CHF -	CHF -
<b>72105</b>	CHF -	CHF 37,107.27	CHF -	CHF 37,107.27
SVC CO-CONSTRUCTION ENGINEER	CHF -	CHF 37,107.27	CHF -	CHF 37,107.27
<b>72120</b>	CHF -	CHF 4,211.41	CHF -	CHF 4,211.41
SVC CO-TRADE AND BUSINESS SERV	CHF -	CHF 4,211.41	CHF -	CHF 4,211.41
<b>72145</b>	CHF -	CHF 13,468.00	CHF -	CHF 13,468.00
SVC CO-TRAINING AND EDUC SERV	CHF -	CHF 13,468.00	CHF -	CHF 13,468.00
<b>72615</b>	CHF -	CHF 21,630.01	CHF -	CHF 21,630.01
MICRO CAPITAL GRANTS-OTHER	CHF -	CHF 21,630.01	CHF -	CHF 21,630.01
<b>73104</b>	CHF -	CHF -	CHF -	CHF -
LEASED BUILDING	CHF -	CHF -	CHF -	CHF -
<b>73405</b>	CHF -	CHF -	CHF -	CHF -
Rental & Maint-Other Office Eq	CHF -	CHF -	CHF -	CHF -
<b>74205</b>	CHF -	CHF -	CHF -	CHF -
AUDIO VISUAL PRODUCTIONS	CHF -	CHF -	CHF -	CHF -
<b>74210</b>	CHF -	CHF 1,043.83	CHF -	CHF 1,043.83
PRINTING AND PUBLICATIONS	CHF -	CHF 1,043.83	CHF -	CHF 1,043.83
<b>74220</b>	CHF -	CHF 10,833.99	CHF -	CHF 10,833.99
TRANSLATION COSTS	CHF -	CHF 10,833.99	CHF -	CHF 10,833.99
<b>74525</b>	CHF -	CHF 672.60	CHF -	CHF 672.60
SUNDRY	CHF -	CHF 672.60	CHF -	CHF 672.60
<b>75105</b>	CHF -	CHF -	CHF -	CHF -
Facilities & Admin - Implement	CHF -	CHF -	CHF -	CHF -
<b>75705</b>	CHF -	CHF 16,293.96	CHF -	CHF 16,293.96
LEARNING COSTS	CHF -	CHF 16,293.96	CHF -	CHF 16,293.96
<b>75709</b>	CHF -	CHF 312.23	CHF -	CHF 312.23
LEARNING - TRAINING OF COUNTER	CHF -	CHF 312.23	CHF -	CHF 312.23
<b>75710</b>	CHF -	CHF 130.38	CHF -	CHF 130.38
PARTICIPATION OF COUNTERPARTS	CHF -	CHF 130.38	CHF -	CHF 130.38
<b>Grand Total</b>	CHF -	CHF 189,639.71	CHF -	CHF 189,639.71

Signed by:

Date: 13.06.2016





Pierre-Henri Pingeon, Partner  
KPMG SA, Geneva  
1 July 2016

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
1 July 2016

Combined Delivery Report by Activity

Selection Criteria :

Business Unit :

Period :

Selected Project Id :

Selected Fund Code :

Selected Dept. IDs :

Selected Outputs :

Project Id :

Output # :

Location :

MKD10

Jan-Apr (2016)

ALL

ALL

ALL

89225

MUNICIPAL COUNCILS SUPPORT

79119

Period :

Jan-Apr (2016)

89225

Initiation P, Mun.Councils

Impl. Partner :

01983 Direct Execution

Macedonia, former Yugoslav Rep

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
ACTIVITY1	CHF -	CHF 23,178.24	CHF -	CHF 23,178.24
61105	CHF -	CHF 751.92	CHF -	CHF 751.92
Salaries - NP Staff	CHF -	CHF 751.92	CHF -	CHF 751.92
61205	CHF -	CHF 1,689.08	CHF -	CHF 1,689.08
Salaries - GS Staff	CHF -	CHF 1,689.08	CHF -	CHF 1,689.08
71205	CHF -	CHF 13,046.10	CHF -	CHF 13,046.10
INTL CONSULTANTS-SHT TERM-TECH	CHF -	CHF 13,046.10	CHF -	CHF 13,046.10
71305	CHF -	CHF -	CHF -	CHF -
LOCAL CONSULT.-SHT TERM-TECH	CHF -	CHF -	CHF -	CHF -
71405	CHF -	CHF 5,974.24	CHF -	CHF 5,974.24
Service Contracts-Individuals	CHF -	CHF 5,974.24	CHF -	CHF 5,974.24
71410	CHF -	CHF -	CHF -	CHF -
MAIP Premium SC	CHF -	CHF -	CHF -	CHF -
71415	CHF -	CHF -	CHF -	CHF -
Contribution to Security SC	CHF -	CHF -	CHF -	CHF -
75105	CHF -	CHF 1,716.91	CHF -	CHF 1,716.91
Facilities & Admin - Implement	CHF -	CHF 1,716.91	CHF -	CHF 1,716.91
ACTIVITY2	CHF -	CHF 2,957.29	CHF -	CHF 2,957.29
71405	CHF -	CHF 1,991.29	CHF -	CHF 1,991.29
Service Contracts-Individuals	CHF -	CHF 1,991.29	CHF -	CHF 1,991.29
71620	CHF -	CHF -	CHF -	CHF -
DAILY SUBSISTENCE ALLOW-LOCAL	CHF -	CHF -	CHF -	CHF -
73104	CHF -	CHF 503.30	CHF -	CHF 503.30
LEASED BUILDING	CHF -	CHF 503.30	CHF -	CHF 503.30
73405	CHF -	CHF 462.71	CHF -	CHF 462.71
RENTAL MAINT-OTHER OFFICE EQ	CHF -	CHF 462.71	CHF -	CHF 462.71
Rental & Maint-Other Office Eq	CHF -	CHF -	CHF -	CHF -
75105	CHF -	CHF -	CHF -	CHF -
Facilities & Admin - Implement	CHF -	CHF -	CHF -	CHF -
76125	CHF -	CHF -	CHF -	CHF -
REALIZED LOSS	CHF -	CHF -	CHF -	CHF -
76135	CHF -	CHF -	CHF -	CHF -
REALIZED GAIN	CHF -	CHF -	CHF -	CHF -
ACTIVITY3	CHF -	CHF 144,135.90	CHF -	CHF 144,135.90
71205	CHF -	CHF 20,308.51	CHF -	CHF 20,308.51
INTL CONSULTANTS-SHT TERM-TECH	CHF -	CHF 20,308.51	CHF -	CHF 20,308.51
71305	CHF -	CHF 3,983.85	CHF -	CHF 3,983.85
LOCAL CONSULT.-SHT TERM-TECH	CHF -	CHF 3,983.85	CHF -	CHF 3,983.85
71620	CHF -	CHF 249.15	CHF -	CHF 249.15
DAILY SUBSISTENCE ALLOW-LOCAL	CHF -	CHF 249.15	CHF -	CHF 249.15
71635	CHF -	CHF 404.12	CHF -	CHF 404.12
TRAVEL - OTHER	CHF -	CHF 404.12	CHF -	CHF 404.12
71810	CHF -	CHF -	CHF -	CHF -
CONTRACTUAL SVCS-INDIV IMPPTNR	CHF -	CHF -	CHF -	CHF -
72105	CHF -	CHF 6,244.31	CHF -	CHF 6,244.31
SVC CO-CONSTRUCTION ENGINEER	CHF -	CHF 6,244.31	CHF -	CHF 6,244.31
72120	CHF -	CHF 1,597.54	CHF -	CHF 1,597.54
SVC CO-TRADE AND BUSINESS SERV	CHF -	CHF 1,597.54	CHF -	CHF 1,597.54
72145	CHF -	CHF -	CHF -	CHF -
SVC CO-TRAINING AND EDUC SERV	CHF -	CHF -	CHF -	CHF -
72615	CHF -	CHF -	CHF -	CHF -
MICRO CAPITAL GRANTS-OTHER	CHF -	CHF -	CHF -	CHF -
73104	CHF -	CHF -	CHF -	CHF -
LEASED BUILDING	CHF -	CHF -	CHF -	CHF -
73405	CHF -	CHF -	CHF -	CHF -
Rental & Maint-Other Office Eq	CHF -	CHF -	CHF -	CHF -
74205	CHF -	CHF 23,260.78	CHF -	CHF 23,260.78
AUDIO VISUAL PRODUCTIONS	CHF -	CHF 23,260.78	CHF -	CHF 23,260.78
74210	CHF -	CHF -	CHF -	CHF -
PRINTING AND PUBLICATIONS	CHF -	CHF -	CHF -	CHF -
74220	CHF -	CHF 23,108.65	CHF -	CHF 23,108.65
TRANSLATION COSTS	CHF -	CHF 23,108.65	CHF -	CHF 23,108.65
74525	CHF -	CHF 2,055.25	CHF -	CHF 2,055.25
SUNDRY	CHF -	CHF 2,055.25	CHF -	CHF 2,055.25
75105	CHF -	CHF -	CHF -	CHF -
Facilities & Admin - Implement	CHF -	CHF -	CHF -	CHF -
75705	CHF -	CHF 62,923.74	CHF -	CHF 62,923.74
LEARNING COSTS	CHF -	CHF 62,923.74	CHF -	CHF 62,923.74
75709	CHF -	CHF -	CHF -	CHF -
LEARNING - TRAINING OF COUNTER	CHF -	CHF -	CHF -	CHF -
75710	CHF -	CHF -	CHF -	CHF -
PARTICIPATION OF COUNTERPARTS	CHF -	CHF -	CHF -	CHF -
Grand Total	CHF -	CHF 170,271.44	CHF -	CHF 170,271.44

Signed by:

Date: 13.06.2016

Pierre-Henri Pigeon, Partner  
KPMG SA, Geneva  
1 July 2016

Henri Mwaniki, Senior Manager  
KPMG SA, Geneva  
1 July 2016

### Annex 3: Audit Findings Priority Ratings



### Annex 3: Audit finding priority ratings

The following categories of priorities are used:

<b>High (Critical)</b>	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues
<b>Medium (Important)</b>	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
<b>Low</b>	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. <b>Therefore, low priority recommendations are not included in the audit report.</b>