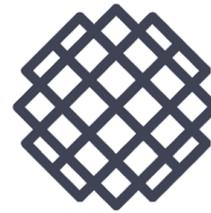




Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

**Document No: 22.21.1-2017-08**

**AUDIT REPORT**  
**ON THE ANNUAL FINANCIAL STATEMENTS OF THE**  
**MUNICIPALITY OF SHTERPCE 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 Shterpce 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 Svetlana Peroviq (Team Leader) and Mehmet Kurti (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 Municipality of Shterpce, 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 16/10/2017.

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 of Shterpce.

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

### Opinion of the Auditor General

#### Unmodified Opinion with emphasis of matter

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

#### **Emphasis of matter**

We would like to draw your attention to the fact that information disclosed in the annual financial statements related to assets are not accurate.

For more, please refer to Section 1.2 of this report.

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

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## Key Conclusions and Recommendations



## Management response to audit 2017

The Mayor has considered and agreed on the audit findings and conclusions and has committed to address all given recommendations.

# 1 Audit Scope and Methodology

## Introduction

The National Audit Office (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 Municipality of Shterpce. 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.

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 with Emphasis of Matter**

We have audited the AFS of the Municipality of Shterpce for the year ended on 31st of December 2017, which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement and other Explanatory Notes.

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

#### **Basis for the opinion**

Our audit was conducted 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.

**Emphasis of Matter**

We draw your attention to the fact that:

- The register of fixed assets does not confirm the complete status of property, as it contains alienated property. The total value of property that is no longer owned by the Municipality, which was alienated during 2017, had the value of €13,020 in the General Ledger;
- The Municipality has incorrectly recorded municipal land as non-capital asset in the amount of €13,708, and for the same amount has overstated assets under €1,000 in the AFS; and
- The Municipality has not recorded in assets register municipal property-lands, 113 parcels, and donations/assets that have been gained from financing of ministries.

Our opinion is not modified (qualified) for this issue.

**Responsibility of Management and Persons Charged with Governance for AFS**

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

The Mayor is responsible to ensure the oversight of 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 any material misstatement that might exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

An audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

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preparation of the financial statements in order to design audit procedures that are appropriate in the entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

## 2.2 Compliance with AFS and other reporting requirements

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;
- Requirements of Financial Management and Control (FMC) procedures;
- Regular quarterly reports, including nine-month report;
- Operational reports; and
- Initial and final procurement plan on time.

In our Interim Audit Memorandum dated December 21, 2017, we have raised several issues related to the reporting framework. Issues raised were not fully addressed by the municipal management. Consequently, in the first version of the AFS submitted to the MoF on 24/01/2018 was necessary to make some financial adjustments in Article 10, Notes 9 and 17.

With all the improvements made, AFS still contained some errors, mainly related to disclosure of assets, which we have presented in detail at the emphasis of matter of the audit opinion.

Given the above - the Declaration made by the Chief Administrative Officer and Chief Financial Officer when the draft AFS are submitted to the Ministry of Finance can be considered to be correct in all material aspects.

In the context of other external reporting requirements, Municipality had prepared all reports with exception of the annual performance report, which is a legal requirement.

## 2.3 Recommendations related to Annual Financial Statements

**Recommendation 1** The Mayor should ensure that an analysis is undertaken to determine the causes for not addressing important risks related to the completeness of assets. Specific actions should be taken to address the causes in a systematic manner to ensure accurate assessment of capital assets.

Furthermore, 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

In the area of FMC, procurement continues to remain the areas where many weaknesses have been identified, and it is not certain that the value for money was achieved. Controls over revenues and investments should be increased in order for the Municipality to collect them at a higher percentage possible, which will result in more projects implemented for citizens. In addition, controls over revenues are not fully adequate and are not implemented effectively, especially in terms of revenue collection, which resulted in an increase of Accounts Receivable. Other important areas where increased controls are needed are in expenditures for goods and subsidies.

#### 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 <sup>1</sup>	2017 Outturn	2016 Outturn	2015 Outturn
<b>Sources of Funds</b>	<b>3,577,609</b>	<b>3,725,964</b>	<b>3,368,668</b>	<b>3,030,104</b>	<b>3,455,103</b>
Government Grant -Budget	3,130,695	3,169,163	3,146,646	2,824,762	3,192,280
Carried forward from previous year <sup>2</sup> -	-	109,887	93,690	177,512	84,844
Own Source Revenues <sup>3</sup>	446,914	446,914	128,332	27,830	177,979

When comparing expenditures incurred and the budget we see that expenditures incurred are not in line with budget planned. Inadequate budget forecasting and planning have occurred due to the fact that the initial budget does not include planning of expenditures out of unspent own

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

<sup>2</sup> Own Source Revenues unspent in previous year carried forward into the current year.

<sup>3</sup> Receipts used by the entity for financing its own budget.

source revenues which were transferred from previous years, while the expenditure from this source was recorded as real. In addition, the initial budget includes planning of expenditures from current year's own source revenues, which were not incurred at the planned level.

Due to this, the final budget compared to the initial budget had increased by €148,355 or 4%. This increase is as a result of revenues carried forward from 2016 in the amount of €109,887 and the amount received by the government to cover the deficit in the category of salaries and wages in the amount of €38,468.

Budget expenditures in 2017 were at 90% of the final budget or €3,368,668, with an improvement of 10% compared to 2016 (80%).

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

Description	Initial Budget	Final Budget	2017 Outturn	2016 Outturn	2015 Outturn
<b>Spending of funds by economic categories</b>	<b>3,577,609</b>	3,725,964	3,368,668	<b>3,030,104</b>	<b>3,455,103</b>
Wages and Salaries	1,968,980	2,007,448	2,007,448	1,981,127	1,943,181
Goods and Services	349,118	371,201	339,606	305,423	400,619
Utilities	81,625	81,625	68,718	81,555	96,623
Subsidies and Transfers	2,877	3,069	1,315	3,837	7,700
Capital Investments	1,175,009	1,262,621	951,581	658,162	1,006,980

Explanations regarding changes in budget categories, their initial and final redistribution, as well as differences in expenditures that have affected changes in the overall level of expenditure are given below:

- The final budget for the category of wages and salaries had increased by €38,467, as a result of the Government Grant to cover the deficit, which took place due to inaccurate initial budget forecasting for this category;
- The increase in the budget for goods and services was followed by allocation of revenues carried forward from the previous year in the amount of €22,083. The budget for utilities services was spent at 84%, although a considerable amount of liabilities have remained outstanding;
- The budget for subsidies and transfers that increased with own source revenues carried forward was only €3,069, while its execution was only 43%;
- Despite the budget available for capital expenditures during the year, was noticed an insufficient budget execution for this category at 75%. The final budget compared to the initial budget had increased by €87,612 as a result of revenues carried forward from the previous year. Compared to the previous year, Municipality has marked lower expenditures of these funds by 5%.

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In addition to the data presented in the table, Municipality of Shterpce has had capital investments in the amount of €180,492 in 2017, financed by the MLGA in the amount of €67,569, MCR in the amount of €92,923 and Ministry of Infrastructure in the amount €20,000.

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## **Issue 2 - Low level of budget execution of capital investments**

**Finding** While the overall budget execution is at a satisfactory level, there are still deviations from the planned level of expenditures. Low execution in capital investments is the main challenge faced by the Municipality. This issue has not been addressed by management in recent years, even though it has been addressed in previous audit reports. This was due to non-implementation of revenue collection plan and the impossibility to finance projects with these funds, and due to inadequate budget management and weaknesses in designing/managing projects.

**Risk** inadequate budget planning and poor execution will result in failure to meet organization's objectives and in fewer projects for citizens. On the other hand, failure to implement capital projects could result in financing current year projects from the budget of coming years and in potential decrease of the Government Grant.

**Recommendation 2** The Mayor should ensure that budget performance is monitored systematically on a monthly basis and that this review identifies and addresses obstacles that hinder implementation of the budget at the planned level. This activity should be preceded by an adequate planning process, and established objectives in relation to the municipal budget.

## **Issue 3 - Incorrect classification of capital expenditures**

**Finding** Based on the Memorandum of Understanding between the NGO "FINCH" and the Municipality of Shterpce, was paid and categorised as capital expenditure out of the code of maintenance of investments the amount of €600, for printing of materialures, from the investment maintenance code. The municipality of PFV did not make any explanatory notes on these expenditures.

**Risk** Incorrect classification of expenditures leads to incorrect presentation of expenditures in financial statements, in this case by overstating expenditures of the category of capital investments and understating expenditures of the category of goods and services.

**Recommendation 3** The Mayor should ensure that accurate planning in adequate expenditure categories, is initially done and no expenditures should be incurred without proper justification.

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## 3.2 Revenues

Municipality in 2017 has collected 51% of planned own source revenues, marking a decrease of about 3% compared to the previous year. Revenues collected by the Municipality were in the amount of €228,679. The largest share of revenues comes from property tax (45%), tax related to land services, construction permits and vehicle registration.

In addition, Municipality has received indirect revenues in the amount of €18,771 (police, forestry and court fines). In addition to increasing police fines, other indirect revenues have decreased drastically compared to previous years.

**Table 3. Own Source Revenues (in €)**

Description	Initial Budget	Final Budget	2017 Receipts	2016 Receipts	2015 Receipts
Own source revenues	446,914	446,914	228,679	236,832	203,828

### Issue 4 - Lack of updating of data from property tax

**Finding** Municipality failed to verify 1/3 of property tax registered. According to the property tax register, Municipality has registered 3,439 tax properties, while in 2017 have been verified only 368 buildings (i.e. only 11% of the overall number of buildings). The number of new taxpayers registered in the system during 2017 is 134, while the number of existing verified taxpayers is 234.

**Risk** Failure to meet legal requirements by verifying 1/3 of property on annual basis leads to the fact that taxpayers' databases are not regulated and comprehensive, meaning not all taxpayers are included in the property tax system, and the properties that have been registered with tax base errors have not been updated. All this affects the reduced rate of property tax collection.

**Recommendation 4** The Mayor should ensure that Municipality has plan for verifying 1/3 of the property within its jurisdiction, with the intention of setting the property tax adequately for all buildings in the territory of the Municipality.

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### 3.3 Wages and Salaries

Wages and Salaries are paid through a centralized payment system managed by the Ministry of Public Administration (MPA) and the MoF, which is not integrated in the personal database, but ensures an efficient system of controls and payments that corresponds to the level municipal. Controls operated by the Municipality relate to calculation of salaries in accordance with employee contracts and applicable laws. Municipality updates salaries on monthly basis before the payroll list is executed, while changes are made on time.

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#### Issue 5 - Employment irregularities in the Department of Education

**Finding** Municipal Education Department has announced a competition on 20/07/2017 to fill vacancies for teaching staff in the academic year 2017/2018. The competition was announced for recruitment of teachers in three primary schools and in one high school, under which were recruited eight employees.

While reviewing provided documentation we have found that there were disagreements with the laws upon preparation of the competition and with the criteria for recruitment of teachers<sup>4</sup>.

In the documentation of competition is missing the following data required under the law:

- There is no evidence for which positions was the competition announced;
- Was not determined the number of positions that need to be filled/how many employees will be recruited;
- Was not specified the hourly rate for each position;
- There are no data/decisions on establishment of a selection committee for teaching staff;
- Data/evidences for selection and recruitment of candidates are missing; and

In the health department, the executive director of the hospital in Sterpce has announced a competition on 28/09/2017 for the position Head of Parking Lot. The contract was signed on 23/11/2017, even though the hospital is not yet functional.

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<sup>4</sup> Law No. 03/L-212 on Labour; Administrative Instruction No. 14/2011 on regulating procedures for establishing a job position in the public sector, Law No. 04/L-032 on Pre-university education in the Republic of Kosovo; Law No. 03/L-068 on Education in the Municipalities of the Republic of Kosovo. Administrative Instruction No. 17/2009, Procedure for Selection of Teaching Staff in Schools.

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**Risk** Failure to comply with the law in the recruitment process risks the right to equal treatment and creates inequalities among competitors, and may show favouritism.

**Recommendation 5** Should be taken all measures so that preparation of competitions in the future is done in line with legal provisions, so that all candidates have equal employment opportunities in educational institutions.

### 3.4 Personnel Management

The number of employees approved by the Municipality is 519, while the actual number of employees is 397. We have tested several recruitment procedures, personnel files, reviewed payroll lists and compared the information presented with KFMIS and their presentation in AFS.

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#### Issue 6 - Incomplete staff files

**Finding** While reviewing 29 staff files we have identified that none of reviewed files is complete, namely are not in compliance with the requirements of the Administrative Instruction 03/2011 (AI), as were missing birth certificates, citizenship, confirmation that employees are not under investigation, while employee performance appraisal is missing in 51% of reviewed files.

In addition, the official for recording of civil servants files has not yet been able to conduct electronic recording of recruited employees as required under the Regulation no. 07/2010 on appointments in civil service.

**Risk** There is no available data that would justify wages and salaries and data that would enable reviewing of performance appraisal results.

**Recommendation 6** The Mayor should ensure that within a short period of time is undertaken a systematic review of personnel files to ensure that they are completed with necessary documentation.

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## 3.5 Goods and Services and Utilities

The final budget for goods and services in 2017 was €371,201, out of which were spent €339,606. They relate to office, services and maintenance material. Expenditure increase compared to 2016 was noticed in codes of other contracted services, telephone costs, and fuel costs.

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### Issue 7 – Deficiencies in procurement and during receipt of goods and services

**Finding** Municipality has concluded a Public Framework Contract for “winter maintenance of local roads in the territory of the Municipality of Shterpce” in the amount of €18,054, without presenting indicative quantities and prices per unit. Was negotiated a presumptive price, and payments were carried out based on invoices on which were not presented actual amounts of services delivered, expenditures on raw materials (salt) and their actual amounts. In addition, in the reports of project manager are not specified types of services or quantity.

Furthermore, Municipality has approved a decision on provision of fuel for transportation of primary school students “Anton Santori” within the contract “Supply of fuel for the needs of Municipality of Shterpce”, whereby was avoided the procurement procedure. The total value of fuel provided during 2017 was €1,533. In addition, in this case we have noticed that the payment was done to the Economic Operator, even though there is no report on acceptance of services.

**Risk** This may result in poor value for money and paying for unacceptable services.

**Recommendation 7** The Mayor should analyse the reasons for not executing the procurement request. It is necessary to increase effective control when drafting requests, specifications, bill of quantities, and to define clearly all stages of works or services in order to eliminate irregular payments. Undertake checks to ensure that payments are consistent with the service provided.

### Issue 8 - Special service agreements without recruitment procedures

**Finding** Municipality continues to engage staff through special service agreements without recruitment procedures. During 2017, six employees were contracted through special service agreements, and the amount paid for these services during 2017 was €10,202, including payments under the contract of 2016. Their duration in three cases had exceeded deadlines allowed under the law. All six employees were engaged in positions that do not require special expertise (three positions of forest guards, and three

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positions of municipal inspectors). In addition, in one case we have noticed that a payment had exceeded the contracted amount by €460.

**Risk** Engaging employees with special service agreements by avoiding recruitment procedures minimizes competition and increases the risk of engaging inadequate persons. While exceeding the duration of these agreements over six months is in disagreement with legal provisions.

**Recommendation 8** The Mayor should ensure that employees with special services agreements are engaged only in cases when there are specific requirements and these services should not last for more than six months. For all regular job positions should be ensured that they are budgeted out of the category of wages and salaries and are paid out of the payroll system.

### 3.6 Subsidies and Transfers

The final budget for subsidies and transfers was €3,069, which was only 1% of the total municipal budget. Expenditures of these funds were at €1,315 and related to non-public entities. From this category we have tested five payments and we examined whether they were given in accordance with the legislation.

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#### Issue 9 - Lack of feedback reports by subsidy beneficiaries

**Finding** While reviewing five cases of financial assistance given by the Municipality, we concluded that internal controls were not functional. In fact, we have noticed lack of feedback reports by beneficiaries of subsidies, which is in disagreement with Article 23 of the Internal Regulation on Subsidies.

**Risk** Lack of feedback reports on spending of awarded funds poses a risk, as funds may not be spent for the purposes initially awarded.

**Recommendation 9** The Mayor should strengthen internal controls so that funds allocated by the municipality on behalf of subsidies are adequately justified.

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## 3.7 Capital Investments

The final budget for capital investments was €1,262,621, out of which in 2017 were spent €951,581. Expenditures in the amount of €421,327 or 44% are recorded in the code for maintenance of investments. While testing a payment for capital investments we identified the following deficiencies:

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### Issue 10 - Payments for co-financed projects

#### Finding

The Municipality has signed a Memorandum of Understanding on co-financing of some projects, and we have found the following;

Municipality has signed a co-financing agreement with (UNDP Kosovo) for implementation of the project "Integrated Territorial Development 2" financed by the Austrian Development Cooperation (ADC) as assistance to agricultural households that handle raspberry and honey production. Under the agreement was specified that Municipality would participate in this project with €90,000 for a period of three years, with an advance payment of €30,000 after the signing of the Memorandum. Municipality had paid the contracted instalment on 13/09/2017 out of the category of capital investments incorrectly to the code maintenance of investments, and without an acceptance report and a receipt that would confirm the counter value of these expenditures.

Afterwards the Municipality has received the "Report on the Financial Contribution of the Municipality of Shterpce (2017)" produced on 21/03/2018 by the UNDP, which contains a list of raspberry growers and beekeepers, beneficiaries of tools and equipment as well as the financial report. However, this report does not provide evidence on acceptance of goods by beneficiaries, there are no signatures of beneficiaries, description/quantity of goods received, there are no invoices attached that justify these expenditures. Due to lack of monitoring by Municipality, it is not clear whether the projects have been completed in the expected quality and whether the value for money is received.

#### Risk

Payments under the Memorandums of Understanding do not have a clear legal basis for execution of expenditures, because financial rules do not recognize such manner of expenditure. Since Municipality does not have assurance mechanisms that guarantee that agreements will be implemented as decided, there is a real risk as agreements may not be implemented, goals not achieved, and funds spent not returned.

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**Recommendation 10** The Mayor should ensure that initial planning is done according to adequate expenditure codes and that no expenditures are incurred without proper justification. All payments should be supported by evidence, and should ensure that controls over the implementation of these agreements are enhanced, in particular by requesting periodic reports from partners regarding the progress made with funds spent. Municipality should prepare final reports on execution of projects financed before.

### 3.8 Common Issues on Goods and Services and Capital Investments

The following common issues relate to Goods and Services and Capital Investments:

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#### Issue 11 - Poor management of contracts

##### Finding

While reviewing the samples we found the following deficiencies:

- Payment in the amount of €167.5 for office supplies was not carried out on real basis, as were invoiced goods that were not contracted due to inadequate contract management (€59);
- Although the Municipality has contracted indicative amounts supplied of official material, there are no summary reports from the Project Manager, namely, in the reports is not presented the quantity of purchased items compared to items foreseen under the bid;
- Pursuant to the Public Framework Contract "Rehabilitation and Renovation of Infrastructure in the territory of Shterpce" signed on 12/12/2016, during 2017 was paid the amount of €343,831 or 50% of the contracted amount. As stated in auditor's report for 2016, in the technical specifications of works were not specified roads that is going to be worked on. In addition, acceptance of works was not done based on a summary of a stage that progressively represents the volume of completed works, which means that each stage contains only the volume of works completed during the reporting period;
- In the contract "Construction of a support wall on the playground of school in village of Brod", Municipality had carried out a payment in the total value of the contract based on manager's report. While conducting physical examination we have found that the position "reinforcement with steel bars mesh Q335 and concreting of stadium's slab with thickness  $t = 20\text{cm}$ " in the specified value of €680 was not completed; and
- Under the Public Framework Contract "Reconstruction of Primary and High Schools in the Territory of Shterpce" the contract manager, who had no relevant qualifications in the field of construction, was involved

in the whole process, including the acceptance of works/services and the execution of payments.

**Risk** Weaknesses in contract management, namely, lack of qualitative reporting related to contract implementation, reduces the assurance that contracts are implemented in accordance with foreseen conditions and specifications. Failure to plan dynamics of expenditures may result in ineffective implementation of contracts compared to funds spent.

**Recommendation 11** The Mayor should ensure compliance with procurement rules/procedures, and adequate contract management to ensure value for money spent through procurement. Systematic oversight of contract implementation would increase assurance that contracts are implemented in accordance with contractual terms.

### 3.9 Capital and Non-Capital Assets

Property management is an important part of financial management and control in the public sector. This requires control and management procedures that confirm existence of property and provide accurate and updated information on assets of the institution.

Municipality has not yet managed to provide a comprehensive and complete register of non-financial assets. Challenges of assets recording and evaluation have resulted in a material understatement of assets value in the AFS, particularly those that relate to land.

We have tested the initial state, asset purchases during the year, including capital investments, as well as purchases of equipment, furniture under €1,000 from goods and services, and corrections in recording of property that is available. We have also conducted a physical check in order to confirm the existence of property.

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**Issue 12 - Weaknesses in assets management**

**Finding** Municipality does not yet have internal procedures on assets management in accordance with requirements of the Regulation 02/2013 on management of non-financial assets. The committee established for evaluation of assets has only verified existing assets, and not evaluation of outdated assets that are no longer used or are alienated. As a result, alienated assets are not yet recorded in assets register, medical equipment in the amount of €13,020.

The municipality had also established a committee for inventorying of assets that conducted only a partial identification of non-financial assets.

**Risk** Lack of internal management procedures increases the risk as the Municipality may not have control over the entire property and not be able to generate accurate reports related to assets. Relevant committees should prepare final reports on the state of assets in order to avoid the risk of misuse or loss of assets.

**Recommendation 12** The Mayor should initiate the process of drafting internal regulations regarding assets recording and ensure that have been implemented all requirements regarding inventory and assets evaluation at the end of the year. Moreover, should be prepared inventory reports, results of which will be included in the AFS.

### 3.10 Receivables

Receivables this year show an increasing trend as the Municipality has presented receivables in the amount of €1,844,000, compared to €1,664,000 in the previous year. This was due to the ineffective policies implemented by the management and lack of a strategy for their collection.

Most of receivables or over 90% are from property tax. Property tax system is a centralized system with a property tax database that contains information for all municipalities in Kosovo and is maintained by the Property Tax Department at the MoF. Each municipality is obligated to manage entry of property tax information into the database with all information, including property tax, addresses of property, addresses of owners and users, data on land and buildings, values of properties, tax rate, tax obligations and data on tax payments.

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**Issue 13 - Management of Accounts Receivable**

- Finding** Inadequate management of property tax information within the database by the Municipality has led to differences between the data generated by the Municipality and the MoF on the state of receivables for property tax.
- Despite constant efforts to collect receivables from property tax (€1,670,000), they have only increased from year to year because during 2017 have been collected only €104,312 or 6% of invoiced revenues. Compared to the same period of 2016, Municipality had a decrease during 2017 up to 16%. In addition, one of the reasons behind the increase of receivables from property tax was due to non-payment of liabilities by SOEs prior to their privatization and/or liquidation.
- Receivables on behalf of business taxes are drastically increasing, as Municipality in 2017 has not collected any amounts on behalf of these revenues.
- Risk** Lack of adequate mechanisms and controls increases the risk of continuous increase of these accounts, which results in less funds for achievement of goals, and encourages other debtors not to pay their obligations.
- Recommendation 13** The Mayor should analyse the reasons behind the increasing trend of property tax receivables and strengthen controls to prevent their further increase. A strategy and mechanisms should be established to enable identification and collection of accumulated receivables through introduction of conditions of some of the municipal services based on evidence on payment of property tax. In addition, it is necessary for the Municipality to manage properly accounts receivable on behalf of business tax.

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## 3.11 Outstanding Liabilities

Municipal liabilities represent liabilities owed to suppliers, which are carried forward for payment in the following period. The statement of outstanding liabilities owed to suppliers at the end of 2017 was €45,466, which compared to the previous year represents an increasing trend by €23,466. These liabilities are carried forward to be paid in 2018. Outstanding liabilities relate to expenditures for goods and services, utilities and capital investments.

In addition to regular liabilities, Municipality has also contingent liabilities related to various court cases in approximate amount of €9,000, which compared to the previous year (€6,180) represent an increasing trend.

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### Issue 14 - Delays in paying invoices

**Finding** All invoices submitted to the Municipality should be paid within 30 days. Even though according to the municipal data there were no delays in payments during the year, at the end of the fiscal year out of total of liabilities, 17 invoices in the amount of €10,346 are older than 30 days. This is in disagreement with the Financial Rule no. 01/2013/MoF "Spending of public money". These liabilities were carried forward to be paid in 2018 as an additional burden to the budget. According to responsible officials the main reason why liabilities were not met on time was due to late receiving of invoices.

**Risk** Entering into financial liabilities without coverage can weaken the ability to plan management of needs for liquidity, and Municipality may face additional costs, interest and fines for delays towards the parties.

**Recommendation 14** The Mayor should ensure that the finance department takes specific measures so that all liabilities are recorded and paid in a timely manner, while potential liabilities should be handled with caution during the upcoming budget planning.

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## 4 Progress in implementing recommendations

Our Audit Report on the 2016 AFS of Municipality of Shterpce resulted in 15 recommendations. Municipality of Shterpce had prepared an Action Plan stating how all recommendations will be implemented.

However, even though the report of the AG was presented to the Municipal Assembly, the Assembly had not discussed and had not even asked from the Municipality to monitor implementation of recommendations.

At the end of our audit for 2017, four recommendations have been implemented, six were in process, while five have not been addressed yet. From 2015 have not been implemented yet four recommendations, while six are in the process of implementation. For a more thorough description of the recommendations and how they are addressed, see Annex II.

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### Issue 15 – Low level of implementation of prior and earlier year recommendations

**Finding** Due to the poor management of the process and the lack of a formal monitoring of how AG's recommendations have been implemented, only a portion prior year's recommendations and those previously carried forward have been implemented. We have not noticed that Municipality applies responsibility measures for non-implementation of recommendations.

**Risk** The continued weakness of management and other controls in key financial systems have resulted in:

- Poor management of municipal assets;
- Weaknesses in recruitment procedures;
- Recording of expenditures in incorrect economic codes; and
- Inadequate management of Receivables.

**Recommendation 15** The Mayor should ensure that implementation of Action Plan is monitored regularly and reported on monthly or quarterly related to the progress achieved in this regard. Recommendations that are not implemented according to deadlines should be revised in the shortest time possible by the Mayor, and undertaken pro-active actions against obstacles encountered during implementation. Recommendations from earlier years should also be implemented as soon as possible.

## 5 Good Governance

### Introduction

Good Governance implies basic principles of accountability, effectiveness of controls, risk management, independence of internal audit, 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.

### Overall Governance Conclusion

There is a number of governance weaknesses within the Municipality particularly related to risk management and the quality of management reporting. The self-assessment questionnaire that is completed by the Municipality, only partially reflects this situation, with some positive comments on the existence of current forms of governance that are not based on evidence. Other measures that were not fully established and that would support development of governance would be an effective response to audit recommendations and to functioning of a higher quality internal audit system.

#### 5.1 Internal Audit System

The Internal Audit Unit (IAU) operates with one auditor who is also the Head of IAU. An effective audit requires a comprehensive work programme that reflects financial and other risks to Auditee and provides sufficient assurance over the effectiveness of internal control. The impact of Internal Audit output should be judged by the importance that management places on addressing recommendations and the support and challenge provided by an effective Audit Committee.

In addition to the Strategic Plan, IAU had also drafted an Annual Work Plan with six audits for 2017. The IAU completed all planned audits, in which it provided 24 recommendations.

Internal audit reports have been prepared by the IAU and are regularly submitted to management according to an approved annual plan. IAU has repeatedly reported through quarterly and annual reports on internal audit activities.

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## Issue 16 - Weaknesses in the internal audit

**Finding** There are a number of weaknesses related to current operations of IAU, such as:

- Municipal management has not prepared an action plan for implementation of IAU recommendations, due to which the same issues have recurred;
- Internal audit recommendations have been implemented only in a small number of cases; and
- The Audit Committee was not fully operational during 2017 due to its late establishment.

**Risk** These results reflect lack of commitment by the Management to recognize and maximize benefits of the internal audit, which increase the risk that internal controls placed by the management are not functioning effectively and that system weaknesses may not be identified.

**Recommendation 16** The Mayor should take specific actions to prepare an action plan related to recommendations of the IAU and to ask from responsible officials to whom recommendations have been addressed to report on the formal request related to the implementation of these recommendations.

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## 5.2 Management Reporting, Accountability and Risk Management

Our audit of management controls revealed poor financial management reporting on expenditures, as well as incomplete analysis on service provision. The form of management reports such as property report does not provide realistic explanations on the property owned and updated within the year. Directors of departments, such as Director of procurement, staff and finance, do not report weekly or monthly to the Mayor. The only form of reporting is the verbal one. Equally important is allocation of staff duties, where one official is responsible for more than one duty and this is due to lack of staff. Effective accountability requires clarification of roles and responsibilities.

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### Issue 17 - Weakness in management controls and risk management

- Finding** The self-assessment questionnaire completed by the Municipality has confirmed that required systems for risk management are not yet functional. This was because the Municipality had not prepared a risk plan and had not analysed procedures for identification of these risks for the institution.
- Risk** Failure to identify and analyse risks adequately reduces management's ability to respond timely and correctly to challenges, whether financial or operational.
- Recommendation 17** The Mayor should ensure that is produced a list of potential risks and determined measures and personnel responsible for management of these risks.

## 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.

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*Determining the type of modification to the auditor's opinion*

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

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

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

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

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

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 1705<sup>19</sup> 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 implementation of recommendations of two earlier years

Audit Component	Recommendation carried forward from 2015	Implemented during 2017	Under implementation during 2017	Not implemented
1.4 Compliance with AFS and other reporting requirements	The Mayor should ensure that an analysis is undertaken to determine the causes that led to modification of opinion or emphasis of matter in order to eliminate errors in the irregular payments, classification of expenditures, incomplete assets recording and third party payments in KFMIS.		The Municipality has improved the issue of expenditure reporting across economic categories, but the issue of assets is still in the process of implementation.	
2.3 Prior Year Recommendations	The Mayor should systematically monitor the implementation of the Action Plan and identify the reasons for not being implemented. A revised Action Plan should clearly set out a timetable for implementing the AG's recommendations with accountable staff members identified and with initial focus on those of greatest significance.		The Action Plan has been drafted, but has not listed responsible persons, nor specific measures for implementation of recommendations.	
2.4 FMC Self-Assessment Checklist	The Mayor should ensure that a review of the processes for completing the self-assessment checklist and proactively addressing areas of weaknesses is implemented. A revised mechanism to confirm the accuracy of the return and to ensure supporting documentation supports the submission should be applied.	Yes		
2.5.1 Risk assessment	The Mayor should ensure that the list of potential lists is in place and that immediate responsibility for risk management is delegated to a named Director who, in cooperation with heads of units, will manage this proces and ensure monthly reporting on the risks.			No measures have been taken.

2.5.2 Municipality's Development Plan	The Mayor should ensure that a Comprehensive Strategic Plan is approved. It should set forth long-term objectives and serve as a platform for producing annual plans, making comparison analysis between years and measuring results against objectives.			No measures have been taken.
Lack of Audit Committee	The Mayor should strengthen the role and importance of the Internal Audit Unit. We suggest for the Audit Committee to be established as of the end of 2016.	Yes		
3 Financial Management and Control	The Mayor should ensure that budget performance is systematically monitored on a monthly basis and that this review identifies and addresses barriers to planned levels of budget execution. The Mayor should ensure that the Own Source Revenues are used for Capital Investments as approved with the budget.		Budget performance is monitored, but own source revenues are mainly spent on goods and services.	
3.4 Procurement	The Mayor should ensure that concrete actions are taken for having the budget spent when needed during the year and that no purchase is authorised for secondary health devices that cannot be put to use until the hospital becomes operational.			No measures have been taken.
3.4 Procurement	The Mayor should take immediate measures to analyse the process, from the initiation of procurement process, entry into contract all over to implementation of works foreseen in the contract. A special focus should be put on reviewing the implications of abnormally low prices offered by the operator and estimation of costs up to the finalisation of the contract should be made. In addition, delays in project implementation should be reviewed and measures should be taken in order that the project is implemented as soon as possible.			No measures have been taken.

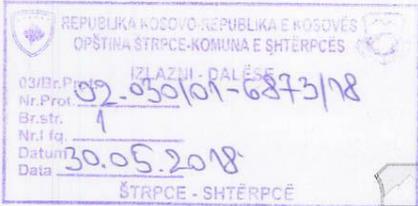
3.4 Procurement	The Mayor should ensure that controls are strengthened when it comes to receiving of goods and establish respective commissions in order to verify that goods are received according to the quantity and quality foreseen in the contract.	Yes		
3.5.1 Remunerations (Wages and Salaries)	The Mayor should ensure that this issue is analysed and legal requirements are considered when it comes to the salaries of these employees in order to prevent the Municipality's budget from being damaged.		The municipality has engaged these employees in other programs.	.
3.6 Revenues (including own source revenues)	The Mayor should ensure that the revenues trend of the last three years is analysed during the annual budget planning and that the current base for taxes and fees burden is taken into consideration. In addition, existing policies should be reviewed and adequate measures should be proposed in order to have all businesses operating within the Municipality's territory adequately licensed to operate and pay municipal taxes.		Was conducted the analysis of the revenue collection trend, but no measures have been taken yet to collect business taxes.	
3.7.2 Vehicles Management	The Mayor should consistently apply formal requests and procedures foreseen in the Internal Regulation on the Use of Official Vehicles.	Yes		
3.7.3 Handling of Receivables	The Mayor should systematically monitor the generation of revenues in order to ensure that adequate policies and measures are taken to maximise debts collection. A detailed analysis on the payments setbacks needs to be made and concrete actions and resources needed for the debts collections should be proposed.		It has been partially implemented as the Municipality has undertaken some activities for recording of new properties for taxation.	

Audit component	Recommendations given for 2016	Implemented	In the process of implementation	Not implemented
1.3 Recommendations for the first part of the report	The Mayor should ensure that effective processes are in place to confirm that the 2016 AFS production plan addresses all issues raised in the report. This also includes Management review of the draft AFS with specific focus on areas where errors have been identified.		The recommendation was partially implemented as part of assets remains unrecorded in relevant registers.	
2.1 Progress in implementation of Prior Year Recommendations	The Mayor should ensure that a clear action plan is drafted, defining the persons accountable for process, specific measures and actions and deadlines for implementing the plan. This plan should be monitored at least every quarter and a rigorous process of accountability should be applied in case of delays and non-implementation of this plan.		Not all recommendations given by the NAO have been implemented yet. The action plan has been drafted but does not specify responsible persons, nor specific measures for implementation of recommendations.	
2.2 Self-Assessment Checklist of FMC components	The Mayor should ensure that a list of risks and strategic plan are drafted. The strategy should be monitored on an ongoing basis to ensure that strategic objectives are being met. The Internal Audit Unit should commit itself in order to confirm the accuracy of the checklist.			No measures have been taken.
2.3.1 Setting of Strategic Objectives	The Mayor should draft strategic plans and set clear objectives in terms of development in all sectors of the Municipality and the same are systematically monitored in order to evaluate the initial planning and progress in achieving objectives in certain periods.			No measures have been taken.
2.3.2 Management Reporting and Accountability	The Mayor should ensure that a review is carried out to determine the form of financial and operational reporting and monthly written reporting is made by the Directors to the Management.		Measures have been taken, but there is still no clear evidence that this recommendation is being implemented in full.	

2.4 Internal Audit System	The Mayor should ensure that accountability measures are enhanced against all responsible officials for timely implementation of IA recommendations, and ensure that charter of IAU and Audit Committee is drafted.		The charter of IAU has been drafted, but no measures have been taken towards officials responsible for timely implementation of IAU recommendations.	
3.1 Budget Planning and Execution	The Mayor should ensure that planning, budget performance is systematically monitored on a monthly basis and that this review identifies and addresses barriers to budget execution in the planning level. Where the initial budget assumptions are incorrect, this should be reflected in the final budget.			No measures have been taken.
3.1.1 Revenues	The Mayor should ensure when planning the revenues from property tax, the trend of collection as in prior periods is taken into account and ensure that the verification of municipal property is done on a regular annual basis, as required by law.			No measures have been taken.
3.1.1 Revenues	The Mayor should ensure that revenues collected through the cash-register are deposited in the bank within the timeframes established by the Rule on Own Source Revenues.		Improvements have been noticed, but revenues are not deposited on a daily basis at the bank.	
3.1.2 Wages and Salaries	The Mayor should ensure that the funds paid more than allowed are returned to the Municipality's budget by the employees, and controls on payments are strengthened in order that such cases are not repeated in the future.	Yes		
3.1.3 Goods and Services and Utilities	The Mayor should ensure that adequate payment certification controls are in place so that no payments are more than the amounts invoiced. The Municipality should review the case and why the above overpayments occurred and the same are returned to the Municipality, or treated as advances to supplier operator with electricity.	Yes		

Procurement	The Mayor should ensure that internal and operational controls are in place in order to prevent awarding the contract to EO who does not meet the criteria specified in the Tender Dossier. Further on, the Municipality should stop giving gifts at the end of the year for municipal staff, given that is not in line with the law.	Yes		
3.1.5 Capital Investments	The Mayor should ensure that the Procurement Office prepares tender documentation as required by procurement regulations and clearly specifies the roughly indicative quantities and units of work. Clear tender dossiers would also enhance the principle of transparency and competition in the procurement process.	Yes		
3.2 Assets	The Mayor should review the evaluation/recording of municipal property in order to ensure that all assets are recorded in the asset register and properly presented in the financial statements.			No measures have been taken.
3.2.2 Receivables	The Mayor should ensure that a reassessment process is initiated, where all accounts receivable are analysed in terms of age and real possibilities for collection and propose concrete measures, not excluding administrative and other measures (if needed).		Municipality has made efforts to identify new taxable properties, but more measures should be applied for adequate management of receivables.	

## Annex III: Letter of confirmation


Република Косово-Republika e Kosovës-Republic of Kosovo  
 Општина Штрпце / Komuna e Shtërpçës / Municipality of Štrpce

**POTVRDNO PISMO**

O saglasnosti sa nalazima Generalnog Revizora na Izveštaju revizije za 2017 godinu kao i za sprovođenje preporuka

Za: Nacionalnu Kancelariju Revizije:

Poštovani,

Preko ovog psima, potvrđujem da:

- sam primio nacrt izveštaja Nacionalne Kancelarije Revizije o Reviziji Finansijskih Izveštaja opštine Štrpce za godinu završno sa 31 decembrom 2017 (u daljem tekstu "Izveštaj");
- se slažem sa nalazima i preporukama i nemam neki komentar u vezi sa sadržajem izveštaja; i da ću
- u roku od 30 dana od prijema Završnog izveštaja, dostaviti akcioni plan za sprovođenje preporuka, koji će uključiti vremenske rokove i osoblje koje je odgovorno za njihovo sprovođenje.

g .Bratislav Nikolić, Predsednik Opštine

Datum: 30 Maj 2018. Štrpce

