



**AUDIT**

**OF**

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

**IN**

**UNDP REPUBLIC OF NORTH MACEDONIA**

**Report No. 2344**

**Issue Date: 8 July 2021**

**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 17 to 26 May 2021, conducted an audit of ‘Municipal Councils, 2’ (Project No. 90463, Output No. 96214) (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 2020 and covered project expenses from 1 January to 31 December 2019.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, 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 2020 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2020 as well as Statement of Assets and Statement of Cash Position as of 31 December 2020.

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

| Project Expenses*      |            | Project Assets        |            | Cash                  |            |
|------------------------|------------|-----------------------|------------|-----------------------|------------|
| Amount<br>(in \$ '000) | Opinion    | Amount<br>(in \$'000) | Opinion    | Amount<br>(in \$'000) | Opinion    |
| 1,082                  | Unmodified | 0.9                   | Unmodified | 197**                 | Unmodified |

*\*Included in the audit scope were transactions that relate to expenses incurred at the “responsible party” level amounting to \$674,241 as these were not covered under HACT audits and all related supporting documents were available for review at the level of UNDP Country Office in the Republic of North Macedonia.*

*\*\*This amount consists of US\$ 4,281, CHF 122,610, and MKD 2,680,698 converted at the UN Operational Rates of Exchange as at 31 December 2020.*

The audit did not result in any recommendations.

**Implementation status of previous OAI audit recommendations:**

The previous audit (Report No. 2264, issued on 23 July 2020) did not result in any recommendations.

<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) 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.



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**Management comments and action plan**

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

Brett Simpson  
Officer-in-Charge  
Office of Audit and Investigations