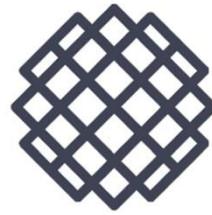




Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Document No: 22.11.1-2017-08

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

Prishtina, May 2018

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

Our Mission is through quality audits strengthen accountability in public administration for an effective, efficient and economic use of national resources.

We perform audits in line with internationally recognized public sector auditing standards and good European practices.

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

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

The report issued is a result of the audit carried out by Mirlinda Beqiri-team leader and Naim Neziri-team member under the management of the Head of Audit Department Luljeta Morina.

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Executive Summary

Introduction

This report summarises the key issues arising from our audit of the 2017 Annual Financial Statements of the Municipality of Lipjan which determines the Opinion given by the Auditor General. The examination of the 2017 financial statements was undertaken in accordance with the International Standards on Supreme Audit Institutions (ISSAIs). Our approach included such tests and procedures as we deemed necessary to arrive at an opinion on the financial statements. The applied audit approach is set out in our External Audit Plan dated 29/09/2017.

Our audit focus has been on:



The level of work undertaken by the National Audit Office to complete the 2017 audit is determined depending of the quality of internal controls implemented by the Management of the Municipality.

The National Audit Office acknowledges the Municipality's Senior Management and Staff for cooperation during the audit process.

Opinion of the Auditor General

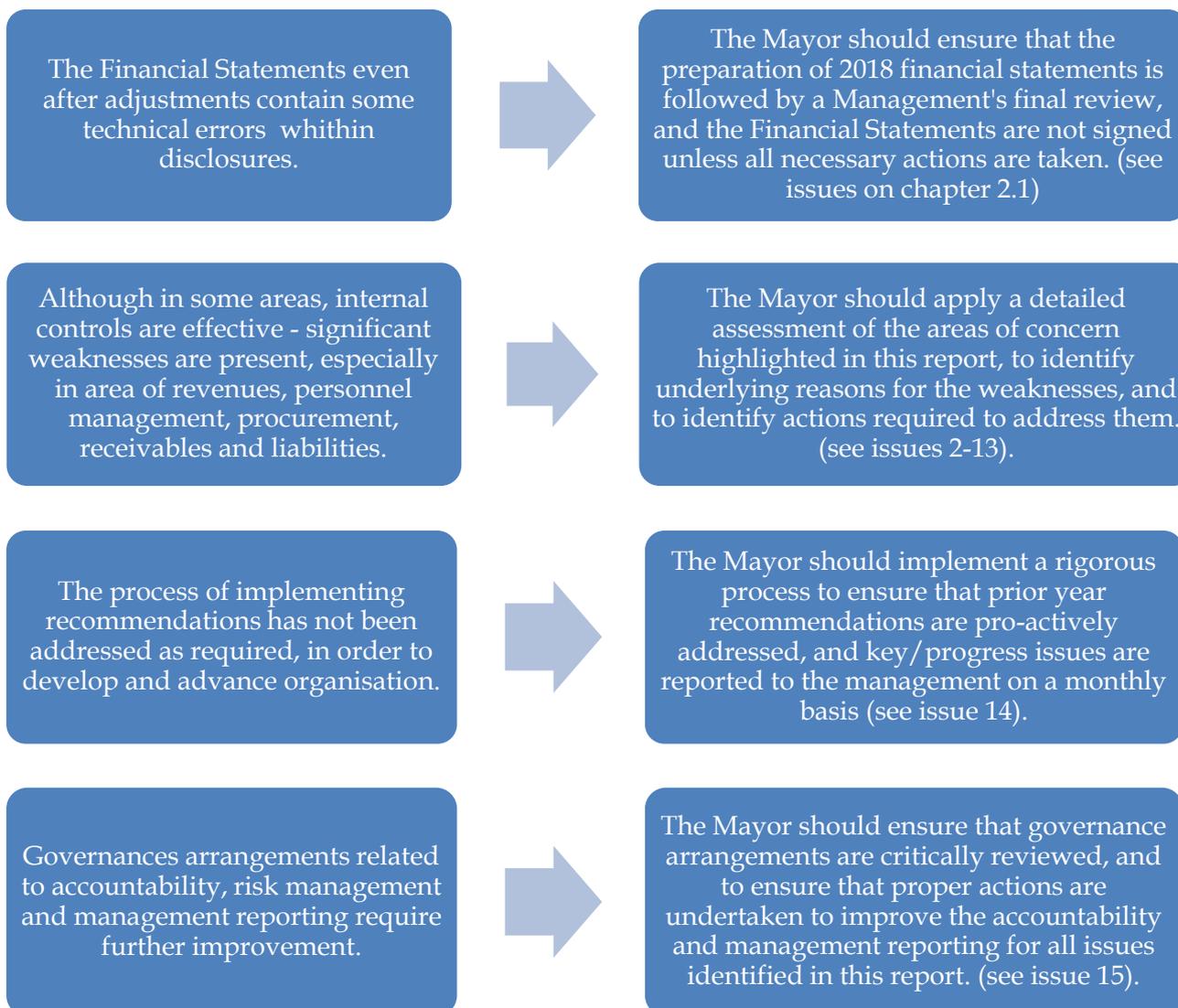
Unmodified Opinion

The Annual Financial Statements for 2017 *present a true and fair view* in all material aspects.

For more, please refer to Section 2.1 of this report.

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

Key Conclusions and Recommendations



Management response to audit 2017

The Mayor agreed with the findings and conclusions of the audit, and has pledged to address all the recommendations given.

1 Audit Scope and Methodology

Introduction

The National Audit (NAO) is responsible for carrying out a Regularity Audit which involves the examination and evaluation of Financial Statements and other financial records and expression of opinions on:

- Whether the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- The appropriateness of internal controls and internal audit functions; and
- All matters arising from or relating to the audit.

Audit work undertaken reflected our audit risk assessment for the Municipality of Lipjan. We have analysed the Municipality's business to the extent to which management controls can be relied upon when determining the overall testing required to provide the necessary level of evidence to support the AG's opinion.

The following sections provide a more detailed summary of our audit finding with emphasis on observations and recommendations in each area of review.

Our procedures included a review of the internal controls, accounting systems and related substantive tests and related governance arrangements to the extent considered necessary for the effective performance of the audit. Audit findings should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

2 Annual Financial Statements and other External Reporting Obligations

Introduction

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

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

2.1 Audit Opinion

Unmodified Opinion

We have audited the AFS of the Municipality of Lipjan for the year ended on 31st of December 2017 which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement, Disclosure and other accompanying reports.

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

Basis for the opinion

The audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the AFS' section of our report. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for the opinion.

Key Audit Matter

As a Key Audit Matter we mention the fact within the presentation of accounts receivable (AR) of €3.9 million, receivables carried forward for more than five years are included (AR for business license fees in the amount of €0.5 million) where the possibility of collecting is minimal. Further on, given that property tax revenues make about 45% of municipal revenues, ARs from this category have increased by 15%, which risks future funding from the revenues of this category.

Further on, during 2017 and earlier the municipality was indicted for considerable amounts (over €600 thousand) by economic operators and citizens. If legal decisions are in favour of the operators, the organization is expected to have serious financial loss. The Municipality should pay special attention to the handling of contingent liabilities, especially for their recognition and assessment.

Responsibility of Management and Persons Charged with Governance for AFS

The Mayor of the Municipality of Lipjan is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Modified Cash based Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law no. 03/L-048 on Public Financial Management and Accountability (as amended and supplemented).

The Mayor of the Municipality is responsible to ensure the oversight of the Municipality's financial reporting process.

Auditor General's Responsibility for the audit of the AFS

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

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements.

2.2 Compliance with AFS and other reporting requirements

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

- Compliance with MoF Regulation no.01/2017 on the Annual Financial Reporting of Budget Organisations;
- Requirements of LPFMA no. 03/ L-048, (as amended and supplemented);
- Compliance with Financial Rule no.01/2013 and 02/2013;
- Action Plan on implementation of recommendations; and
- Requirements of Financial Management and Control (FMC) procedures.
- Other budget reporting requirements such as: Monthly and Quarterly Reporting, including Nine-month statements in time; operation (performance) reports;
- Procurement Plan and the report of signed public contracts;
- Action Plan for implementation of the recommendations; and
- Financial Management and Control Procedure requirements.

The AFSs submitted in January 2018 were presented with the following errors:

- Article 14, Budget Execution Report, the municipality had incorrectly presented indirect revenues from court fines and traffic penalties;
- Article 13, AR Report, Property Tax Account was overstated by €37,042; and
- Article 17, Report on unpaid bills was overstated; the total overstated amount was €257,988, invoices which at the same time were disclosed as contingent liabilities.

The Municipality has subsequently reviewed its statements by improving reporting with adjustment of the abovementioned errors. Although even after the adjustment are made the AFSs contained technical disclosure errors, namely the Article, 14.6. Disclosed initial and final budget allocations, in which the Municipality has not presented the carried forward funds in the amount of €757,608, as well as donated funds in the amount of €22,525. Further on, this was presented also in the column of final budget allocations in KFMIS.

Given the above, the Declaration made by the Chief Administrative and Chief Financial Officer when adjusted and submitted AFSs to the Ministry of Finance can be considered correct.

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

2.3 Recommendations related to Annual Financial Statements

For the above-mentioned issue, the following recommendation is given:

Recommendation 1 The Mayor should ensure that effective processes are in place to confirm that the 2018 AFS production plan formally addresses all compliance issues related to the AFS and includes Management review of the draft AFS with specific focus on high risk areas and/or areas where errors have been identified in previous years. The Declaration made by the Chief Administrative Officer and Chief Financial Officer should not be signed unless all necessary checks have been applied to the draft AFS.

3 Financial Management and Control

Introduction

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, the focus of the audit was Budget management, Procurement issues, Human Resources as well as Assets and Liabilities.

Financial Management and Control Conclusion

Municipality of Lipjan has used 92% of the final budget for 2017. In the context of financial systems, in general revenue controls are better implemented and in effective manner, although we have identified some irregularities in terms of compliance.

As a consequence of non-compliance with regulations, the procurement field continues to be the most concerning area, resulting in poor value for money as well as delays in project finalisation. Other areas that require further improvements are staff management, asset management, and management of outstanding liabilities.

3.1 Budget Planning and Execution

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

Table 1. Sources of budgetary Funds (in €)

| Description | Initial Budget | Final Budget ¹ | 2017 Outturn | 2016 Outturn | 2015 Outturn |
|---|-------------------|---------------------------|-------------------|-------------------|-------------------|
| Sources of Funds | 14,025,258 | 14,864,074 | 13,742,820 | 13,172,294 | 13,399,034 |
| Government Grant -Budget | 11,916,711 | 11,916,711 | 11,687,679 | 11,503,444 | 11,231,064 |
| Carried forward from previous year ² - | - | 757,608 | 590,347 | 453,645 | 970,102 |
| Own Source Revenues ³ | 2,108,547 | 2,108,547 | 1,383,836 | 1,137,530 | 943,666 |
| Domestic Donations | - | 248 | 0 | 5,000 | 239 |
| External Donations | - | 80,960 | 80,958 | 72,675 | 253,963 |

¹ Final budget - the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance.

² Own Source Revenues unspent in previous year carried forward into the current year.

³ Receipts used by the entity for financing its own budget.

The final budget is higher than the initial budget by €838,816. This increase is a result of external and domestic donations in the amount of €81,208 and revenues carried forward from previous year, totalling to €757.608.

The Municipality has used 92% of the final budget in 2017 or €13,742,819, with a decrease by 3% compared to 2016, whereas the rate of expenditures was 95%. However, the budget execution remains at an unsatisfactory level for some categories of expenditure and explanations for the current position are detailed below.

Table 2. Spending of funds by economic categories - (in €)

| Description | Initial Budget | Final Budget | 2017 Outturn | 2016 Outturn | 2015 Outturn |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Spending of funds by economic categories | 14,025,258 | 14,864,074 | 13,742,820 | 13,172,294 | 13,399,034 |
| Wages and Salaries | 8,772,802 | 8,819,570 | 8,650,049 | 8,711,706 | 8,538,950 |
| Goods and Services | 856,366 | 1,003,407 | 894,469 | 881,580 | 1,097,284 |
| Utilities | 198,390 | 210,477 | 197,440 | 179,045 | 223,976 |
| Subsidies and Transfers | 329,067 | 335,023 | 259,094 | 375,763 | 204,972 |
| Capital Investments | 3,868,633 | 4,495,597 | 3,741,768 | 3,024,200 | 3,333,852 |

Explanations for changes in budget categories are given below:

- Despite the budget increase by €626,964 for capital expenditures during the year, the level of budget execution was not sufficient, (only 83%). The public investment program includes several on-going projects from the previous year and some new projects of the current year. The remainder of the unspent capital investment funds includes assets allocated from own source revenues that will be intended to finance capital projects in the following year as a result of non-fulfilment of revenue planning. Further on, a considerable number of projects have been cancelled as a result of payments for legal decisions on Wages and Salaries;
- The increase of the budget for Wages and Salaries by €46,768 for Goods and Services for €147,041 and for Utilities for €12,087 is the result of the recruitment of a number of new staff. The final budget for these categories is increased as a result of revenues carried forward from the previous year; and
- The final budget of the Subsidy category has increased by €5,955 due to the carried forward revenues from the previous year, while the rate of execution is only 77%. The low budget execution rate has mainly affected the non-fulfilment of the program for subsidies in agriculture.

Issue 2 – Low Budget Execution for subsidies and capital investment

Finding The level of Budget execution is 92%, for now the challenge remains unsatisfactory budget execution for Subsidies that is only 77% and Capital Investments at 83%, resulting in some of the objectives set not reached, and as such charge budgetary funds of the following year. This has happened because the management did not make regular monthly budget analyses of the budget versus target projects. Further on, the projects⁴ have been cancelled as a result of court decisions mainly on payroll obligations for teachers employed in 2013.

Risk Improper budget planning and low execution result in less project/support for citizens or risking of full achievement of objectives aimed by the municipality.

Recommendation 2 The Mayor should ensure that a systematic assessment of the causes for the low level of execution of the budget on Capital Investments and Subsidies has been undertaken and determine practical options to improve its execution in 2018.

Issue 3 – Misclassification of expenditures as a result of payment for court execution

Finding Payments by court decisions (mainly for payroll obligations to teachers engaged in 2013, publications and project in economic zones in Kërçovë) were executed by the Treasury in the amount of €101,065 which have affected negatively in implementation of the projects and overstated the category of Capital Investments. A small percentage of funds have also been executed for Goods, Services and Utilities. Furthermore, the Municipality, has paid out of 27 payments by court decisions additional expenditures in the amount of €23,012 for interest, expenditures on disputes, enforcement of decisions, etc.

Risk Misclassification of expenditures gives wrong information to the user and the decision-maker. Such payments also result in additional costs and increase the risk for non - achievement of the set objectives.

Recommendation 3 The Mayor should ensure that the necessary activities are undertaken to plan a sufficient budget, in addition to the obligations/liabilities anticipated by the Municipality, to give priority to the settlement of these obligations on time, and to correctly present expenditures by economic categories and real nature of expenditures.

⁴ "Road Asphaltting in village Divjak ", "Construction of septage network in village Leletiq", "Construction of sewage network in village Jeta e Re" and "Construction of sewage network in village Rubovc i Vogël".

3.2 Revenues

Revenues generated by the Municipality of Lipjan in 2017 totalled €1,611,018. These mainly relate to the revenues from property tax, taxes from construction licences and other revenues. Larger part of these revenues are generated by tax on property in value of 457,667.

Table 3. Own Source Revenues (in €)

| Description | Initial Budget | Final Budget | 2017 Receipts | 2016 Receipts | 2015 Receipts |
|---------------------|------------------|------------------|------------------|------------------|------------------|
| Own source revenues | 2,108,457 | 2,108,457 | 1,383,836 | 1,808,065 | 1,453,652 |
| Total | 2,108,457 | 2,108,457 | 1,383,836 | 1,808,065 | 1,453,652 |

Apart from revenues presented in the table, the Municipality had indirect revenues in the amount of €197,048 (€120,747 from court fines, and €76,301 by Forest Agency and police fines). Own source revenues of €1,383,836 have been spent for the needs of the Municipality, while the rest of the revenues collected in the amount of €470,750 have been carried forward as a surplus to be spent in 2018.

Issue 4 – Poor verification of registered properties

- Finding** According to article 13 of the AI 03/2011, the Municipal Office on Property Tax office is obliged to verify 1/3 of the registered properties. Out of 2,535 properties, the municipality had verified only 194 facilities, or about 8%. In this regard, we have given recommendation also in the last year, but despite the commitment by the municipality this recommendation has not been implemented yet.
- Risk** The current information about the database on property tax may not be accurate. This may affect negatively the evaluation and billing of property tax.
- Recommendation 4** The Mayor should improve the process for verification of the property and ensure that verification of 1/3 of properties is carried out on a regular annual basis to reflect the real status of taxed properties. Increasing property registration will produce more revenues for municipality and better budget performance.

Issue 5 – Miscalculation of Revenues

Finding In three cases, the Municipality did not make property tax assessment according to the zone based tax set out in the regulation. “Haradin Bajrami” street according to the Regulation is defined as the first area where the property valuation basis per m² is €400 for housing and €600 for commercial-store purposes. The municipality has set estimation of €300 for housing and €400 for the commercial-store purposes, understating the revenues for over 40% in relation to the fees set forth in the regulation.

Risk Identified weaknesses will produce understatement of the municipal revenues and will result with poor execution of projects (which are financed by revenues) for citizens.

Recommendation 5 The Mayor should ensure that control systems are established in this area, ensuring that revenues are evaluated according to the relevant regulations approved by the Municipal Assembly.

Issue 6 – Irregularities in reviewing of requests for Construction and Environmental Permits

Finding In one case, the “Calculation of the Compensation for the Issuance of a Construction Permit” (calculation of administrative tax and the fee on increase of construction density) was not signed by the three responsible persons and the Municipality issued the Environmental Permit before the payment is received.

Environmental Municipal Permit should also be attached to the request for Construction Permit prior to its review. In one case, the Report of the Environmental Protection and Environmental Permit Review Committee is provided after granting of the construction permit.

Risk Such actions may result in legal irregularities and increase the risk of non-collection or delay in collecting revenues from environmental permits.

Recommendation 6 The Mayor should ensure that a review of the controls related to the management of the construction permit process is undertaken and that the controls have been re-designed to address the problem. Revised processes should ensure that the order of events of the processes is respected and the municipality does not provide service prior to receive payment.

3.3 Wages and Salaries

Wages and Salaries are paid through a centralised system managed by the Ministry of Public Administration and MoF. Annual expenditures were €8,650,049, or 98% of the executed budget when expressed in percentage.

Issue 7 – Weaknesses in Recruitment Process

Finding

The Municipality did not consider legal requirements foreseen for management of recruitment procedures, including their standard applications. Avoiding regular recruitment procedures in most cases is due to negligence of officials. We identified weaknesses as follows:

- In two recruitment cases for civilian staff positions “Officer for Cadastre” and “Procurement Officer”, the Municipality did not provide evidence regarding the invitation or notification of candidates for written test or interview. Also, in these cases the Manager’s Memo on successful candidates proposed by the Chief Administrative Officer was missing;
- In the case of recruiting “Cadastre Officer” there is no evidence on the request for initiation of recruitment process by the Head of the Unit. Furthermore, the Municipality in its public announcement has not specified the qualification clearly, but only required “University Degree Diploma”;
- The selection procedures of candidates in two cases for “A Doctor in Ambulance Sllovi” and “Technical Pharmacist in FMC Lipjan”, the written test contained only five questions and furthermore the written evidence for communication with the applicant was missing. Also, the deadline of 15 days for submission of complaints was not respected (contracts were signed after one week from the final report of the recruitment commission recommendation);
- For the recruitment of three teachers, the municipality did not conduct written testing, and the commission is composed of only three members, the commission is required to consist of five members. In addition, at the recruitment of “Teacher for Physical Education in High School Ulpiana” did not respect the deadline of 15 days for submission of complaints, while in the recruitment “History Teacher” - LSPS Kadri Beba the competition remained open for only seven days;

- In one case, the opinion of the MoF budget department for the position “Teacher for Physical Education at High School Ulpiana” is missing, which documents that the position is planned and is approved. Further on, the municipality in its public announcement has announced the vacancy for one teacher while two have been employed; and
- In the competition announced on 02.11.2017 for positions, LSPS “Ernest Koliqi” - English Language Teacher, as well as for High School “Ulpiana” - Professor of German Language, Municipal Directorate for Education has established the committee for interview of the candidates with delay of 25-days, in violation of Section 7 of AI 07/2017 on the Regulation of Public Contest Procedures. Furthermore, when establishing the above-stated committee, this Directorate was referred to a long-ago revoked Administrative Instruction.

Risk

This may result with inadequate human resource management in the Municipality, and will lead to the recruitment of incompetent employees for relevant positions. Incomplete information, failure to respect deadlines and requirements arising from relevant rules related to the announcement and establishment of the employment relationship allow intrusion in recruitment processes and inadequate controls when recruiting new employees.

Recommendation 7 The Mayor should review the underlying causes that have reflected in mismanagement of human resources and ensure that proper controls are designed, so that recruitments are made through a transparent, competitive process and in compliance with legal requirements.

3.4 Goods and Services and Utilities

The final budget of Goods and Services in 2017 was €1,213,884, out of which €1,091,909, or 90% of the budget was spent.

Issue 8 - Weaknesses in procurement process

Finding

We have identified the following weaknesses in procurement activities:

- There are a large number of procurements carried out through procedures of minimal value to avoid the application of open procedures. The Municipality has signed 85 contracts with a minimum value of €55,308. The fact that 85 contracts were of minimal value speaks of a poor assessment of the needs by requesting units for procurement on supply of Goods and Services ;

- The procurement procedure for “ Supply with wood for heating at schools, at MFMC and supply with pellets for Culture House “ in the amount of €123,821, notification for signing the contract was published on 03.10.2017 or 30 days upon signing of the contract (04.09.2017). Therefore, the Municipality had not acted in accordance with the Public Procurement Operational Guidelines, (Article 22, point G), which sets forth the two-day deadline to make the notification public (after signing the contract); and
- In two cases, the statement of needs and determination of the availability of funds for procurements “Food Supply for QEAP – Kinder garden Lipjan” and “School Days” in the amount of €82,473 have been signed by responsible officials 10 days after the tender evaluation report. According to the Procurement Instruction Manual (Article 8), the signing of the declaration is required before the initiation of the procurement activity, by which the Chief Administrative Officer formally authorizes the initiation of the procurement activity.

Risk

The high number of contracts of minimal value increases the risk of damaging market competition and the Municipality to contract goods, services and work at higher prices compared to those offered by open competition. Non-compliance with legal requirements may result in poor value for money and improper payments. Entering into obligations without providing the necessary funds results in delays in the implementation of contracts and the increase of outstanding obligations.

Recommendation 8

The Mayor should provide additional controls in the procurement process in order to comply with all legal requirements. During the planning process, sufficient analysis of the needs for goods and services should be carried out and open procurement procedures should be applied. Further on, to make sure that purchases are made only when sufficient funds are available.

3.5 Subsidies and Transfers

The final budget of Subsidies and Transfers was €335,022, out of which €259,094, or 77% of the budget was spent till the end of 2017. Unsatisfactory budget execution is mainly due to the fact that the program for granting subsidies for agriculture has not been implemented as anticipated. In relation to the budget execution for this category we have given recommendation in chapter 3.1

Recommendations

We have no recommendations in this area.

3.6 Capital Investments

The final budget of Capital Investments was €4,495,597, out of which €3,741,768, or 83% of the budget were spent in 2017.

Issue 9 – Weaknesses in procurement and contract management

Finding

We have identified some weaknesses in procurement activities for the category of Capital Investments as follows:

- Procurement for the projects “Asphalting the road from Dobratin - Sllovi and Rruga e Kuqe in Sllovi village” in the amount of €14,755 were executed out of the procurement plan, as well as the works for road pavements were contracted in the winter season that made impossible the execution of this contract. The contract notice was announced on 09.10.2017 while the contract was signed with the winning operator on 15.11.2017, planning to complete works by 20.12.2017. Due to weather conditions, the contract manager has announced that the contract cannot be executed within the deadline and the works are postponed for the next year;
- In the procurement procedure “Construction of LSPS - Nezë Bujani – in Bujan - a separate school division of Bregu i Zi”, with a decision and a contract management plan has assigned an official from the Department of Public Services as oversight body, but oversight reports (executed work stages) are signed by two other officials from this sector. There is no other decision to change the oversight body, nor a new contract management plan;
- In four⁵ cases, the Procurement Department has approved the requests of contract managers to extend the duration of the works. Also in four⁶ other cases has approved changes in the bill. These changes have not been carried out in accordance with the Procurement Instruction Manual under section 61.23, which requires the Chief Administrative Officer only shall approve these changes in advance; and

⁵ “Road Asphalting within village Gadime e Ulët - Phase 2”, “Completion of works at Sports Hall - Dobrajë e Madhe”, “Road Asphalting in village Resinoc” and “Construction of Youth Centre Magure - Phase II”.

⁶ “Road Asphalting in village Jeta e Re”, “Construction of Sewage Network in village Mirenë - Phase II”, “Pavements (co-financed with donators) - village Bujari” and “Renovation of school in Rufe i ri, Babush and fixing of schoolyard in Blinajë”.

- In two cases the municipality has announced the winner an Economic Operator that did not meet the criteria specified in the tender dossier (requirements for technical and professional capacities). In the project “Construction of Elementary School, Nezë Bujani – in Bujan, a separate school division of Bregu i Zi” is required an architecture, engineer, while the winning economic operator has provided a document for bachelor's degree in architecture. Also in the procurement for “Construction of Economic Zone - Industrial Park, in Qylagë - Phase II” required a construction engineer while the winning operator was provided only a document for bachelor's degree in construction. The Municipality had not established adequate controls for establishment of Committees for Professional Assessment.

Risk Poor contract management reduce the assurance that contracts are being implemented in accordance with set forth terms and specifications. Failure to respect the criteria set forth in the tender dossier may result in unequal treatment of bidders, improper payments and low value for money.

Recommendation 9 The Mayor should ensure consistent and effective compliance with procurement rules in relation to the contract management, and ensure that the evaluation of tenders and the announcement of the winners are made in accordance with the established criteria and according to the Law on Public Procurement.

3.7 Common Issues on Goods and Services and Capital Investments

Out of 62 tested payments for Goods and Services, as well as Capital Investments, only 12 payments were executed after 30 days.

Out of 27 court decisions in the amount of €129,229, the municipality has paid €23,012 additional money for interest, expenditures on contest procedures, enforcement of decisions, etc.

Out of 89 planned procurement activities, the Municipality has signed 80 contracts or 91% of planned. In all cases of procurement activity the municipality had appointed a project manager according to the rules, and completion of the works or the receipt of the goods and services were accompanied by an admission report from the commission for technical admission. However execution of these signed contracts and works in accordance with the requirements is still a challenge.

Following are common issues related to goods and services as well as capital investments.

Issue 10 – Commitment of funds after signing the contract

Finding In three cases “Construction of the LSPS school - Nežë Bujani – in Bujan, annex school division of Bregu i Zi” in the amount of €148,392, “Maintenance of asphalted roads in the municipality of Lipjan” in the amount of €115,707; and “Food Supply to QEAP - Kinder garden in Lipjan and School Days” in the amount of €82,473, the municipality made the commitment of funds after signing the contract by not respecting the financial rule 01/2013 on Expenditure of Public Money, article 12.

Risk Failure to respect legal requirements may result in improper payments and poor value for money. Entering into liabilities without available funds may result in delays in the implementation of contracts and in increase of outstanding liabilities.

Recommendation 10 The Mayor should provide additional controls in the procurement process in order to comply with all legal requirements. Further on, to ensure that purchases are made only when sufficient funds are available, before entering into contractual obligations.

Issue 11 – Improper segregation of duties in procurement processes

Finding In three ⁷ cases, the Municipality did not respect the requirements of the Procurement Operational Guidelines (article 62.3) in relation to proper assignment of duties during the procurement process. The same officers who had prepared the technical specification were appointed as managers of the same contracts. Further on, in the procurement procedure for contract “Food supplies for the QEAP-Kindergarten in Lipjan and school days”, initially the contract manager was appointed the officer who was involved in the preparation of the technical specification who at the same time was also a member of the tender evaluation committee. Upon the official request for release from this duty, another officer is appointed as contract manager, who was also a member of the tender evaluation committee.

Risk Poor contract management reduce the assurance for the works/ services are performed in accordance with the terms/conditions specified in the contract and the inadequate segregation of duties may produce conflicts of interest in process management.

Recommendation 11 The Mayor should ensure that the controls are effective in implementing procurement procedures and contract management, and apply measures for proper segregation of duties in accordance with the applicable legal framework

⁷ Road Aspohalting in village Banullë”, “Maintenance of Asphalted roads in Municipality of Lipjan” and “Food Supply for PEC - Kindergarten in Lipjan and School Days”

3.8 Capital and Non-Capital Assets

During 2017, the Municipality presented Capital Assets (over 1,000) in the amount of €168,686,958 and Non-Capital assets (under €1,000) in the amount of €358,108. During the year, executed payments from the category of Capital Investments were in the amount of €3,741,768, while the registered Assets were €9,141,290. The difference between recorded Assets and Capital Investments is due to the fact that the municipality has registered some commercial facilities belonging to the municipality by concession with a private economic operator for the construction of collective buildings, donations and incomes from third parties.

Recommendations

We have no recommendations in this area.

3.9 Receivables

At the beginning of 2017, the Municipality of Lipjan had receivables in the amount of €3.32mil, whereas the value presented at the end of the year is €3.96mil. The increase in Receivables has resulted from non-collection of property tax revenues as well as revenues expected to be collected from expropriation of the municipal land.

Issue 12 - Irregularities in management of Property Tax

Finding

We have identified some irregularities when calculating property tax invoices that are not in full compliance with applicable law and rules, such as:

- In eight cases we identified errors with addresses printed in the tax invoice, although the taxpayers belonged to the second zone, the address recorded in the invoice belonged to the first tax zone. This will not allow realistic assessment of the tax charges according to the regulation;
- In two cases, the tax rate for the "warehouse/depot" property category was incorrectly applied at 0.30% and not 0.20% as set forth by the Regulation;
- In four cases has incorrectly assessed the tax value by zone. The properties belonged to the first zone but they were assessed by the second tax zone. The difference in these cases was €112;
- In one case, the municipality has recognized two properties as the main residence of the same taxpayer, who had benefited from a deduction of €10,000 in violation of Article 9 of the Law on Property Tax. This resulted in an underestimation of €31.35 only for 2017; and

- In two cases, the category of property was incorrectly applied. The tax is calculated according based on “warehouse/depot” category, instead being calculated by category of “business/office”, which resulted in understatement of the requests/receivables by about €15.

Risk Failure to update data and non-verification of taxable properties increases the risk for the tax charges are inadequately calculated and may result in discriminatory treatment of taxpayers.

Recommendation 12 The Mayor should ensure that a plan for verification and updating of property tax data is made, to ensure that list is updated with current data, and then to take all necessary actions to update the data before conclusion of the financial year 2018.

3.10 Outstanding Liabilities

The statement of liabilities not paid to suppliers at the end of 2017 was €499,375. These liabilities are carried forward to be paid in 2018. However this only reflects part of the budgetary challenge faced by the Ministry/the Municipality.

Issue 13 – Improper Management of Liabilities

Finding Amongst the cases that were subject of our audit for this period were two⁸ invoices presented in the report of Outstanding Liabilities, which despite our continued demand, were not provided to us. Municipal officials were unable to find these invoices.

The invoice in the amount of €959, recorded in the protocol book on 21.12.2017 was not included in the list of Liabilities and the same was paid in February 2018.

Risk Failure to provide all the required documents for audit is in violation with the legislation and limits the possibility of regular auditing of this financial statements item. Further on, failure to fully submit AFS unpaid invoices to results with understatement of Liabilities.

Recommendation 13 The Mayor should review the controls on the archiving, storage and retrieval process as well as presenting them in the monthly reports of outstanding liabilities, including their disclosure in the AFS. Further on, to identify the reasons for not providing the documentation, as well as provide better cooperation/provision of documentation, in order to perform the most appropriate audit performance according to the applicable legal requirements.

⁸ EO Standard Benz in value €306 and EC Ipko in value €1,906.

4 Progress in implementing recommendations

Our Audit Report on the 2016 AFS of the Municipality of Lipjan resulted in 16 recommendations. The Municipality prepared an Action Plan stating how all recommendations will be implemented.

At the end of our 2017 audit, six have been implemented, four were in process; and six have not been addressed yet.

Further on, from the year 2015, 11 recommendations were carried forward (4 unimplemented and 7 others were under implementation). These recommendations in 2016 have not been implemented yet and some of them are repeated even in 2017. For a more thorough description of the recommendations and how they are addressed, see Annex II.

Issue 14 - Implementing Prior and Earlier Year Recommendations

Finding Timely preparation of the Action Plan for implementation of the recommendations by the Municipality of Lipjan, was supported by a confirmation process in October 2017, which the implementation of recommendations is formally monitored. However, from the data in the paragraph above it is observed that most recommendations from previous years have not been implemented yet.

Risk Repeating some of last year's and previous years' recommendations this year too indicates weaknesses of internal controls in main financial systems .

Recommendation 14 The Mayor should consider additional activities to ensure that the Action Plan for implementation of the recommendations is monitored by a certain group at the Municipal level, and that is regularly reported on the progress and challenges in their implementation.

5 Good Governance

Introduction

Good Governance implies basic principles of accountability, effectiveness of controls, risk management, independence of internal audit, and coordination of NAO with internal audit and good governance with public assets.

A key tool supporting effective governance is the implementation of audit recommendations as this demonstrates that Management are seeking to develop existing processes and controls. The level of compliance with FMC requirements by Budget Organizations is monitored by the self-assessment checklists completed by all BOs, which are submitted at the end of the year to the Ministry of Finance.

Specific areas of our governance-related reviews have been the accountability and risk management process, while the other components are handled within the chapters or subchapters above.

Our review of Revenues and management of Expenditures have resulted in incomplete compliance with the rules in some cases, inadequate contract management, inadequate segregation of duties, poor assessment of needs, insufficient oversight, payroll delays in liabilities, revenue shortages, the high value of contingent liabilities that require further treatment by the management.

Overall Governance Conclusion

There are a number of governance weaknesses within the Municipality of Lipjan, particularly related to accountability, risk management and the quality of management reporting. Other arrangements that would support governance improvement, as an effective response to audit recommendations, are still challenging for the municipality.

The municipality is equipped with plans such as: Municipal Development Plan 2013-2023, Urban Development Plan 2013-2018, Anti-Corruption Plan 2016-2019, and in August 2017 the Municipality has issued a Decision on Drafting of the Local Economic Development Strategy Project for the Municipality of Lipjan for 2018 - 2023.

5.1 Internal Audit System

The Municipality of Lipjan has established the Internal Audit Unit (IAU) which operates with three members of staff - the Head of IAU and two auditors.

Internal audit should be developed as a management tool for increase the value not only by reporting individual irregularities but also by preventing systematic errors by identifying areas for improvement and by promoting best management practices.

To carry out an effective audit requires a comprehensive work program which reflects financial and other risks of the audited entity and provides sufficient assurance on the effectiveness of internal control. The impact of Internal Audit outputs should be judged by the Managements' significance given to the addressing of the recommendations, as well as by the support provided by an effective Audit Committee.

Apart from the Strategic Plan, IAU had also drafted an Annual Work Plan that included eight audits for 2017. The audit plan was fulfilled by completing all planned audits. Out of eight finalized reports, two of them were related to the activities of 2016, while all others included mainly 2016 and some months from 2017.

Recommendations

We have no recommendations in this area.

5.2 Management Reporting, Accountability and Risk Management

In order to have a proper planning, supervise the activities on a regular basis and allow effective decision-making, the Management needs to have regular reports. Accountability as a process is the acceptance of responsibilities, holding persons into account for their actions and disclosing results in a transparent way. Whereas, risk management is a process related to identification, analysis, evaluation and actions/measures taken by the Management to control and respond to risks threatening the Organization.

Although, a range of internal controls are applied by Management to ensure that systems and operate as intended, we have noticed that the measures applied are weak and ineffective and therefore do not provide an effective and timely response to the identified operational problems.

Issue 15 - Weaknesses in High Level Management Controls

Finding Inadequate contract management, improper segregation of duties, poor assessment of needs, insufficient oversight, delays in settlement of liabilities, and high value of contingent liabilities were not properly addressed by the management. As a result, some of the projects have not even started for the fact that the funds committed to them have been executed by MoF on behalf of court decisions. Management does not have regular analysis of budget performance, does not review the procurement plan and has no regular reports on operational activities.

The Municipality has drafted a risk register, but has not prepared a risk management strategy. Although there is a risk facing potential, the municipality has not taken the necessary action to prepare any policy, procedure or report on how risks will be managed, in particular the risk of fraud and irregularities.

Risk Poor accountability requirements and poor quality financial reporting reduce the effectiveness of financial management. This results in weaknesses within the budget process and reduces Management's ability to respond to financial challenges in time. It also reduces the effect of budget controls and increases the risk of improper spending. Consequently, this may also result in providing poor quality services.

Recommendation 15 The Mayor should ensure that a review has been carried through to determine the form of financial and operational reporting. Budgetary performance, including revenues and expenditures, and procurement plan should be subject to regular reporting and review by the Management. Further on, in order to reduce the impact of risks to acceptable levels, the Organization should draft a risk register with all appropriate measures/actions to put the exposed threats under control.

Annex I: Explanation of the different types of opinion applied by NAO

(extract from ISSAI 200)

Form of opinion

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

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

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

Modifications to the opinion in the auditor's report

151. The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

Determining the type of modification to the auditor's opinion

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

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

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

154. The auditor should express an **adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

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

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 1705¹⁹ provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

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

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

158. An Emphasis of Matter paragraph should:

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

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

Annex II: Progress in implementing Prior and Earlier Year Recommendations

| Audit Component | Recommendation given in 2016 | Implemented during 2017 | Under implementation during 2017 | Not implemented |
|--|--|-------------------------|--|-----------------|
| 1.2 Compliance with AFS and other reporting requirements | The Mayor should ensure that effective processes are in place to confirm that the 2017 AFS production plan formally addresses all issues raised in the report. This should also include Management review of the draft AFS with specific focus where errors in classification of expenditures and assets have been identified. | | AFSs have resulted in some mistakes, which, although corrected within the legal deadline, there are still some irregularities. | |
| 2.1 Progress in the Implementation of Prior Year Recommendations | The Mayor should ensure that the action plan is implemented on time with all recommendations given, and focus on those of greater importance by taking active actions for their complete implementation. Progress should be subject to systematic reviews by the Mayor. | | The Municipality had drafted an Action Plan for implementing the recommendations, but a considerable part of them have not been implemented or are in the process of implementation. | |
| 2.2 Self-Assessment Checklist of FMC components | The Mayor should ensure that responsibility for risk management is delegated to an official who in coordination with heads of units will manage this process and report regularly on risks. To monitor the strategy and ensure that objectives are being met. | Yes | | |

| | | | | |
|---------------------------------------|---|-----|--|--------------------|
| 2.3.1 Setting of Strategic Objectives | The Mayor should draft an action plan to monitor systematically achievement of strategic objectives by establishing effective oversight functions. | | | No measures taken. |
| 2.4 Internal Audit System | The Mayor should ensure drafting and implementation of action plans by sectors and responding to findings and recommendations given by the internal audit, and monitor them on a monthly basis. The audit committee in the minutes of meetings should draw clear management conclusions on internal audit issues. | Yes | | |
| 3.1 Budget Planning and Execution | The Mayor should ensure that upon budget planning to conduct a comprehensive assessment of the budget to ensure adequate improvements in the execution of capital investments budget for 2017. A systematic monitoring of budget trends would increase opportunities for a more effective performance. | | Partially implemented since this year too, the Municipality has not managed to execute the budget as planned for all categories. | |
| 3.1.1 Revenues | In order to avoid impacts mentioned above (1/3 of properties), the Mayor should improve the process of annual property verification and ensure that verification of municipal property is done on regular annual basis and in line with quotas set out under Administrative Instructions and Laws. | | | No measures taken. |

| | | | | |
|-------------------------------|--|-----|--|--------------------|
| 3.1.1 Revenues | The Mayor should ensure that rent contracts are revised and drafted a plan of measures wherein will be defined additional timeframes for execution of payments and those responsible for implementation of proposed measures in order to collect outstanding debts, and to collect current debts on regular basis. | | | No measures taken. |
| 3.1.1 Revenues | The Mayor should analyse why such cases have occurred, make appropriate corrections, and strengthen controls that ensure compliance with the fee on issuance of construction permits. | Yes | | |
| 3.1.1 Revenues | The Mayor should ensure that upon charging construction permit tax, to exercise appropriate controls and implement the regulation on construction permits so that EOs are not damaged financially, and that all construction permit fees are paid prior the issuance of construction permit. | | Despite the improvements, even in 2017 there have been cases of irregularities identified.in the management of Revenues from construction permits. | |
| 3.1.4 Subsidies and Transfers | The Mayor should ensure that subsidy beneficiaries report on the manner in which received funds were spent, as established with requirements of the applicable regulation. | Yes | | |

| | | | | |
|-----------------------------|--|-----|--|--------------------|
| 3.1.5 Capital Investments | The Mayor should ensure that the Procurement Department takes appropriate measures before initiating each procurement procedure for works/construction, implements requirements on drafting executive construction projects. | Yes | | |
| 3.1.5 Capital Investments | The Mayor should establish rigorous controls over projects oversight so that all payments are carried out based on completed works of the contract. | Yes | | |
| 3.1.5 Capital Investments | The Mayor should ensure that before initiation of procurement procedures is signed the Statement of Needs and Determination of Availability of Funds, and funds committed before signing the contract. | | | No measures taken. |
| 3.2.2 Receivables | The Mayor should analyse effectiveness of available debt collection mechanisms, and propose additional measures and supplementary procedures to reduce these accounts to the greatest extent. | | | No measures taken. |
| 3.3 Outstanding Liabilities | To avoid court disputes and execution of direct payments by the Treasury, the Mayor should undertake appropriate measures to plan the budget to settle debts owed to suppliers and prevent entry into new liabilities without prior commitment of funds. | | | No measures taken. |

| Audit Component | Recommendation carried forward from 2015 | Implemented during 2017 | Under implementation during 2017 | Not implemented |
|--------------------------------|---|-------------------------|---|-----------------|
| 2.3 Prior Year Recommendations | The Mayor should strengthen control and accountability measures against persons charged for fully addressing recommendations in order that actions foreseen in the action plan are implemented, particularly in high-risk identified areas and within the set timeframes. | | There are recommendations that are repeated year by year. | |
| 2.5.1 Risk Assessment | The Mayor should ensure that formal procedures for risk management of the Organisation are in place in order to determine and undertake necessary actions if they occur and monitor them systematically. | Yes | | |
| 2.6 Internal Audit System | The Mayor should further strengthen the mechanisms in order that IAU recommendations are addressed and ensure that the Audit Committee is continuously active in reviewing the issues stemming out from the audit and urge the improvement of operational and financial activities within the municipality. Further on, the Audit Committee should draft the charter specifying the scope and objectives, and draft a work plan considering the earlier determining the working agendas and topics to be handled during the year. | Yes | | |

| | | | | |
|-----------------------------------|---|-----|--|--------------------|
| 3.3 Budget Planning and Execution | The Mayor should ensure that budget performance is systematically monitored both revenues and expenditures within economic categories and identify and addresses barriers to maximal budget execution. | Yes | | |
| 3.4 Procurement | The Mayor should ensure that a review is undertaken to determine why procurement requirements have been inconsistently applied in the above cases. Subsequently enhanced controls should be introduced within supervised projects so that the work are carried out according to the contracted bill of quantity and cost estimates. | | Partially implemented, some findings are still occurring. | |
| | The Mayor should review why procurement requirements are not consistently applied in the cases above, and enhanced controls should be introduced to ensure that a similar situation will not be repeated. | | The municipality is in the process of improving the management of procurement processes, but also some irregularities have been identified in this regard. | |
| 3.4.2 Subsidies and Transfers | The Mayor should ensure that beneficiaries report on spending of funds and subsidising in the agriculture sector is made openly by setting clear criteria. | Yes | | |
| 3.5 Revenues | The Mayor should ensure a review of existing systems to confirm whether the mechanisms established for collection of revenues may operate effectively. Additional actions need to be undertaken to ensure that taxes are collected at projected levels and verification of municipal property should be made as foreseen by law. | | | No measures taken. |

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|-------------------------|--|-----|--|--|
| | The Mayor should ensure that municipal property is not used without a valid contract. This should be regulated by organising public auction according to the law on the use of municipal property. | Yes | | |
| 3.5 Revenues | The Mayor should ensure that before the construction licenses is issued, initially performed all obligations by the applicant should be settled and then the construction license is issued. | | We have verified a case where environmental permit was issued before payment is carried out. | |
| 3.6.2 Handling of Debts | The Mayor should ensure that all invoices received are processed for payment within the time prescribed by Treasury Rule 02/2013 and the contracts that were signed in previous years without funds being committed and plan the funds in the budget in order to settle obligations on time. We suggest that during the budget planning, the Mayor discusses and solve this problem with the Government, namely the Ministry of Finance. | | Partially implemented , there are still paid invoices after the deadline of 30 days. | |

Annex III: Letter of confirmation



Komuna e Lipjanit

LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm në Raportin e auditimit për vitin 2017 dhe për zbatimin e rekomandimeve

Për: Zyrën Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Raportit/Pasqyrave Financiare të Komunës së Lipjanit, për vitin e përfunduar më 31 dhjetor 2017 (në tekstin e mëtejshëm "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

z. Imri Ahmeti

Kryetar i Komunës,

Data: 17.05.2018, Lipjan,

