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**PERFORMANCE AUDIT REPORT ON
EFFECTIVENESS WITHIN THE PROPERTY TAX INFORMATION
SYSTEM**

Prishtina, April 2018

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The Auditor General has decided in relation to this audit report "Effectiveness of the Property Tax Information System" in consultation with Assistant Auditor General Vlora Spanca, who supervised the audit.

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¹ Economy -Principle of economy means minimising the cost of resources. The resources used must be available in a timely manner, in the right quantity and quality and at the best price possible

² Efficiency- The principle of efficiency means getting the most out of the available resources. It has to do with the link between the resources involved and the outcome given in terms of quantity, quality and time.

³ Effectiveness - The principle of effectiveness implies achievement of predetermined objectives and achievement of expected results.

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List of Abbreviations

AI	Administrative Instruction
BoC	Board of Complaints
DMITS	Department for Management of Information Technology Systems
HD	Help Desk
IS	Information System
IT	Information Technology
KKA	Kosovo Cadastral Agency
LTIP	Law on Tax on Immovable Property
MF	Ministry of Finances
MPTO	Municipal Property Tax Office
NAO	National Audit Office
PM	Project Manager
PMT	Project Management Team
PT	Project Team
PT	Property Tax
PTD	Property Tax Departments
SC	Steering Committee
SIDA	Swedish International Development and Cooperation Agency
STA	Swedish Tax Agency
TPIS	Tax Property Information System
UNIREF	Unified Standard for Reference Numbers

Executive Summary

Property tax revenues are the main own source revenues of Municipality, therefore, its collection is essential to their financial sustainability. Payment of the property tax by citizens may be understood as investment to their welfare whereas, most of these revenues return as capital investments for the most vital life segments such as in: road infrastructure, building schools, water supply and sewage network, public lighting, improvement of public utilities, etc.

Therefore, in order to collect property tax as effectively as possible, it is very important that the exchange of information, data update and access to them function through a well - organised Property Tax Information System that should link and ensure access to all parties and participating institutions in this process.

Property Tax Information System is centralised since 2009 through a joint project of Ministry of Finance and Swedish Tax Agency and financed by the Swedish International Development Cooperation Agency⁴. The system is located at the Ministry of Finance and is being used by 34 Municipalities of Republic of Kosovo. In addition to the improvement of the provided services, the Property Tax Information System brought different risks related to its processed information. The shortcomings in this system have been identified also by the reports of the National Audit Office in the earlier years.

The objective of this audit is to assess whether there is an effective monitoring environment in place between leading structures and institutional processes, to ensure that the Property Tax Information System is supporting the goals and the strategy of the institution by providing reliable, complete and timely information.

The aim of this audit is to provide relevant recommendations to the central level and other responsible parties, in order to improve their access in relation to the implementation and well-functioning of this system, as well as to provide reliable, complete and timely information.

Ministry of Finance, respectively Property Tax Department is the main subject of this audit, which is responsible for implementation, operation and putting in place the resources required for the well-functioning of the Property Tax Information System, as well as the Department for the Management of the Information Technology System which is responsible for drafting the policies, procedures, projects and strategies for normal and most qualitative functioning of IT as possible. While four Municipalities are selected as system users to track down the situation on the project implementation: Prishtina, Graçanica, Peja and Gjakova Municipality.

⁴ The agreement between parties was signed in 2008, while by the plan the project has started in 2009.

Overall Conclusion

Property Tax Information System did not manage to be fully effective.

Regardless of system complexity, inherited problems from earlier versions and records, as well as different limitations in securing capacities, the system has a good basis and sufficient information. Further on, we should emphasise the contribution given by the project for supporting this system by having an impact on the increase of the property tax revenues from 2010 to 2016 by 86%. Although it is planned that the project is finalised by December 2017, the Ministry of Finance has not yet managed to meet the Terms of the Agreement, by risking the termination of the project itself. Further on, the Ministry of Finance has not yet started transferring responsibilities in the transition phase of the project as planned, putting the functioning and sustainability of the system into question. Furthermore, despite of the efforts made by the Ministry of Finance, the Tax Property System and collection of the tax revenues is not yet performed throughout the country. Four municipalities are still not incorporated into the system and do not collect the revenues from property taxes.

Furthermore, the Steering Committee who plays a role of Project Oversight Body has convened very seldom and did not address properly and in time the issues which have arisen during implementation of the project and as a result of these actions, implementation of the project was accompanied with the obstacles which had an impact on proper and well - functioning of the system. System governance resulted to be ineffective. Ministry of Finance failed to draft IT strategies, policies and procedures, thus putting the addressing of the essential sources for support of the PTIS into risk.

Furthermore, the Ministry of Finance did not put in place effective system controls. The system lacks proper tools or mechanisms to identify or address entry of invalid data. Completeness and accuracy controls are not effective. Further on, there is no trail available. All these shortcomings may have an impact on the functioning of the system.

The system maintenance is not performed according to the best practices. PTD was not able to provide proper support to the users. No effective measurement of the system has been made and this prevents the planning of the necessary capacity for proper operation in the future.

Correction of the identified shortcomings may significantly assist in system sustainability.

Key recommendations

In order for Property Tax Information System to continue with operation, the Ministry of Finance should increase its efforts for meeting the terms of the agreement with the Swedish Tax Agency and Swedish International Development Cooperation Agency.

Steering Committee should be more involved in addressing the issues deriving from the project. Ministry of Finance, respectively Property Tax Department should strengthen system controls.

Initially, the procedure is to be drafted and then its implementation to be monitored in order to provide, reliable, complete and timely information. Further on, certain steps for improvement of the services should be taken. Whilst, the Department for Management of the Information Technology system should increase its efforts in drafting IT strategy, policies and procedures, as well as to undertake specific actions for operation and maintenance of the system. This should also include development of the strategy for embedding four Municipalities and collection of the revenues from property tax and use of the system for data management of the property tax.

Municipalities, respectively Information Technology Departments in Municipalities will check the authorisation of the rights for the access to the computer and give rights based according to the assignment. Further on, municipal officials as system users should increase cooperation with the Property Tax Department, to ensure that the requests for system improvement are being addressed.

(For detailed conclusions and recommendations refer to the content of the report).

The response of the parties involved in the audit

The Ministry of Finance respectively the Property Tax Department and the Department for The Management of Information Technology Systems and the Municipalities: Pristina, Peja, Gjakova and Gracanica agreed with the audit findings and recommendations. We encourage the institutions involved in this audit to make every effort to address the recommendations given.

1 Introduction

Kosovo citizens besides the rights guaranteed by the Constitution of the country have obligation and individual responsibility towards institutions of the country. Taxes are one of those that fall into these obligations, which comprise financial obligations paid by citizens and get goods and services in return. Therefore, its payment should not be considered as obligation solely, since the funds that are collected from taxes may be understood as citizen's investment in their welfare, whereas most of these revenues are returned or allocated in capital investments for the most vital segments of life such as: road infrastructure, building schools, water supply and sewage network, public lights, improvement of the public utilities, etc.

Revenues from taxes and charges are the backbone of the country's financial sustainability. Property tax⁵ is the main municipal revenue, which means that all revenues are deposited in the municipal budget, comprising 30% of municipal own source revenues⁶. So far, property tax was applied for premises only while, according to the National Strategy for the Property Rights in Kosovo⁷ it is planned to launch the land tax, to encourage citizens for more productive use of land. Application of land tax is planned to begin from 2019⁸.

Since the property tax is designated as key element of the municipal own source revenue, improvement of its administration is substantial to the municipal fiscal sustainability. To collect property tax in most effective way as possible, it is essential that data exchange, update, and access information is processed through a well - structured Property Tax Information System⁹ (hereinafter: PTIS), which will link and secure access to all parties and participating institutions involved in this process.

PTIS is currently applicable in Kosovo, and it is used for processing, calculation and data collection/saving. This system also provides citizens with access to the information about their property tax obligations, no matter from which Municipality the service is required, and allowing access to the electronic form through e-bill, which enables payment of this tax.

PTIS launched its application since 2003, when the first all-inclusive registration of the properties was performed and each municipality used its own database¹⁰. These records are processed using MS Access Software¹¹. At the end of each year, MoF officials (hereinafter: Ministry of Finance) were

⁵ Property tax is applied to all immovable properties above or below the earth surface; Law No.03/L-204 on Property Tax on Immovable Property.

⁶ In Annex 1 are presented municipalities own resource revenues for 2014-2016.

⁷ National Strategy on Property Rights in Kosovo, Republic of Kosovo, Ministry of Justice, December 2016

⁸ New law on property tax; Law No. 06/L-005 on Property Tax on Immovable Property is adopted on 26. 01.2018, promulgated by the decree of the President of the Republic, enters into force on 1st October 2018

⁹ Information system is a system of work which is used by almost all organisations for exchange and processing of information within institutions but also with coherent coordination between them. In this way they secure support to its operations to fulfil their mission and objectives.

¹⁰ In Kosovo, first legislation on Property Tax was adopted in 2003 by UNMIK Regulation No. 2003/29 "Property Tax on Immovable Property in Kosovo".

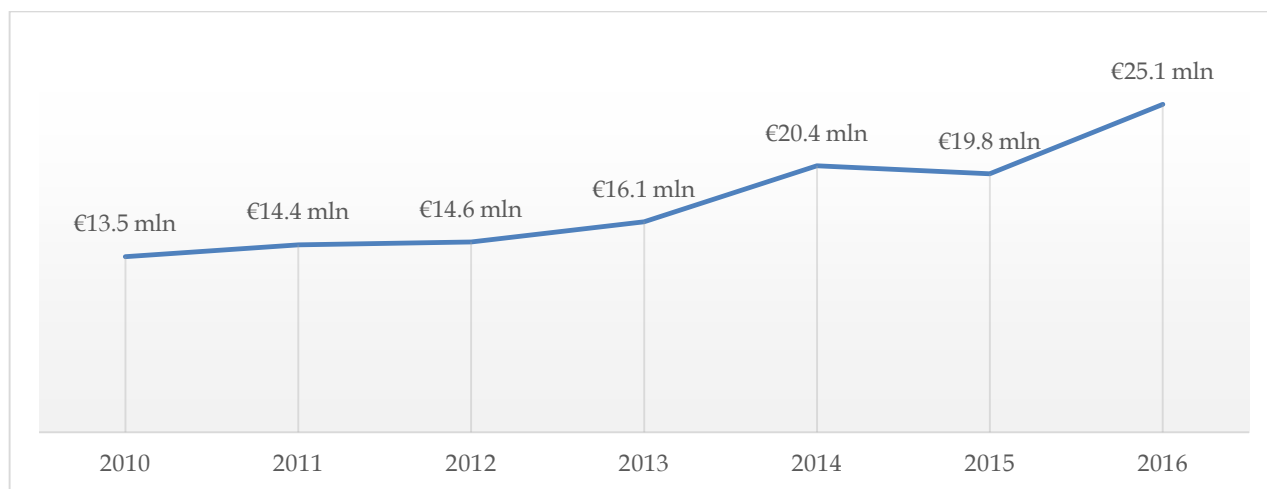
¹¹ MS Access- is a Microsoft database management system.

tasked to get the copy of the database from each Municipality and then import it into their database for further processing.

In 2008, MoF in cooperation with Swedish Tax Agency (hereinafter: STA) and financed by Swedish International Development Cooperation Agency (hereinafter: SIDA) has drafted ProTax project in order to carried out a proper and full registration of the property tax to assist in improving the effectiveness of the Administration and increase revenues at municipal level. Centralisation of PTIS has started under this project. This project lasted till 2012. From 2012 till 2014 The MoF has maintained its own system development with the experts remaining from the projects. At this time the project was supported by USAID experts.

In 2014, MoF and SIDA signed an agreement of cooperation, continuing with updated ProTax 2 project, with additional functions, incorporating the module of land taxation. The aim of this project is to strengthen municipalities by increasing its own source revenues, in this course increase of revenues from property tax. This project was due to be finalised at the end of 2017 however, the agreement to continue with improvement of the property tax system "Pro Tax 2" was signed in February 2018.

The increasing trend of the property tax revenues for 2010-2016



Although the system is not fully effective, the project has influenced the increase of the property tax revenues, achieving its main goal. As shown in the above chart, the revenues from property tax from 2010 to 2016 have increased by 86%.

Property tax database is located at MoF, and MoF takes care of its development and maintenance¹². In addition to this, the ownership and the responsibilities for the PTIS will be transferred to MF after the project ProTax2 is finalised¹³. The Municipalities of Republic of Kosovo or the local level will be

¹² U.A 10/2011

¹³ Action Plan of Project ProTax2

the end users and beneficiaries of this system. From total of 38 Municipalities in Kosovo, 34 municipalities¹⁴ are using the system.

1.1 Audit problem

PTIS is a centralised information system. This system brought improvement in providing services, along with different risks related to the processed information.

There are different problem indicators the related to PTIS. A certain number of problems relates to the system are identified from Audit Reports of Annual Financial Statements of the Municipalities conducted by NAO in 2016¹⁵.

Annual Audit Reports for Municipalities provided findings regarding property tax revenues and receivable accounts from property taxes. Some of these shortcomings are:

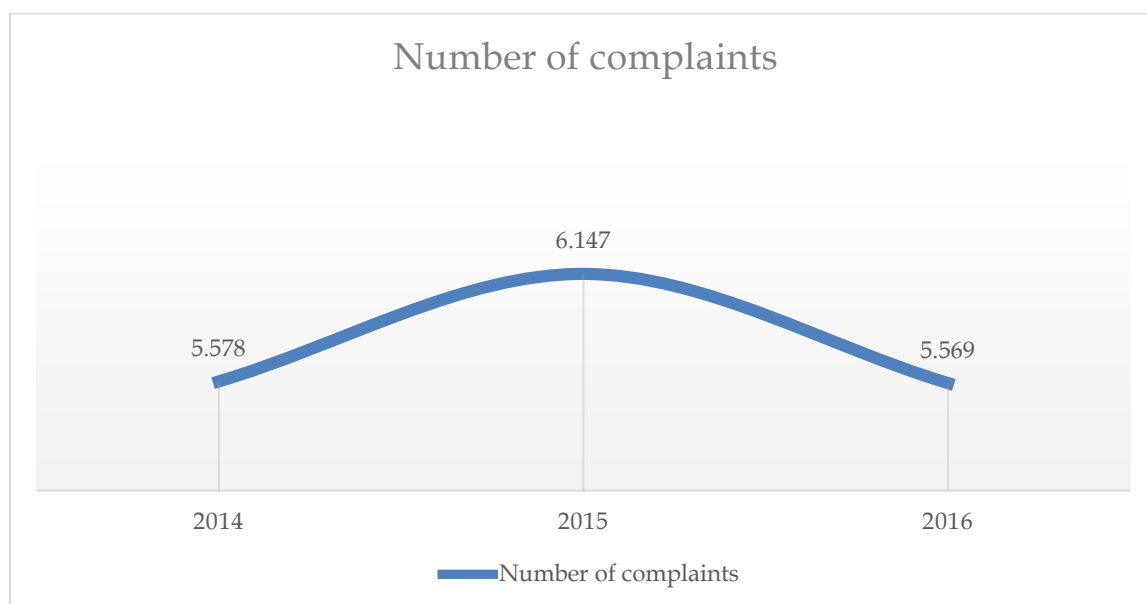
- Non - reconciliation of reports between ProTax and Treasury records,
- Non - reconciliation of individual financial cards of the taxpayers with the charge and collection report,
- Non - reconciliation from debt forgiveness, receivables from property taxes, whose software system is managed by the Central Property Tax Department at MoF, which is constantly undergoing system interventions to harmonise impacts from debt forgiveness and as a process itself is very challenging.
- Taxpayers who owned two or more unregistered properties had a discount of €10,000 from taxable property amount, each considered as a primary residence.

During the previous year, media reported that there was an unauthorised intrusion in PTIS¹⁶. Another indicator is the number of the complaints filed by the citizens at the Board of Complaints in respective municipalities.

¹⁴ Four municipalities that are not using the system are the municipalities in North of Kosovo: Mitrovica North, Leposaviq, Zveçan and Zubin Potok.

¹⁵ <http://zka-rks.org/publications/>

¹⁶ <http://archive.koha.net/?id=27&l=138272>

Chart 1: Number of complaints filed by the taxpayers to the Board of Complaints

The above chart shows the number of complaints that were addressed by taxpayers to the Board of Complaints in municipalities.

Despite the complaints that are reported to the Board of Complaints by citizens, during the planning stage, the team noticed and identified a large number of complaints made by citizens but in this case the complaints were not addressed to the Board but rather directly to the property tax officials within Municipalities. A large number of complaints were noticed in March and April 2017, at the time when financial statement changes occurred, and in some cases the balance/amount of taxpayers' bills has changed within the day.

The review of problem indicators identified by different sources guides us into definition of audit problem: Effectiveness of Property Tax Information System.

1.2 Audit objective

The objective of this audit is to assess if an effective monitoring environment is in place between leading structures and institutional processes securing that the Property Tax Information System (PTIS) is supporting the goals and the strategy of the institution by providing reliable, complete and timely information.

By this audit we aim to offer relevant recommendations to the central level, respectively MoF and other stakeholders in order to improve their access in relation with implementation and well-functioning of this system, as well as to provide reliable comprehensive and timely information.

1.3 Audit questions

To respond to the audit objective, we have posed the following audit question:

Is Property Tax Information System effective?

To be able to answer the main question, we have presented the audit questions as follows:

Question 1: Is there an effective monitoring environment in place ensuring that the system is supporting the goals and the strategy of the institution?

Question 2: Is data entered in system valid for its processing?, and

Question 3: To what extent is service management effective?

1.4 Audit criteria

To determine the criteria we relied upon laws and regulations on property tax, regulation on internal organisation within MoF¹⁷, the agreements and action plan of ProTax2 and based on best international practices on IT control and IT audit such as: COBIT 5 – Objectives of IT Control¹⁸, IT Audit Manual for Supreme Audit Institutions¹⁹; and GTAG²⁰.

The criteria based on questions are shown below:

- To have good IT governance, there should be a strategic IT plan in place within organisation that converts business objectives into IT goals and requirements. The duty and responsibility for drafting the IT strategy within MoF is the DMITS;
- MF should have an organisational structure whereas the role and the responsibilities of the IT are clearly defined and IT is positioned at a satisfactory level within organisation;
- MoF, respectively DMITS drafts and implements technological procedures in accordance with those from Organisation to ensure efficient operation of special departments, and cooperates with the Heads of the departments for drafting, implementing and compliance with these policies. Further on, there should be mechanisms in place (through quality or control assurance group, etc.) to ensure adherence to all policies and procedures.
- PTIS development is implemented based on the action plan that guides execution of the project;

¹⁷ Regulation (GoRK) - No.16/2016 on internal organizing and job systematization in Ministry of Finance;

¹⁸ COBIT, (Objectives of Information Technology Control), Publication of ISACA (Information Systems Audit and Control Association), is a widely used structure that contains recommendations, practices and best methods of assessment in overall IT control, as well as the programs that are used in these establishments;

¹⁹ IT Audit Manual, for Supreme Audit Institutions;

²⁰ Global Technology Audit Guide (: Auditing Application Controls).

-
- PTD should establish a procedure on how to identify new requests from businesses or IT needs and Steering Committee which approves these requests should have sufficient information for decision-making;
 - Rules of validity should be established, documented and implemented when it comes to input of data. These rules should be systematically updated while invalid information will be properly declined by the application. PTD should establish procedures on appropriate handling and communication of errors appearing in system. Errors should be handled accordingly and tracked in right way.
 - PTD should draft policies and procedures on management of users' access. They break-down the levels of transaction authorisations and check its implementation. When there is no possibility to segregate responsibilities compensated controls should be in place.
 - PTD should ensure that output data are tested for completeness and accuracy before its further processing and proceeding. Further on, their traceability should be also enabled.
 - Providing assistance to users should be supported by policies or work regulation.
 - DMITS in cooperation with PTD based on an agreement at operational level should perform daily supervision on system performance, determining critical restrictions and expectations from system.
 - MoF, respectively PTD should have designed and implemented procedures for change management.
 - MoF, respectively DMITS should have procedures in place on storing data copies. These data should be tested for restore, and also to train personnel for continuity of the work.

1.5 Audit Scope

This audit is focused in effectiveness of PTIS functionality that is located at MF, respectively, PTD who is responsible for implementation, operation and establishment of the necessary resources for well – functioning of the PTIS, ensuring that the processed information is reliable, complete and timely. DMITS is also responsible for drafting policies, projects and strategies for normal and most qualitative functioning of IT as possible. Taking into account that the system is centralised, the following four municipalities were selected as system users to look into the implementation situation: Prishtina, Graçanica, Peja and Gjakova Municipality²¹. Selection of these municipalities as samples was done for below written reasons.

Prishtina Municipality is the largest one and the one that collects most of the revenues from property tax. In 2016, it has collected around €7, 2 million.

Graçanica Municipality was selected as a small municipality and its share with tax property revenues in Kosovo is 1%.

²¹ Annex 2 presents revenues from property tax for year 2016 and participation of municipalities based on which the selection was done

Peja Municipality is selected as a Municipality where municipal officials are suspected to have intruded in property tax system.

Gjakova Municipality – during the field visit in pre-study phase, we have noticed that the Municipality of Gjakova is one of the Municipalities that manages property tax revenues in a very good way and is one of the first Municipalities that have applied criteria in property valuation, the personnel is very well informed about system, they have made constant requests to PTD for improvement of the system, therefore this Municipality was selected as a role model. Further on, it is one of the first municipalities that have used quality of construction as basis for calculation of the tax.

Audit will cover the period from the start of the project implementation in 2009 till current audit year in 2017, analysing the modules that are currently in use. All samples and tests of system belong to 2017.

1.6 Audit Methodology

To perform the audit and to respond to audit questions we have analysed documents, relevant legislation and we have interviewed responsible parties. Best international practises were considered and we have conducted field observations.

In this audit we have analysed:

- Legal and regulatory framework related to property tax;
- Reports and research related to this field/area;
- ProTax2 project agreement , action plan and other project documents;
- Minutes from Steering Committee;
- Minutes from project workgroup;
- ProTax2 Annual and quarterly reports introduced to the Steering Committee;
- Detailed analysis of the selected samples.

Interviews were conducted with different parties involved in PTIS, including:

- Interview with the MoF Directors of Departments, including Director of the Property Tax Department, Director of the Department for Management of the Information Technology Department;
- Interview with the System Administrator;
- Interview with the employees of project ProTax including, Project manager, deputy project manager for business and deputy project manager for IT, system analysts, system developers, system testers , help desk officials, programmers etc.
- Interview with the Head of the project steering committee;
- Interview with the Head of the division of IT infrastructure;
- Interview with the property tax officials of MPTO in municipalities involved in audit; financial directors, managers/leaders of the property tax, operation leaders, data entry officers, board of complaints, IT officials.

2 Description of the process, responsible parties and supporting bodies in implementation of PTIS

Standards and procedures to be considered by Municipalities during administration of the tax on immovable property are regulated by the Law No. 03/L-204 Law on Tax on Immovable Property (LTIP). The revenues collected by the tax on immovable property are collected in respective municipalities and used by them in accordance with the Law No. 03/L-049, on Local Government Finance²².

LTIP determines principles, basic rules and responsible bodies for administration and monitoring of the property tax functioning. Different aspects of the process on property tax are thoroughly regulated by MoF bylaws, whereas eight A.Is are drafted by now. Whilst, the Municipality adopts regulations on setting property tax including tax basis annually, areas and the market value on areas.

Ministry of Finance

The Database on property tax is located at the central system of the property tax and it is developed and maintained by MoF. There are two departments within MoF responsible for the well – functioning of the PTIS.

Property Tax Department (PTD) manages and supervises the work on implementation of the legislation in municipalities of Kosovo. Its role is to provide support to the Municipalities by monitoring administration of the property tax, using the system for management of the property tax administration and developing PT software. Further on, this department makes and sets the rates and the tax price/value for each year, approves access to system and records payments in system electronically.

Department for Management of the Information Technology System, (DMITS) is responsible for drafting of strategies, policies, procedures, projects and normal and best quality functioning of the IT within MF. This department is also responsible for monitoring, administration and overall functioning of the network, system and MF applications. Likewise is responsible for daily organising and supervision of the job applications, securing availability and performance according to the Operational Level Agreements (OLA) with other respective departments and divisions; etc.

Municipalities

Each Municipality should establish and maintain a database on property tax including; addresses of the properties, addresses of the property owners and users, information on land and buildings, value of the property, property invoice and records on tax payments.

²² Revenues collected from Tax on Immovable Property are collected in main Treasury account and then identification and transfer of those revenues to the municipalities is done by using the code UNIREF for their identification

Therefore, municipalities are responsible for managing with property tax information and entering data into Central database; including maintenance, storing and constant update of data, survey of the new buildings that are under construction, valuation of the immovable property, issuing invoices, review and management of complaints and collection of funds.

Project Supporting bodies to the PTIS

PTIS is developed according to the agreement between MoF, STA and financed by SIDA. According to the agreement, MoF is the owner of the project. This agreement foresees that the project is developed according to the project plan. Project supporting bodies and teams are shown as follows.

Steering Committee is a supreme decision-making body of the project. This committee has an important role in directing work and project outcomes. Steering Committee decides after approval of SIDA on possible changes in timeframe, project outcomes, on allocated budget and approves specifications and implementation of the different outcomes of the planned project, proposed by the project.

Project Management Team (PMT) is the executive body of the project. Its mandate is to take decisions within the project plan.

Work Development Team has the main responsibility for four of the five project outcomes, improvement of the regulations on property tax, new work processes, expansion of the property registers, etc. This team is also responsible for setting criteria of high level requests in IT system.

IT Development Team has the main responsibility for project outcomes and further development of IT system. It is also responsible for participation in designing work processes from perspective of finding solutions. IT Development Team has a concrete duty for transferring the knowledge/information to the IT Maintenance team.

IT Operation and Maintenance Team – Its role is to independently operate and maintain IT system for PT. After the project, IT maintenance team is also responsible for further possible developments of the IT system. This team should be comprised of five persons, and the members of this team should be recruited and financed permanently by MoF and stationed within DMITS.

3 Audit findings

This section of the report presents audit findings related to PTIS. This chapter initially addresses IT management, including findings related to IT strategy, organisational structure, policies and procedures for development and functioning of the PTIS. Further on, this chapter introduces findings related control effectiveness, including validity of entered data in system and its processing, starting from entered data (inputs), processing of transactions and outcome data (output), error handling procedures up to the application security.

This section of the report is finalised with the audit findings which relate to the service management, initially showing findings on user's requests, assessment of the system performance, setting critical restrictions for assessment and comparison of results, tools and management of changes, and saving data in backup copy.

3.1 IT governance, its role in development, functioning and operation of PTIS

IT Governance²³ is defined as a general structure that manage IT operations within an Organisation to ensure accordance with the business needs, and has plans for future needs. A general structure of IT governance involves: IT strategy and planning, organisational structure, organisation policies and procedures, development and purchase, etc.

3.1.1 Information Technology Strategy

For good IT governance²⁴, there should be a strategic IT plan in place that converts business objectives into IT goals and requirements. Responsible for drafting this strategy within MoF is DMITS.²⁵

MoF did not design a Strategic plan for IT that determines the way IT would help in achieving strategic objectives of the Institution, expenses and risks related to it. Based on interviews conducted with DMITS department, MoF²⁶ has taken initiatives for drafting this strategy, however we were not provided with evidence thereof.

Lack of an IT strategic plan resulted from unclear definition in terms of implementing MoF objectives for IT management. So far, in absence of a strategy, MoF did not succeed to fulfil PTIS requirements as provided in "ProTax2"²⁷ project agreement.

²³ IT governance – has a key role in determination of the control settings and sets the basis/foundation for a good practice in internal control as well as in reporting to the functional levels, supervision and managerial revision.

²⁴ According to COBIT IT management means management, organisational structure and processes that ensure accordance of IT Strategy to the strategy and objectives of the organisation.

²⁵ Regulation No. 16/2016 on internal organizing and job systematization in MF

²⁶ Interview with the head of the IT infrastructure/network division in MF, October 2017

²⁷ ProTax Agreement and Action plan is discussed below

3.1.2 Organizational structure, policies and procedures for PTIS development

Organizational Structure, policies and procedures are key element to IT management. Hence, to ensure good IT governance, MoF should have an organizational structure that clearly defines the role and the responsibilities of IT and where IT is positioned in an adequate level within Organization. Assigning of roles and responsibilities are key to effective governance²⁸, therefore, to achieve this, MoF has drafted the Regulation on Internal Organization which clearly defines the role, responsibilities and IT positioning. However, this regulation could not be implemented given that according to this regulation, DMITS is broken-down into three divisions: Infrastructure, Operation and application management structure. However, the division for management of the applications does not have personnel who would support development of the PTD applications. Currently, MoF has engaged only one MoF staff member as support to this project in position of: System Administrator²⁹. In absence of MoF personnel, respectively from DMITS and PTD, many tasks are carried out by the project team to facilitate system operation/functioning. We could observe that many functions like e.g., adjustments to the financial data, database administration are performed by programmers or other project personnel. This hampers the normal functioning of their work but it also affects in reducing accountability and data security.

DMITS as responsible department within MoF for drafting IT policies and procedures did not succeed to draft internal policies and procedures for IT operation. Although this department has attempted to design two IT procedures, these procedures were not approved. In absence of these, the PTD does not have policies and procedures in place for development, maintenance and administration of the system. The policies and procedures for personnel of the project, for control of IT activities and functions, as well as procedures to guarantee data protection are also absent.

3.1.3 System Coverage

Currently in Kosovo, the system is being used by 34 out of 38 Municipalities. Four municipalities that do not use the system are four municipalities in the northern part of Kosovo: Mitrovica North, Leposaviq, Zveçan and Zubin Potok. These municipalities do not collect revenues from Property Tax since 2008. Based on interviews conducted with the MoF officials, the last two years, Ministry of Finance, respectively PTD through USAID has held several meetings with the Mayors of these Municipalities in order to promote the benefit the Municipalities have from collecting the revenues from property tax but, the willingness of the Municipalities for cooperation is absent. It is worth mentioning that the PTD and the project are technically ready to expand the system coverage to these municipalities as well.

²⁸ COBIT

²⁹ The support of project by MoF is discussed thoroughly in the following finding

3.1.4 Project development, leading structures and supervision of the project

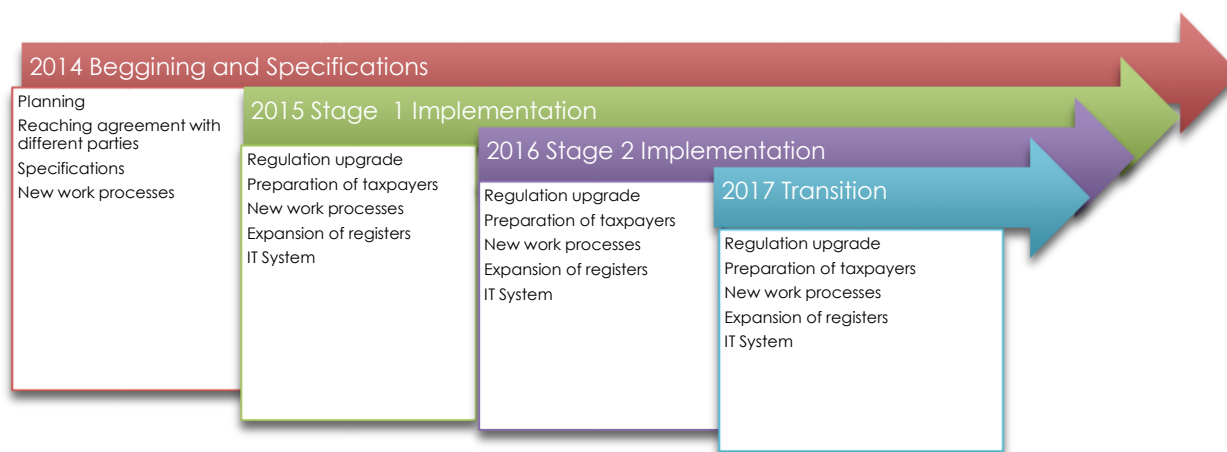
PTIS is developed according to the agreement³⁰ and action plan for ProTax³¹. The Project intends to register all land parcels as properties and improve the property tax system in general. Steering Committee³² is the decision-making body of the project. This committee should convene at least three times a year³³. However, from 2014 till October 2017, it has met only six times.

In 2016, it has met only twice while in 2017, it has met³⁴ only once to discuss about the project. In three out of six meetings the Head of the committee was absent, which at the same time represents the MoF delegate and at the same time did not appoint any other official to participate in the meeting. As a result project implementation was followed with obstacles.

In order to ensure project sustainability, the agreement and the action plan of ProTax2 project foresee that the parties involved should meet some requirements.

- The project plan is foreseen to be developed in several stages as shown in the picture below.

Picture 1 –Timeframe for the implementation of phases



- As shown in above picture, the project has foreseen to conduct activities in different phases and with timeframes for its conclusion. However, the works were not completed as planned. The Project planned to divide timeframes in several stages. Beginning phase, specification phase, phase 1, 2 and the transition phase. One of the reasons for non - completion of the phase one is also the failure to adopt law on land tax³⁵. Further on, the decision of the government on debt forgiveness made a huge impact on this³⁶.

³⁰ Project agreement between MF and Swedish Tax Agency, and the agreement on contribution between SIDA and MF set with the support for ProTax2 on 13.05.2014

³¹ Action Plan, ProTax2, the Project to Continue with Development of the Property Tax System in Kosovo,

³² Action Plan, ProTax2, the Project to Continue with Development of the Property Tax System in Kosovo,

³³ Action Plan, ProTax2, the Project to Continue with Development of the Property Tax System in Kosovo,

³⁴ Till October, SC has met only once.

³⁵ Interview with the Head of the Steering Committee, May 2017

³⁶ Debt forgiveness is thoroughly discussed below

-
- It is planned that DMITS at MoF assigns five other positions from the very beginning of the project for system development: two programmers, test manager, system analyser, and IT network manager. But, yet MF did not recruit the personnel to fulfil vacant positions according to the agreement on PTIS needs;
 - Based on action plan, the project will not operate with IT system on property tax after the phase of Specifications³⁷, and will not maintain the information technology system on property tax after phase 1 is finalised. The project team made a request to respond to the needs of infrastructure but MoF did not manage to secure the necessary infrastructure. According to the SC, the IT within MoF is preparing a strategic plan for improvement infrastructure to include system needs but, even though the commitment was made in March 2015, this was never achieved and the tender failed. In this case, the project also made some necessary investments on its own not to allow system failure, while MoF has supported the project only with the existing infrastructure.
 - PTD had to recruit two employees for the help desk, however actually the help desk is operating only with one employee that is supported by the project.

All these concerns have been addressed by the Project Team to the SC; however MoF did not fulfil these needs yet. The lack of the personnel to cover the needs of PTIS made the project team members to perform additional unplanned work, and this makes it more difficult to perform the work as planned.

3.1.5 Identifying requests for change

PTD should have a procedure in place to identify and address PTIS new requests³⁸ and the Steering Committee³⁹ approving these requests should have sufficient information in order to take decisions. However, the PTD has yet not drafted the procedure on identification of requests for changes.

Steering Committee is the responsible body for changing of timeframe and approval of other changes after SIDA's approval. During the audit, we have been introduced to a project timeframes that was not updated with the changes. The project was changed in timeframe due to the reasons mentioned above⁴⁰.

One of the requests for change that needed SC approval, taking into consideration that fact that it had an impact on postponing of the project plan is also the event of the debt forgiveness. The debt forgiveness was a decision of the Government⁴¹; therefore development of this module was indispensable. But, this module was very challenging to the project because most of the planned works had to be postponed. We have assessed that the committee did not approve any change to the plan as a result of the debt forgiveness, or have requested a new plan after the changes as a

³⁷ It is planned to be executed in stages: Planning stage in 2014, Specification Stage in 2014; while first stage during 2015, Stage 2 in 2016, transition stage during 2017.

³⁸ IT Audit Manual for Supreme Audit Institutions;

³⁹ Project Steering Committee, is a decision-taking body of the project

⁴⁰ Refer to the finding 3.1.3

⁴¹ The module on debt forgiveness is discussed below

consequence of debt forgiveness. From the minutes of the meeting, we could see that the debt forgiveness was only discussed later as a reason of postponing the project plan⁴².

The project has updated the plan with necessary changes and this plan is yet not approved by the SC. It is worth mentioning that the project continues the work according to the new plan.

Further on, other changes are made without any formal approval of the project manager or PTD.

- We have observed undertaken activities from the work team (IT work development in scope of the project) for replacement of the financial module⁴³, activities for which we could not see evidence or decision that have been discussed with PTD officials or with the project and SC.
- PTD does not have any plan on the requests and SC did not make written decisions on certain issues related to the flow of the project or other requests. In absence of the plan, there is no list of identified requests that would assist in prioritizing them according to their relevance and would facilitate decision-making in terms of their execution.
- In absence of procedures, there are cases when Municipalities make requests only via phone, without any official request. Request for other changes made by users are sent to the work team directly⁴⁴ for further action. Treatment of these requests is done by the team based on the moment whereas according to the meeting minutes we could see that the project manager did not attend the meetings.

3.2 Effectiveness of the software application controls

So called "Protax" software application on property tax is a software application⁴⁵ developed by project team in java programming language, with MySQL database and operates in Web platform. Access to software application is done within Governmental intranet domain and can be opened from any computer within the network.

Software Application control⁴⁶ includes several areas as shown in the picture below.

⁴² The minutes of March 2016 discuss about the project timeframe.

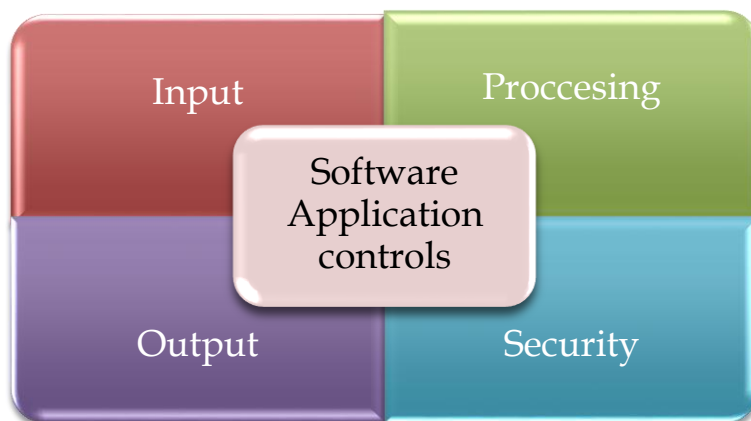
⁴³ The change to the module was foreseen by the plan but, but due to the change of plan it is completed in March 2017

⁴⁴ This team convenes at least two times a week

⁴⁵ Software Application is a specific program that is used to support a specific process of the institution, including procedures, manuals so as the computerised ones for set up of transaction, data processing, maintaining registrations and report writing

⁴⁶ IT Audit Manual for supreme audit institutions

Picture 2-Software Application controls



The above picture presents processes of each category involved in audit.

Picture 3- Processes incorporated in audit from each category

Input and processing	<ul style="list-style-type: none"> • Data Input: Identification and registration of the property in the system, substantial registration of payments for dates 30 and 31st December, multiple registration of the property and same taxpayer, sharing of co-ownership of the legal taxpayer, registration of the primary residence, application of the construction quality as tax basis, update of user's manual • Tools on management of mistakes/errors, policies and procedures for treatment of the refused data, and procedures for review of the pending files • Authorisation rules, access procedures, assignment of duties
Output and processing	<ul style="list-style-type: none"> • Payments • Invoices/bills • Financial Card • Reports • Automatic calculations
Application Security	<ul style="list-style-type: none"> • Transaction tracking • Database tracking • Logical approach

3.2.1 Input data

In order to secure accurate, reliable and complete data input and make them acceptable by the software application within a certain timeframe, the software application should have control mechanisms in place. Input includes validity of input, procedures on correction of errors, authorisation on data input. Issues/identified with input data are shown as follows.

Validity of input data

PTD should have in place drafted and documented rules on validity of the input data, and create mechanisms to check its implementation. These rules have to be regularly updated and invalid data will be rejected by software application⁴⁷ accordingly. While testing validity of input data, system displayed several issues as shown below:

- Field surveyors use mobile equipment for registration, surveying and verification of the properties, having access to the system from the field. The access is provided by using the cell phone network. This equipment among others has the possibility to receive geographical information on positioning. However, these devices have experienced many problems. Initially geographic photos or images known as orthophoto are placed in the system that are actually presented in a small size format covering $\frac{1}{4}$ of the screen with the possibility to zoom only three times, making it difficult to get the precise coordinates of the object.
- Orthophoto in the system on the computer device did not operate while we were in audit. While, the orthophotos currently installed in the system were taken in 2010 and many objects are not displayed at all. The mobile device in the orthophoto does not show any information indicating whether the property is registered or not.
- Further on, in locations that are not covered by cell phone service, mobile devices do not provide precise information about the objects in that area. In some cases, measurements and photos are taken to document the situation and identify objects but due to inaccessibility to the network, this information is not transmitted. After relocation of the surveyors (operators) and their return to the areas covered by cellular service or at the Office, the device was connected to the system but in that case the geographic coordinates were transmitted from their actual location, and not from the location they gathered these data.
- In absence of a practice recommended by PTD, Municipalities use different approach to handle with this issue. Prishtina Municipality has not registered the properties from the areas that lack network coverage at all. Other Municipalities such as Peja, Gjakova, and Graçanica did register these properties but with wrong coordinates because, this data is registered from locations the mobile device was connected to the network. In addition, Municipalities such as Prishtina and Gjakova are using the Geoportal to get the most accurate identification of the objects while, Peja and Graçanica Municipality are not using it. All these issues hamper the identification of the object point and do not allow determining whether or not the property is registered through the mobile device. Currently, work on improving this module is being undertaken, but Municipalities are still facing difficulties.
- During substantial registration of payments on 30th and 31st of December of each year, in earlier years, the system did not accept these payments automatically. All these payments had to be registered manually by Municipalities. Until March 2017 these payments were registered by adding the value of the payment over an earlier payment of the taxpayer. These payments do not appear at all in the payments report. To be able to find these payments, all transaction cards should be searched. This has caused a lot of difficulties for the data entry

⁴⁷ IT Audit Manual for Supreme Audit Institutions

officials within the Municipalities. From March 2017 this problem was eliminated and the linkage of these payments is possible.

- Due to the failure to identify registered property, it is possible to make multiple registrations of the same property. This occurs given that the system does not use a function that identifies if that taxpayer or that property is registered in system e.g., identification card, coordinates of an object, etc. This would serve as prevention of double registrations.
- For the taxpayers that own more than one property as residence, the system applies a value of €10,000 rebate to all properties and categorizes them as primary residence. This is in contradiction with the law on property tax⁴⁸, which foresees that the €10,000 discount applies only to the primary residence.
- The system does not calculate taxes based on quality of construction. According to the AI no.03/2011 the quality of construction is expressed with a multiplier, which depending on the condition of the object⁴⁹ increases or decreases the tax charge. We have verified that the tax is charged without considering the quality of the construction.

From selected Municipalities, only Gjakova Municipality is applying this criterion since 2009. Even though the use of this criterion is provided by the AI, according to the PTD, by now the Municipalities have self-declared on using or not using the criterion. Only nine out of 34 of Municipalities are using this criterion. According to the PTD, all Municipalities will apply the criterion from 2018. Disregarding the quality as basis for taxation has a financial impact, in some cases in disadvantage to the Municipality, and in some cases in disadvantage to the citizen.

- User's guide is not updated in the system. New functions are set in the system but the guide is not updated such as financial card, reports, payment carried forward, etc.

Error Handling Procedures

PTD should have procedures on handling and communicating the errors displayed in system. Errors should be handled appropriately and traceability should be provided⁵⁰. PTD did not draft policies and procedures on handling rejected data and procedures on review of the pending files.

While testing the system, in order to have a report displayed, we have noticed that when the report was not available, the message that appeared was "requested action could not be completed". Further on, this message did not provide that type of the error, date and time when error occurred or any other justification for presence of error.

Furthermore, instead of having official email of any PTD official attached with the message, it displayed the private email of Project Team and personal telephone numbers. Further on, these errors are not traceable because they do not have a code of error, or any other identification sign,

⁴⁸ Law on Property Tax, Article 9

⁴⁹ Construction quality is classified in several categories such as very poor, poor, average, good and excellent

⁵⁰ IT Audit Manual for Supreme Audit Institutions

and they are not saved in the system database. According to the help desk officer, the error or its type is identified only by contacting and asking the users on what were they doing at the time.

The system does not provide a list with the types of errors and message for error identification, where, if during the transaction process a mistake occurred, the user is provided with a possibility to read the number and notify the help desk officer about the type of error.

Authorisation of data input into software application

Written procedures for managing users' access determine the break-down for levels of transaction authorisations, and provide the option to check its implementation. PTD did not design procedures for managing users' authorisations. In addition, there are no procedures set for training and certification on use of system and officers are not obliged to initially get trained and then have access to the system.

A form that is completed by MPTO is used to enable access to the system, where the roles are determined. System administrator receives the form signed by the Municipality manager, approval of the Head of the division and completes the request upon written form.

3.2.2 Completeness and accuracy of output data

PTD should ensure that output data is firstly tested for completeness and accuracy prior to its further processing and proceeding. Data traceability⁵¹ should be enabled as well.

While checking the completeness and accuracy of the output data, according to the selected samples, some issues were identified and presented in groups: Registration of payments, Distribution of payments; Property tax invoice; financial card; the module on debt forgiveness and report.

⁵¹ IT Audit Manual for Supreme Audit Institutions;

Registration of payments, non-reconciliations, delays in registration and failed payments

Registration of extensive payments in system is done manually by PTD after receiving the report form Treasury. Every working day, the payments are registered for the previous day.

Non-reconciliation of data between Treasury and PTIS. According to the Treasury reports in 2017 the revenues from property tax for period January – June were €10,793,134 while, for the same time period the revenues from PTIS were €10,218,927: and unprocessed payments were €54,440 or in total €10,273,367.

Table 1- Difference on revenues from property tax among systems for months January-June 2017

Treasury	ProTax Processed	ProTax Unprocessed	Difference
€10,793,133	€10,218,927	€54,439	€519,766

Further on, there are non-reconciliations in the report of June. In the report provided by Protax on 28.08.2017 there were €2,714,370.00 and on 20.10.2017 there were €3,056,424.56.

Further on, the Municipalities do not perform reconciliation of reports between the two systems. Non-reconciliation of the revenues between departments leaves room for unfair reporting.

Delays in registering payments- Each working day, the payment registration officer receives the payments for the previous day from the Treasury. According to the Municipalities, there are cases when registration of payments by PTD officers is delayed for up to 10 days. During the audit, we have noticed a delay in registration of payments for up to seven days. Further on, the payments in system are not automated. Therefore, errors may occur during import caused by human factor.

Failed payments. According to the officials, while importing payments into PTIS, the systems does not allow registration of payments containing UNIREF, date, time and same value. All these payments are classified as failed (not proceeded) payments. In addition, the system did not allow payments for dates 30 and 31 December for earlier years. The registration should have been done manually by Municipalities, respectively by property tax data input officers.

1. *List of failed payments-* The list of failed payments provided by PTD for July 2016 to July 2017 we have noticed that there are payments registered in system by Municipalities.

Table 2 – Number and value of failed/ unsuccessful payments in municipality of Prishtina, Gjakova, Peja, Graçanica

Municipalities	No. of payments	Value of payments in €
Prishtina	880	119,470.37
Gjakova	367	40,054.74
Peja	274	31,789.97
Graçanica	61	19,389.90
Total	1,582	210,704

PTD did not design any procedure on how to register failed payments. Further on, in absence of procedures, PTD did not instruct Municipalities through a written memo or a decision on registration, by not setting timeframes when the registration should take place. Consequently, Municipalities do not use same practices for registration. Registering such payments depend on officials' willingness and their time.

While examining the samples of failed payments, we have noticed that the payments for 30th and 31st of December 2016 were registered by Municipalities but, they still appear as failed in the report of failed payments. Prishtina, Peja and Graçanica Municipality have also registered the payments for July 2017 whilst Gjakova Municipality did not yet register the failed payments for 2017. An officer within Peja Municipality identified that the list of the failed payments had also payments which are not designated for property tax, and there are double payments for the same UNIREF, name, value and date. Even though the request from municipal officer on deleting these payments from list of failed payments was filed in April 2017, we have noticed that the payment still appears in the list of failed payments reported in April 2017, meaning that PTD did not delete them.

The module on registration of failed payments was developed in March 2017, making the registration easier, where in case of linking these payments, they do not appear in the list of failed payments any longer. However, even after registration of the payments registered before March 2017, they still appear in the list of failed payments. These may result in multiple registrations by municipal officers.

2. *Double registration of payments.* We could notice that there are cases when payments are registered twice. According to PTD, this occurred in July and August 2016, when the Central Bank of Kosovo has changed the reporting method, and errors came out, the same payment was accepted by system because of different date. According to the PTD, these payments were deleted from system and the MPTO was advised to identify and register them. However, we were not provided with a written decision, memo or an email for deleting these payments by PTD. Based on interviews conducted with municipal officers we got informed that some taxpayers' payments are missing and the registration is made only when taxpayers provide evidence that these payments are carried through. We have also seen samples where the taxpayer has both payments registered, this means that we cannot prove that the action for deleting these payments has really occurred.

Distribution of payment

Distribution of payment has changed time to time. This occurred because PTD did not design a regulation on payment distribution. Until 2015, distribution of payment was done from top to down, where, when the taxpayer made the payment, initially the payment was distributed to the actual/present year, while the surplus went to the previous year. Such distribution of payments was not in favour of citizens because, when the payment for the actual year was taken, the interest and penalties for earlier years continued to be calculated.

With debt forgiveness, distribution of payments has changed based on law on debt forgiveness⁵². This law foresees that, to get qualified for debt forgiveness, until December 2018, the total payment of obligations for period of 01 January 2009 to 31st December 2014 should be completed, then such persons, except having total debt forgiven for period till 31 December 2008, are entitled to have penalty and interest forgiven resulting from failure to pay in time the total debt for period 01 January 2009 till 31st December 2014.

This means that the payment distribution was applied initially by taking the debt on property. However, this method of payment has also continued after conclusion of debt forgiveness. In all samples we have noticed that the distribution of payments is actually done by initially taking the tax debt for all years, and then penalty and interest.

For the actual distribution of payment, we have also noticed that the decision was taken by project and the PTD officers were not informed or instructed on this.

Financial Card

By March 2017, the financial module, including the financial statement was not automatic. The tax, interest and penalty was calculated only for the current year, while with conclusion of year for every change/modification of interest and penalty, or registration of payments for earlier years the calculation had to be done by property tax municipal officers manually. This shortcoming could lead to miscalculation of interest and penalties for the earlier years. In addition, under manual correction, the chance for misuse and mistakes was higher.

Financial card was improved in March 2017 by calculating all taxes automatically, including interests and penalties for earlier years. However, despite significant improvement of this reporting module by automating it, from examined samples we have noticed several deficiencies. Primarily, prior to launching the new product, it had to undergo all testing stages. We were not provided with testing evidence, upon which the decision on application or non-application of this module was taken.

The shortcomings related to the financial card are presented as follows:

⁵² Law No.05/L-43 on public debt forgiveness, Law No.05/L-119 on amending and supplementing Law No.05/L-43 and A.I No.04/2015- procedures on public debt forgiveness

Balance adjustment. In 60% of the examined samples there is a description on balance adjustment in financial card dated 04.03.2017. Municipalities were not able to explain why such adjustment is made. This balance adjustment has made the financial cards often confusing and unclear.

According to the officials involved in project development, this occurred due to the fact that the module is automated, where the balance of the old card is reconciled with the balance of new card.

We have analysed this balance adjustment in an effort to clarify what was incorporated in the amount of balance adjustment. We have noticed that in order to ascertain and explain the amount of adjustment in the balance sheet, quite time is needed to analyse every transaction since 2008. The balance sheet included all manual adjustments made, adjustments of penalties and interest rates manually, modifications made as a result of the change of the situation by executing the decisions of the Board of Appeals, payments for debt forgiveness and many other modifications made over the years by the Municipalities. There are times when for a single card up to 1 day is required to identify the amount of balance adjustment. This has high costs for Municipalities, and often officials face citizens revolted by their debt situation. The biggest problems with balance adjustments have been, the debt-paying taxpayer (debt forgiveness is discussed below).

At the time when the financial module was changed, there were contradictory receipts with different values where taxpayers did not make any action, within the day or within the month on the invoice, showing different debt balance. This raised doubts that the module has been released for use without being properly tested.

Debt Forgiveness Module

Debt forgiveness is a decision of the Government. The project has accepted to develop the module on debt forgiveness, however due to its rapid development, this module resulted in shortcomings.

From examined samples, we have noticed different occurrences how payment appeared. In some samples, the payments on debt forgiveness did not appear in payments, while in some samples it appeared. In cases when payment does not appear in payments the officials are forced to analyse transactions from event report.

There are cases when distribution of payment was not applied in 2009, but it went in 2008 and earlier, which means that the distribution was not applied correctly, since the tax, interest and penalties up to 2008 were supposed to be forgiven. As such, this distribution resulted with non-application of the debt forgiveness in certain cases, even though the payments were documented. These cases can be identified only upon complaint of taxpayers.

Major problems occurred with the taxpayers under agreement; even in this case the distribution of payment was done inappropriately. If these taxpayers wish to carry through a payment for debt forgiveness and at the same pay the bills for 2015, the payment is distributed along 2009-2014, and except tax, the penalty and the interest for 2015 continue to be calculated.

We have noticed that in this module there are cases when the taxpayer did not earn the forgiveness for €0.02, despite paying the debt according to the bill.

Due to the problems shown above, the taxpayers' cards with debt forgiveness are hard to be read and create uncertainties.

Reports

Based on system user guide, there are several types of reports: charge and collection report according to the calendar period, generating list of properties for municipalities and the progress report.

Charge and collection report based on calendar period

Municipalities have constantly faced problems with reporting module. The report does not reflect the same situation for the same period. This is because there was no "historical report"⁵³ in the reporting module that would show a final balance for the fiscal year. These shortcomings were also highlighted by the audit reports prepared by the National Audit Office covering Annual Financial Statements for the earlier years. If a report on revenues from property tax, interest and penalties is required for the earlier year from 1st of January to 31st of December 2016, the report never appears the same. This is because this report integrates the payments made in the current year for the previous year. Therefore, we cannot know the exact balance of the previous year. This report would assist Municipalities in more detailed analyses of changes in payments and receivables for property tax. As a consequence, Municipalities never rely upon the reports deriving from the property tax system for property tax revenues and receivables. This may also affect the fair reporting of Municipalities on these items in the Financial Statements.

At the time of audit, Municipalities were not able to provide us with reports on property tax balance. This occurred due to constant developments and changes in the system. Currently, municipalities do not rely upon system reports⁵⁴ which according to them that are actually inaccurate.

Reports are not accessible by Municipalities. During 2017, Municipalities faced huge difficulties in generating reports. As a result, PTD has decided that the reports requested by municipalities are delivered to them upon request to the PTD. In this occasion, PTD has taken over the municipalities' competence on reporting, without a written decision. In addition, the Project Team has decided to terminate the reporting module. Whilst, PTD officers were informed only verbally for termination of this module, with no written document and reasoning by the project.

⁵³ By historical report it is meant a report that presents the same account balance for the same period, regardless of subsequent changes i.e. payments that result in changing the account balance of that period.

⁵⁴ To report revenues from property tax in AFS of Municipalities present data from KFMIS, but for receivable accounts is used the data from ProTax system.

The reporting module is being upgraded and the charge report may be divided according to calendar year, and due to the current developments in this function, at this stage of audit we did not examine its completeness and accuracy.

Progress Report, property report and event report

Progress Report on collection⁵⁵ is not currently operational. The project officers have stated that at this time the modified report of charge and collection includes this report as well.

During the audit, the report on municipality properties⁵⁶ was not available as well. While during examination of the event report, in spite of being available we have noticed that this report⁵⁷ was inaccurate. (Traceability is elaborated extensively below)

3.2.3 Software Application Security

Software Application security covers confidentiality, integrity and availability of the information in software application elements.

For software application security purposes, it is assessed whether information on software application is safe against misuse. In order to achieve this, PTD should put controls in place. Controls should be designed and function effectively to ensure that audit trails are generated and maintained for all transaction records.

Transaction Traceability

While examining event report, we have noticed that there are cases when this report is inaccurate and does not describe all transactions. In one case in Prishtina, we found that the officer has modified only the address of a property, however, the event report showed as the officer has modified the m2 (square meters) of the concerning property. The same occurred with the event report received from Gjakova. We have also found that with modifications on that property, its status is also marked as new property, instead of being marked as modified. The project development team confirmed that there is an error, referred to it as "BUG"⁵⁸, which is already under consideration, however, we were not provided with evidence on that. Further on, PTD has no list of these system errors –BUGs available.

This hinders traceability and proves that there is no traceability of actions. The lack of an accurate event report increases the risk for non-identification of intentional or random errors.

⁵⁵ Collection Report is generated for the actual year; based on location, street, etc.

⁵⁶ The report on property list contains data on all properties of the respective municipality.

⁵⁷ Event report is presented as a report based on event type and system user. Also, this report provides filtering by date, from start to the end date.

⁵⁸ An error or identified mistake that obstructs the normal operation of the system

Database traceability

During the audit, in ProTax database system, we have requested the event traceability report from database. However, according to the project officers, such a thing cannot be generated.

Logical approach

When the users account is opened and the access to user is provided, but also in case of password change, the credentials are sent via e-mail to the System Administrator. The user is not obliged to change the password at first access. Password implementation complexity in system is not available and the system does not have a history of passwords. In case of triple unsuccessful attempts, the access to the user is not restricted, constituting insufficient security for logical approach to the system. This occurred due to the lack of procedures on user and passwords management.

From the sent list of users who are authorised to have access to software applications we have cases when an official/user with the same name and last name has two different active accounts/ (user) IDs. Further on, there are some active users who for the last time had access to system in 2016 and their accounts were not deactivated. Verification of users is done by the end of each year, requesting each Municipality to send the list of users but, this procedure or practice was not documented to us.

We have also found that the privileged users with administrative access to the system have used accounts/IDs titled as Administrator (e.g. administratori-tax, tatimi_administratori etc.⁵⁹), but it is impossible to trace the user that have access to these accounts/ID because of being used by more than one user.

Traceability of the access to the system for system users is not complete. We were not provided with evidence on the last change of password, its privileges, or/and activation and deactivation of the accounts/ID. The system provides only the information on last access of user to the system.

IT officers within Municipalities may provide additional security on use of the software application. In all audited municipalities, we have found that some system users in MPTO have the access/privilege of the Administrator in computers used for access to PTIS. This access right allows them to install unauthorised programs by unauthorised personnel, and this may result in misuse of the system.

⁵⁹ For security purposes we haven't used exact naming used in the system

3.3 Effectiveness of service management

3.3.1 System users request

Fast and effective response to the users requests in providing support services to the users should initially be supported by work policies, procedures or regulations⁶⁰. This is achieved by providing a well-designed and well managed help desk, and a process for management of incidents.

In absence of regulatory acts in this area, we have conducted interviews with people responsible to provide support to the users and we have observed their work to assess effectiveness of this service. The following shortcomings arose:

- Management of incidents and Help Desk (HD) – in absence of personnel assigned by MoF – PTD, the project has recruited one person for this task. However, the whole project personnel is involved in providing support to users since, different instructions that appeared in system advised users to contact different persons, including their phone numbers, their e-mails and in some cases private and not official emails, or a single email address.
- For the management of requests and categorising of incidents, practices have been used based on current decisions by not addressing them every time in the right place and causing delays in their implementation, all of which is due to the lack of procedures.
- For the closure of incidents or executing user requests, there is no knowledge of the steps to be taken to resolve cases. The actions taken were made at the request of the user as there were no procedures for this issue.
- Generating information and report on the number and reported cases by category was also missing.
- Registration and identification of reported cases by users was missing, and tools for measurement of timeline on meeting user's requests were absent as well.

At the last meeting held in PTD, we were informed that only measures have been taken on this issue and that they have installed a software application for recording, tracing and categorising the cases presented by the users, which can be considered a positive step towards improving the provision of services to the users.

⁶⁰ IT Audit Manual for Supreme Audit Institutions

3.3.2 Measuring system performance, setting critical limits for measurement and comparison of results

DMITS in cooperation with PTD, by an agreement at operational level should supervise daily performance of the system, determining critical limits for measurement and expectations from system. Lack of procedures to measure performance of IT resources has resulted in providing an ineffective PTIS service.

During the testing, we have noticed that for a certain period of time some services such as e.g. generation of reports was stopped due to the lack hardware capacities for normal operation of PTIS. These capacities were out of service with the reasoning that MF-DMSTI is updating the operating systems, but no substitutions for temporary deployment of the system have been found during this period in order not to stop its proper functioning. PTD has also requested additional hardware supplies from the MoF, but the same failed to secure them.

3.3.3 Mechanisms for change management

Change management process is used to manage and control changes on assets or programs. According to good practices for change management, the change management process should ensure that changes are recorded, assessed, authorised, prioritised, planned, examined, implemented and reviewed in accordance with documented and approved procedures for change management.

Recently, changes were applied to PTIS however, these changes were not applied according to good practices on change management.

For detailed definition of processes, the project was initially based on so-called "Use Case", according to which the PTIS was built-on. In meantime changes were made to PTIS but they were not documented and no proper approval procedure was followed. Furthermore, additional functions have been developed which were seen as needed, but again the process was not documented and no procedures for proper approval and its application was followed.

The same practice was used for debt forgiveness module, whereby the process was not entirely documented, tested, and ultimately its application in the PTIS was not approved. This resulted due to lack of policies and procedures on change management by responsible unit within the MoF, namely by PTD.

3.3.4 Preservation of data in a backup copy

The MoF, namely the DMITS should have procedures for data back-up in place. These data should be tested for possibility of retrieval, and designated personnel on continuity of work should be trained. Initially, it should be noted that DMSTI has drafted a procedure for backing up and retrieving data, but has failed to prove that this procedure has been approved by the management of this institution and as such does not oblige involved parties in full implementation of this procedure. Backup copy is presently done from project development team.

4 Conclusions

The MoF was not able to provide an effective control environment to secure a well-functioning of PTIS. The MoF was not able to fulfil conditions of the agreement on the project related to PTIS development. As such this system resulted not being fully effective. What contributed to the ineffectiveness of this system is shortcomings in governance and proper IT management within the MoF. Furthermore, PTD has not managed to fully establish controls over the input and output of data, as well as the security of the software application. Lack of these controls may affect reliability of the system. In addition, provision of services by municipal responsible officials was not effective, which has affected the performance and resulted in ineffective use of PTIS.

Strategy, Policies, IT procedures and Organizational structure

MoF did not draft the IT strategy, and in its absence the systems within MoF are at risk, such as SITP not operating as centralised system and that the objectives of the institution are not translated into the necessary IT functions.

The MoF did not design IT policies and procedures and the organizational structure could not be implemented. Due to lack of policies and procedures, the quality of IT, security of the information, as well as data ownership is put into risk. While, due to lack of responsible personnel at DMITS for many positions, has a direct impact on the support for PTIS and system security and reliability is threatened.

Property tax coverage

PTIS is not covered by all municipalities in Kosovo. This is due to lack of willingness by these municipalities to collect revenues from property tax. Failure to collect revenues from property tax has direct impact on Municipality's performance and improvement of lives of citizens.

Project development, leadership structures and project oversight

The MoF was not able to fulfil foreseen terms of agreement for project development. As a result, implementation of project was followed by limitations such as: adoption of laws on tax, recruitment of personnel and fulfilment of needs for operation and maintenance of the system, including required infrastructure.

If the MoF fails to undertake specific actions to fulfil the terms, there is a risk of terminating the support to the project. Since it was not foreseen what would happen in case of immediate suspension of agreement, due to non-fulfilment of agreed terms, there is a risk for termination of the agreement and therefore functioning of PTIS is put into question. If the agreement is terminated, it will have a cost to the MoF, and as a result beneficiaries of the PTIS would suffer, namely Municipalities and citizens.

Steering committee that has the role of the oversight body of the project, has rarely met and has not addressed issues encountered during the implementation of the project. Due to the failure by the steering Committee to address issues in time has resulted in postponement of the entire project development and implementation.

Identification of requests for change

PTD did not design procedures for identification and necessary actions for change of requests. None of PTD officers attends the project team meetings, a place to address user requests. This has led to confusion on who should take decisions related to new requests. Therefore, there is a risk of failure to take proper and timely decisions and PTD may not be informed about decisions.

Steering Committee did not issue written decisions for certain issues related to the flow of process or other requests. Such decisions are ineffective and there is always a risk of non-implementation of decisions that came out of these meeting.

Input data - Data validity

The system is not equipped with proper tools to identify or manage invalid data storing. Properties cannot be identified with orthophoto through mobile phones and the obligatory function for identifications of the taxpayer and object registration in system is not applied. This may result with double registration. We have also concluded that there are issues with extensive registration of payments in system that may have led to multiple payment registration.

System have not applied validity rules in accordance with regulatory acts, whereas in case of quality of construction, quality was not considered in tax basis. While for residence, the deduction of €10,000 on all properties is applied, beside the point of how many properties are owned by the taxpayer. Lack of validity in accordance with sub-legal acts has financial impact, in some cases it harms the Municipality and benefits to the citizens and sometimes vice versa.

As a result, failure to update manual results in ineffective use of system by new users.

Handling of Errors

PTD did not design policies and procedures on disregarded data, to determine how PTD would handle errors or rejection of transactions and a method to handle them in case implications occur. In absence of these procedures for review of pending files there is a risk of reoccurrence and improper management.

There is no classification of the type of errors occurring during transactions, so their identification is unlikely and there is a risk that these errors will be repeated and as such hinder or disable the work of the users. DTP has not established a single official contact point to report errors, what causes confusion among the users, but also disables tracking of their implementation.

Authorisation of data storing

PTIS does not provide sufficient security of logical access to the users, due to the lack of the procedures on management and authorisation of users, as well as poor control on identity authentication. This may led to unauthorised access to PTIS that may impose risk to system security. Review of access rights cannot be performed on regular basis and there is a risk of non-disclosure of excessive rights or unauthorised access.

Completeness and accuracy of output data

Output data has a lot of shortages, there are no procedures set to ensure assessment of comprehensiveness or accuracy to its further processing or proceeding. Such information is not traceable. Comprehensiveness and accuracy checks are ineffective.

Payments, non-reconciliation of payments, delays in recording them and failed payments

We have established non-reconciliation between ProTax and KFMIS system and there is a risk that the sum of obligation paid by citizens in ProTax system is not subtracted and the citizen is charged to make the payment again. Municipalities do not perform reconciliation of reports between the two systems; therefore it is possible to provide unfair reports. We have also established delays in payments and that outstanding payments are not taken out from the list of outstanding payments after its registration as such, and this may result in their multiple registration, and have false and incomplete presentation of payments in system as a result of delays with registration.

Distribution of payment

In absence of regulation on distribution of the payment, the distribution was changed several times. At first, the distribution was performed from top to the bottom, then after application of law on debt forgiveness; distribution is changed to bottom - top. This change is applied only to actions performed during the period of debt forgiveness and not for distribution of payments out of this period.

Different distribution of payments produced difficulties in reading financial statements and a lot of dissatisfaction with taxpayers.

New financial card

This card was used prior to its proper examination and documentation. Definitions on performed calculations were not documented as well. Delays on update of financial card create confusion and lack of connection in presented data.

Debt forgiveness module

This module was followed by a lot of issues, in generating payment, its distribution and major problems appeared in cases when taxpayers have performed both, payment of debt forgiveness and payment of regular bills. All these issues may result with false presentation of the taxpayer's statement status.

Different services in system such as reporting service comes along with different sub- functions, have not fully served its purpose. Many times presented data was confusing, created difficulties in compiling reports and even led to the cease of functioning of this service, not notifying or receiving the proper approval from PTD management.

We may come to the conclusion that the functions and new modules are used in system not following best practices on system extension. They are set without documentation, examination or approval and executed at the moment. Deficiencies of the output data have negative impact in data comprehensiveness and accuracy.

Application security

System is not providing complete traceability. Lack of full traceability on all action executed in system, from opening to its closing may result with unauthorised performance of actions and misuse of data in system, and also in misidentification of the action performer and time executed. This will also result with inability to assess user performance. While, lack of traceability in database may produce risk of data misuse by not knowing who has performed a change, adding or deleting data, procedures and certain functions within database and its management.

Management of user requests

In absence of procedures for operation with helpdesk, the way of reporting cases by users, is it incidents, or other requests for assistance related to use of the system, as well as monitoring case treatment , PTD was not able to provide proper and timely support to all users. This has resulted with increase of user unproductivity, user's dissatisfaction, and failure to handle or address reoccurring problems. It is also assessed that not all requests filed by users are forwarded and classified and this has led to failure to address them in time and in proper way.

Assessment of system performance

Due to improper monitoring of performance it is impossible to plan in advance necessary capacities for good functioning in case IT equipment fails to function. It also disables planning of necessary capacities for proper functioning in the future.

Change management

Changes performed in PTIS are not documented properly and it is impossible to track performed changes, and also, urgent changes that may deem necessary, return to previous status are not determined. The process on documentation of authorisation on performed changes is missing to and it is impossible to get proper accountability, or it will increase the chances for execution of these unauthorised changes.

Preservation of backup data

In absence of a procedure or regulation approved by DMITS which determines: responsible parties, timeline, type, location, examination and retrieval of data from backup copy. PTD did not perform these activities except establishing a backup copy at their primary storing locations. In case of need there is a risk that total system recovery or data retrieval from back up copy cannot be performed. Also, the proper time for its recovery and responsible parties for execution of this action is not known.

5 Recommendations

The recommendations given are intended to improve the control environment between management structures and institutional processes to ensure the functioning of the PTIS, respectively the implementation and maintenance of this system, as well as the provision of reliable, complete and timely information. In order to achieve this, the recommendations will be divided by the parties responsible for addressing them. It should be noted that for drafting the policies and procedures required for PTIS, PTD should be supported by DMITS as well as by the project team.

We recommend the Ministry of Finances to ensure that:

- Resources for functioning of the departments within MF are available;
- Commitments on agreements on securing personnel, infrastructure and other commitments derived from agreements between MoF and STA, and between MoF and SIDA are being considered.
- Strategies and plans for inclusion of four municipalities in collection of revenues from property tax and use of property tax data managements system are developed.

We recommend the Steering Committee to:

- Further address the fulfilment of the agreement and ensure implementation of the project plan as foreseen. Further on, formalise the decisions taken in meetings by appointing responsible person and set timeframe for its implementation, and monitor project timeframes and hold them to account for non-execution.

We recommend the MoF, respectively the Department for Management of Information Technology System to:

- Design a strategic plan on Information Technology, clearly addressing objectives of the institution on IT operations. This plan should at least cover the budget on investments/operations, financial resources, strategy resources, legal and by-law requirements.
- Design IT policies and procedures, including policies and necessary procedures for PTIS needs;

We recommend the MoF, respectively PTD in cooperation with Project Team to:

- Design policies and procedures on identification of requests, including its prioritization and monitoring to ensure that they are implemented in accordance with the user requests, while for requests which need approval, to be submitted to SC. At the same time, it should attend all meetings of the project team to secure sufficient information on these requests.

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- **Ensure that effective control on software application are in place, by designing adequate policies and procedures and putting in place control mechanisms to perform verification of its implementation and secure traceability by:**
 1. Establishing validity rules on input data and its processing: establishing identification mechanisms to eliminate double registrations in the system; enabling system and mobile devices to identify properties and taxpayers, registered and unregistered ones;
 2. Enable automatic registration of payments in the system, including payments on 30th and 31st of December;
 3. Applying validity rules in accordance with laws and regulations; specifically, to establish mechanisms on identification of taxpayers who own more than one property for residing purposes and consider quality when calculating tax basis;
 4. Update system user guide or each modification or additional function to PTIS;
 5. Designing procedures on handling disregarded data, providing precise objectives on addressing and communication of errors or rejection of transactions in system and the method of undertaking proper actions for their handling;
 6. Designing procedures for approval, termination or refusal of authorisation of users, providing clearly the method of opening, changing and closing of a user account/authorisation. In case of inability to assign responsibility to ensure composite control over the user. This procedure should also contain definitions for improvement of password security management and include complexity and timeframe for change.
 7. Determining the number of unsuccessful attempts prior to suspending a user's access, to provide traceability of access and design procedures for the possibility of access after suspending it; and
 8. Reviewing the role and responsibilities of the users on regular, periodic bases.
 - **Ensure completeness and accuracy of output data by:**
 1. Designing a procedure on registration of payments, including import of data from Treasury, tools for identifications and handling of payments with mistakes or double payments, setting timeframe for its verification and import to PTIS, as well as notification of municipal officers from them on classification and further treatment of payments;
 2. To perform daily registration of payments, after receiving the report from Treasury;
 3. In cooperation with Municipalities, identify registered failed payments and remove them from the list of failed payments;
 4. Design regulation by which is defined precisely distribution of executed payment;
 5. To provide complete documentation on all processes. Including documentation of financial card, performing general examination and identify possible deficiencies, and the results of examination are reported to the PTD senior management. To identify all cards with adjusted balance, then to identify the reasons for such non-reconciliation and in cooperation with Municipalities instruct them to perform its verification, in order to eliminate uncertainties related to the description on balance adjustment. As well as to
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document the whole process of functioning of debt forgiveness module. And, identify and document all changes performed in PTIS; and

6. To provide different reports, based on user needs.
- Secures additional security by designing the procedure on traceability of transactions and user activity. As well as to determine a link and location for storing this data, and the right to have access to this data.
 - **Ensure effectiveness in providing support services to the users by:**
 1. Designing and implementing procedures for establishment of a help desk, using its own capacities, or with the support of PTD-MoF, this help desk with operate as sole initial contact point for reporting, monitoring, implication and solving user requests or incidents;
 2. Design procedures for change, which among others will include: assigning of roles and responsibilities for the process of changes, the process for classification and prioritization of all changes to the process for assessment of the impact, the process for approval of changes, the process for monitoring changes and their status, the effect of changes in data integrity;
 3. designing the procedure for implementation of urgent changes, which among others should include the whole process to complete reporting, assessment, authorisation and registration of an urgent change;
 4. Establishing and implementing rules for assessment of performance for required services for well-functioning of PTIS, including the performance and required capacities for storing, proceeding or transmission of information. As well as identifying and determining necessary adjustment measures to carry out or relocate services in case of failure or performance degradation; and
 5. If DMITS is not able to approve required procedures to make a backup copy, to design them for internal use until their adoption.

We recommend PTD in cooperation with DMITS to:

- improve cooperation between these departments concerning PTIS; and
- DMITS should support PTD in designing necessary policies and procedures for well-functioning of PTIS. Specifically, by drafting rules on performance assessment of the services needed for well-functioning of PTIS, including the performance and required capacities to store, process and transmit of information, as well as to design procedures for backup.

We recommend the PTD in cooperation with Treasury to:

- Identify the reasons behind non-reconciliation between the systems.

We recommend the Municipalities to ensure that:

- Municipality revenue officers perform reconciliation of revenues from KFMIS and PTIS, to identify reasons for non-reconciliation, and remove possible errors of the system;
- Identify needs and address and document requests referred to PTD on system upgrade;
- cooperation between municipalities and PTD is improved on use of best system practices; and
- Municipal IT departments perform checks over rights of access to computer and give rights according to the assignment.

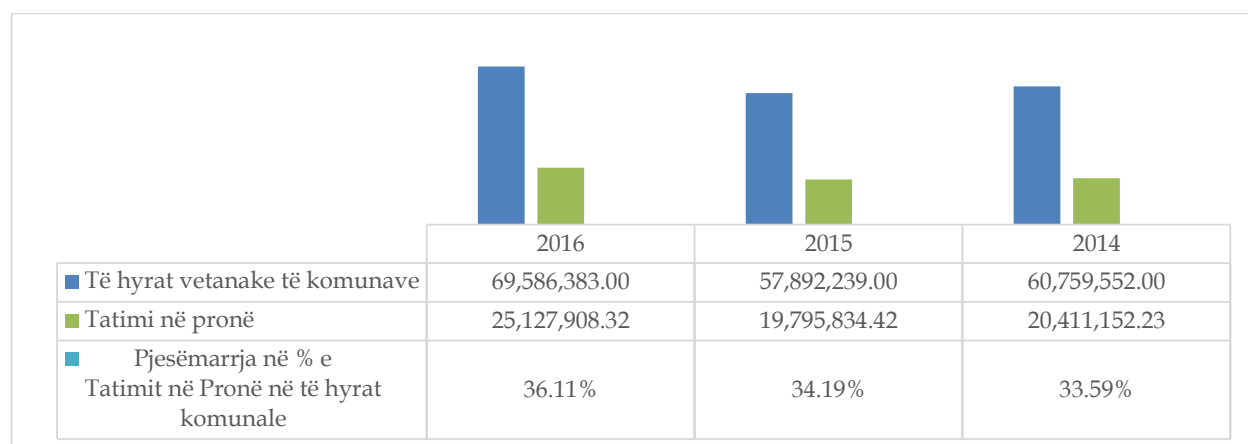
Terms

Ad hoc	Decisions taken instantly, ad hoc decisions
Software Application	Automatized user systems and manual procedures that process information.
Database	Collection of computerised data presented in an organized way/manner.
BUG	Mistake or an identified failure that obstructs normal operation of the system.
COBIT	(Objectives of the Information Technology Control) a publication of ISACA(Information Systems Audit and Control Association), is a widely used structure , that integrates recommendations, best practices and methods of assessment in general IT controls, and for the programs that are developed in these environments.
System Documentation	Documentation is a substantial part of developments and use of a computerised system. Documentation of a system will intricate by registering performance of the new system and its development. This also includes examination of the system and back up copy.
Password	Is a word or a set of characters used to give authorization to the user and to authenticate identity for access to system?
Mapping	It is a web portal that presents geographic information from different sources in a unified format. Geoportal is developed by Kosovo Cadastral Agency in order to provide comprehensive geographic information.
Traceability	Evidence that can list steps of a transaction from start to the end in chronological way.
Network	Is a technology and equipment (hardware, operation systems, database managements system, network, multimedia etc. and settings that support them) provide the possibility to process, transmit and store data and information
Application Check	Are unique and specific or each computerized application that incorporate manual procedures that operate closely with the application.
Back up copy	Procedures for creation and back up of information that will be used in case of loss or damage of the original information.
Help Desk Management	Fast and effective response to IT user's requests and to the problems requires a well-designed and well-executed help desk, and a process of incident management.
Management of incidents	Systems and practices used to determine if incidents or errors are registered, analysed and solved within a timeframe limit.

Management of changes	The process of change management is normally used to manage and control changes towards assets, programs, equipment and linked documents.
MC Access	A Microsoft database management system.
Urgent Changes	Are changes that have to surpass procedures for change control and must be implemented with minimum delay (ASAP). Its documentation can be done after emergency stage.
Orthophoto	Aerial Photograph image.
Hardware equipment	Physical components of a computerised system.
Failed payments	Payments rejected by application, in cases when one of the elements of the payment is invalid or repeated.
Administrator's Access	Has the possibility to make changes to an equipment/application that with affect other users. Is able to change the quality of security, install software and hardware, have access to all folders in computer and make other changes in other user's accounts.
Logic access	The possibility to interact with application, data or network/infrastructure. This type of access in general contains identification, authentication and authorisation procedures
IT management	Means management, organizational structure and processes hat secure that IT strategy is in line with the strategy and objectives of the organisation.
Application security	Means confidentiality, integrity and availability of information in application elements.
Information System (IS)	Incorporates technology, people and processes, unlike information technology which includes only the equipment that enables it, e.g. Hardware and software.
Information mark	A mark that gives full information about location.
Privileged users	These are administrative rights in one or more systems. This is the most common form and usually has unique and complex passwords that have power in overall network. These are the accounts that have to be closely monitored. Sometimes, these accounts don't belong to individual users and are shared between administrators. These accounts are monitored for who has access, what is accessible to them and how often the access is requested.
Examination	Incorporates four stages of system examination: Examination of units (used to test/examine the logic g the program within a specific program or module. The purpose of examination is to get sure that the internal operation of the program is performed based on specifications.); Examination of Integrity (group examination of modules when associated/linked between);

	<p>Examination of system (examination of modules to determine the accordance with the business requests);</p> <p>Examination of Acceptability (examination related to needs requests and business processes used to determine if a system fulfils the acceptance criteria and to provide possibility to the users, clients or other authorized entities to accept or reject the system).</p>
Helpdesk	Location, address or reference point for users to ask for help with system issues.
Handling of Error	During transmission of information errors may occur. They should be found and corrected
UNIREF	Unified Reference Payment Code - Instrument used for identification and classification of payments, and its registration in KFMIS.
Use case	It is a list of activities or event steps that define correlation between a role/actor and a system to achieve a goal. The actor may be a human being or any external system.
User	Authorised system users

Annex 1: Municipalities own source revenues and share of property tax for 2014-2016



Source: Annual Reports on Financial Statements audited by National Audit Office for years 2014-2016; Own Source Revenues include also the revenues from fines/charges

Annex 2: Revenues from property tax for 2016 from municipalities according to the share in percentage

Municipalities	Revenues from € PT	Share acc. %
Prishtina	7,176,272	28.56%
Prizren	2,201,130	8.76%
Ferizaj	2,074,797	8.26%
Gjilan	1,798,990	7.16%
Gjakove	1,563,827	6.22%
Peje	1,562,511	6.22%
Lipjan	838,950	3.34%
Mitrovice	777,165	3.09%
Suharek	696,629	2.77%
Fushe Kosove	615,679	2.45%
Podujeve	581,729	2.32%
Vushtrri	524,566	2.09%
Graqanic	472,759	1.88%
Viti	377,042	1.50%
Rahovec	370,509	1.47%
Glllogovc	361,975	1.44%
Istog	297,767	1.44%
Obiliq	281,889	1.31%
Kline	281,392	1.19%
Malishevo	266,735	1.12%
Kaqanik	221,954	1.12%
Kamenice	202,123	1.06%
Deqan	192,358	0.88%
Skenderaj	161,611	0.80%
Dragash	124,709	0.77%
Shtime	113,185	0.64%
Shterpc	104,658	0.50%
Novo Brdo	60,376	0.45%
Hani i Elezit	48,563	0.42%
Klllokot	41,750	0.24%
Ranillug	22,561	0.19%
Junik	21,106	0.17%
Mamush		0.09%
Partesh		0.08%
Leposaviq	-	0.00%
Zubin Potok	-	0.00%
Zveqan	-	0.00%
Mitrovica North	-	0.00%
Total	25,127,908	100.00%

Source: Information from Treasury