AUDIT

OF

UNDP MACEDONIA

SELF-EMPLOYMENT V AND TECHNICAL ASSISTANCE TO SUPPORT THE GOVERNMENT OPERATIONAL PLAN FOR ACTIVE LABOUR MARKET MEASURES FOR 2011

(Directly Implemented Project No. 78115)

Report No. 1060
Issue Date: 25 July 2012
Executive Summary

From 14 to 21 May 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP), through Ernst & Young Certified Auditors Ltd. - Skopje (the audit firm), conducted an audit of Self-Employment V and Technical Assistance to Support the Government Operational Plan for Active Labour Market Measures for 2011 (Project No. 78115) (the Project), which is directly implemented and managed by the UNDP Country Office in Macedonia (the Office). The audit firm was under the general supervision by OAI in conformance with the International Standards for the Professional Practice of Internal Auditing.

The Project reported expenditure totalling $4.4 million during the period from 1 January to 31 December 2011. The following donors contributed to the Project: the Government of the former Yugoslav Republic of Macedonia (FYROM) and UNDP.

Audit scope and objectives

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the results of the Project's operations. The audit covered the review of the Project's Statement of Expenditure (Combined Delivery Report) for the period from 1 January to 31 December 2011 and Statement of Assets of 31 December 2011.

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, OAI assessed the management of the Project as satisfactory, which means “Internal controls, governance and risk management processes, as applicable to the Project’s financial statements, were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.” The details of the audit results are presented in Figure 1.

Figure 1: Summary results of the audit

<table>
<thead>
<tr>
<th>Project Expenditure</th>
<th>Project Assets</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (in $ '000)</td>
<td>Opinion</td>
<td>Amount (in $ '000)</td>
</tr>
<tr>
<td>4,429</td>
<td>unqualified</td>
<td>98</td>
</tr>
</tbody>
</table>

*No Separate bank account was held by the project
Key issues and recommendations

The audit raised two issues. There were two recommendations both were ranked low priority. The Office committed to follow-up on the implementation of these recommendations hence they will not be uploaded in the Comprehensive Audit and Recommendation Database System.

Egbert C. Kaltenbach
Director
Office of Audit and Investigations