



AUDIT

OF

UNDP REPUBLIC OF NORTH MACEDONIA

MUNICIPAL COUNCILS, 2
(Directly Implemented Project No. 90463, Output No. 96214)

Report No. 2264
Issue Date: 23 July 2020

**Report on the Audit of UNDP Republic of North Macedonia
Municipal Councils, 2
(Project No. 90463, Output No. 96214)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 3 June to 8 July 2020, conducted an audit of Municipal Councils, 2 (Project No. 90463, Output No. 96214 Municipal Councils Support II) (the Project), which is directly implemented and managed by the UNDP Country Office in the Republic of North Macedonia (the Office). The last audit of the Project was conducted by OAI, through KPMG SA in 2019 and covered project expenses from 1 January to 31 December 2018.

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 expenses for the period from 1 January to 31 December 2019 and the accompanying Funds Utilization statement¹ as of 31 December 2019 as well as Statement of Assets and Statement of Cash Position as of 31 December 2019. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level.

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 submitted by the audit firm, the results are summarized in the table below:

Project Expenses*		Project Assets		Cash	
Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion	Amount (in \$ '000)	Opinion
454	Unmodified	10	Unmodified	1,041**	Unmodified

*Expenses recorded in the Combined Delivery Report were \$796,146. Excluded from the audit scope were expenses incurred at the "responsible party" level amounting to \$342,175.

**This amount consists of CHF 722,610, MKD 16,105,407, and US\$6,887 converted at the UN Operational Rates of Exchange as at 31 December 2019.

The audit did not result in any recommendations.

Implementation status of previous OAI audit recommendations:

The previous audit (Report No. 2077, issued on 19 July 2019) did not result in any recommendations.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated 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

Comments and/or additional information provided have been incorporated into the report, where appropriate.

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