



**AUDIT**

**OF**

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

**IN**

**UNDP REPUBLIC OF NORTH MACEDONIA**

**Report No. 2680**  
**Issue Date: 7 August 2023**

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

The UNDP Office of Audit and Investigations (OAI), through KPMG SA (the audit firm), from 23 May to 16 June 2023, conducted an audit of 'Municipal Councils Support II' (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 2022 and covered project expenses from 1 January to 31 December 2021.

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 March 2022 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 March 2022 as well as Statement of Cash as of 31 March 2022. The audit did not cover the Statement of Assets as no assets were held by 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* of The Institute of Internal Auditors (The IIA).

### Audit results

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

Project Expenses		Cash*	
Amount (in \$ '000)	Opinion	Amount (in \$'000)	Opinion
112	Unmodified	101	Unmodified

\*The amount consists of \$56,709.43 and MKD 2,424,469, converted at the UN Operational Rates of Exchange as of 1 April 2022.

The audit did not result in any recommendations.

### Implementation status of previous OAI audit recommendations:

The previous audit (Report No. 2529, issued on 28 July 2022) 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.

*Moncef Ghrib*

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