



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office



Prishtina, 09.01.2024
No. 128/2023

Referring to the Agreement Nr. 128/2023 between the following: Helvetas Swiss Intercooperation Kosovo (HSIK), Decentralisation and Municipal Support (DEMOS), and National Audit Office of Kosovo, signed on November 02nd 2023 the following is issued:

ANNEX No. 1 OF THE AGREEMENT FOR PERFORMANCE AUDIT

Referring to the mutual agreement reached in a meeting held on December 26, 2023, among the involved parties, regarding the extension and modification of deliverables initially outlined in Agreement No. 128/2023, the following changes are hereby made:

Original ARTICLE 3 REPORTING / DELIVERABLES

3.1 The final report for the performance audit on "Quality assurance mechanisms of the reported data on Municipal Performance Management System and Municipal Performance Grant " including the Management Response of the audited body shall be presented and submitted to HSIKs DEMOS and to the audited body(ies), in English and Albanian language no later than **January 31st2024**.

Amended ARTICLE 3 REPORTING / DELIVERABLES

3.1 The final report for the performance audit on "Quality assurance mechanisms of the reported data on Municipal Performance Management System and Municipal Performance Grant " including the Management Response of the audited body shall be presented and submitted to HSIKs DEMOS and to the audited body(ies), in English and Albanian language no later than **February 15th 2024**.

Original ARTICLE 9 ENTIRE AGREEMENT / AGREEMENT DURATION

9.2 Tasks in this agreement are spread along the assignment period November 2023 - **January 31st2024**.

Amended ARTICLE 9 ENTIRE AGREEMENT / AGREEMENT DURATION

9.2 Tasks in this agreement are spread along the assignment period November 2023- **February 15th 2024**.

All other Articles in the main agreement No. 128/2023 remain the same.

.....
Alan Packer, Project Director

HSIK DEMOS

.....
Vlora Spanca, Auditor General

Kosovo National Audit Office

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Zyra Kombetare e Auditimit
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AGREEMENT Nr. 128

between the following:

1. Helvetas Swiss Intercooperation Kosovo (HSIK), Decentralisation and Municipal Support (DEMOS) project represented by Project Director, hereinafter referred as (the "HSIK DEMOS")

and

2. National Audit Office of Kosovo represented by the Auditor General hereinafter referred as (the "KNAO")

(each a "Party" and together "the Parties")

the Parties considering their free will decided to enter into this Agreement ("The Agreement") for the provision of services agreeing on the following terms and conditions:

ARTICLE 1

PURPOSE OF THE AGREEMENT

- 1.1 The purpose of this Agreement is to engage the National Audit Office (on-system partner) to carry out the performance audit on "Quality assurance mechanisms of the reported data on Municipal Performance Management System and Municipal Performance Grant".
- 1.2 Appendix 1 specifies the terms of reference for this audit.
- 1.3 The audit will include an assessment of adequacy and effectiveness of quality assurance mechanisms of the reported data of PMS, and MPG.

ARTICLE 2

RIGHTS AND OBLIGATIONS OF THE PARTIES

- 2.1 The audit shall be carried out in accordance with international standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).
- 2.2 The KNAO commits itself to obey its code of ethics.

- 2.3 HSIK DEMOS, beside the information in Appendix 1, shall provide to KNAO project information that is required to complete the duties and responsibilities.

ARTICLE 3

REPORTING / DELIVERABLES

- 3.1 The Pre study memo (audit design plan) should be submitted for information to HSIK DEMOS before the start of the audit execution phase. Upon completion of the audit, a draft Audit Report is prepared and sent to the audited body(ies) for comments, which shall be submitted within fifteen (15) days.
The final report for the performance audit on "Quality assurance mechanisms of the reported data on Municipal Performance Management System and Municipal Performance Grant" including the Management Response of the audited body shall be presented and submitted to HSIKs DEMOS and to the audited body(ies), in English and Albanian language no later than January 31st2024.

The final report can be published by the NAO.

- 3.2 The scope of the audit shall be stated in the report and the methodology used shall be presented.
- 3.3 The report shall be prepared in accordance with the format stipulated in the international auditing standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).
- 3.4 The audit report shall be signed by the Auditor General of Kosovo.
- 3.5 Whenever the KNAO considers that some incident(s) could jeopardize the fulfilment of the mandate as agreed in the terms of this Agreement (e.g., significant changes in the project context affecting set deadlines, political unrest, etc.), the KNAO should inform HSIK DEMOS immediately.

ARTICLE 4

COMPENSATION

- 4.1 The audit will be carried out by Auditors. The quality check will be done by the relevant officials under the supervision of the Assistant Auditor General.
- 4.2 The total contracted amount is 24,200 EUR according to the costs specified in appendix 2.
- 4.3 The payment will be executed in two instalments.
- 4.4 The KNAO shall submit the first invoice to the HSIK DEMOS project in the amount of 30% of total cost upon the confirmation of the submission of the pre- study memo to HSIK DEMOS.

- 4.5 The KNAO shall submit the second (last) invoice to the HSIK DEMOS project of the remaining (70%) amount upon publication of the audit report.
- 4.6 The invoices will be paid within a month after their submission. The payment will be made to the Kosovo National Audit Office Bank Name:

Central Bank of the Republic of Kosovo

Account Name: Main Account of the Ministry of Finance
Account No: 1000400070005515
Bank Address: 33 Garibaldi, 10000 Pristina
Phone: +381 38 222 055
Fax: +381 38 243 763
Website: www.bqk-kos.org

ARTICLE 5

TERMINATION

- 5.1 Either party may terminate this Agreement by giving prior written notice to the other party of at least 30 (thirty) calendar days.

ARTICLE 6

CONFIDENTIALITY

- 6.1 Either Party in this Agreement undertakes the obligation to treat all technical, commercial and/or other information, data, documents, results, clients, ways of working etc. which were received from the other Party or otherwise obtained in connection with this Agreement ("**Information**") as confidential, except for Information which either Party is able to demonstrate:
- a) was already in its possession at the time it was acquired from the other Party;
 - b) is already generally available to the public or, subsequently becomes so available without default on the part of either Party;
 - c) is developed by either Party, independently from the information disclosed.
- 6.2 Nothing in this article 6 (six) of this Agreement shall prevent the disclosure of those parts of the Information which are required to be disclosed by law or Court Order; provided however that if KNAO is so required to disclose any such Information, it shall provide the HSIK DEMOS with prompt written notice of such requirement so that the HSIK DEMOS may seek a protective order or other appropriate remedy to prevent or limit such disclosure.
- 6.3 Parties in this Agreement guarantee that Information will be used exclusively for the purposes of this Agreement (i.e. implementation of the Project).

**ARTICLE 7
FORCE MAJURE**

- 7.1 Each Party which is hampered by "Force Majeure" shall not be responsible for non-fulfillment of obligations under the terms and conditions of this Contract.
- 7.2 Force Majeure shall suspend the implementation of this Agreement only as long as the effects of Force Majeure will last. The party claiming Force Majeure shall immediately inform the other party in writing.
- 7.3 Termination of this Agreement according to paragraphs of this article, does not entitle the other party to seek compensation of any damage of any nature in connection with Force Majeure.

**ARTICLE 8
GOVERNING LAW**

- 8.1 This Agreement shall be construed in accordance with and governed by the Laws of Kosovo, without regards to the conflicts of law provisions.
- 8.2 For matters not provided under the terms and conditions of this Agreement, the Parties shall refer to the relevant applicable legislation in Kosovo.

**ARTICLE 9
ENTIRE AGREEMENT / AGREEMENT DURATION**

- 9.1 This Agreement shall be construed taking into accounts its terms and conditions. In any case, provisions that are unclear should be reviewed in the context of the entire Agreement and purposes that led both Parties to conclude this Agreement, thus becoming an integral part of this Agreement.
- 9.2 Tasks in this agreement are spread along the assignment period October 2022 - January 31st of 2024.

**ARTICLE 10
SEVERABILITY OF THE AGREEMENT**

- 10.1 If any provision of this Agreement is invalid, illegal, or unenforceable, such provision shall be severed; all other provisions of this Agreement shall, nevertheless, remain in full force and effect. No provision of this Agreement is dependent on any other provision unless so expressed in this Agreement.

**ARTICLE 11
DISPUTE RESOLUTION**

11.1 The Parties shall endeavor to resolve amicably any dispute that may arise in interpretation or application of this Agreement. Otherwise, each contracting party shall refer the matter to the competent Court in Kosovo.

**ARTICLE 12
GENERAL PROVISIONS**

- 12.1 Both Parties undertake the obligation to notify each other immediately in the event of change residence status, work permit that may affect the successful implementation of this Agreement. Any notice given to the other party under this Agreement shall be in writing.
- 12.2 This Agreement constitutes the understanding of the contracting parties by abolishing any eventual previous agreement between them.
- 12.3 In the presence of the parties this Agreement is signed in 2 (two) original copies with the same legal effect in English Language.

**ARTICLE 13
ANTI-CORRUPTION CLAUSE**

13.1 The contracting parties shall neither offer or give any kind of advantage to a third party either directly or indirectly, nor directly or indirectly receive, accept, or let themselves promise any gifts, payments or other advantages which are or could be considered as an illegal or corrupt practice. HSIK DEMOS reserves the right to cancel the contractual relationship in case of infringement, suspend payments, reclaim former payments, and report the offense.

**ARTICLE 14
APPENDIXES**

Appendix 1 - Terms or Reference

Appendix 2 - Calculation cost proposal


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Alan Packer, Project Director

HSIK DEMOS


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Vlora Spanca, Auditor General

Kosovo National Audit Office

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APPENDIX 1



Co-funded by
the European Union



Swiss Agency for Development
and Cooperation SDC



Sweden

Sverige



Norwegian Embassy

Request for audit

Terms of reference

for the performance audit on " Quality assurance mechanisms of the reported data on Municipal Performance Management System and Municipal Performance Grant "

Introduction

The overall goal of Decentralisation and Municipal Support (DEMOS) III is to support Kosovo "Improved performance of municipalities in governance, management and services contributing to increased citizens' satisfaction". There are three outcomes of DEMOS III. The first one has to do with the Municipal Performance Grant (MPG), as a mechanism established and owned by the Ministry of Local Government Administration (MLGA). DEMOS has been supporting the MPG in the two previous phases and responsibilities for its management will increasingly be taken over by the MLGA during the third phase of the project. The second outcome is about the citizen engagement and oversight, while the third outcome is the policy support.

The Municipal Performance Management System (MPMS) is a mechanism within the MLGA used to assess municipal performance on an annual assessment that is reflected in the Performance Report drafted by MLGA.

The MPMS consists of 119 indicators over 19 areas, which are mainly related to the provision of municipal services under municipal competence. While, some of the areas are related to good governance practices such as: municipal transparency, municipal accountability and gender representation. Within this system, an electronic system for data collection and reporting by reporting officers and municipal performance coordinators has been created.

The MPG consists of 4 minimum conditions that municipalities need to fulfil to qualify for a grant. The amount of the grant for qualifying municipalities depends on their performance in 30 indicators drawn from PMS and grouped into three themes: i) democratic governance; ii) municipal management and iii) service delivery.

In order to ensure that processes for quality assurance within PMS and MPG are adequate and effective, and funds are allocated based on meritocracy, DEMOS is requesting an additional performance audit of these quality assurance mechanisms.

Objective

The main objective for the National Audit Office in conducting this performance audit is assessment of the quality assurance mechanisms of the reported data of PMS and MPG.

Moreover if

- Suitable mechanisms are in place and functional.
- There are appropriate guidelines and procedures in place that provide sufficient assurance that the officials and parties involved in the process clearly understand their institutional and individual duties and responsibilities.

More precise audit questions will be developed in the audit design plan.

The potential identified risks as the result of the audit can be used to develop mitigating measures.

Scope

The audit will be done in the MLGA and some municipalities as case studies. This audit will cover the current situation and the mechanisms utilized for the 2021 performance data.

Deliverables and Reporting

The Pre study memo (audit design plan) should be submitted for information to Helvetas Demos before the start of the audit. Upon completion of the audit, a draft Audit Report is prepared and sent to the audited body for comments, which shall be submitted within fifteen (15) days. The final report including the Management Response of the audited body shall be presented and submitted to Helvetas Demos III and to the audited body(ies), in English and Albanian language no later than January 31st of 2024. The final report will be published by KNAO.

APPENDIX 2



Republika e Kosovës
Republika Kosovo
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

APPENDIX 2 CALCULATIONS OF COST PROPOSALS

PËR/ZA/TO		Ertan Munoglu, Project Manager			
CC:		Alan Packer, Project Director			
PËRMES/ PREKO/THROUGH:		Myrvete Gashi, Assistant Auditor General			
NGA /OD/FROM:		Fatlinda Ramosaj, Head of the Audit Department			
TEMA/SUBJEKAT/SUBJECT		Calculation of audit cost for the special audit on "The reported data on Municipal Performance Management System and Municipal Performance Grant"			
Nr.i zyrës Br.kancelarije Room No.	038 606 004	Lokacioni: Kucni: Ext	1130	Data: Datum: Date:	02.11.2023

Performance audit of the reported data on Municipal Performance Management System and Municipal Performance Grant".

Based on the Terms of Reference agreed between Kosovo National Audit Office (KNAO) and Helvetas Swiss Intercooperation Kosovo (HSIK), Decentralization and Municipal Support (DEMOS) project represented by Project Director, KNAO has estimated time and cost for conducting this audit.

Hereinafter, we would like to inform you the by that end of January 2024, KNAO shall submit the report to Helvetas Demos III and to the audited body (ies) and publish no later than end of January 2024. Should you need more information on the obligations and responsibilities of Kosovo National Audit Office and DEMOS please refer to the Terms of Reference for this audit.

In the table 1 below we have presented working days in line with the audit plan and the detailed audit costs for this audit.

Stamp: Zyra Kombëtare e Auditimit, Nacionalna Kancelarija Revizije, Prishtinë, Kosovë

Table 1. Estimated cost for this audit

Working Team	Cost per working day	Working days	Total
Auditor	90	70	6,300.00
IT Auditor	90	15	1,350.00
Team Leader	120	85	10,200.00
Director of Performance Audit	150	25	3,750.00
Assistant Auditor General	200	8	1,600.00
KNAO Management 1	250	4	1,000.00
Total cost			24,200.00