



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT ON ANNUAL FINANCIAL STATEMENTS OF THE ELECTION COMPLAINTS AND APPEALS PANEL FOR YEAR 2020

Prishtina, June 2021

TABLE OF CONTENT

1	Audit opinion.....	3
2	Findings and recommendations.....	6
3	Summary on budget planning and execution.....	7
4	Progress in implementing recommendations.....	9
	Annex I: Letter of confirmation.....	11
	Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor’s Report.....	12

For: Mr. SHukri Sylejmani, - Election Complaints and Appeals Panel

Address: Str. "MIGJENI" (former Bank of Ljubljana, 1-st floor), Prishtinë

1 Audit opinion

We have completed the audit of the financial statements of the Election Complaints and Appeals Panel for the year ended on 31 December 2020 in accordance with the Law on the National Audit Office of the Republic of Kosovo and International Standards of Supreme Audit Institutions (ISSAIs). The audit was mainly conducted to enable us to express an opinion the financial statements and conclusion on compliance with authorities¹.

Unmodified opinion on financial statements

We have audited the annual financial statements of Election Complaints and Appeals Panel (ECAP), which comprise the Statement of cash receipts and payments, Budget execution report, and Explanatory notes to financial statements, including the Summary of significant accounting and other reports², for the year ended as at 31 December 2020.

In our opinion, the Annual Financial Statements of the Election Complaints and Appeals Panel give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting.

Basis for the Opinion

The audit was 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 Financial Statements* section of our report. In accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. The NAO is independent from the ECAP. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

¹ Compliance with authorities – compliance with all the public sector laws, rules, regulations, and relevant standards and good practices

² Other reports are a requirement of the article 8 of the Regulation 01/2017 on Annual Financial Reporting.

Audit Conclusion on compliance

We have also audited the compliance of the ECAP management with the defined audit criteria deriving from the applicable legislation for the audited subject in the usage context of financial resources.

In our conclusion, transactions carried out in the process of execution of the ECAP budget have been, in all material respects, in compliance with the determined audit criteria which derive from the applicable legislation for the audited subject in the usage context of financial resources.

Basis for the conclusion

The audit was carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). As per these standards, our responsibilities are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. In accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. The NAO is independent from the audit subject. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for conclusion.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

The Head of Secretariat is responsible for the preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards – Financial reporting under the cash basis of accounting. In addition, The Head of Secretariat is responsible for establishing internal controls which he determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This includes the fulfilment of requirements of the Law no.03/L-048 on Public Finance Management and Accountability (amended and supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Head of ECAP is responsible to ensure the oversight of the Election Complaints and Appeals Panel financial reporting process.

Management's Responsibility for Compliance

The management of Election Complaints and Appeals Panel is also responsible for the use of Election Complaints and Appeals Panel financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.³

³ Collectively referred to as compliance with authorities

Auditor General's Responsibility for the audit of AFS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our objective is also to express an audit conclusion on compliance of respective Election Complaints and Appeals Panel authorities with the determined audit criteria which derive from the applicable legislation for the audited subject in the usage context of financial resources.

As part of an audit in accordance with the Law on NAO and ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of non-compliance with authorities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on compliance with authorities. The risk of not detecting an incidence of non-compliance with authorities resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Election Complaints and Appeals Panel internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Above other, we communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The audit report is published on the NAO's website, except for information classified as sensitive or other legal or administrative prohibitions in accordance with applicable legislation.

2 Findings and recommendations

During the audit, in the expenditure category we have tested 50 samples in the amount of €36,327, as well as 7 samples for revenues at the amount €288,650, for the substantial and compliance purposes. Our tests have not resulted in any findings.

3 Summary on budget planning and execution

In this chapter we have considered a summarized information on the sources of budget funds, spending of funds and revenues collected by economic categories. This is highlighted in the following tables and charts:

Table 1. Expenditures by sources of budgetary funds (in €)

Description	Initial Budget	Final Budget ⁴	2020 Outturn	2019 Outturn	2018 Outturn
Sources of Funds	213,116	174,123	153,433	243,316	190,195
Government Grant -Budget	213,116	174,123	153,433	243,316	190,195

The final budget in relation to the initial budget was decreased by €38,993. This decrease is as a result of budget review and the Government decisions on budgetary savings.

In 2020, the ECAP spent 88% of the final budget or €153,433, with a decrease of 2% in comparison to the 2019, where expenditures were at 90%. Explanations on how the budget was executed according to the categories are given in the following table.

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

Description	Initial Budget	Final Budget	2020 Outturn	2019 Outturn	2018 Outturn
Spending of funds by economic categories	213,116	174,123	153,433	243,316	190,195
Wages and Salaries	135,364	133,078	133,078	163,869	133,466
Goods and Services	69,932	39,932	20,218	79,071	56,250
Utilities	7,820	1,113	137	376	478

⁴ Final budget – the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance

Chart 1 Expenditures by economic categories

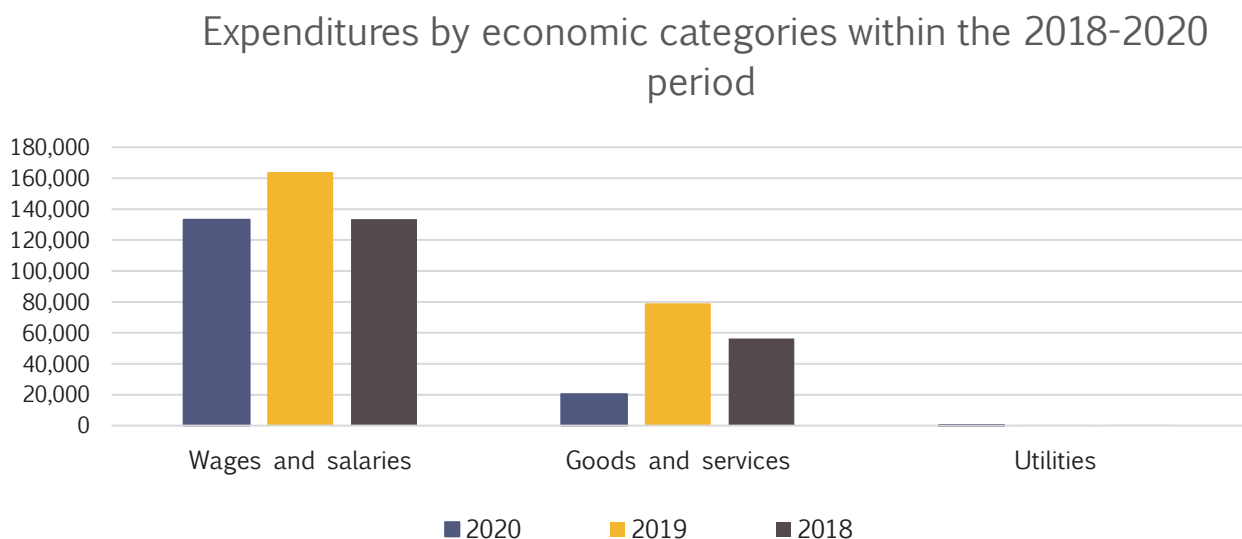
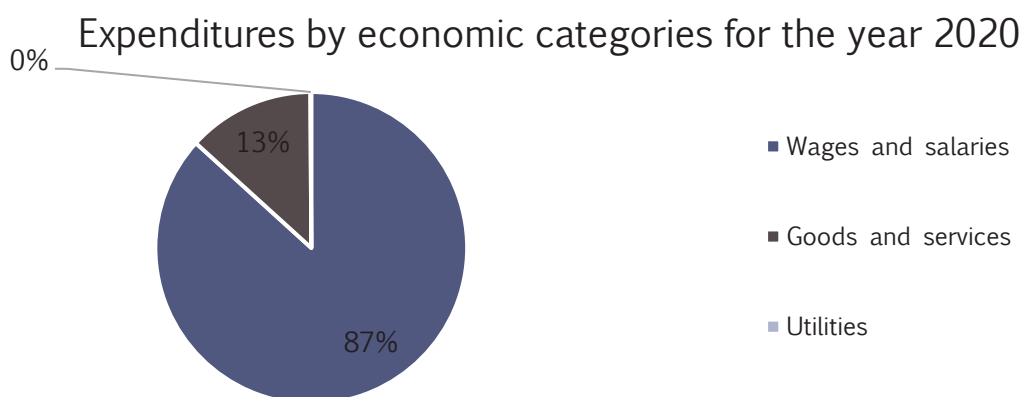


Chart 2 Expenditures by economic categories for the year 2020



Explanations for changes in budget categories are given below:

- The final budget for wages and salaries compared to the initial budget was decreased by €2,286 following the government decision. Expenditures in this category were at 100% of the budget;
- The final budget for goods and services compared to the initial budget was decreased by €30,000, initially with budget review for €15,000, then following the government decision for €15,000. In this category expenditures were at 51% of the budget;
- The final budget for utilities compared to the initial one was decreased by €6,707. Initially, it was decreased with the budget review for the amount €3,877, and then with the government decision for €2,830. In this category, the budget expenditure was €137 or 12%;

Revenues generated by the ECAP in 2020 were in the amount of €293,900. These are revenues from the imposition of fines for complaints made by political entities or other individuals as well as the conclusion by the election panel that the violation occurred.

Table 3. Revenues (in €)

Description	Initial Budget	Final Budget	2020 Receipts	2019 Receipts	2018 Receipts
Non tax revenues	-	-	293,900	94,450	154,050
Total	-	-	293,900	94,450	154,050

These revenues are transferred to the Kosovo budget (KB).

4 Progress in implementing recommendations

Our audit report on the 2019 AFS of ECAP has resulted with one recommendation. ECAP had prepared an Action Plan outlining how it will implement given recommendation.

Until the end of the audit for 2020, ECAP had implemented the last year's recommendation. For a more complete description of the recommendations and how they have been addressed, see table 4.

Table 4 Summary of prior year's recommendations and of 2020

No	Audit area	Recommendations of 2019	Actions taken	Status
1	Capital and non capital assets	The Head of the Secretariat of ECAP must ensure that all assets are registered in the relevant registers, so that their presentation in the AFS is complete and accurate.	Measures were undertaken by registering of assets	Implemented

Signatures:

Besnik Osmani, Auditor General



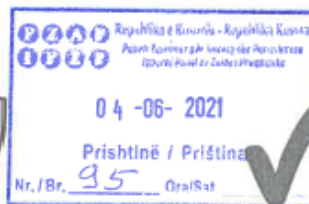
Astrit Bllaca, Head of Audit



Etika Co L.L.C, (Fatmir Mehmeti, authorized person in charge of the company)



Annex I: Letter of confirmation



Republika e Kosovës – Republika Kosova
Paneli Zgjedhor për Ankesa dhe Parashtresa
Izborni Panel za Žalbe i Predstavke

LETËR E KONFIRMIMIT

Për pajtueshmërinë me draft raportin Auditorit të Përgjithshëm për vitin 2020

Për: Zyrën e Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Panelit Zgjedhorë për Ankesa dhe Parashtresa, për vitin 2020 (në tekstin e mëtejshëm “Raporti”); dhe
- pajtohem me përmbajtjen e Raportit.

Per

Z. Shukri Sylejmani

Kryesues i PZAP-së,

Data: 04 qershor 2021



Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor's Report

Auditor's Report on the financial statements⁵ should contain a clear expression of opinion referring to financial statement, based on conclusions drawn from the evidence obtained during the audit. Where the audit is conducted to assess also conformance with legislation and other regulations the auditors have an additional responsibility to report on compliance with authorities⁶. Such opinion should be separated from the opinion whether financial statements are true and fair, i.e. the opinion may be modified with respect to compliance issue(s) but still be unmodified in reference to credibility of the financial statements (or vice versa).

For the purpose of concluding whether an opinion on the financial statements is modified or unmodified an auditor should assure himself/herself whether audit results include or not (a) detected material or pervasive misstatement(s) or potential one(s) presumed in the event of a limitation of scope.

A misstatement is a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

(extract from ISSAI 200)

Forms of opinion

Unmodified opinion

It is formulated when no misstatements or non-compliance were detected or misstatements and/or non-compliance were detected, a single one or aggregate, that do(es) not equal or exceed the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions do(es) not equal or exceed the level of lower materiality established for this class of transactions. It is also formulated if there is no limitation of scope or a limitation of scope may not lead to omission of (a) material misstatement(s) and/or non-compliance).

⁵ Financial statements in the public sector include also the statement(s) of budget execution

⁶ Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.

Limitation of scope occurs when an auditor 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 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.

Modifications to the opinion in the auditor's report

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 and/or non-compliance, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement and/or non-compliance, the auditor should modify the opinion in the auditor's report. A modified opinion may be:

- Modified (qualified)
- Adverse, or
- Disclaimer

Qualified opinion

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that equals or exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions equals or exceeds the level of lower materiality established for this class of transactions. It is also formulated if there is a limitation of scope that may not lead to omission of (a) material misstatement(s).

Adverse opinion

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that pervasively exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions pervasively exceeds the level of lower materiality established for this class of transactions.

“Pervasive is a term used, in the context of misstatements and/or non-compliance, to describe the effects of misstatements and/or non-compliance on the financial statements or the possible effects on the financial statements of misstatements and/or non-compliance, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:

- a) Are not confined to specific elements, accounts or items of the financial statements

- b) If so confined, represent or could represent a substantial proportion of the financial statements; or
- c) In relation to disclosures, are fundamental to users' understanding of the financial statements.

Disclaimer of opinion

It is formulated when limitation of scope, i.e. inability to obtain sufficient appropriate audit evidence, is material and pervasive.

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

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.

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.

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.