



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Compliance Audit Report

**THE MANAGEMENT OF THE CONTRACT
“MAINTENANCE AND REPAIRING OF
THE SANITARY LANDFILLS’
INFRASTRUCTURE AND
TRANSFERS STATIONS IN THE KOSOVO
LANDFILL MANAGEMENT COMPANY”**

Prishtina, March 2025

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The Auditor General of the Republic of Kosovo is the highest institution of economic and financial control, which the Constitution and the Law¹ is provided with functional, financial and operational independence.

The National Audit Office is an independent institution, which assists the Auditor General in carrying out his/her duties. Our mission is to contribute effectively to public sector accountability through quality audits, by promoting public transparency and good governance, and fostering economy, effectiveness and efficiency of government programs to the benefit of all. We are thus building confidence in the spending of public funds and play an active role in securing the taxpayers' and other stakeholders' interest in increasing public accountability. The Auditor General is accountable before the Assembly for the exercise of the duties and powers set forth in the Constitution, the Law, by-laws and international public sector auditing standards.

This audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAI 4000²).

Compliance audits undertaken by the National Audit Office are objective and reliable examinations that assess whether the company's actions are in compliance with the legal framework and whether there is room from improvement.

The Auditor General has decided on the content of the compliance audit report on the management of the contract 'Maintenance and Repairing of the Sanitary Landfills' Infrastructure and Transfers Stations in the Kosovo Landfill Management Company (KLMC)".

The audit team consisted of:

Mehmet Muçaj, Director of Audit Department

Elvir Krasniqi, Team leader

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1 Law 05_L_055 on the Auditor General and the National Audit Office of the Republic of Kosovo

2 Compliance audit standards and guidelines based on INTOSAI Auditing Standards and practice

List of abbreviations

CA	Contracting Authority
NAO	National Audit Office
KLMC	Kosovo Landfill Management Company
INTOSAI	International Organisation of Supreme Audit Institutions
ROGPP	Rules and Operational Guidelines for Public Procurement
EO	Economic Operator

EXECUTIVE SUMMARY

The National Audit Office has conducted a compliance audit on the management of the contract for “Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations” at the Kosovo Landfill Management Company in (KLMC). The audit objective is to assess whether the Company has managed the contract in compliance with the requirements set out in the Rules and Operational Guidelines for Public Procurement dated 01.02.2021 of the PPRC and the KLMC’s Regulations for waste management in sanitary landfills and transfer stations. On 30.09.2021, the Company had concluded a public framework contract on Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC, with a total indicative value of €1,467,753 for a 3 years period (36 months).

This audit covers the management process of the contract on Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC for the period September 2021 until June 2023 based on the payments made. The KLMC and its subordinate units have been subject to this audit.

The audit conclusion is that the Company has not been able to manage the contract in compliance with the statutory requirements. In addition, the departure from the contract conditions is considered to material because:

In eight (8) items on the contract management, the quantities estimated with the framework contract have exceeded the allowed threshold of 30%, whilst 46 items other were not implemented at all. As a result, exceeding of the contracted quantities for certain items has incurred an additional cost of €958,189 over the allowed threshold. The quantities of these items were exceeded from 60% to 3,900%. The value of the contracted items was €304 thousand, whilst the value of quantities spent for these items was €1.3 million.

Based on our analyses, we conclude that the contract has suffered substantial changes in quantities. Therefore, when comparing the deliverables of this contract with the prices of the second eligible bid in this procedure, the costs of such deliverables would have been by €845 thousand lower.

The framework contract on the Maintenance of Sanitary Landfills and Transfer Stations has been implemented in lack of documentation and with significant discrepancies between the invoiced and documented quantities of gravel and machinery operating hours. Significant parts of the accepted works and supplies were missing from the documentation, thus resulting in unjustified invoiced values.

Appointment of the same officers as the initiator of the procurement procedure, the drafter of the bill-of-quantities and as the contract management of the framework contract on maintenance of sanitary landfills runs afoul of the principles on segregation of duties as established in the ROGPP.

In 11 cases, we found that the acceptance reports were signed by the Company’s staff, but the Company could not provide us with evidence as to who established those acceptance commissions. Thus, payments

were certified for works accepted by commissions that had not been appointed by decision of the Chief Executive Officer.

In order to eliminate the identified shortcomings, concrete actions are required. To this end, we have given four (4) recommendations to Company's management, which are presented under Chapter III of this report.

I. INTRODUCTION

1. TITLE AND THE AUDITEE

The Kosovo Landfill Management Company is a legal entity based on the Law no.03/L-087 on Publicly Owned Enterprises, the Law no.06/-016 on Business Organisations and the Government's Decision no. 03/74, dated 14.07.2009. As a legal entity, the Company has the legal capacity, inter alia, to own and manage property and to enter into contracts and manage those contracts. The Company has the right to contract for supplies, works or services that the Company needs, in accordance with the legal framework in force.

According to the Law on Business Organisations, the bodies of the company are: the Shareholders and the Shareholders' Assembly, the Board of Directors and the Chief Executive Officer. Issuance of acts and any implementing measures within their powers aimed at increasing the Company's value falls under the powers of the Board of Directors and the Chief Executive Officer. The Chief Executive Officer has the right to issue instructions and decisions within his powers. All acts issued by the Board of Directors shall be in accordance with the constitutional and legal system of the Republic of Kosovo.

The functions, roles and responsibilities of the Company are governed by the Company's Statute, approved by the Board of Directors.

The contracts planning, procedures and monitoring are implemented by the Company's Management.

On 30.09.2021, the Company concluded the public framework contract on Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC, at an estimated value of €1,467,753. The contract was concluded for a 3-year period (36 months), whilst according to the audit, the expenditures incurred on this contract as of 13.06.2023 were €1,717,046.

2. AUDIT PERIOD

The audit covers the 30.09.2021 – 30.09.2023 period.

3. THE MOTIVE AND LEGAL BASIS FOR CONDUCTING THE AUDIT

The National Audit Office enjoys a constitutional and legal mandate to audit programs and projects that are managed by budget organisations or publicly owned enterprises and financed by the Kosovo Budget. This audit is carried out based on the Law on the Auditor General and the National Audit Office of the Republic of Kosovo, article 21, paragraph 2.

4. APPLIED AUDIT STANDARDS

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). NAO is independent from the auditee in accordance with INTOSAI-P-10, ISSAI 130 - Code of Ethics, ISSAI 400 - Compliance Audit Principles, ISSAI 4000 - Compliance Audit Standard, the NAO's Financial and Compliance Audit Manual and other requirements relevant to our compliance audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our audit conclusions.

5. AUDIT OBJEKTIVES

To determine the extent the Management's decisions and activities complied with the requirements of the respective regulatory framework, internal acts and contracts in the audited area Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC.

1. Whether KLM has managed the Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC contract in compliance with the applicable legislation. Through this audit, we aim to give relevant recommendations for potential improvements in the contracts management process.

6. AUDIT SCOPE

6.1. Audit scope

The audit scope included the Kosovo Landfills Management Company j.s.c. with its directorates involved in the management of the contract Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC.

During the audit, we faced no scope limitations that would affect our audit work.

6.2. Selection of the audit samples

In the contract Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC, which was subject to our audit, there were 17 invoices received and certified, which constitute the population subject to our audit. Given that the number of transactions is small, we tested all of these transactions. In addition to the audited invoices, it should be noted that an uncertified invoice has not been audited because the case was undergoing judicial proceedings.

7. AUDIT CRITERIA

The list of laws and regulations governing the procedures and contracts management is the following:

1. Law no.04/L -042 on Public Procurement, as amended and supplemented.

Bylaws:

PPRC's Rules and Operational Guidelines on Public Procurement, dated 01.02.2021;

Regulation no.18/2020 on Policies and Financial Procedures in KLMC j.s.c.;

Regulation no.06/2017 on Waste Management in Sanitary Landfills of the Kosovo Landfills Management Company.

II. AUDIT FINDINGS

In the audit carried out, NAO has identified shortcomings in the management of the contract Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC. The shortcomings identified are presented in the audit findings which reflect the way it was managed, from the segregation of duties over to the contract management, oversight on adherence to the contract conditions and achievement of the goal. The findings are based on the analysis made to the relevant documents obtained from the Company and other relevant parties involved in this project. The identified shortcomings are the following:

1. Management of the contract on Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC

Criteria: The audit criteria applied in the audit area of contracts management derived from the Law no.04/L -042 on Public Procurement, as amended and supplemented, the PPRC's Rules and Operational Guidelines on Public Procurement, dated 01.02.2021 and the Regulation no.18/2020 on Policies and Financial Procedures in KLMC j.s.c.

Based on the testes carried out, we found that:

The contract Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC has not been implemented in accordance with the contracted conditions. On 30.09.2021, the Company concluded the public framework contract at an estimated value of €1,467,753. However, when it comes to the implementation process of this contract, the audit has identified shortcomings which are presented in the form of issues as follows:

Issue 1: Poor contract implementation – some items exceeded and other items not implemented

Criterion The ROGPP dated 01.02.2021, namely article 56.10, stipulates that: The estimated quantity specified in the tender documents is only an indicative quantity. Whenever the Contracting Authority specifies the indicative quantity, the Contracting Authority shall specify in the tender dossier the value or quantity of the contract as a threshold or a ceiling and allow derivation therefrom, stating also the percentage of permitted discrepancy. The permitted discrepancy cannot be higher than plus/minus thirty per cent (30%). If the payment orders exceed the total indicated quantity or total indicated value of the public framework contract (including + thirty per cent (30%)), regardless the original expiry date of the Public Framework Contract, it will be automatically ceased. The allowed discrepancy plus/minus thirty per cent (30%) applies to Lot and position/item, and in case the threshold allowed is reached the CA may not place further orders for that Lot or position/item".

Moreover, article 61.14 therein stipulates that: the Project Manager shall report to the Procurement Department (a) any departure from the conditions and conditions of a contract; and (b) any alterations to the conditions of the contract, either before or during the course of implementation, that in effect could have impacted on the evaluation and rankings of the tenders and the selection of the economic operator.

State: We found that the Company has not managed to implement the contract on Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC in accordance with the contracted conditions. Thus, from the contract signed for the period September 2021 until June 2023, we found that the contracted quantities were considerably exceeded in eight (8) items of the contract. The value of the contracted items was €304 thousand, whilst the value of quantities spent was €1.3 million. The items exceeded are presented in the following table:

Items	Contracted Value	Spent value	Exceeded amount (over the allowed threshold of 30%)	Percentage over the allowed threshold of 30%
Engaging the roll-off-trucks for transporting waste from point Ferizaj-station to the SL point. Calc. per ton with all costs included etc.	€3,750	€153,843	€148,968	3,972%
Engaging the waste handler dozers for pushing and handling the trash. Calc. per working hour with all costs included	€6,250	€51,437	€43,312	693%
Supply with and construction of the embankment dam with dimensions b=5m and h=2.5m, in the Sanitary Landfill sector which must be expanded by the surrounding impermeable compacted clay soil which serves to create a safe area for waste disposal and protect the area around the SL from contamination.	€70,000	€519,544	€428,544	612%
Supply with soil for covering the waste; all loading and transportation costs from the collection point to the covering location of the sector.	70,000€	263,336€	172,336€	246%
Engaging the excavator to open the channel and stop the water from flowing into the road infrastructure. Calc. per working hour with all costs included etc.	8,000€	25,464€	15,064€	188%

Engaging the tipper truck for transporting the construction materials needed to repair the road infrastructure within the landfill. Cost per m3 with all costs included etc.	80,000€	200,340€	96,340€	120%
Engaging the waste loading and pushing machinery. Calc. per working hour with all costs included etc.	34,500€	77,108€	32,258€	94%
Engaging the excavator for waste handling, repairing of the slopes and infrastructure at the sanitary landfill. Calc. per working hour with all costs included etc.	31,500€	62,317€	21,367€	68%
TOTAL EXCEEDED VALUE	304,000€	1,353,389€	958,189€	

In addition to the exceeded quantities, we have also found that KLMC did not incur any expenses in 46 items of this contract.

Based on our analyses, we conclude that the contract has suffered substantial changes in quantities. Therefore, when comparing the deliverables of this contract with the prices of the second eligible bid in this procedure, the costs of such deliverables would have been by €845,475 lower.

Cause: The reason behind the exceeded quantities was improper planning of the estimated quantities and poor supervision during contract implementation. Meanwhile, failure to implement some of the contracted items was due to lack of proper analyses when preparing the bill-of-quantities in relation to the real needs for services.

Risk: Poor planning has led KLMC to enter into uneconomical contract, thus failing to achieve value for money. Moreover, exceeding of quantities may lead to unnecessary spending by the entity and increases the risk for manipulations with the quantities or services received.

RECOMMENDATION

The Board of Directors should ensure that the control system is up and running and able to prevent any deviation in time. It should ensure that project managers regularly follow the procedures to report to the Procurement Department any alterations to the conditions and quantities. In addition, it should strengthen internal controls in order to ensure the needs assessment process is carried out more appropriately so that the quantities estimated in the contracts are implemented and the set objectives are achieved.

Issue 2 Lack of documentation on works and supplies carried out in the sanitary landfills and transfer stations

Criterion Regulation no.18/2020 on Policies and Financial Procedures in KLMC j.s.c., Article 29.2, stipulates that: every receipt/dispatch of goods in the Company's warehouses is done in accordance with the prescribed rules, including the order procedure (deposit slip/goods receipt note), item price, quantity, type/sub-type of the item, packaging dimensions/specifications, weight or other measuring units, etc.

Article 39.2 stipulates that: the Certifying Officer verifies and certifies the invoices prior to authorise them for payment/execution. The certification of an invoice for supplies, services, and works should include, inter alia, the Goods Receipt Note signed by the recipient of the supplies and goods (point 5 of paragraph 2), whilst for services and works it should also include the progress payment (stage) attached to the construction logbook and the construction site diary (point 6 of paragraph 2).

Regulation no.06/2017 on Waste Management in Sanitary Landfills of the Kosovo Landfills Management Company, article 15.2, stipulates that the entry of persons and vehicles while performing investment, maintenance, or repairing works in the landfill should be documented with login/logout events and recorded in the logbook/software.

State: For the framework contract Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC, a total of 17 invoices amounting to €1,717,047 were issued for received supplies and services. In analysing the supporting documents such as, the construction logbooks, the received Goods Receipt Notes and the landfills' site diaries, we found discrepancies regarding the supplied quantities, as well as a lack of documentation concerning the received/invoiced works and supplies. These discrepancies are presented as the following:

- in the items "Supply with gravel" we found that 12,752 m³ to the tune of €210,408 had been invoiced and certified for payment. According to the supporting documents, such as the Goods Receipt Notes for supply with gravel, a total of 6,116 m³ to the tune of €100,914 were received, whilst according to internal records and daily logs in the landfills' logbooks, we found evidence for just 3,282 m³ to the tune of around €54,153.

Moreover, we analysed whether the quantity received according to the Goods Receiving Notes and the site diaries was also recorded in the EO's construction logbook (also approved by the Contract Manager) and found that just 3,214m³ was recorded in EO's construction logbook.

Based on the available documents, for the quantity of 6,636 m³ to the tune of €109,494 invoiced as supply with gravel, the company has not provided any evidence of the supply at all, consequently, the Goods Receipt Notes as well as the records in the landfills' site diaries and in the EO's construction logbook were missing.

When it comes to engaging the machineries, we found discrepancies between the invoiced amount per working hours with the Goods Receipt Notes for the works received. These discrepancies are presented as the following:

- For engaging the waste loading and pushing machinery, the amount invoiced for 671 working hours was €77,108, whilst according to the Goods Receipt Notes only 114 working hours to the tune of €13,110 were documented. As a result, the Company could not provide us with evidence regarding the documentation of the received works to the tune of €63,998. Moreover, based on the landfills' site diary we found that 77 working hours of €8,855 were invoiced for engagement of the waste loading machinery in the Transfer Station (TS) in Ferizaj, whilst according the landfills' site diaries we found the waste was loaded through the KLMC's machinery rather than the EO's.
- For engaging the motor grader to level the roads the soil within loading landfills, the amount invoiced for 262 hours was €7,860, whilst according to the Goods Receipt Notes there were only 33 working hours of €990 documented. Thus, the Company was lacking supporting documents for 229 invoiced working hours of €6,870.
- For engaging the vibrating roller for the compaction of road infrastructure, the invoiced amount for 174 working hours was €6,090, whilst according to the supporting documents provided by KLMC such the Goods Receipt Notes and the landfills' site diaries, there is no evidence that such machinery was engaged.

In regard to the supply with soil/clay, the contract estimated the following items as well:

Item description	Unit	Invoiced quantity	Unit price, VAT included	Total
Supply with soil for covering the waste – including all costs on loading and transportation from the collection point to the covering location of the sector.	m ³	75,239.00	3.5	263,336.50
Engaging the tipper truck for transporting the construction materials needed to repair the road infrastructure within the landfill. Cost per m3 with all costs included etc.	m ³	50,085.00	4	200,340.00
Supply with and construction of the embankment dam with dimensions b=5m and h=2.5m, in the Sanitary Landfill sector which must be expanded by the surrounding impermeable compacted clay soil, which serves to create a safe area for waste disposal and protect the area around the SL from contamination.	m ³	74,220.50	7	519,543.50
Total invoicing	m ³	199,544.50		983,220.00

Referring to the table above, a total of 199,544.50 m³ of supply with soil and clay, to the tune of €983,220 (for the three contract items) have been invoiced, whilst according to the available documents (Goods Receipt Notes) a total of 211,240 m³ of soil/clay has been received. Of these, about 70 thousand cubic meters (m³) were recorded in the landfills' site diaries. It is worth noting that in the landfill's site diaries there is no detailed report regarding the destination of the soil received, such as the quantity that was used for covering waste, working on the embankment dam or for any other purpose. Consequently, the lack of this information makes it impossible to assess the accuracy of the invoiced quantities of soil/clay in the relevant contract items.

Based on site examinations we conducted in August 2024 to the landfill of Landovica, we found that a truck with soil/clay took a minimum of 15 minutes to operate from the loading point to the unloading point and back.

In some of the Goods Receipt Notes, we found that the supply with soil was larger than the capacity of machineries engaged in those days.

In one case, according to the Goods Receipt Note no.294, we found that five (5) trucks of 18 m³ have supplied 5,580 m³ of soil/clay within 8 hours; i.e. they carried the load to the unloading point and came back for reloading, which is practically impossible.

In regard to the item "Supply with and instalment of pipes/manholes" we found that 1,439m of €44,390 were invoiced, whilst according to the records in the Goods Receipt Notes and the landfills' site diaries the supply was only 591m. The Company could not provide us with supporting documents for the supply of 848m.

Based on the evidence obtained during the audit, we may conclude that there are significant deviations/shortcomings during the implementation of this contract. This prevents us from making an evidence-based assessment whether the supplies or works have been truly accepted in accordance with the amount invoiced and certified for payment.

Cause: The reason behind the departure from the contract conditions was the Company lacking an effective internal control system to prevent such shortcomings.

Risk: Lack of internal controls and poor accountability over the contract management has resulted in discrepancies between the internal records (Goods Receipt Notes and landfills' diaries and invoices) and in missing of the respective documentation.

RECOMMENDATION

The Board of Directors should strengthen the internal control system in order to ensure that all works and supplies are documented in details, as required in the contract. In addition, the Board should put in place a clear process of keeping the construction logbooks and site diaries, where all supplies and services delivered are accurately recorded, and ensure that the supporting documentation such as Goods Receipt Notes and the site diaries are checked prior to executing any payment.

Issue 3: Improper segregation of duties in the contract management process

Criterion Rules and Operational Guideline for Public Procurement, issued by PPRO, dated 01.02.2021, Article 62.1, sets forth that Segregation of Duties implies that the authority of a person(s) to approve and sign approvals within one area of responsibility does not extend to another area. The specialized functions of contract preparation (legal and technical), contract execution, and payments (invoices) should be handled as separate activities, each requiring distinct signing approvals. The Chief Financial Officer, Procurement Officer, and Receiving Unit/Project Manager are not permitted to sign any documents outside their designated scope of responsibility.

Furthermore, Article 62.3 states that the principles of duty segregation grant authority only to the individuals listed below (or their designated deputy/assistant of that department) for managing procurement and contract-related activities on behalf of the contracting authority. Additionally, paragraph 4 of Article 62.3 stipulates that an official from a department responsible for drafting specifications and/or TOR, defining quality standards, or preparing drawings cannot sign for any of the items under points 1 or 2 related to the acceptance of goods, installed items, completed works of a project, phased deliveries, nor can they participate as a member of the evaluation committee.

State: We have identified that in the framework contract “Maintenance and Repairing of Sanitary Landfills Infrastructure and Transfer Stations at KLMC”, the official who initiated the procurement procedure and drafted the contract’s bill-of-quantities and estimates was also appointed as contract manager. Therefore, this was in violation to Article 62.3 on the principles of segregation of duties.

Cause: This occurred because the company had not established adequate controls over the segregation of duties in accordance with legal requirements.

Risk: Improper segregation of duties, in addition to running afoul of the legal requirements, can damage the company’s reputation and undermine the integrity of the contract execution process. Such a shortcoming can negatively impact contract management, leading to contract deviations, non-fulfillment of obligations, and failure to meet the expected quality standards for services or completed works.

RECOMMENDATION

The Board of Directors should ensure that adequate controls are put in place and that the segregation of duties is monitored in accordance with legal requirements by clarifying the role of each official.

Issue 4: Acceptance of works by landfill staff, but not appointed by a decision from the Chief Executive Officer

Criterion: Regulation 18/2020 on Financial Policies and Procedures at KLMC J.S.C., Article 39, paragraph 2 sets forth that the verification and certification of invoices and contracts are done by the Certifying Officer prior to being authorized for payment/execution. The certification of an invoice related to supplies, services, and works should include, among other things, the "Contract Manager's Report or the acceptance report from the commission established by a special decision of the Chief Executive Officer (CEO)." Additionally, according to the CEO's decision at KLMC No. 59/2017, it is required that ad hoc commissions be formed for the acceptance of goods for each specific case.

State: In 11 cases, we found that payments were certified for accepted works based on acceptance reports signed by the landfill staff for whom there was no written decision. We requested the company to provide the acceptance commission decisions, but we have not received such decisions. Therefore, no evidence has been provided as to who authorised the staff that signed the acceptance reports.

Cause: Poor internal controls has led to the certification of works/services through landfill staff without the appropriate decisions in place.

Risk: In cases where works are accepted by landfill staff without an authorised decision from the Chief Executive Officer, the risk that the works/services may not meet the required criteria increased as well as the possibility for errors. The acceptance and certification of works without the involvement of a commission appointed by the Chief Executive Officer indicates the weakness in the internal control system.

RECOMMENDATION

The Chief Executive Officer should ensure that the verification and certification of all works is carried out by commissions appointed by decision of the Chief Executive Officer, in accordance with the applicable legislation.

CONCLUSIONS

Based on the audit findings, we may conclude that has not been able to manage the contract in compliance with the statutory requirements on contract management.

The exceeded contracted quantities in eight (8) contract items, with an additional cost of €958,189, have led the contract to exceed the allowed threshold of 30%, whilst 46 other items were not implemented at all. Based on our analyses, we conclude that the contract has suffered substantial changes in quantities. Therefore, when comparing the deliverables of this contract with the prices of the second eligible bid in this procedure, the costs of such deliverables would have been €845,475 lower.

The framework contract on the Maintenance of Sanitary Landfills and Transfer Stations has been implemented in lack of documentation and with significant discrepancies between the invoiced and documented quantities of gravel and machinery operating hours. Significant parts of the accepted works and supplies were missing from the documentation, thus resulting in unjustified invoiced values.

Appointment of the same officers as the initiator of the procurement procedure, the drafter of the bill-of-quantities and as the contract management of the framework contract on maintenance of sanitary landfills runs afoul of the principles on segregation of duties as stipulated by the prevailing legal framework at the time.”

In 11 cases, we found that the acceptance reports were signed by the Company’s staff, but the Company could not provide us with evidence as to who established those acceptance commissions. Thus, payments were certified for works accepted by commissions that had not been appointed by decision of the Chief Executive Officer.

III. REKOMANDIME

The following recommendations have been given to the Board of Directors and the Chief Executive Officer of the Company:

1. The Board of Directors should ensure that the control system is up and running and able to prevent any deviation in time. It should ensure that project managers regularly follow the procedures to report to the Procurement Department any alterations to the conditions and quantities. In addition, it should strengthen internal controls in order to ensure the needs assessment process is carried out more appropriately so that the quantities estimated in the contracts are implemented and the set objectives are achieved. The Chief Executive Officer should improve contract monitoring to ensure compliance with the indicative quantity limits and the allowed threshold of $\pm 30\%$.
2. The Board of Directors should strengthen the internal control system in order to ensure that all works and supplies are documented in details, as required in the contract. In addition, the Board should put in place a clear process of keeping the construction logbooks and site diaries, where all supplies and services delivered are accurately recorded, and ensure that the supporting documentation such as Goods Receipt Notes and the site diaries are checked prior to executing any payment.
3. The Board of Directors should ensure that adequate controls are put in place and that the segregation of duties is monitored in accordance with legal requirements by clarifying the role of each official.
4. The Chief Executive Officer should ensure that the verification and certification of all works is carried out by commissions appointed by decision of the Chief Executive Officer, in accordance with the applicable legislation.

RESPONSE OF THE AUDITEE



LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për auditimin menaxhimit të kontratës "Mirëmbajtja dhe riparimi i infrastrukturës në Deponitë Sanitare dhe Stacionet e Transferit të KMDK-së" për periudhën 2021 - 2023

Për: Zyrën e Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin kontratës "Mirëmbajtja dhe riparimi i infrastrukturës në Deponitë Sanitare dhe Stacionet e Transferit të KMDK-së" për periudhën 2021 - 2023 (në tekstin e mëtejshëm "Raporti");
- pajtohem me gjetjet dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit;
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për zbatimin e tyre.

z. Afrim Konjufca

Kryesues i Bordit të Kompanisë për Menaxhimin e Deponive në Kosovë,

Data: 24 Janar 2025





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