

# PUBLIC FINANCIAL MANAGEMENT THROUGH THE EYES OF THE AUDITOR GENERAL

## REPORT ON THE AUDITOR GENERAL'S RECOMMENDATIONS ON MUNICIPAL PUBLIC FINANCIAL MANAGEMENT:

PRIZREN, SUHAREKA/SUVA REKA, FERIZAJ/UROŠEVAC,  
LIPJAN/LJIPLJAN, PODUJEVA/PODUJEVO AND ISTOG/ISTOK  
FOR 2017



2018



TRANSPARENCY AND  
ANTI-CORRUPTION





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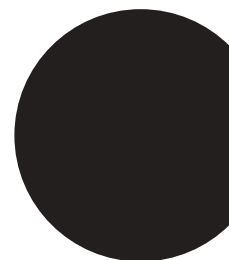
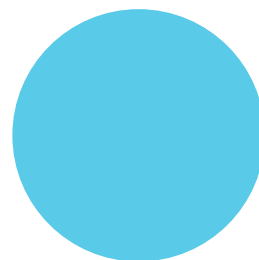
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# LIST OF ACRONYMS

AC	Audit Committee
AP	Action Plan
AR	Accounts Receivable
BO	Budget Organization
CA	Contracting Authority
CAO	Chief Administering Officer
IAU	Internal Audit Unit
INTOSAI	International Organization of Supreme Audit Institutions
ISO	International Organization for Standardization
ISSAI	International Standards of Supreme Audit Institutions
KDI	Kosova Democratic Institute
LPC	Law on Public Procurement
LPFMA	Law on Public Financial Management and Accountability
MLGA	Ministry of Local Government Administration
NAO	National Audit Office
NGO	Non-Governmental Organization



# INTRODUCTION

The Government of Kosovo has made some progress in improving its public financial management system, where the legal framework has been updated and made clearer. However, Kosovo continues to face a variety of problems in areas such as operational planning, internal management reporting, internal financial control, procurement and management of capital investments.<sup>1</sup> This is due to the lack of proper institutional commitment to good governance, rule of law and the fight against corruption. These concerns continue to emerge year after year, both in international reports,<sup>2</sup> as well as in national reports, such as those by the National Audit Office (NAO),<sup>3</sup> Anti-Corruption Agency,<sup>4</sup> and various Civil Society Organizations.<sup>5</sup>

For purposes of promoting the highest standards of transparency, responsibility and accountability in financial management and conduct of activities in the public administration of Kosovo, on June 5, 2008, the Assembly of Kosovo adopted the Law No. 03/L-075 on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo.<sup>6</sup> In June 2016, Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo<sup>7</sup> entered into force and repealed the previous law. The Auditor General's Reports each year reflect various institutional issues related to good public financial management mechanisms, including violations of law, however their recommendations are repeated year-by-year.<sup>8</sup> Although these reports are public records, and institutions also present to the Assembly action plans to address issues identified by the auditor, in the absence of accountability mechanisms such plans remain unfulfilled and access to institutions without much improvement. As of 2016, the Auditor started to send its reports to the prosecution authorities,<sup>9</sup> and some investigations of these violations have been initiated, however, not all the violations identified by the auditor consist criminal offenses, while administrative violations continue to remain unpunished.

1 Annual Audit Report 2017, <http://www.zka-rks.org/wp-content/uploads/2018/08/RVA-2017-Eng.pdf>

2 EC: Kosovo Report 2016, [https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/lGu1ejkLTmf2j50TOCgI9JbQV3Fy3Y8IEk4ecScWUtw/mtime:1478695322/sites/eeas/files/20161109\\_report\\_kosovo.pdf](https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/lGu1ejkLTmf2j50TOCgI9JbQV3Fy3Y8IEk4ecScWUtw/mtime:1478695322/sites/eeas/files/20161109_report_kosovo.pdf); EC: Enlargement Strategy 2018, [https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf)

3 Annual Audit Report 2016, <http://www.zka-rks.org/en/publications/>; Annual Audit Report 2017, <http://www.zka-rks.org/wp-content/uploads/2018/08/RVA-2017-Eng.pdf>

4 ACA Opinions: <https://www.akk-ks.org/en/opinions/>

5 Prokurimi i paadresuar – Editorial by Democracy Plus (D+), 6/12/2018; GAP Institute: Fighting Corruption through Budget Transparency and Review of Auditor General Reports, 12/5/2016; KDI: Procurement Violations Dominate the Auditor's reports, 8/1/2017

6 Law No. 03/L-075 on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo; Assembly of Kosovo: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12517>

7 Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12517>

8 Strategic Plan of the National Audit Office 2018-2021 (<http://www.zka-rks.org/wp-content/uploads/2018/09/Strategjia-2018-07-13-ENG.pdf>)

9 According to communications with the NAO on October 24, 2018: "The National Audit Office and the Prosecution have an ongoing inter-institutional cooperation under their responsibility and purview. This scope includes communications with and providing information to the Prosecution in cases where during the audit it is noted that there are elements of suspicion of a violation or criminal offense."

The Coalition of Non-Governmental Organizations (NGOs), comprised of Youth Association for Human Rights (YAHR), Institute for Sustainability and Development of Youth (ISDY), Syri i Vizionit, Ekovizioni (EV), and Kosova Democratic Institute (KDI) through this report aim to highlight ongoing and systematic problems in budget execution, public procurement, capital investments, financial management, functioning of the Internal Audit Unit, and implementation of NAO recommendations from the previous year, as recorded in the Auditor General's reports and requiring attention from local government and central institutions. With a view to having a clear picture of the problems of municipalities in managing public finances through procurement procedures, the NGO coalition analyzed the Regularity Audit Reports published by NAO for 2017 for the following municipalities: Prizren, Suharekë/Suva Reka, Ferizaj/Uroševac, Lipjan/Ljipljan, Podujeva/Podujevo and Istog/Istok.



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# METHODOLOGY

This report is based on the analysis and evaluation of qualitative and quantitative data reflected in the Audit Reports of Annual Financial Statements by the National

Audit Office for the municipalities of Prizren, Suharekë/ Suva Reka, Ferizaj/Uroševac, Lipjan/Ljipljan, Podujeva/ Podujevo and Istog/Istok for 2017.

## LEGAL FRAMEWORK

### Legal Regulation of the Status of Auditor General

The Auditor General of the Republic of Kosovo is the highest institution of economic and financial control, which under the Constitution and laws of the country enjoys functional, financial and operational independence.<sup>10</sup>

The Regularity Audit is a legally required quality control mechanism with emphasis on auditing the regularity of public financial management processes.<sup>11</sup> Therefore, this audit is about determining whether processes are operated according to defined procedures. These audits play a special role since the focus is on public financial man-

agement and directly affect national policy development and the well-being of citizens.

According to INTOSAI,<sup>12</sup> Supreme Audit Institutions carry out three types of audit: financial, compliance and performance audit. In the concrete case related to this Report, financial audit focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework.<sup>13</sup> Regularity audit or statutory audit is a financial audit of financial reporting or budget reporting by the entity subject to audit. In a regularity audit, the audit report contains the auditor's opinion regarding the financial performance of the institution subject to audit.

<sup>10</sup> [National Audit Office, About Us- Auditor General](#)

<sup>11</sup> [What is ISO 19011:2011](#)

<sup>12</sup> INTOSAI (The International Organization of Supreme Audit Institutions) operates as an umbrella organization for the external government audit community. INTOSAI is an autonomous, independent and non-political organization. It is a non-governmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations (<http://www.intosai.org>). Kosovo is not a member of INTOSAI, however it operates under these standards, with a view to membership in INTOSAI and EUROSAL.

<sup>13</sup> ISSAI 100 – Fundamental Principles of Public Sector Auditing, page 5, paragraph 1





Law No. 03/L-048 on Public Financial Management and Accountability (LPFMA),<sup>14</sup> CHAPTER II, External Audit, defines the need, the right and the responsibilities of the Auditor General. While the organization, operations, and powers of the Auditor General as well as the establishment, organization and functioning of the National Audit Office of the Republic of Kosovo are governed by Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo.<sup>15</sup>

The purpose of Regularity Audits involves the examination and evaluation of Financial Statements of Budget Organizations to determine whether they provide a true and fair view of the accounts and financial affairs for the audit period, whether the financial records, systems and transactions comply with applicable laws and regulations, and the appropriateness of internal controls and internal audit functions.<sup>16</sup>

## Existing Accountability Mechanisms of Budget Institutions for the Auditor General’s Recommendations

Kosovo Municipalities are institutions with their own competencies vested in them by the Constitution of Kosovo. They are run by the Mayor and the Municipal Assembly whose mandate derives from municipal elections held every four years. Municipalities as budget organizations (BOs) manage their own budget, which is funded by own-source revenues, government grants and donations. The Mayor presents the strategies, budget, reports and legal acts before the members in the Municipal Assembly for discussion and approval. Additionally, municipal legal

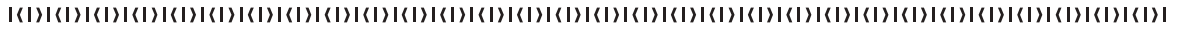
acts are subject to review by the Ministry of Local Government Administration, which has an obligation to ensure that delegated competencies are executed in accordance with the rules, criteria and standards established by the central government.

The work of the Auditor General and the National Audit Office is underpinned by the laws on ensuring good public financial management referred under “Legal Regulation of the Status of Auditor General”. According to the Law on Public Financial Management and Accountability (LPFMA) and the Law on the Auditor General and the National Audit Office (NAO), upon completion of the audits, all budgetary institutions, within thirty (30) days from the publishing of the Audit Report, shall deliver an action plan on how the institution will address the recommendations of the Auditor General. All audit reports, including those for municipalities, are also presented at the Assembly of Kosovo.<sup>17</sup> The Committee on Public Finance Oversight, at the Assembly of Kosovo, is responsible for reviewing all audit reports, including regularity and performance of financial expenses, as part of oversight of public funds, public agencies, public enterprises, and public institutions funded by the budget of the Republic of Kosovo. In the case of municipalities, the final audit reports are also submitted to the Municipal Assemblies.

Kosovo’s legal framework<sup>18</sup> includes several provisions that govern the accountability of budget institutions against the implementation of auditor’s recommendations. Under the current law on auditing, the NAO should notify the competent law enforcement authorities when it finds that there are legal violations. If this can be done without affecting the investigation, the most senior head of the institution subject to audit shall also be informed.<sup>19</sup> Further, according to LPFMA, the Chief Administrative Officer (Mayor/Head of Institution) is responsible for “notify-

14 Law No. 03/L-048 on Public Financial Management and Accountability (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2524>)  
15 Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=12517>)  
16 National Audit Office, Audit Reports: Audit Scope and Methodology  
17 Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo, Article 23 Audit Reports (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=12517>)  
18 Constitution of Kosovo, Law No. 03/L-048 on Public Financial Management and Accountability, Law No. 04/L-042 on Public Procurement in the Republic of Kosovo, Law 03/L-215 on Access to Public Documents.  
19 Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo, Article 24 Information to Law Enforcement Authorities





ing the Auditor General of any circumstances giving rise to a reasonable belief that there has been a violation – by any person or undertaking – of the present law, the FMC Rules or any other law.”<sup>20</sup>

The Law on the Auditor General and LPFMA does not foresee specific/adequate provisions for sanctioning municipalities if they fail to fulfill or address the recommendations arising from the Auditor General’s reports. Consequently, annual regularity reports of the Auditor General continue to reveal the same violations year-after-year and failure to address recommendations from the previous year, while the BOs remain immune to sanctioning. The State Prosecutor is the only authority that could act in cases of ongoing violations, by initiating criminal investigations against the Mayor and other officials who are required to implement the auditor’s recommendations.

However, the Law on Public Financial Management and Accountability and its subsequent amendments<sup>21</sup> address accountability and responsibilities regarding the systematic failures in public financial management. If during the operation of managerial oversight, internal controls, internal audit and /or external audit found that there was a systematic failure to perform the duty of a Chief Financial Officer<sup>22</sup> or Certifying Officer, Chief Administrative Officer<sup>23</sup> undertakes disciplinary measures up to dismissal of the person concerned by the respective positions.<sup>24</sup> Financial officials<sup>25</sup> dismissed in this way cannot be appointed as financial officials in any budget organization.<sup>26</sup>

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20 Law No. 03/L-048 on Public Financial Management and Accountability (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2524>)

21 Law No. 03/L-221, 10 August 2010; Law No. 04/L-116, 18 July 2012; Law No. 04/L-194, 07 August 2013; Law No. 05/L-063, 06 January 2016; Law No. 05/L-007, 21 April 2016;

22 Law No. 03/L-048, Article 12: Chief Financial Officer: paragraph 12.1 Each budget organization, autonomous executive agency and public undertaking shall have a Chief Financial Officer; Paragraph 12.4 Every CFO shall be responsible for the proper and lawful financial operations of the concerned budget organization, autonomous executive agency or public undertaking.

23 Law No. 03/L-48, Article 1 Definitions: “Chief Administrative Officer”- or “CAO” means (i) with respect to a municipality, its mayor, and (ii) with respect to other budget organizations: (a) its Permanent Secretary, (b) if it has no Permanent Secretary, its Chief Executive Officer, or (c) if it has neither a Permanent Secretary nor a Chief Executive Officer, the person who has principal day-to-day administrative authority over its operations and personnel. 10.1: A Chief Administrative Officer shall have principal legal responsibility for ensuring that his/her budget organization, autonomous executive agency or public undertaking, and its personnel, thoroughly and adequately comply with, observe and implement all applicable provisions of the present law and the FMC Rules. 10.2 A Chief Administrative Officer shall, inter alia, be specifically responsible for: a) establishing internal financial controls within the budget organization, autonomous executive agency or public undertaking in accordance with the FMC Rules; b) delegating functions associated with the collection and expenditure of public money in accordance with the FMC Rules; c) establishing an accountability framework for assessing and managing the performance of any personnel who are delegated such functions; d) establishing and applying internal disciplinary measures to remedy situations where personnel with such delegated functions are not performing such functions adequately or properly; and e) notifying the Auditor General of any circumstances giving rise to a reasonable belief that there has been a violation – by any person or undertaking - of the present law, the FMC Rules or any other law.

24 According to information received by KDI from MoF and MPA on 24 October 2018, to date there are no records of penalties or disciplinary action against Financial Officers for systematic failures in the fulfillment of responsibilities defined by the Law on Public Financial Management and Accountability.

25 Law No. 03/L-048 Article 1 Definitions: “Financial Officer”- means and includes a Chief Administrative Officer, an Internal Auditor, a Chief Financial Officer, a Procurement Officer and a Certifying Officer.







26 Law No. 03/L-048 Article 1 Definitions: “Budget organization”- means any public authority or public undertaking that directly receives under an Appropriations Law an appropriation that is not a component of a larger aggregate appropriation provided to another public authority or public undertaking.





## What do Audit Reports say and how are they addressed by the municipalities?

By comparing the 2017 reports of the Auditor General for targeted municipalities, this report notes that municipalities face systematic problems related to the management of public funds. The following table reflects the same or similar issues for specific activities for the six municipalities under review:

Municipality / Activity	Prizren	Suhareka/ Suva Reka	Ferizaj/ Uroševac	Lipjan/ Ljipljan	Podujeva/ Podujevo	Istog/Istok
						
<b>Budget execution</b>	Low level of budget execution	Low budget execution for capital investments	The Municipality of Ferizaj/Uroševac used 95% of the final budget, although there was a misclassification of expenditures in the amount of €434,732, which by nature belonged to goods and services but were incorrectly paid and reported under the category of capital investments. <sup>27</sup>	Low budget execution for subsidies and capital investments	Low level of budget execution for capital investments	Low level of budget execution for capital investments
<b>Procurement Planning</b>	<ol style="list-style-type: none"> <li>1. Payments for goods and services without procurement procedures</li> <li>2. Poor planning and poor management of contracts</li> </ol>		<ol style="list-style-type: none"> <li>1. Exceeding the value of the contract in relation to the budget for projects</li> <li>2. Payment of invoices using the budget of other projects</li> </ol>	Commitment of funds after signing the contract	<ol style="list-style-type: none"> <li>1. Deficiencies in the process of payments</li> <li>2. Entering into contracts without budgeted funds</li> </ol>	1. Signing contracts without budgeted funds for oncoming years

<sup>27</sup> Phone services, cleaning, health services, maintenance of street signs, etc.











Municipality / Activity	Prizren	Suhareka/ Suva Reka	Ferizaj/ Uroševac	Lipjan/ Ljipljan	Podujeva/ Podujevo	Istog/Istok
<b>Tender Procedures</b>	Deviation from regular procurement procedures	<ol style="list-style-type: none"> <li>1. Failure to meet the requirements of the tender dossier (professional criterion)</li> <li>2. Insufficient validation of the performance security</li> </ol>	<ol style="list-style-type: none"> <li>1. Weaknesses in procurement process</li> <li>2. Improper segregation of duties in procurement processes</li> </ol>	<ol style="list-style-type: none"> <li>1. Failure to assign responsibility between committees</li> <li>2. Breakdown of tenders and use of minimal value procedures</li> </ol>	<ol style="list-style-type: none"> <li>1. Deficiencies in setting the criteria in procurement activities</li> <li>2. Failure to comply with the procedure for confiscation of performance security</li> <li>3. Failure to comply with legislation upon establishment of evaluation committees</li> </ol>	
<b>Contract Management</b>	Systematic weaknesses in managing contracts for capital investments	<ol style="list-style-type: none"> <li>1. Poor management of contracts</li> <li>2. Lack of report (evidence) for provided services and failure to withhold the tax</li> <li>3. Receiving goods without committee in place</li> </ol>	Weaknesses in procurement and contract management	Delays in executing the capital projects		



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Municipality / Activity	Prizren	Suhareka/ Suva Reka	Ferizaj/ Uroševac	Lipjan/ Ljipljan	Podujeva/ Podujevo	Istog/Istok
						
<b>Payments</b>	Payment of penalties as a consequence of delays in settling liabilities		Lack of documentation for outstanding liabilities	1. Misclassification of expenditures as a result of payment for court execution  2. Improper management of liabilities	Direct payment from the Treasury	Payments carried out without sufficient evidence
<b>Implementation of NAO Recommendations from the Previous Year</b>	Low level of implementation of previous and previous year's recommendations	Low level of implementation of previous and previous year's recommendations	Low level of implementation of prior year recommendations	Low implementation of previous and previous year's recommendations	Low level of implementation of previous and previous year's recommendations	Low level of implementation of prior year recommendations
<b>Internal e Audit Unit</b>	Low level of implementation of IAU recommendations	Incomplete function of the Audit Committee	Low level of implementation of Internal Audit recommendations		The functioning of IAU	Limited Functioning of the IAU and AC
<b>Management controls and risk management</b>	Weaknesses in management controls and risk management	Weaknesses in management controls and risk management	Weaknesses in management controls and risk management	Weaknesses in management controls and risk management	Weaknesses in management controls and risk management	Weaknesses in management controls and risk management

The table above notes that municipalities have common problems regarding budget execution for capital investments, procurement processes, payment of liabilities, contract management, implementation of NAO recommendations, proper functioning of the Internal Audit Unit (IAU), and poor management controls and risk management.

# CONCLUSIONS AND RECOMMENDATIONS

Kosovo has several laws, regulations and administrative guidelines that address auditing and oversight of public funds. However, what is missing is legislation that provides specific measures to enhance accountability, and stipulates sanctions in case of failure to implement these laws. While not all the Auditor's findings are eligible for investigation by the prosecution, it is necessary to install mechanisms that ensure the implementation of recommendations, whether punitive measures, sanctions or even administrative measures. There are findings that make a recurring appearance in the reports of the National Audit Office (NAO) year after year. The same ones are also recorded in the reports covering 2017, in the respective municipalities.

The Auditor's reports reflect issues related to poor planning, budget execution, problems with estimation, assuming liabilities without a commitment of funds, delays in payment of invoices, minimal value procurement unbundling, etc. These can be considered as systematic problems recurring year after year. The following reports raise concerns about budget planning and execution, subsidy management, accounts receivable (AR) management, and procurement and billing procedures, or payments for goods and services and capital Investments.

## WITH PURPOSES OF IMPROVING CURRENT PRACTICES, THE NGO COALITION RECOMMENDS THE FOLLOWING:

- Mayors (chief administrative officers) of municipalities should implement the Law<sup>28</sup> on Public Financial Management and Accountabilities, specifically to undertake measures ranging from disciplinary action,<sup>29</sup> to dismissal,<sup>30</sup> for the systematic failures determined by the Auditor General, in conformity with the applicable laws.<sup>31</sup>
- The Ministry of Local Government Administration should increase the pressure on CAOs to implement the Law<sup>32</sup> on Public Financial Management and Accountability, specifically to undertake measures ranging from disciplinary action to dismissal for systematic failures determined by the Auditor General.
- The Ministry of Local Government Administration should decide on the allocation of grants based on the financial performance and management determined in the Auditor's Report.

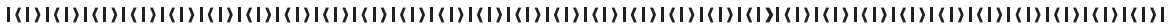
28 Law No. 04/L-194 on Amending and Supplementing Law No. 03/L-048 on Public Financial Management and Accountability, amended and supplemented by Laws No. 03/L-221 and No. 04/L-116, Article 9, rewording Article 14 of the basic law, namely paragraph 14.7

29 Regulation No. 04/2011 on Disciplinary Procedures in Civil Service

30 Regulation No. 01/2011 on Termination, Suspension and Ending of Employment in Civil Service

31 Law No.03/L-149 on the civil service of the Republic of Kosovo Chapter VIII

32 Law No. 04/L-194 on Amending and Supplementing Law No. 03/L-048 on Public Financial Management and Accountability, amended and supplemented by Laws No. 03/L-221 and No. 04/L-116, Article 9, rewording Article 14 of the basic law, namely paragraph 14.7



- The Public Procurement Regulatory Commission should initiate procedures for identifying the causes and legal amendments to address and accommodate an improvement in the current procurement system and initiate the amendment of current legislation to address the systematic procurement-related problems, minimal value procurements, and contract management.
- The Ministry of Finance should review current policies with the aim of preventing assumption of liabilities without a commitment of funds.
- The Ministry of Finance should review current policies for purposes of improving the situation with unsupported payments and loss of public funds as a result of delays in the settlement of liabilities and enforcement through enforcement procedures.
- Strengthen the role of the IAU at the BO, and demand accountability from the management against the recommendations issued by IAU in preparing timely action plans and adhering to the timelines for action plan implementation.
- In the area of security control, in areas identified as problematic, increase the involvement of the Internal Audit Unit with the purpose to identify and prevent potential violations, and to escalate follow-up inspections and address recommendations at a faster pace.

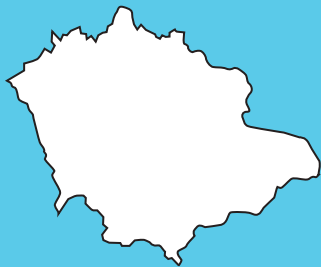


There are findings that make a recurring appearance in the reports of the National Audit Office (NAO) year after year. The same ones are also recorded in the reports covering 2017, in the respective municipalities.





# MUNICIPALITY OF PRIZREN



The Auditor's Opinion for the Municipality of Prizren for 2017 is an Unmodified Opinion with Emphasis of Matter."

AUDIT REPORT ON THE ANNUAL FINANCIAL  
STATEMENTS OF MUNICIPALITY OF PRIZREN FOR THE  
YEAR ENDED 31 DECEMBER 2017



## 1 Auditor General's Opinion<sup>33</sup>

According to the Auditor General, the Annual Financial Statements for the year ending on 31 December 2017 present a true and fair view in all material respects, however emphasis of matter is placed on the incorrect budgeting, execution and reporting of subsidies in the amount of €1,651,787, and the underestimation of unpaid liabilities.

## 2 Issues identified by the Auditor

- a. **Budget planning and execution** - The 2017 Auditor's Report shows that the municipality achieved a budget execution rate of 91%, however the report expresses concerns about the low execution of capital investments (86%), and goods and services (78%), of which 49% were incurred in the last quarter of the year. Another concern reflected in the report is the very low utilization of external donations, at a rate of only 28%.
- b. **Goods and services and utilities** - The final budget for goods, services and utilities in 2017 was €4,516,107. Of these, €3,540,051 or 78% were spent. According to the auditor's report, two issues related to this category were identified during the audit: irregularities in engaging staff for specific services<sup>34</sup>, and payments for goods and services without procurement procedure.<sup>35</sup>

- c. **Capital investments** - The final budget for capital investments was €16,263,660. Out of this amount, in 2017, €13,984,206 were spent, at the rate of 86%. Capital investments relate to the construction of roads, sewers, school buildings, etc. In the category of capital investments, the NAO report raises two issues as follows: systematic weaknesses in capital investment planning,<sup>36</sup> and payment of penalties because of delays in settling liabilities.<sup>37</sup>
- d. **Common issues for goods and services and capital investments** - The Auditor's reports reveal key issues in procurement procedures: poor planning and poor management of contracts,<sup>38</sup> initiating tender procedures in the absence of complete documentation and requirements, and deviating from the regular procurement procedures,<sup>39</sup> eliminating the cheapest economic operator.

33 Audit Report on the Annual Financial Statements of Municipality of Prizren for the year ended 31 December 2017

34 During 2017, the Municipality engaged 78 employees under special services contracts. The payment for these services was made from the category of Goods and Services. Out of eight cases audited by the NAO, all contracts were signed for regular job positions and not for experts in relevant fields

35 1) Payment for vehicle insurance in the amount of €4,000 was without procurement procedures, and 2) Under the vehicle maintenance contract, in the payment of €10,578 for the maintenance of vehicles, the Municipality paid the amount of €5,504 for items not foreseen in the contract.

36 "Old Transit", "Rehabilitation of Lumbardhi Riverbed", "Public Lighting Energy Efficiency", "Faradin Hoti Road Construction", "Construction of FMC in Gjonaj Village", "Procurement of GPSs for Surveying"

37 The auditor's report reveals a serious problem with the loss of public funds in the payment of penalties and enforcement costs as a result of assuming liabilities without securing funds. In the case of the "Construction of Vlashnje Sewage Treatment Plant", out of €593,290 transferred from Municipality to RWC Hidroregjioni Jugor, €387,078 were paid from the treasury as a fine. On this Project, another 28 payments were made directly from the treasury pursuant to court decisions and private enforcement agent actions, whereby the citizens of the Municipality of Prizren incurred losses of nearly half a million Euros (€429,015.00) in administrative and other enforcement expenses alone.

38 "Rehabilitation of the touristic environment in Cvilen" in the amount of €16,987, and "Repairs of the road from Restaurant Natyra to the Castle" in the amount of €6,900

39 "Supply of construction materials for the poor families"





### 3 Issue Comparison 2015-2017

According to the 2017 Auditor General's Report, 20 issues were raised, some of which were recurring issues and have been carried forward year after year. In 2016, 16 issues were recorded, and 19 issues were raised in 2015. Recurring issues are as follows: failure to implement previous year's recommendations, weaknesses in management controls and risk management, poor contract planning and management, systematic weaknesses in procurement, payment execution, weaknesses in registration of assets under €1,000 - e-Assets, addressing recommendations from the previous year. The following table reflects the recommendations of the NAO for the period 2015-2017.

## Issues identified by NAO 2015-2017 for the Municipality of Prizren

	2017	2016	2015
1	Low level of budget execution	Implementation of previous year's recommendations	Implementation of previous year's recommendations
2	Inadequate property tax revenue management	Self-Assessment questionnaire	Self-Assessment checklist
3	Irregularities in leasing municipal property	Lack of Strategic Development Plan	Failure to implement risk management requirements
4	Irregularities in the calculation of revenues for property tax and other revenues	Weaknesses in management controls	Weaknesses in management controls
5	Lack of Personnel Records	Poor follow-up on IAU recommendations	Lack of a Strategic Plan
6	Lack of evidence on overtime	Budget execution	Failure to implement IAU Recommendations
7	Irregularities in engaging staff for specific services	Property Tax	Budget execution
8	Payments for Goods and Services without procurement procedures	Revenues from the lease of municipal property	Systematic weaknesses in procurement





## Issues identified by NAO 2015-2017 for the Municipality of Prizren

	2017	2016	2015
9	Systematic weaknesses in managing contracts for Capital Investments	Signing contracts without procurement procedures	Payment without a clear legal basis
10	Payment of penalties as a consequence of delays in settling liabilities	Contract with price per unit and lack of executive projects	Payments without procurement procedure
11	Poor planning and poor management of contracts	Inventory and valuation of assets not in compliance with the Regulation	Special Service Contracts
12	Deviation from regular procurement procedures	Inoperable e-Assets system	Poor monitoring and lack of financial reporting
13	Weaknesses in the recording of assets under €1,000 - e-Assets	Lack of internal procedures on assets management	Shortcomings in reporting, planning and billing revenues
14	Delayed deposit of cash receipts	Continuous increase of Accounts Receivable and lack of measures to collect them	Revenues from the Waste sector
15	Increase in receivables	Failure to report liabilities in accordance with legal requirements	Weaknesses in concession and lease contracts
16	High level of liabilities and increase of contingent liabilities		Winner of the bid for using business premises with lower price
17	Low level of implementation of previous and previous year's recommendations		Failure to record and maintenance of assets
18	Low level of implementation of IAU recommendations		Lack of concrete measures for debt collection
19	Weaknesses in Management Controls and Risk Management		High level of liabilities and increase of contingent liabilities





## 4 Systematic Problems

During the period 2015-2017, the Auditor's report reflect systematic weaknesses in managing capital investment contracts, concluding public contracts outside the annual procurement plan in violation of the Public Procurement Law, and as a result of incorrect project planning incurring additional costs and introducing budget challenges for the Municipality, and implementing out-of-plan projects that could jeopardize the execution of planned projects and the achievement of defined objectives. In addition to regular liabilities, the Municipality also faces contingent liabilities, which at the end of 2017 amounted to €1,225,000.

## 5 Summary

The Municipality of Prizren faces various problems regarding money management and ensuring spending efficiency and economy. The Auditor's report reveals challenges ranging from planning, budget execution, tender procedures, contract management, payments, revenue collection, property records, and work hour records. For most municipal activities there is good communications and reporting between heads of units and the Mayor, with proper records, but strategic monitoring is lacking, and there is no formal and systematic reporting (monitoring) that links municipal objectives to results. Though the Municipality established a team for developing the strategic plan, it had neither drawn up the strategic plan nor compiled the list of risks it could encounter.

## 6

## Recommendations

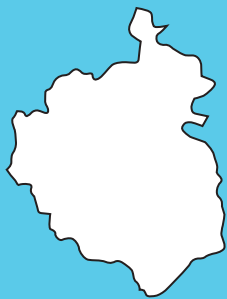
Based on the 2017 Auditor's reports, and with a view to a more positive report in the following year, we recommend the following:

1. The Mayor should strengthen as much as possible the Internal Audit Unit toward improved internal control.
2. The Internal Audit Unit should periodically audit the status of addressing audit recommendations, in addition to conducting *ad hoc* audits of activities identified as problematic.
3. The Mayor should pay attention to the strategies and management mechanisms to improve planning quality.





# MUNICIPALITY OF SUHAREKA/SUVA REKA



“The Auditor’s Opinion  
for the Municipality of  
Suhareka/Suva Reka for  
2017 is a Qualified Opinion  
with Emphasis of Matter.”

AUDIT REPORT ON THE ANNUAL FINANCIAL  
STATEMENTS OF MUNICIPALITY OF SUHAREKA/SUVA  
REKA FOR THE YEAR ENDED 31 DECEMBER 2017



## 1 Auditor General's Opinion<sup>40</sup>

The Annual Financial Statements for 2017 present a true and fair view in all material aspects, apart from misclassification of expenditures for subsequent wages of teachers on the occasion of their retirement in the amount of €154,679, which, pursuant to court decisions, have been executed and reported from the capital investments and goods and services. Expenditures for goods and services in the amount of €482,818 were wrongly budgeted and executed from the category of capital investments; and non-capital assets (with a value under €1,000) disclosed in statements as well as contingent liabilities were not correct and complete.

## 2 Issues identified by the Auditor

- a. Planning and budget execution** - Although the Municipality of Suhareka/Suva Reka spent 93% of the final budget for 2017, budget execution remains unsatisfactory due to the low budget execution for capital investments (85%), and the shortcomings in verifying taxable property, irregularities in property tax revenue management, and errors in the calculation of business fees.
- b. Goods and services and utilities:** The final budget for goods and services (including utilities) in 2017 was €1,395,200. Out of that amount, €1,239,825, or 89%, were spent. According to the annual report of contracts, 52 contracts were concluded for supplies and services in the amount of €1,075,112. Additionally, there were 29 minimal value procedures in the

amount of €22,546. According to the auditor's report, only one issue was raised in the category of goods and services related to the designation of tasks, where in the procurement procedure "Supply of Wood and Pellets - Lot 2", the contract manager assigned was the same official who was also a member of the tender evaluation committee, which is in contradiction to the legal provisions of the Law on Public Procurement.<sup>41</sup>

- c. Capital investments** The final budget for capital investments in 2017 was €4,908,385. Out of that amount, €4,167,361, or 85%, were spent. That relates to construction of local roads at the rate of 39% in the total of expenditures, followed by investments with 13%, investment maintenance 6%, and other items. The Auditor's report discloses only one concern regarding failure to meet the requirements of the tender dossier (professional criterion).<sup>42</sup>

- d. Common issues for goods and services and capital investments** - The common problems identified by the auditor in these categories are: insufficient validation of the performance security (for three contracts, the performance security did not cover the 30-day period from completion<sup>43</sup>), improper asset management<sup>44</sup>, and use of municipal property with expired contracts.<sup>45</sup>

40 Audit Report on the Annual Financial Statements of Municipality of Suhareka for the year ended 31 December 2017

41 Section 62.3, Item 7, Rules and Operational Guidelines of the Public Procurement, and Article 81 of the Law No. 04/L-042 on Procurement amended and supplemented by Law No. 04/L-237, Law No. 05/L-068 and Law No. 05/L-092, respectively.

42 In the procurement procedure "Repair and Maintenance of Local Roads", the Municipality introduced the professional criterion for securing an engineer based on the Notice of Contract, while the winning EO provided a Bachelor of Civil Engineering.

43 "Supply of Wood and Pellets - Lot 2"; "Repair and Maintenance of Local Roads" and "Construction of the Tourist Center in the village of Mushtisht - Amphitheater". Under Section 30.6 of the ROGPP, performance security shall remain valid for a period of thirty (30) days after the contract completion.

44 The Municipality had not performed the inventory of non-financial assets for 2017 according to Regulation No. 02/2013 for Management of Non-Financial Assets by Budget Organizations.

45 In five cases reviewed by the Auditor, contracts for the lease of municipal property had expired.










## **3** Issue Comparison 2015-2017

According to the Auditor's Report, the NAO has highlighted 14 issues for 2017, while in 2016 there were 10 issues raised, and in 2015 a total of 13 issues, and it is worth mentioning that in terms of municipal financial activity governance there are still areas where important actions are necessary. The following table reflects the recommendations of the NAO for the period 2015-2017.

### Issues identified by NAO 2015-2017 for the Municipality of Suhareka/Suva Reka

	2017	2016	2015
1	Weaknesses in controls to confirm proper classification of expenditures	Implementation of previous year's recommendations	Implementation of previous year's recommendations
2	Low budget execution for capital investments	Self-Assessment questionnaire	Self-Assessment checklist
3	Deficiencies in verifying tax properties	Strategic documents	Failure to implement risk management requirements
4	Irregularities in the calculation of revenues for property tax and other revenues	Implementation of IAU Recommendations	Weaknesses in Management Controls
5	Errors in the calculation of business fees	Weaknesses in budget execution and low spending of Own Source Revenues	Failure to implement IAU recommendations

## Issues identified by NAO 2015-2017 for the Municipality of Suhareka/Suva Reka

			
6	Weaknesses in the recruitment process for health care staff	Property tax	Weaknesses in procurement-based purchases
7	Improper segregation of duties	Poor controls on municipal leases	Cooperation and co-financing agreements with NGOs in violation of applicable regulations
8	Failure to meet the requirements of the tender dossier (professional criterion)	Teacher's personnel records	Travel expenses in violation of the Law and Administrative Instructions
9	Insufficient validation of the performance security	Asset management through e-Assets software	Irregularities in staff recruitment
10	Improper asset management	Handling of accounts receivable	Poor criteria in the regulation and lack of reporting from subsidy beneficiaries



## 4 Systematic Problems

According to the Auditor's report, the systematic problems faced by the Municipality of Suhareka/Suva Reka are: irregularities in the calculation of revenues for property tax and other revenues; improper asset management; and low budget execution for Capital Investments. The statement of outstanding liabilities to suppliers at the end of 2017 was €63,355. These liabilities were carried forward to be paid in 2018. The outstanding liabilities have dropped by 38% compared to the same period in the previous year.

## 5 Summary

Although the Municipality of Suhareka/Suva Reka is in good standing in terms of budget execution, the 2017 Auditor's report reveals some challenges related to accountability, risk management, and quality of management reporting. Effective response to audit recommendations and an active audit committee are not in place.

## 6

### Recommendations

1. The Mayor should engage in effectively addressing the implementation of external audit recommendations, in addition to implementing internal audit recommendations.





# MUNICIPALITY OF FERIZAJ/UROŠEVAC



“The Auditor’s Opinion  
for the Municipality of  
Ferizaj/Uroševac for 2017  
is a Qualified Opinion with  
Emphasis of Matter.”

AUDIT REPORT ON THE ANNUAL FINANCIAL  
STATEMENTS OF MUNICIPALITY OF FERIZAJ/  
UROŠEVAC FOR THE YEAR ENDED 31 DECEMBER 2017



## 1 Auditor General's Opinion<sup>46</sup>

The 2017 Annual Financial Statements present a true and fair view in all material aspects, save for the misclassification of expenditures in the amount of €434,732, which by nature belonged to Goods and Services. The Emphasis of Matter concerns payments for capital investments made pursuant to court decisions or private enforcement agent action in the amount of €690,292, which was not recorded in the assets register. This register included the residences owned by the Municipality, which were leased out. Further, the report states that the Accounts Receivable from construction permits in the amount of €446,279 were not disclosed accurately in the financial statements.

## 2 Issues identified by the Auditor

**a. Budget planning and execution** - According to the 2017 Auditor's Report, the Municipality of Ferizaj/Uroševac used 95% of the final budget for 2017, or €27,058,456. Some of the problems identified in the budget category are related to the issuance of decisions on construction permits without full fee payment, non-fulfillment of liabilities (rent) by users of municipal property, failure to settle liabilities (fees) with businesses, and employment of 40 teachers without vacancy announcement (public announcement).

- b. Goods and services and utilities** - There are two issues raised by the NAO regarding spending on Goods and Services: receiving goods without committee in place,<sup>47</sup> and lack of report (evidence) for provided services and failure to withhold tax.<sup>48</sup>
- c. Capital investments** - In terms of capital investments, the NAO's report highlights three identified issues, as follows: exceeding the value of the contract in relation to the budget for projects,<sup>49</sup> payment of invoices using the budget allocated for other projects,<sup>50</sup> and payment to an account other than that of the contracted operator.
- d. Common issues for goods and services and capital investments** - There are several issues as follows: weaknesses in contract management,<sup>51</sup> failure to use the e-Assets system, and lack of a warehouse.<sup>52</sup>

46 Audit Report on the Annual Financial Statements of Municipality of Ferizaj for the year ended 31 December 2017

47 Supply of burning wood "Beech" in the amount of €8,055

48 During the audit of three separate service contracts, totaling €2,071, the Municipality did not attach a report (evidence) on the performed works, justified by the direct supervisor.

49 In the case of the contract for the construction of the secondary school in Ferizaj, a three-year contract, No. 175 of 11/20/2017 in the amount of €1,803,727, the budget framework for capital projects was disregarded. Under the budget framework for capital projects, the value set for this project for three years was €570,000, hence the difference is €1,233,726.

50 In two projects NAO found that liabilities had been settled with funds allocated for other projects without any decision by the Municipal Assembly approving the changes in the budget.

51 In four capital projects, the NAO noted that the Municipality had failed to prepare a contract management plan. Additionally, in the contract for the maintenance of district heating for schools in the Municipality of Ferizaj, the NAO found failure to appoint a supervisory body of works.

52 The Municipality of Ferizaj does not use the "e-Assets" system to record non-financial assets under €1,000 and stocks.








### **3 Issue Comparison 2015-2017**




The auditor's report for 2017 highlights 17 issues, of which seven are recurring from previous years, in 2016 there were 29 recorded issues, whereas the 2015 Audit Report for the Municipality of Ferizaj/Uroševac noted 20 issues. The following table reflects the recommendations of the NAO for the period 2015-2017.

## **Issues Identified by NAO 2015-2017 for the Municipality of Ferizaj/Uroševac**

			
1	Issuing decisions on construction permits without full fee payment	Implementation of previous year's recommendations	Implementation of previous year's recommendations
2	Failure to fulfill liabilities (rent) from users of municipal property	Self-Assessment questionnaire	Self-Assessment checklist
3	Failure to settle liabilities (fees) with businesses	Strategic Plans	Failure to implement risk management requirements
4	Employment of 40 teachers without vacancy announcement (public announcement)	Weaknesses in management controls	Weaknesses in management controls
5	Receiving goods without committee in place	IAU and Audit Committee	Internal Audit and Audit Committee
6	Lack of report (evidence) for provided services and failure to withhold the tax	Budget execution	Budget execution
7	Exceeding the value of the contract in relation to the budget for projects	Failure to record property tax	Systematic weaknesses in procurement
8	Payment of invoices using the budget of other projects	Failure to apply interest rates for business fees	Deviation from procurement procedures



## Issues Identified by NAO 2015-2017 for the Municipality of Ferizaj/Uroševac

			
9	Making payments outside the account of the contracted operator	Failure to complete construction permit form	Purchase orders after receipt of invoices
10	Poor management of contracts	Deficient records on cadastre revenue	Lack of description of expenditures
11	Failure to use e-Assets and lack of a warehouse	Failure to collect rent from public property	Poor planning of cleaning services
12	Ongoing increase of uncollected receivables	Delays in updating payroll and other deficiencies	Payments under co-funding agreements
13	Lack of documentation for outstanding liabilities	Advances for utilities	Official luncheons
14	Low level of implementation of prior year recommendations	Obtaining stationary supplies mainly with high price	Special services
15	Low level of implementation of Internal Audit recommendations	Special service expenses	Systematic weaknesses in payroll process
16	Weaknesses in management controls and risk management	Discrepancies in municipal road maintenance reports	Weaknesses in awarding subsidies
17		Lack of fuel expenditure reports	Revenues from property tax, rents and business taxes
18		Gifts, gratuities and entertainment expenses	Incomplete asset records
19		Payments from incorrect code	Inadequate controls over collection of accounts receivable





## Issues Identified by NAO 2015-2017 for the Municipality of Ferizaj/Uroševac

	2017	2016	2015
20		Tender award not in compliance with contract terms	Incurring liabilities beyond budget appropriations
21		Withdrawal of performance security	
22		Making payments outside the account of the contracted operator	
23		Subsequent change of requirements for economic and technical capacities	
24		Payments for business financing	
25		Payments under co-funding agreements	
26		Failure to use e-Assets and lack of a warehouse	
27		Ongoing increase of uncollected debt	
28		Poor liability management	





## 4 Systematic Problems

The systemic problems faced by the Municipality of Ferizaj/Uroševac, according to the NAO report, are as follows: failure to use the e-Assets system and lack of a warehouse, and poor contract management. The Auditor's reports reflects that the Municipality failed to establish an effective system for collecting its revenues. As a result, it is challenged by the ongoing increase in accounts receivable, which at the end of 2017 amounted to €8,060,640. Additionally, out of 58 samples tested from the report of outstanding liabilities, in five the Municipality was unable to provide the necessary documentation for audit. Their total value was €125,000. Failure to provide audit documents represents a limitation in scope.

## 5 Summary

There are several governance weaknesses at the Municipality, particularly with regard to accountability, risk management, and management reporting quality. Effective response to audit recommendations and the operation of a quality internal audit system related to recommendation implementation are not in place. There are no quality reports prepared by procurement regarding the execution of signed contracts compared to procurement planning. Reports to the management from the legal office on contingent liabilities are missing. Financial management and control has provided an inadequate process of review and assurance in the implementation of legislation and other control processes. Since 2015, the Municipality consistently faces recurring systematic issues raised by auditors of the NAO, such as a low level of implementation of recommendations from previous years, weaknesses in management controls and risk management, failure to settle liabilities (rent) by users of municipal property, failure to settle liabilities (fees) from businesses, failure to use the e-Assets system, and lack of a warehouse.

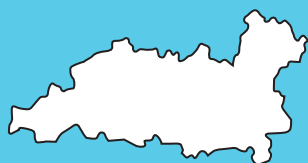
## 6

### Recommendations

1. The Mayor should analyze the reasons for the Qualified Opinion and Emphasis of Matter in 2017, and identify the actions required to allow for the proper classification of expenditures, in addition to ensuring all assets are recorded in the accounting records.
2. The Mayor should conduct a review of the procurement process and financial management and controls to identify the reasons for the weaknesses and to determine the actions needed to address them.
3. The Mayor should implement a strict process to ensure that the implementation of recommendations from the previous year is pursued actively, where key issues/progress is reported to management on a monthly basis.
4. The Mayor should ensure that governance arrangements are critically reviewed, to make sure that adequate changes are made to improve accountability and management reporting arrangements to enhance operational effectiveness (see Issues 16-17).



# MUNICIPALITY OF LIPJAN/LJIPLJAN



“The Auditor’s Opinion for  
the Municipality of Lipjan/  
Ljipljan for 2017 is an  
Unmodified Opinion.”

AUDIT REPORT ON THE ANNUAL FINANCIAL  
STATEMENTS OF MUNICIPALITY OF LIPJAN/LJIPLJAN  
FOR THE YEAR ENDED 31 DECEMBER 2017



## 1 Auditor General's Opinion<sup>53</sup>

The NAO provided an Unmodified Opinion in its report, where the Annual Financial Statements for 2017 present a true and fair view in all material aspects. As a Key Audit Matter, the report notes that of the €3.9 million under accounts receivable (AR) some receivables had been carried forward for more than five years. For example, ARs for business license fees in the amount of €0.5 million has been carried over and the likelihood of collecting is minimal. Further, given that property tax revenues make up about 45% of municipal revenues, ARs from this category have increased by 15%, which represents a risk for future funding from the revenues of this category. Further yet, during 2017 and earlier the Municipality was sued for considerable amounts (over €600,000) by both economic operators and citizens. In the event the court finds in favor of the operators, the BO is expected to suffer serious financial loss. The Municipality should pay special attention to the handling of contingent liabilities, especially in recording and assessment.

## 2 Issues identified by the Auditor

a. **Budget planning and execution:** Although budget execution for 2017 was satisfactory (91%), in terms of budget planning and execution the NAO in its report raised issues related to the low budget implementation for subsidies (77%) and capital

investments (83%) as a result of the lack of regular monthly budget analysis of the budget versus target projects, and the cancellation of projects as a result of court decisions mainly on salaries of teachers hired in 2013.

b. **Goods and services and utilities:** The auditor has raised the issue of weaknesses in the procurement process. The auditor's report shows that there is a large number of procurements carried out through procedures of minimal value to avoid the application of open procedures.<sup>54</sup> The procurement procedure for "*Supply with wood for heating at schools, MFMC and supply with pellets for the House of Culture*" in the amount of €123,821, the notice of contract signing was published on 10/03/2017 or 30 days after the actual signing of the contract (09/04/2017); and in two cases, the statement of needs and determination of availability of funds for procurements "*Food Supply for QEAP – Kindergarten Lipjan*" and "*School Days*" in the amount of €82,473 were signed by responsible officials 10 days after the tender evaluation report.

c. **Capital investments** - In this budget category, the Auditor identified weaknesses in procurement and contract management related to poor planning,<sup>55</sup> contract management,<sup>56</sup> non-compliance with legal provisions regarding contract modifications,<sup>57</sup> and problems during the tender evaluation process.<sup>58</sup>

53 Audit Report on the Annual Financial Statements of Municipality of Lipjan for the year ended 31 December 2017

54 During 2017, the Municipality concluded 85 contracts with a minimal value of €55,308.

55 The Procurement for the project "Asphalting the road from Dobratin - Sllovi and Rruga e Kuqe in Sllovi village" in the amount of €14,755 was executed outside of the procurement plan, in addition to having the works for road pavement contracted in the winter season that made the execution of this contract impossible.

56 In the procurement procedure "Construction of LSPS - Nezë Bujani – in Bujan - a separate school division of Bregu i Zi", an official from the Department of Public Services was assigned as oversight body both by decision and contract management plan, however oversight reports (executed work status) are signed by two other officials from this sector.

57 In four cases, the Procurement Department approved the requests of contract managers to extend the duration of the works. Also, in four other cases, it approved changes to the estimate. These changes were not carried out in accordance with the Procurement Operational Guidelines, which under Section 61.23 provide that a such changes shall be subject to prior approval from the Chief Administrative Officer;

58 In two cases the municipality announced as a winner an Economic Operator that did not meet the criteria specified in the tender dossier (requirements for technical and professional capacities). The project "Construction of Elementary School, Nezë Bujani – in Bujan, a separate school division of Bregu i Zi" required an architecture engineer, while the winning economic operator provided a Bachelor of Architecture. Additionally, the procurement for "Construction of Economic Zone - Industrial Park, in Qylagë - Phase II" required a civil construction engineer, while the winning operator provided a Bachelor of Civil Construction.





- d. **Common issues for goods and services and capital investments** - The NAO Report reflects two common issues between these budget activities: commitment of funds after signing the contract<sup>59</sup> and improper segregation of duties in procurement processes.

### 3 Issue Comparison 2015-2017

The Audit Report on the 2016 AFS of the Municipality of Lipjan/Ljipljan resulted in 16 recommendations. At the end of the 2017 audit, six recommendations had been implemented, four were in process, and six had not been addressed yet. Further, 11 recommendations were carried forward (four unimplemented and seven others were in process) from 2015. These recommendations are yet to be implemented and some are recurring in 2017. The following table reflects the recommendations of the NAO for the period 2015-2017.

## Issues identified by NAO 2015-2017 for the Municipality of Lipjan/Ljipljan




	2017	2016	2015
1	Low budget execution for subsidies and capital investments	Implementation of previous year's recommendations	Implementation of previous year's recommendations
2	Misclassification of expenditures as a result of payment for court execution	Self-Assessment questionnaire	Self-Assessment checklist
3	Poor verification of registered properties	Strategic documents	Failure to implement risk management requirements
4	Miscalculation of revenues	Implementation of IAU recommendations	Weaknesses in management controls
5	Irregularities in reviewing requests for construction and environmental permits	Budget execution on capital investments	Functioning of IAU and Audit Committee

<sup>59</sup> "Construction of the LSPS school - Nezë Bujani – in Bujan, a separate school division of Bregu i Zi" in the amount of €148,392, "Maintenance of asphalted roads in the Municipality of Lipjan" in the amount of €115,707; and "Food Supply to QEAP - Kindergarten in Lipjan and School Days"





## Issues identified by NAO 2015-2017 for the Municipality of Lipjan/Ljipljan

			
6	Weaknesses in recruitment process	Property tax	Budget execution
7	Weaknesses in procurement process	Poor controls on municipal leases	Systematic weaknesses in procurement
8	Weaknesses in procurement and contract management	Inadequate application of fees for construction permits	Non-systematic procurement weaknesses
9	Insufficient validation of the performance security	Asset management through e-Assets software	Irregularities in staff recruitment
10	Improper asset management	Handling of accounts receivable	Poor criteria in the regulation and lack of reporting from subsidy beneficiaries





## 4 Systematic Problems

According to the Auditor's reports, the systematic problems in the Municipality of Lipjan/Ljipljan are as follows: poor verification of registered properties, miscalculation of revenues, irregularities in property tax management, entering into contractual obligations without a commitment of funds, contract management weaknesses, and problems with outstanding liabilities.

## 5 Summary

There are several governance weaknesses at the Municipality of Lipjan/Ljipljan, particularly with regard to accountability, risk management and management reporting quality. Other arrangements that would support the development of governance, as an effective response to audit recommendations, remain challenging for the Municipality. Additionally, among matters that were subject to audit in 2017, there were two invoices<sup>60</sup> appearing in the report of outstanding liabilities, which despite the continued demand by the NAO, were not provided.

<sup>60</sup> EO Standard Benz in the amount of €306 and EO Ipko in the amount of €1,906



## 6

## Recommendations

1. The Mayor should ensure that the process of preparing the 2018 Financial Statements includes a final review by the responsible management, and the Financial Statements Declaration is signed only after all necessary actions have been implemented.
2. The Mayor should implement a strict process to ensure that the recommendations from the previous year are pursued actively, where key issues/progress is reported to management on a monthly basis.
3. The Mayor should ensure that governance arrangements are critically reviewed, and appropriate actions are taken to improve accountability and management reporting arrangements on all issues identified in this report.





# MUNICIPALITY OF PODUJEVA/PODUJEVO



“The Auditor’s Opinion  
for the Municipality of  
Podujeva/Podujevo for  
2017 is a Qualified Opinion  
with Emphasis of Matter.”

AUDIT REPORT ON THE ANNUAL FINANCIAL  
STATEMENTS OF MUNICIPALITY OF PODUJEVA/  
PODUJEVO FOR THE YEAR ENDED 31 DECEMBER 2017





## 1 Auditor General's Opinion<sup>61</sup>

Unmodified Opinion with Emphasis of Matter - In the opinion of the Auditor, the Annual Financial Statements for 2017 present a true and fair view in all material aspects, with an Emphasis on Matter that the disclosed information in the Annual Financial Statements regarding Assets and Accounts Receivable are not correct.

## 2 Issues identified by the Auditor

**a. Budget planning and execution** - The Auditor's Report for 2017 shows an increase in the initial budget by 5% or €983,155 as a result of revenues carried forward from the previous year and Government funds. Additionally, the Municipality spent 91% of the final budget. However, there are concerns expressed in the report about the low performance of capital investments (78%), whereby the auditor states that 61% of the budget for this category was spent in the last quarter of the year, and 36% in December 2017 alone, because of delays in procurement procedures and performance of works.

**b. Goods and services and utilities:** In this budget category, the Auditor identified deficiencies in the payment process. In three cases in the amount of €40,744, the auditor noticed that the invoice payments were not executed within 30 days but were delayed up to six months until processed to be executed for payment. In the project "Equipment for School Maintenance", in the amount of €5,753, a three-member committee was appointed to accept the goods, while the acceptance was conducted by only two members.

**c. Capital investments:** The 2017 Auditor's Report discloses some problems in the category of capital investments, such as – execution of payments without acceptance of goods,<sup>62</sup> entering into contracts without budgeted funds,<sup>63</sup> failure to assign responsibility between committees,<sup>64</sup> as well as the allocation of tenders and use of minimal value procedures.<sup>65</sup>

**d. Common issues for goods and services and capital investments:** In both categories, the auditor has identified problems in project implementation and the failure to apply penalties foreseen in the contract.<sup>66</sup>

61 Audit Report on the Annual Financial Statements of Municipality of Podujeva for the year ended 31 December 2017

62 For the project "Inventory Supply for the new Municipal Facility" in the amount of €74,092, the Municipality executed the first payment in the amount of €61,124 in December 2017. The amount for the inventory that was not in the facility, yet had been paid for, was €52,384.

63 For the project "Asphalting of several roads in village Revuça", the contract was signed in the amount of €91,463, while the commitment was only €35,000; and for the project "Asphalting of several roads in village Shtedim", the contract was signed in the amount of €131,663, while budgeted and committed were only €90,000.

64 During the tender procedure for "The Statue of the Hero Ali Ajeti", the Municipality had appointed a professional committee for the evaluation of project (original exemplar of the statue), and the same committee evaluated the bidder's suitability as well, which is in contradiction with the provisions of Law No. 04/L-042 amended and supplemented by Law No. 04/L-237, Law No. 05/L-068 and Law No. 05/L-092.

65 Of 209 signed contracts through tender procedures, 68 (32%) were concluded according to the minimal value procedure, and 41 (20%) with price quotation. During 2017, there were 23 procurement procedures for the design of various projects implemented according to the minimal value or price quotation procedure totaling €106,996.

66 "Asphalting of several roads in the Bajgora Neighborhood", and "Asphalting of road in Obranca Village", "Greenhouse Construction"



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### 3 Issue Comparison 2015-2017

In the auditor's report for 2017, there are 22 highlighted issues, of which eight are from the previous year. According to the auditor's recommendations for 2016, three recommendations were implemented, six were in process, and eight were not yet addressed. The following table reflects the recommendations of the NAO for the period 2015-2017.

## Issues identified by NAO 2015-2017 for the Municipality of Podujeva/Podujevo

	2017	2016	2015
1	Low Level of budget execution for capital investments	Implementation of previous year's recommendations	Implementation of previous year's recommendations
2	Direct payment from the Treasury	Self-Assessment questionnaire	Self-Assessment checklist
3	Ineffectiveness in revenue collection	Weaknesses in management controls	Failure to implement risk management requirements
4	Stagnation in rent revenues	Functioning of IAU and Audit Committee	Weaknesses in management controls
5	Failure to update property tax data	Budget execution	Functioning of IAU and Audit committee
6	Compensation of wages and budgeting of coefficients	Deficiencies in the Regulation on Revenues and lack of compliance with AI	Budget execution
7	Special service agreements	Challenges in managing municipal property	Systematic weaknesses in procurement
8	Failure to fill the position of the Head of Procurement	Weaknesses in career appointment Acts, staff remuneration and recruitment	Special service contracts
9	Deficiencies in the process of payments	Special service contracts	Lack of evidence when selecting beneficiaries

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## Issues identified by NAO 2015-2017 for the Municipality of Podujeva/Podujevo



10	Award of subsidies and transfers	Weaknesses in management of subsidies	Property Tax
11	Execution of payments without acceptance of goods	Systematic weaknesses in procurement	Revenues from the lease of municipal property
12	Entering into contracts without budgeted funds	Direct payments from the Treasury for capital investments	Revenues from Business Fees
13	Failure to assign responsibility between committees	Incomplete recording of assets and inventory	Incomplete recording of assets and inconsistencies with the Regulation on Asset Management
14	Breakdown of tenders and use of minimal value procedures	Debts from the lease of municipal property	Lack of protocol for recording invoices
15	Delays in executing the capital projects	Debts from Business Fees	
16	Weaknesses in asset management and reporting	Liability Reporting	
17	Lack of concrete measures for debt collection		
18	Recording and reporting of liabilities		
19	Low level of implementation of previous and previous year's recommendations		
20	The functioning of IAU		
21	Weaknesses in management controls and risk management		





## 4 Systematic Problems

According to the Auditor's reports, the problems in the Municipality of Podujeva/Podujevo are as follows: low level of budget execution, weakness in management controls, low level of recommendation implementation, shortcomings related to IAU operations, failure to settle liabilities related to municipal leases, lack of concrete measures for debt collection, weaknesses in reporting liabilities, failure to verify one third of municipal property.

## 5 Summary

There are several deficiencies regarding governance within the Municipality, especially in relation to the incomplete implementation of recommendations from the previous year, budget execution and the signed contracts, and modest initiative for the collection of revenues.

According to the Law on Spatial Planning, the local level planning is conducted through three documents: Municipal Development Plan; Municipal Zoning Map; and Detailed Regulatory Plans. During 2017, the Municipality had a Municipal Development Plan 2016-2025, including a calculation of cost for its implementation and timelines for achieving the objectives. This Strategy was assessed merely informally. Additionally, the Municipality also had

an Urban Development Plan 2012-2022. Currently, the Municipality has prepared for the Zoning Map as an initial document for the development of the strategy, to be followed with the development of the new Municipal Development Plan. Further, the Municipality has developed the Urban Regulatory Plan "Zona Qendër", where responsible persons have been appointed and the necessary budget has been allocated.

During 2017, the Municipality paid in total €242,263 on invoices of previous years, while annual financial statements reflect a declaration of only €210,161 at the end of the 2016 fiscal year as unpaid invoices. This means that the liabilities for 2016 are under-declared by at least €32,103; and in 2017 the Municipality failed to declare three liabilities owed to suppliers totaling €1,019.

Despite the directives of Regulation 02/2010 on Recruitment Procedures in Civil Service, Article 4, stipulating that in the event there are no candidates from existing civil servants, then an open recruitment procedure be conducted, the Municipality did not fill the position of the Head of Procurement until January 2017, when the former retired Head was hired on the basis of a Special Service Agreement as a procurement expert, and the Mayor authorized a procurement officer to sign contracts until the selection of the Head of Procurement was completed. According to the applicable laws, such contracts should not exceed a six-month period of duration.

## 6

### Recommendations

1. The Mayor should ensure that the process of budget preparation and planning is in line with citizens' needs and execution deadlines, to avoid delays in project implementation.
2. The Mayor should fill the position of the Head of Procurement according to the applicable laws.
3. The Mayor should ensure that recommendations from the previous year are actively addressed.
4. The Mayor should ensure that governance arrangements are critically reviewed, and appropriate actions are taken to improve accountability and management reporting arrangements.







“The Auditor’s Opinion for the Municipality of Istog/Istok for 2017 is an Unmodified Opinion with Emphasis of Matter.”

AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF MUNICIPALITY OF ISTOG/ISTOK FOR THE YEAR ENDED 31 DECEMBER 2017



## 1 Auditor General's Opinion<sup>67</sup>

In the Auditor's opinion, the Annual Financial Statements for 2017 present a true and fair view in all material aspects, in accordance with the International Public-Sector Accounting Standards, Law No. 03/L-048 on Public Financial Management and Accountability, and Regulation MoF, No. 01/2017 on Annual Financial Statements of Budget Organizations. However, as an Emphasis of Matter, the Auditor notes that some of the expenditures have been budgeted and spent in inadequate categories.

## 2 Issues identified by the Auditor

**a. Budget planning and execution** - According to the 2017 Auditor's report, the Municipality used 90% of the final budget or €8,853,886. The final budget is higher than the initial budget by €468,544. This increase is a result of donations and revenues carried forward from the previous year, totaling €412,639. Budget execution for goods and services was 86%, while in the category of subsidies and transfers it was 88%. Although in the category of capital investments there was an increase of €347,824 compared to the initial budget, due to delays in project kick-offs, only 76% of the budget was spent.

**b. Goods and services and utilities** - The final budget for goods, services and utilities in 2017 was €893,054. Budget execution for goods and services was 86%, while in the category of subsidies and transfers it was 88%. According to the Report, the Municipality planned 48 procurement activities, but significantly exceeded this number by executing 67 activities. Some of the activities that had not been planned mainly relate to minimal value contracts. The Auditor has no recommendations in this area.

**c. Capital investments** - A challenge for the Municipality remains the low level of budget execution in the category of capital investments, at the rate of only 76%, resulting in a surplus of over €600,000. The low level of execution was mainly due to delays in the conduct of procurement procedures. According to the Auditor's report, the Municipality planned 76 procurement activities, but carried out 88 activities, or 12 more than planned. In this budget category, the auditor's report highlights problems such as entering into liabilities without available funds,<sup>68</sup> deficiencies in setting criteria for procurement activities,<sup>69</sup> failure to comply with the procedure for forfeiture of performance security,<sup>70</sup> and signing contracts without budgeted funds for upcoming years.<sup>71</sup>

**d. Common issues for goods and services and capital investments** - Some of the common issues identified by the auditor are failure to comply with legislation in the establishment of evaluation committees,<sup>72</sup> and payments carried out without sufficient evidence.<sup>73</sup>

67 Audit Report on the Annual Financial Statements of Municipality of Istog for the year ended 31 December 2017

68 The Municipality has started the construction of 10 houses under the project "Construction of Homes for the Homeless in the Municipality of Istog", by exceeding the available budget of €95,000 by €11,790.

69 "Oversight of capital projects" - one of the requirements was for the Project Manager to have three years of work experience. However, under required evidence, it was not specified what type of evidence is required to document work experience, therefore, the committee during the evaluation of bids accepted the CV alone as evidence of work experience, without securing sufficient evidence to document work experience, and signed the contract under the same bid.

70 In the procurement activity for the construction of the local road "Selman Tahirsylaj" in village Lluga, the Municipality did not confiscate the tender performance security from the EO who withdrew its bid, after the evaluation committee had recommended awarding the contract to this EO. Performance security was in the amount of €3,000.

71 "Asphalting of local road Selmon Tahirsyla, village Lluga" and "Pouring concrete on Vrell - Prigode Irrigation Canal".

72 The Municipality of Istog, in the beginning of 2017, approved a list of 20 staff members who were engaged as needed in various committees, either for opening or evaluation of bids, without a prior decision by the Chief Administrative Officer.

73 A payment in the amount of €638 for "Establishment of a Unified Address System in the Municipality of Istog" was carried out without proof of service delivery; and a payment in the amount of €15,000 for "Maintenance of Local Roads in the Municipality of Istog" was carried out based on the report of executed works prepared by the committee, without any specific indication of roads and the quantity of works executed.





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### 3 Issue Comparison 2015-2017




The auditor report on the 2016 AFS of the Municipality of Istog/Istok resulted in 16 recommendations. At the end of the 2017 audit, only four recommendations had been implemented in full, four were in process, and eight had not been addressed yet. Additionally, 13 recommendations were carried forward from 2015, and in 2017, one had been implemented, two other recommendations were in process, and 10 had not yet been implemented. The following table reflects the recommendations of the NAO for the period 2015-2017.

### Issues identified by NAO 2015-2017 for the Municipality of Istog/Istok

	2017	2016	2015
1	A part of the expenditures has been budgeted and spent in inadequate categories	Incorrect presentation of financial statements according to International Public-Sector Accounting Standards - Financial Reporting under the Cash Based Accounting	Implementation of previous year's recommendations
2	Low level of budget execution for capital investments	Implementation of previous year's recommendations	Self-Assessment checklist
3	Failure to verify the current status of properties	Self-Assessment questionnaire	Failure to implement risk management requirements
4	Inadequate management of leased municipal properties	Lack of Strategic Development Plans and other plans	Weaknesses in management controls
5	Weaknesses in hiring staff under special service agreements	Weaknesses in management controls	Functioning of IAU and Audit Committee
6	Entering into liabilities without available funds	IAU Failure to fulfill the Audit Plan	Systematic weaknesses in procurement
7	Deficiencies in setting the criteria in procurement activities	Budget execution	Nonsystematic procurement weaknesses

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## Issues identified by NAO 2015-2017 for the Municipality of Istog/Istok

			
8	Failure to comply with the procedure for confiscation of performance security	Leasing of agricultural land	Payments under special service agreements and contracts
9	Signing contracts without budgeted funds for oncoming years	Failure to approve construction permits on time	Failure to reconcile job positions between contracts and payroll
10	Failure to comply with legislation upon establishment of evaluation committees	Failure to verify the current status of properties	Lack of evidence when selecting beneficiaries
11	Payments carried out without sufficient evidence	Contracts outside the procurement plan and lack of committed funds	Property tax
12	Deficiencies in asset management	Entry into Contract with a non-responsive bidder	Revenues from the lease of municipal property
13	Delays in paying invoices and failure to report liabilities	Failure to apply the Construction Book	Incomplete recording of assets and inconsistencies with the Regulation on Asset Management
14	Low level of implementation of prior year recommendations	Misclassification under economic codes	Poor management of accounts receivable
15	Limited Functioning of the IAU and AC	Deficiencies in asset management	Failure to report outstanding liabilities in accordance with Treasury Regulation
16	Weaknesses in management controls and risk management	Delays in paying invoices and failure to report to MoF	

## 4 Systematic Problems

According to Auditor's reports, the problems that systematically recur year after year relate to asset management, procurement procedures, and provision of quality control and accountability mechanisms.

## 5 Summary

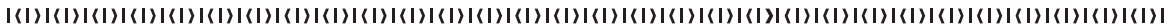
The recommendations from the previous year did not receive a proper response, only a part of them were implemented, although some of the recommendations are underway in terms of implementation. There are shortcomings in the proper classification of expenditures and asset registration. Although the 2017 annual financial statements present a true and fair view, some issues have been highlighted in the Auditor's report as systematic problems in municipal financial operations.

The statement of outstanding liabilities to suppliers at the end of 2017 was €122,635. These liabilities were carried forward to be paid in 2018. The assumption of liabilities incurred mainly due to poor controls in terms of liability reporting and payment. The issue of delays in paying invoices and failure to report liabilities relates to where the Municipality had been late in executing seven payments to suppliers for invoices/liabilities that amounted to €12,772. The Law on Public Financial Management, Article 39, establishes the deadline for payment no later than 30 days from the receipt of invoice. Further, during 2017 the Municipality of Istog/Istok has not reported any outstanding liabilities to MoF, according to Regulation No. 02/2013, which requires the Municipality to report monthly on invoices received and pending.

## 6

### Recommendations

1. The Mayor should ensure that a detailed evaluation is undertaken to determine the causes of emphasis of matter, and specific actions to address underlying causes.
2. The Mayor should engage in effectively addressing the implementation of both external and internal audit recommendations, as areas that the Municipality should prioritize in terms of more effective governance.
3. The Mayor should pay close attention to the systematic problems related to public procurement, such as entering into contracts without commitment of funds, awarding contracts to non-responsive operators, and payments without sufficient evidence.



# EXPLANATION OF THE DIFFERENT TYPES OF OPINION APPLIED BY NAO<sup>74</sup>

*(Excerpts from Audit Reports, Appendix 1)<sup>75</sup>*

**Unmodified Opinion:** If it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

**Modified Opinion:** If the auditor concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

**Emphasis of Matter:** If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

THE AUDITORS MAY PROVIDE THREE TYPES OF MODIFIED OPINIONS:

**Qualified Opinion:** (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

**Adverse Opinion:** having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

**Disclaimer of Opinion:** having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

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<sup>74</sup> ISSAI 200

<sup>75</sup> Regularity Audit Reports of the National Audit Office

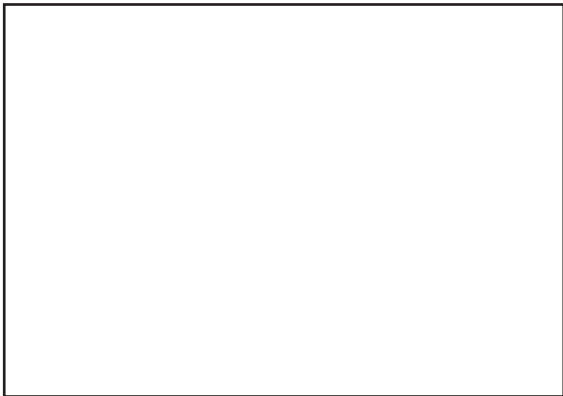




# LIST OF AUDIT REPORTS:

- Audit Report on the Annual Financial Statements of Municipality of Prizren for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit\\_KPZ\\_2017\\_Eng.pdf](http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit_KPZ_2017_Eng.pdf))
- Audit Report on the Annual Financial Statements of Municipality of Suhareka for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit\\_KSU\\_2017\\_Eng.pdf](http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit_KSU_2017_Eng.pdf))
- Audit Report on the Annual Financial Statements of Municipality of Ferizaj for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit\\_KFE\\_2017\\_Eng-1.pdf](http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit_KFE_2017_Eng-1.pdf))
- Audit Report on the Annual Financial Statements of Municipality of Lipjan for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit\\_KLIP\\_2017\\_Eng.pdf](http://www.zka-rks.org/wp-content/uploads/2018/06/RaportiAuditimit_KLIP_2017_Eng.pdf))
- Audit Report on the Annual Financial Statements of Municipality of Podujeva for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit\\_KPD\\_2017\\_Eng.pdf](http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit_KPD_2017_Eng.pdf))
- Audit Report on the Annual Financial Statements of Municipality of Istog for the year ended 31 December 2017 ([http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit\\_KIS\\_2017\\_Eng-1.pdf](http://www.zka-rks.org/wp-content/uploads/2018/05/RaportiAuditimit_KIS_2017_Eng-1.pdf))







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