AUDIT REPORT
ON THE ANNUAL FINANCIAL REPORT OF THE TAX ADMINISTRATION OF KOSOVO FOR
THE YEAR ENDED 31 DECEMBER 2016

Prishtina, June 2017
The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control which, according to the Constitution and domestic laws, enjoys functional, financial and operational independence. The National Audit Office undertakes regularity and performance audits and is accountable to the Assembly of Kosovo.

Our Mission is to contribute to sound financial management in the public administration. We perform audits in line with internationally recognized public sector auditing standards and good European practices.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers’ of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers’ and other stakeholders’ interests in enhancing public accountability.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Tax Administration of Kosovo in consultation with the Assistant Auditor General, Valbon Bytyqi, who supervised the audit.

The opinion and report issued are a result of the audit carried out by Blerim Kabashi (Team Leader) and Lindita Ajeti and Fanol Hodolli (Team Members) under the management of the Head of Audit Department, Emine Fazliu.
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Executive Summary

Introduction

This report summarises the key issues arising from our audit of the 2016 Annual Financial Report of the Tax Administration of Kosovo, which determines the Opinion given by the Auditor General. The examination of the 2016 financial statements was undertaken in accordance with the International Standards on Supreme Audit Institutions. Our approach included such tests and procedures as we deemed necessary to arrive at an opinion on the financial statements. The applied audit approach is set out in our External Audit Plan dated 14.11.2016.

Our audit focus (detailed in Annex 1) has been on:

The level of work undertaken by the National Audit Office to complete the 2016 audit is a direct reflection of the quality of internal controls implemented by the Management of the Tax Administration of Kosovo.

Opinion of the Auditor General

Unmodified Opinion

The Annual Financial Statements present a true and fair view in all material aspects.

For more, please refer to Section 1.1 of this report.

Annex II explains the different types of Opinions applied by the National Audit Office.

We thank the Director General and his support staff for the cooperation during the audit process.

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1 The term External Audit Plan replaces the term Audit Planning Memorandum
### Key Conclusions and Recommendations

<table>
<thead>
<tr>
<th>Conclusion</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The annual financial statements, including reporting requirements, have</td>
<td>We have no recommendations in this area.</td>
</tr>
<tr>
<td>been prepared according to the applicable legislation.</td>
<td></td>
</tr>
<tr>
<td>Implementation of prior year's recommendations was not at satisfactory</td>
<td>The Director General should ensure that implementation of the action plan by the persons responsible</td>
</tr>
<tr>
<td>level and some of them were not implemented.</td>
<td>to fully implement AG recommendations within the set deadlines is continuously followed up</td>
</tr>
<tr>
<td></td>
<td>(see issue 1).</td>
</tr>
<tr>
<td>Incomplete functioning of the new organisation scheme. Following the</td>
<td>The Director General should ensure that necessary actions are taken to eliminate barriers in MPA</td>
</tr>
<tr>
<td>approval of the new Regulation on systematisation of job positions,</td>
<td>in order to make the organisation structure fully operational (see issue 2).</td>
</tr>
<tr>
<td>11 positions in different departments and divisions were still not</td>
<td></td>
</tr>
<tr>
<td>operational.</td>
<td></td>
</tr>
<tr>
<td>Control over management of revenues was still a challenge this year.</td>
<td>The Director General should implement a detailed assessment of the management of revenues, salaries</td>
</tr>
<tr>
<td>Expenditures in the category of Wages and Salaries as well as Goods and</td>
<td>and goods and services in order to identify the reasons behind weaknesses and take necessary</td>
</tr>
<tr>
<td>Services are areas where weaknesses are identified.</td>
<td>actions to address these (see issues 3 - 11).</td>
</tr>
<tr>
<td>Although internal controls are effective in some areas - shortcomings</td>
<td>The Director General should ensure that reasons behind weaknesses in assets management are</td>
</tr>
<tr>
<td>exist in the management of assets, including accounts receivable</td>
<td>identified, particularly when it comes to accounts receivable and liabilities, and undertake</td>
</tr>
<tr>
<td>procurement.</td>
<td>necessary actions to address these (see issues 12-14).</td>
</tr>
</tbody>
</table>

### Director General’s Response

The Director General has considered and agreed on detailed audit findings and conclusions and has committed to address all given recommendations.
1 Annual Financial Statements and other External Reporting Obligations

Introduction

Our review of the Annual Financial Statements (AFS) considers both compliance with the reporting framework and the quality and accuracy of information recorded in the AFS. We also consider the Declaration made by the Chief Executive Officer and Chief Financial Officer when the draft AFS are submitted to the Government.

The declaration regarding presentation of the AFS incorporates a number of assertions relating to compliance with the reporting framework and the quality of information within the AFS. These declarations are intended to provide the Government with the assurance that all relevant information has been provided to ensure that a comprehensive audit can be undertaken.

1.1 Audit Opinion

Unmodified Opinion

We have audited the AFS of the Tax Administration of Kosovo for the year ended on 31st of December 2016, which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement and the Explanatory Notes of the Financial Statements.

In our opinion, the Annual Financial Statements for the year ended on 31st of December 2016 present a true and fair view in all material respects in accordance with International Public Sector Accounting Standards (cash based Accounting), Law no.03/L-048 on Public Finance Management and Accountability (as amended and supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations issued by the Ministry of Finance.

Basis for the opinion

We conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the AFS section of our report. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for the opinion.
Responsibility of Management and Those Charged with Governance and AFS

The Director General of TAK is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Modified Cash based Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law number 03/L-048 on Public Finance Management and Accountability (as amended and supplemented).

The Director General of TAK is responsible to ensure oversight of TAK’s financial reporting process.

Auditor General’s Responsibility for the Audit of the AFS

Our responsibility is to express an opinion on the AFS based on our audit. We conducted our audit in accordance with ISSAIs. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

An audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the entity’s circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the presentation of the financial statements.
1.2 Compliance with AFS and other reporting requirements

TAK is required to comply with a specified reporting framework and other reporting requirements. We considered:

- Compliance with MoF Regulation no.01/2017 on the Annual Financial Reporting of Budget Organisations;
- Requirements of LPFMA no. 03/ L-048 on Public Finance Management and Accountability, as amended and supplemented;
- Compliance with Financial Rule no.01/2013;
- Compliance with Financial Rule no.02/2013;
- Action Plan on implementation of recommendations; and
- Requirements of Financial Management and Control (FMC) procedures.

Issues raised in the Audit Memorandum dated 23.12.2016 regarding the reporting framework have been implemented by the Management.

A number of financial adjustments were required to the draft AFS and we have also made other suggestions to improve their quality. Following our suggestions, TAK adjusted AFS before finalising them.

Given the above - the Declaration made by the Chief Executive Officer and Chief Financial Officer when the draft AFS are submitted to the Ministry of Finance can be considered to be true and fair.

In the context of other external reporting requirements, we have no issue to raise.

Recommendations

We have no recommendations regarding the AFS.
2 Governance

Introduction

Effective governance arrangements are fundamental to TAK for successfully managing the challenges it faces and ensuring that service delivery is optimised for the benefit of taxpayers and other service users.

A key tool supporting effective Governance is the implementation of audit recommendations as this demonstrates that Management are seeking to develop existing processes and strengthen control system.

Similarly the self-assessment checklist completed by all Budget Organisations provides a framework for developing enhanced Governance arrangements. It is important that the answers provided by an individual budget organisation are supported by appropriate evidence.

The remainder of our review of governance arrangements reflects a consideration of:

- those areas of Governance Arrangements where significant improvements are required and where we believe that our recommendations can generate positive improvements including consideration of the Internal Audit system; and

- areas of Financial Management and Control identified through our audit work including specific work directed at compliance issues in key income and expenditure systems (these areas are considered in Section 3 of this report)

Overall Governance Conclusion

Governance in TAK regarding accountability, risk management and quality of management reporting reflects a positive situation. This occurred because TAK has completed the self-assessment questionnaire, prepared the detailed plan on risk management and has monitored them on a monthly basis.

When it comes to internal reporting, deputy directors general and directors of departments hold regular weekly and monthly meetings with the Director General to whom they report and discuss on all their activities. The Internal Audit Unit (IAU) finalised ten (1) audit report which provided the Management with a clear overview on internal controls’ level of assurance and their efficiency.

However, there are still shortcomings in governance within TAK, particularly in regard to the implementation of recommendations and in the complete functioning of the new organisation scheme.
2.1 Progress in the Implementation of Prior Year Recommendations

Our Audit Report on the 2015 AFS resulted in 12 key recommendations. By the end of our audit for 2016, six (6) recommendations were fully implemented, two (2) are in the process of implementation and four (4) were not implemented. For a more thorough description of the recommendations and how they are addressed, see Annex III.

**Issue 1 - Addressing Prior Year Audit Recommendations – High Priority**

**Finding**

TAK has drafted the action plan for implementation of recommendations of 2015 report in time, and has implemented some of them. However, failure to fully implement all recommendations has led to the repetition of the same shortcomings from the previous year. Unimplemented recommendations relate to the non-preparation of the monitoring plan on implementation of recommendations, non-reconciliation of revenues with Treasury according to legal requirements, the increased accounts receivable over the years, payments by court decisions and the non-management of non-capital assets through the e-assets system.

**Risk**

Incomplete implementation of recommendations increases the risk of continued existence of the same shortcomings and may result in constant inefficiency of controls, difficulties to manage challenges in achieving the objectives or financial loss.

**Recommendation 1**

The Director General should ensure that the action plan is revised, by analysing the causes behind unimplemented recommendations, and set out a new timetable with accountable staff members identified for their implementation. Initial focus should be put on those areas of greatest significance. Implementation of this plan should be continuously monitored.
2.2 Self-Assessment Checklist of FMC components

The Ministry of Finance has produced a detailed self-assessment checklist for Budget Organisations to support effective governance arrangements. For all audits we undertook we have tested the quality of FMC self-assessment submissions made to the Ministry by assessing one key question in each component of the checklist.

We have summarised our findings for TAK below and the summary of our work across all audits will be consolidated in our Annual Audit Report. This is not intended to give a commentary on the quality of the whole self-assessment questionnaire submission but will provide a ‘snapshot’ across a number of key questions to support the Ministry of Finance in its attempts to increase the effectiveness of the process and develop the FMC system as a whole.

As part of our audit, we have considered key questions related to the five components of the self-assessment checklist. For the questions considered we found that:

- Managers of sectors and directorates were involved in the 2015-2020 strategic plan discussions. In order to support this strategy, the action plan was prepared as an integral part of the Strategic Plan which sets forth concrete activities, organisational responsible units and fulfilment deadlines;

- In order to undertake adequate measures to prevent or effectively manage identified potential risks, TAK has produced the detailed plan on risks management, which considered internal and external sources. This plan was monitored on monthly, quarterly and annual basis by the risks management department;

- The Procurement Plan was prepared according to approved budget funds available and the same was sent to the Central Procurement Agency;

- Revenues and expenditures were communicated and reported on monthly and weekly basis as well as on daily basis upon management’s requests for the purpose of decision-making; and

- Achievement of objectives was monitored conducted on regular quarterly basis. These were narrative reports and presented the whole monitoring process in the achievement of organisational objectives for 2016.

Recommendations

We have no recommendations in this area.
2.3 Specific Governance Reviews

Our work on specific areas of governance arrangements has been informed by our audit planning which considered the context within which TAK operates and the challenges that it faces.

2.3.1 Setting of Strategic Objectives

TAK prepared the Strategic Plan for 2015-2020. TAK’s strategic goals and objectives are fully in compliance with the development strategy and policies of MoF and the Government of Kosovo aiming at building of capacities/skills of staff in general, improving key tax processes of TAK, reducing the level of grey economy, advancing information technology to enable a more efficient work of TAK and improved services to citizens, as well as ensuring an effective organisation structure underpinned by robust governance mechanisms and clear accountability.

Notwithstanding this, TAK has not managed to make the new organisation scheme fully operational due to failure to fill all job positions with relevant candidates.

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**Issue 2 – Failure to make the new organisations scheme of 2016 fully operational – High Priority**

**Finding**

Following the approval of the new Regulation on systematisation of job positions in TAK (on 30.06.2016), 11 positions in different departments and divisions were still not operational. This occurred as a result of delays in MPA-DCSA to approve TAK’s request for announcing the vacancies and due to obscurities in naming and grading of positions.

**Risk**

Delays in filling management positions with relevant candidates increase the risk that the new organisational structure will not be sufficiently functional and effective. It also jeopardizes the achievement of the set objectives.

**Recommendation 2**

The Director General should ensure that necessary actions are taken to eliminate barriers with the MPA and that recruitment procedures that enable the filling of positions with regular officials are initiated within a reasonable time, in order to achieve the full operationalization of the organisation structure in TAK.
2.3.2 Management Reporting and Accountability

A range of internal controls are applied by Management to ensure that financial systems and operational activities operate as intended. It is important that these include appropriate reporting to management to enable an effective and timely response to identified operational problems.

TAK is a subordinate agency of MoF whose AFS are consolidated in the AFS of MoF. An effective consolidation process and associated timely reporting is required to ensure effective financial management. TAK has its organisational, management and accountability structure in place according to which the Director General reports to the Minister of Finance on regular monthly basis.

TAK departments have the actions plans on implementation of objectives which are foreseen in their operational activities. At the same time, they monitor or measure the achievement of objectives set forth in the strategic plan on monthly and quarterly basis.

**Recommendations**

We have no recommendations in this area.

2.4 Internal Audit System

The Internal Audit Unit (IAU) is a key part of internal control. We consider the scope of internal audit work and Audit Committee (AC) activities. In addition, we consider the actions taken by the top management as a result of work carried out by IAU and AC.

In 2016, IAU prepared the annual plan wherewith ten (10) audits were planned and implemented.

Internal Audit reports provided the management with important information on the control systems of certain departments. Directorates/departments subject to IAU auditing are obliged to report on quarterly basis regarding the level of implementation of recommendations.

IAU reports to the Central Harmonisation Unit of Internal Audit (CHU/AB) on its activities through quarterly reports. The other line of reporting is the AC which operates under MoF. TAK reports to the AC through a representative. During 2016, AC held four (4) meetings where recommendations of IAU and those of the National Audit Office given in the audit report 2015 have been discussed.

**Recommendations**

We have no recommendations in this area.
3  Financial Management and Control

Introduction

Our work on Financial Management and Control outside of the areas of Governance referred to in Chapter two (2) reflects the detailed work undertaken on revenue and expenditure systems in budget organisations. As part of this, we consider budget management, procurement and human resources issues, and assets and liabilities.

Financial Management and Control Conclusion

TAK has generally put in place sound controls in relation to its statutory obligations. Financial Management and Control have proven there has been a good review process and assurance in the implementation of the legislation and other control processes.

TAK has generally put in place a well-designed and operational revenues management system. Compared to last year, TAK’s gross revenues increased by €53,613,187 or 16% during 2016. Moreover, the final budget execution at 99% represents a good budget performance.

However, our audit has identified shortcomings related to compliance with the applicable legislation. This mainly includes non-reconciliation of revenues between TAK and Treasury, CBK’s report with TAK accounting, management of returns not in line with legal requirements, management of human resources, management of account receivable and functioning of e-assets system.

3.1  Budget Planning and Execution

We have considered the sources of budgetary funds, spending of funds by economic categories. This is highlighted in the following tables:

Table 1. Sources of budgetary funds (in €)

<table>
<thead>
<tr>
<th>Description</th>
<th>Initial Budget</th>
<th>Final Budget1</th>
<th>2016 Outturn</th>
<th>2015 Outturn</th>
<th>2014 Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources of Funds</td>
<td>9,591,571</td>
<td>8,930,523</td>
<td>8,858,124</td>
<td>8,079,103</td>
<td>8,081,656</td>
</tr>
<tr>
<td>Government Grant -Budget</td>
<td>9,591,571</td>
<td>8,930,523</td>
<td>8,858,124</td>
<td>8,079,103</td>
<td>8,081,656</td>
</tr>
</tbody>
</table>

The final budget was reduced by €661,048 compared to the initial budget. This was as a result of budget review and Government decisions. In 2016, TAK spent €8,858,124 or 99% of the final budget.

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1 Final budget – the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance.
Table 2. Spending of funds by economic categories - (in €)

<table>
<thead>
<tr>
<th>Description</th>
<th>Initial Budget</th>
<th>Final Budget</th>
<th>2016 Outturn</th>
<th>2015 Outturn</th>
<th>2014 Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending of funds by economic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>categories</td>
<td>9,591,571</td>
<td>8,930,523</td>
<td>8,858,124</td>
<td>8,079,103</td>
<td>8,081,656</td>
</tr>
<tr>
<td>Wages and Salaries</td>
<td>6,959,402</td>
<td>6,889,254</td>
<td>6,889,254</td>
<td>6,585,102</td>
<td>6,151,283</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>888,597</td>
<td>1,473,597</td>
<td>1,423,735</td>
<td>1,196,993</td>
<td>1,253,266</td>
</tr>
<tr>
<td>Subsidies and Transfers</td>
<td>1,575,000</td>
<td>360,796</td>
<td>360,796</td>
<td>94,110</td>
<td>474,746</td>
</tr>
<tr>
<td>Capital Investments</td>
<td>9,591,571</td>
<td>8,930,523</td>
<td>8,858,124</td>
<td>8,079,103</td>
<td>8,081,656</td>
</tr>
</tbody>
</table>

Explanations for changes in budget categories are given below:

- Following the budget review, the budget of Wages and Salaries category was reduced by €70,148. This reduction led to a budget execution at 100% in this category;
- The final budget of Goods and Services category increased by €585,000 compared to the initial budget. This was as a result of transfer of funds of €485,000 based on Government decisions and transfer of funds of €100,000 from the Customs program to TAK program;
- Following the budget review, the budget of Utilities category increased with €38,304 whilst the budget execution was at 89%; and
- Following the budget review, the budget of Capital Investments was cut by €1,214,204. The budget cut was applied for projects planned to be implemented in the second half of 2016.

Table 3. Collected revenues for the Budget of Kosovo - outturn against budget (in €)

<table>
<thead>
<tr>
<th>Description</th>
<th>Initial Budget</th>
<th>Final Budget</th>
<th>2016 Outturn</th>
<th>2015 Outturn</th>
<th>2014 Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenues</td>
<td>380,000,000</td>
<td>385,000,000</td>
<td>386,385,187</td>
<td>332,772,000</td>
<td>303,695,000</td>
</tr>
<tr>
<td>Returns</td>
<td>(35,500,000)</td>
<td>(34,100,000)</td>
<td>(31,005,000)</td>
<td>(28,769,000)</td>
<td>(31,108,000)</td>
</tr>
<tr>
<td>Net revenues</td>
<td>344,500,000</td>
<td>350,900,000</td>
<td>355,380,187</td>
<td>304,003,000</td>
<td>272,587,000</td>
</tr>
</tbody>
</table>

In 2016, TAK collected gross revenues of €386,385,187, which in relation to 2015 increased by €53,613,187 (16%). The largest increase was achieved in the corporate tax of €13,385,211 (20%), VAT with €25,209,755 (16%), wage tax €8,237,957 (11.4%), individual businesses tax €2,402,732 (7.8%) and other sources of €4,377,532.

The good performance in the collection of revenues in 2016 was as a result of appropriate actions taken by TAK management to strengthen control system, resulting in lower informality and reduced tax evasion.
Issue 3 – Budget misclassification – High Priority

Finding
According to the Financial Rule no.01/2013 on Public Fund Expenditure – Article 18, Initiation of expenditures - all purchases shall be accurately filled in and recorded in economic categories. We identified some cases of misclassification such as:

- TAK made two (2) payments in the total amount of €35,094 to support (maintain) the SIGTAS basic tax information system as well as one (1) payment in the amount of €3,858 for other equipment. All three (3) payments were made from the category of Capital Investments, whilst treasury rules categorise these as goods and services.

- In the lack of funds in the category of goods and services, TAK retroactively paid €73,353 for the 60 persons engaged for special services from the category of wages and salaries.

Risk
Incorrect reporting or classification of data in the financial statements lead to a misunderstanding the TAK’s financial position. Unfair reporting reduces the effectiveness of management controls and lead to overstatement of one category and understatement of another.

Recommendation 3
The Director General should ensure that reporting lines are strengthened in order to enable the planning and classification of certain projects according to the chart of accounts approved by Treasury.
3.1.1 Revenues

In general, CK has put in place a functional revenues management system. Revenues planned by the Government of Kosovo in 2016 were €385,000,000, whilst collected gross revenues totalled €386,385,187, thus exceeding the annual plan by €1,385,187 or 0.4%.

Table 4. Revenues collected for the Budget of Kosovo – by economic codes (in €)

<table>
<thead>
<tr>
<th>Description</th>
<th>Economic codes</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presumptive tax</td>
<td>40010</td>
<td>21,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Profit tax</td>
<td>40020</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>40030</td>
<td>179,203,000</td>
<td>153,962,000</td>
</tr>
<tr>
<td>Deferred VAT</td>
<td>40035</td>
<td>90,000</td>
<td>818,000</td>
</tr>
<tr>
<td>Withhold income tax</td>
<td>40040</td>
<td>79,850,000</td>
<td>71,716,000</td>
</tr>
<tr>
<td>Individual business tax</td>
<td>40050</td>
<td>32,125,000</td>
<td>29,059,000</td>
</tr>
<tr>
<td>Rent tax and intangible property tax</td>
<td>40060</td>
<td>819,000</td>
<td>1,540,000</td>
</tr>
<tr>
<td>Interest withhold tax ,</td>
<td>40065</td>
<td>11,187,000</td>
<td>6,362,000</td>
</tr>
<tr>
<td>Corporate tax</td>
<td>40070</td>
<td>80,797,000</td>
<td>67,653,000</td>
</tr>
<tr>
<td>Extra profit</td>
<td>40080</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>Transit account</td>
<td>40090</td>
<td>7,00</td>
<td>8,00</td>
</tr>
<tr>
<td>Revenues from TAK fines</td>
<td>40095</td>
<td>2,187,000</td>
<td>1,579,000</td>
</tr>
<tr>
<td>Compensation of damages</td>
<td>50109</td>
<td>1,00</td>
<td>5,00</td>
</tr>
<tr>
<td>Licences for games</td>
<td>50210</td>
<td>96,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Revenues from the sale of waste</td>
<td>50416</td>
<td>1,00</td>
<td>0,00</td>
</tr>
<tr>
<td>Revenues from the sale of goods.</td>
<td>50421</td>
<td>0,00</td>
<td>3,00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>386,385,000</strong></td>
<td><strong>332,772,000</strong></td>
</tr>
</tbody>
</table>
**Issue 4 – Non-reconciliation of data with Treasury – High Priority**

**Finding**  
According to Financial Rule no.03/2010, TAK is obliged to reconcile revenues with Treasury on a monthly basis.

The Revenue Officer did not make regular monthly reconciliations. But, reconciliations with Treasury were made quarterly and no explanatory notes regarding the non-reconciliation between Treasury and TAK accounting data were provided in these reconciliation reports.

According to Treasury, revenues at the end of 2016 were €386,385,187, whilst according to TAK’s accounting records revenues were €378,881,474, a difference of €7,503,713. This was as a result of delays in the processing of payments in TAK's accounting.

There was also no reconciliation of revenues between the Central Bank (CBK) report and Treasury either. The non-reconciled amount was €188,737, which is the amount revenues in Treasury were understated for. The officer responsible for the reconciliation did not provide clarification on this non-reconciliation.

**Risk**  
Failure to disclose non-reconciliations between TAK accounting and other data sources (Treasury and CBK) puts the reliability and accuracy of information on TAK's generally reported data to question.

**Recommendation 4**  
The Director General should ensure that revenues reconciliation process is carried out in line with legal requirements and that explanatory notes on non-reconciliation of TAK’s accounting records with Treasury reports are provided. This would enable the TAK management to make decisions based on accurate and complete information.
Issue 5 – Non-reconciliation of refunds data between TAK and Treasury – Medium Priority

Finding The value of non-reconciliations of refunds between TAK data and Treasury records in 2015 was €974,814. In 2016, the value of non-reconciliations was much lower, at just €62,011, which shows progress compared to the previous year. According to TAK officers, despite the efforts to fully reconcile the data, the Treasury Department did not timely adjust the changes occurred on refunds.

Risk Changes in the information between Treasury and TAK puts the reliability of reported data in question.

Recommendation 5 The Director General should, in coordination with Treasury Department, provide for additional controls in order to ensure complete reconciliation of refunds data.

Issue 6 – Delays in reviewing refunds (reimbursements) – Medium Priority

Finding Article 30 of the Law on Tax Administration and Procedures, TAK shall action an allowable claim for refund within sixty (60) days from the day TAK received it. If the claim is not considered within the legal deadline, TAK shall then accrue the interest on these returns as well.

Despite the progress shown compared to 2015, we identified that in eight (8) cases, the claims for refund had not been considered within the legal deadline. In one case this deadline was exceeded by 44 days. TAK did not pay interest to taxpayers for such delays.

Risk Delays in refunds may damage TAK budget due to the interest payments from TAK.

Recommendation 6 The Director General should ensure that additional actions are taken in order to enable that claims for refunds are considered within the set deadline and in line with legal requirements.
Issue 7 - Non-fiscalisation of fuel trading businesses - High Priority

Finding
One of the main objectives TAK included in its 2016 work plan was the fiscalisation of fuel trading businesses.

Based on TAK records, the number of fuel trading business is 333 with a total of 539 points of sale. Out of this number, 258 points of sale or 48% of them were equipped with cash registers whilst 281 points of sales or 52% are still operating without the cash registers.

According to TAK, the difficulties faced in meeting this objective related to the refusal of businesses to be equipped with the cash register because of their high price. However, another operator for selling Fiscal Electronic Devices (FED) was licensed in 2016. This influenced the price reduction and led to the increased interest of businesses to get equipped with FED.

Risk
Delays caused in the business fiscalisation process may lead to eventual tax evasion, thus resulting in unfair competition between the fuel trading businesses.

Recommendation 7
The Director General should ensure that controls are enhanced and necessary measures are taken to oblige all fuel trading businesses to get equipped with cash registers.

Issue 8 - Failure to control unregistered businesses - High Priority

Finding
According to Article 11 of the Law no.03/L-222 on Tax Administration and Procedures and based on Articles 9 and 12 of the Administrative Instruction no.15/2010 “When a business proposes to change the form of its ownership, the new business should apply for a new fiscal number according to the prescribed procedures - The old business should seek deregistration in line with the prescribed procedures”.

We identified three (3) businesses which, after deregistration in changing the form and ownership of businesses, have conducted business activities related to the deregistered business and issued invoices and collected revenues of €13,600 from the Budget of Kosovo. TAK did not exercise controls over these businesses which did not declare the generated incomes.

Risk
Failure to identify and control the deregistered businesses which continues to generate incomes from such businesses increases the risk that these revenues will not be declared to TAK and lead to potential tax evasion.

Recommendation 8
The Director General should undertake all actions to ensure that deregistered businesses do not conduct business activities anymore and do not generate incomes on behalf of the deregistered business.
3.1.2 Wages and Salaries

Wages and Salaries are paid through a centralised system. The key controls in this process have confirmed the accuracy and completeness of data presented in the AFS of TAK. The final budget of this category was spent at 100%.

We identified some issues such as: job positions filled with acting staff for a longer period than legally stipulated and deadlines of special agreements exceeded.

**Issue 9 – High Number of Management Positions Filled with Acting Staff – High Priority**

**Finding**

The Law on no.03/L-149 on Civil Service stipulates that one job position shall not be filled with acting staff for more than three months.

During 2016, 25 management positions were filled with acting staff. The legal deadline of 21 of them were exceeded. During the final audit stage, we found that recruitment procedures were developed in March 2017 and candidates for 11 positions were selected.

**Risk**

Coverage of important position with acting staff for such a long time increases the risk that performance and accountability for this position may not be at the required level.

**Recommendation 9**

The Director General should ensure that all legal actions are undertaken to find sustainable solutions in line with the legal requirements regarding the positions filled with acting staff.
Issue 10 - Special Service Agreements – Medium Priority

Finding
The Law on no.03/L-149 on Civil Service stipulates that the deadline for special service agreements shall not be less than six (6) months.

In order to implement the Law no.05/L-149 on Debt Forgiveness, TAK entered into 50 special service contracts. These agreements were entered into for a six month period but it was extended for another six months period as a result of deferred deadline for debts forgiveness. In the meanwhile, ten (10) other contracts were entered into on 01.06.2016 for a six (6) month period.

The agreements of all persons engaged in this project have been extended as of July 2017 as a result of deferral of debt forgiveness until 01.09.2017.

Risk
Management of certain projects or activities through inadequate processes and procedures may lead TAK to budgetary difficulty and undermine the achievement of set objectives.

Recommendation 10
The Director General should ensure that statutory deadlines for engaging staff on special service contracts are adhered to.
3.1.3 Goods and Services and Utilities

The final budget of Goods and Services, including the budget for Utilities, in 2016 was €1,680,473, out of which €1,608,074 or 96% were spent. Expenditure for Goods and Services mainly relate to supply with stationery, fuel, vehicles maintenance and servicing, spending on mobile telephony, and payments through court decisions.

In this category, we tested five (5) procurement activities totalling €178,052 and six (6) payments totalling €176,381.

Issue 11 – Court Decisions – Medium Priority

Finding  
As a result of a lawsuit filed by a legal entity against TAK on behalf of the lease, in 2012, the Municipal Court in Pristina made the decision obliging TAK to pay the liability of €47,821 to the legal entity. TAK did not honour this decision and did not paid the amount to the complainant. This case had then passed to the Kosovo Court of Appeals.

The Kosovo Court of Appeals has afterwards, on 13.05.2016, made the decision obliging TAK to pay the liability within 15 days. Due to lack of funds, TAK paid the amount on 15.11.2016, a delay of approximately five (5) and a half months.

Risk  
Failure to meet legal obligations in time increases the entity’s liabilities and undermines its performance when it comes to adhering to the law.

Recommendation 11  The Director General should ensure that legal requirements related to liabilities originating from the decisions of the Kosovo Court of Appeals are adhered to.

3.1.4 Capital Investments

TAK has prepared the draft and initial procurement plans and the same were submitted to the Central Procurement Agency in time.

The final budget of Capital Investments was €360,796, which was entirely spent. We tested five (5) payments totalling €333,594 and five (5) procurement procedures for the contracted amount of €286,134. TAK has put in place functional controls over budget management in this category.

Recommendations

We have no recommendations in this area.
3.2 Assets

3.2.1 Capital and Non Capital Assets

Assets management is an important part of Financial Management and Control in the public sector. The main guideline in this area is the Regulation no. 02/2013 on the Management of Non-Financial Assets in Budget Organisations.

The value of non-financial capital assets over €1,000 presented in AFS was €4,768,000, whilst the value of non-capital assets under €1,000 was €254,580.

**Issue 12 – Failure to Use E-assets System - Medium Priority**

**Finding**

Despite the recommendation given in the previous year’s audit report to improve asset management under €1,000 by recording them into the e-assets system, the situation was still the same. Non-capital assets and stocks were not managed through the e-assets software, but they were recorded and reported through an internal system of theirs.

In 2016, TAK Management requested from the company responsible for the implementation of the e-asset system but the latter did not respond to TAK’s request.

**Risk**

Failure to manage non-capital assets under €1,000 through the e-assets system as well as recording assets on different databases makes their effective management difficult, which may affect their complete and accurate reporting.

**Recommendation 12**

The Director General should ensure that all necessary actions are taken in order to have non-capital assets recorded and managed through the e-assets system.
3.2.2 Accounts Receivable (debts)

TAK has established an internal control system that oversees the process of accounts receivable by managing it through relevant departments under the operating pillars of TAK. However, the control system should further be strengthened to prevent the increase in receivables from year to year and to have their value reduced to an acceptable level.

Accounts receivable at the end of 2016 were in the amount of €321,661,828, this includes pension contributions in the amount of €58,563,681³.

Table 4. Comparison of debts between years 2016/15 – by regions (in €)⁴

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 2016</th>
<th>Year 2015</th>
<th>Difference 2016/15</th>
<th>% of increase 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Department – large taxpayers</td>
<td>27,582,264</td>
<td>21,491,536</td>
<td>6,090,728</td>
<td>28.34</td>
</tr>
<tr>
<td>Ferizaj</td>
<td>27,968,510</td>
<td>25,903,991</td>
<td>2,064,519</td>
<td>7.97</td>
</tr>
<tr>
<td>Gjakova</td>
<td>12,834,214</td>
<td>11,967,983</td>
<td>866,231</td>
<td>7.24</td>
</tr>
<tr>
<td>Gjilan</td>
<td>27,059,473</td>
<td>25,605,937</td>
<td>1,453,536</td>
<td>5.68</td>
</tr>
<tr>
<td>Mitrovica</td>
<td>15,969,855</td>
<td>14,788,882</td>
<td>1,180,973</td>
<td>7.99</td>
</tr>
<tr>
<td>Peja</td>
<td>21,314,091</td>
<td>19,921,339</td>
<td>1,392,752</td>
<td>6.99</td>
</tr>
<tr>
<td>Prishtina I</td>
<td>84,622,431</td>
<td>64,348,358</td>
<td>20,274,073</td>
<td>31.51</td>
</tr>
<tr>
<td>Prishtina II</td>
<td>23,961,389</td>
<td>21,759,647</td>
<td>2,201,742</td>
<td>10.12</td>
</tr>
<tr>
<td>Prishtina III</td>
<td>34,704,728</td>
<td>31,606,462</td>
<td>3,098,266</td>
<td>9.80</td>
</tr>
<tr>
<td>Prizren</td>
<td>45,644,883</td>
<td>42,959,822</td>
<td>2,685,061</td>
<td>6.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>321,661,838</strong></td>
<td><strong>280,353,957</strong></td>
<td><strong>41,307,881</strong></td>
<td><strong>14.73</strong></td>
</tr>
</tbody>
</table>

Accounts receivable in 2016 increased by €41,307,871 (14.73%) compared to 2015. The biggest increase occurred in Pristina-I Region by 31.51% and the Department of Large of Taxpayers by 28.34%.

In the total of accounts receivable, the share of VAT was €144,720,945 (45%); pension contributions €58,563,681 (18%); personal income tax (PD) €29,182,110 (9%), corporate income tax (CD) in €25,016,075 (8%).

³ Pension receivables are receivables of the Kosovo Pension Trust. Given that they are managed by TAK they are also reported in their AFS.
⁴ In order to compare accounts receivables, debts forgiven during 2015 and 2016 in a total of €216,124,086 have been removed from the base.
Upon entry into force of the Law no.05/L-043 on Debt Forgiveness in September 2015, TAK has issued a list of debts to be forgiven in accordance with this law. Ever since the entry into force of the Law the total of debts forgiven until the end of 2016 was €216,124,086 (the amount of €27,747,936 were debts forgiven during 2015, whilst the remaining of €188,376,150 were forgiven during 2016). As a result of starting to implement this law, tax revenues amounted to €24,200,000, out of which €16,900,000 were collected in 2016.

**Issue 13 - Inefficient management of accounts receivables – High Priority**

**Finding**

According the TAK work plan for 2016, the compulsory collection department planned to collect debts amounted to €89,946,809, but this plan was not executed. By the end of the year, €68,306,631 or 76% of the plan was collected.

Handling of receivables, their increase from year to year continues to be a challenge for TAK. The lack of an analysis to identify/find the causes of not fulfilling the debt collection plan resulted in a poor collection rate.

**Risk**

Lack of sufficient actions to collect receivables or shortcomings in the process of collecting receivables may encourage other entities not to pay their liabilities on time. The aging of receivables makes their collection difficult.

**Recommendation 13**

The Director General should ensure that controls over receivables management are strengthened, efficiency is enhanced and that controls over their collection and management are strengthened. In this regard, the causes behind increased amount of receivables are analysed in order to take legal actions for collecting them.
3.2.3 Liabilities

The statement of liabilities at the end of 2016 was €46,365. We tested the process of liabilities reporting to MoF as well as five (5) invoices in order to confirm whether reporting has been made fully in compliance with the legal framework on liabilities management. Our tests revealed the following shortcomings:

Issue 14 - Delays in Payment as well as Deficient Reporting of Liabilities - Medium Priority

Finding

According to LPFMA, Article 29, each invoice must be paid within thirty (30) calendar days after the invoice is received.

Furthermore, TAK did not regularly report to the MoF on outstanding liabilities, respectively for October and November 2016. We identified that within the same period of time, there were invoices received and unpaid, such as:

- Invoice with no. FDT16-8-003322 amounted to €12,008 was received on 15.09.2016 and not paid until 18.11.2016; and

- Invoice no.23/2016 amounted to €7,122 was received on 10.11.2016 and not paid until 27.01.2017.

Risk

Failure to properly report all liabilities through monthly reports results in TAK management not having a clear statement of liabilities. This increases the risk that future plans or objectives are not met due to the need to pay earlier liabilities.

Recommendation 14

The General Director should ensure that the reporting of liabilities is accurate and complete and that these reports provide complete information to the management and other parties on current liabilities. Moreover, monthly reports should follow the chronology of outstanding invoices in order to have them reported until they are paid and that management and Treasury have accurate information on outstanding liabilities.

This report is a translation from the Albanian original version. In case of discrepancies, Albanian version shall prevail.
Annex I: Audit Approach and Methodology

The responsibilities placed on the Auditor and Those Charged with Governance are detailed in the Opinion set out in Section 1.1 of this report.

While a key output of our work is the audit opinion this report reflects the totality of our work with specific focus also on Governance Issues including Financial Management and Control. The latter is informed by our extensive, risk based, compliance audit programme.

The Executive Summary is intended to highlight the key finding of the audit and the key action that the Director General should ensure are taken to address identified management/control weaknesses.

The detailed report provides an extensive summary of our audit finding with emphasis on determining the cause audit findings and providing appropriate recommendations to address these. For completeness we have included issues identified at the interim audit where they remain relevant. Our findings are defined as:

**High Priority** - issues which if not addressed may result in a material weakness in internal control and where action will offer the potential for improvements to the efficiency and effectiveness of internal controls; and

**Medium Priority** - issues which may not result in a material weakness but where action will also offer the potential for significant improvements to the efficiency and effectiveness of internal controls.

Findings considered low priority were reported separately to finance staff.

Our procedures included a review of the internal controls and accounting systems and associated substantive testing and associated governance arrangements only to the extent considered necessary for the effective performance of the audit. Audit findings should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.
Annex II: Explanation of the different types of opinion applied by NAO

(extract from ISSAI 200)

Form of opinion

147. The auditor should express an unmodified opinion if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor should modify the opinion in the auditor’s report in accordance with the section on “Determining the type of modification to the auditor’s opinion”.

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

Modifications to the opinion in the auditor’s report

151. The auditor should modify the opinion in the auditor’s report if it is 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. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.
Determining the type of modification to the auditor’s opinion

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor’s judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express a qualified opinion if: (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.

154. The auditor should express an adverse opinion if, 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.

155. The auditor should disclaim an opinion if, 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.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 1705 provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor’s responsibility. It also includes illustrative examples of reports.

Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor’s report

157. 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.
158. An Emphasis of Matter paragraph should:

- be included immediately after the opinion;
- use the Heading “Emphasis of Matter” or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor’s opinion is not modified in respect of the matter emphasised.

159. If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor’s judgement, is relevant to users’ understanding of the audit, the auditor’s responsibilities or the auditor’s report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading “Other Matter,” or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph.
Annex III: Prior Year Recommendations

<table>
<thead>
<tr>
<th>Audit Component</th>
<th>Recommendation given</th>
<th>Implemented</th>
<th>Under implementation</th>
<th>Not implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 Prior Year Recommendations</td>
<td>The General Director should ensure that a revised action plan clearly sets out a timetable for addressing the recommendations made by the AG with accountable staff members for the previous year.</td>
<td></td>
<td></td>
<td>No measures taken</td>
</tr>
<tr>
<td>2.4 FMC Self-Assessment Checklist</td>
<td>The General Director should initiate drafting of an action plan for monitoring the achievement of organisational objectives.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5.2 Internal Audit System</td>
<td>The General Director should assign a representative in the Audit Committee in order to ensure discussion of findings and implementation of TAK recommendations.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3 Budget Planning and Execution</td>
<td>The General Director should ensure that he has analysed the historical budget trend for capital projects and has undertaken measures for improvement. In addition, in order to increase the execution of budget for capital projects he should analyse shortcomings in the budgeting process to avoid them in the future.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3 Budget Planning and Execution</td>
<td>The General Director should continue discussions with the Minister of Finance to ensure that the upcoming budgets are approved based on the real requests from TAK in order that the financing of salaries is done in a transparent manner.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4 Revenues</td>
<td>The General Director should enhance measures for identification of the causes for inconsistent data and eliminate them in order to ensure harmonisation of data relating to reimbursements.</td>
<td></td>
<td></td>
<td>No measures taken</td>
</tr>
<tr>
<td>3.4 Revenues</td>
<td>The General Director should enhance controls to ensure that the requirements of taxpayers approved for reimbursement are reviewed within the specific time period.</td>
<td>Timing or delays in approving the claims for refunds are shortened</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5 Procurement</td>
<td>The General Director should ensure that in cases of use of negotiated procedure without publication of notice for contract, the notice should be made to PPRC within legal timelines.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6 Expenditure not related to Procurement</td>
<td>The General Director should ensure that legal requirements related to obligations deriving from the Judgements of the Appellate Court of Kosovo are observed.</td>
<td>No measures taken</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6.2 Remunerations (Wages and Salaries)</td>
<td>The General Director should ensure that all data in acts of appointment are in accordance with legal grounds and are updated.</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.7 Assets and Liabilities</td>
<td>The General Director should review the existing controls in the asset management. Controls in this area should be strengthened so that assets are safeguarded from their loss or misuse.</td>
<td>Failure to manage non-capital financial assets under €1,000 through the e-assets system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.7.3 Handling of Debts</td>
<td>The General Director should ensure that all needed actions are taken including legal actions in order to increase the efficiency in collecting public money.</td>
<td>No measures taken</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex IV: Letter of confirmation

LETTER OF CONFIRMATION

For having agreed on the Auditor General’s findings of 2016 and implementation of recommendations:

To: National Audit Office  

Venue and date: 16.06.2017

Honoured,

We hereby confirm that:

- We have received the draft audit report of the National Audit Office on the 2016 Annual Financial Statements of the Tax Administration of Kosovo, hereinafter referred to as the Report;

- Agree on the findings and recommendations and I have no comment on the content of the Report; and

- Within 30 days from receiving the final report, I will submit the action plan on implementation of recommendations including the deadlines and responsible staff for their implementation.

Director General of PAK

Sakip Imeri
LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjëturat e Auditorit të Përgjithshëm për vitin 2016 dhe për implementimin e rekomandimeve

Për: Zyrën Kombëtare të Auditimit

Të rënderuar,

Përmes kësaj shkrese, kërkohoj se:

- Kam planuar draft-raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Administratës Tatimore të Kosovës, për vitin 2016 (në tokësin e mëtejëm “Raporti”);
- Pejtohen me të gjëturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbytjen e Raportit; dhe
- Brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për implementimin e rekomandimeve, i cili do të përfshijnë afatet kohore dhe shtëpin përgjegjës për implementimin e tyre.

z. Sakip Imeni

Drejtor i Përgjithshëm i Administratës Tatimore të Kosovës,

Data: 16.06.2017. Prishtina