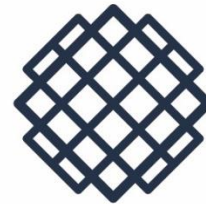




Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Performance Audit Report

EFFICIENCY OF THE KOSOVO UNIVERSITY HOSPITAL AND CLINICAL SERVICE IN THE CONSTRUCTION OF THE ORTHOPEDICS CLINIC FACILITY

Prishtina, August 2025

The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control and is accountable for its work to the Assembly of the Republic of Kosovo.

Our mission is to strengthen accountability in public administration through quality audits for the effective, efficient and economical use of national resources. The reports of the National Audit Office directly promote the accountability of public institutions by providing a solid basis for holding managers of each audited organization to account. In this way, we increase trust in the spending of public funds and play an active role in ensuring the interest of taxpayers and other stakeholders in increasing public accountability.

This audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI 3000).¹⁾ as well as with good European practices.

Performance audits undertaken by the National Audit Office are objective and reliable reviews that assess whether government actions, systems, operations, programs, activities or organizations operate in accordance with the principles of sound economy²⁾, efficiency³⁾ and effectiveness⁴⁾ and if there is room for improvement.

The Auditor General has decided on the content of the audit report “Efficiency of Kosovo University Hospital and Clinical Service in the construction of the Orthopedics Clinic facility” in consultation with the Assistant Auditor General, Myrvete Gashi, who supervised the audit.

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¹Standards and guidelines for performance auditing based on ONISA Auditing Standards and practical experience

²Economy - The principle of economy means minimizing the cost of resources. The resources used must be available at the right time, in the right quantity and quality, and at the best possible price.

³Efficiency - The principle of efficiency means getting the most out of available resources. It is about the relationship between the resources involved and the result delivered in terms of quantity, quality and time.

⁴Effectiveness - The principle of effectiveness implies achieving predetermined objectives and achieving expected results.

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List of abbreviations

LPP	Law on Public Procurement
MoH	Ministry of Health
EO	Economic Operator
UCCK	University Clinical Center of Kosovo
RUGPP	Rules and Operational Guidelines for Public Procurement
KHUCS	Kosovo Hospital and University Clinical Service
NAO	National Audit Office

General overview

The construction of the Orthopedics Clinic at UCKK was assessed as an urgent and imperative need due to the numerous challenges the health system has faced in this field. The premises that the Orthopedics Clinic possessed did not meet the needs for the smooth running and exercise of the necessary professional medical activities.⁵ To provide a more efficient and safer service in line with contemporary medical standards, the construction of this clinic is considered an important step towards improving healthcare for citizens.

The National Audit Office has conducted a performance audit on the topic “Reconstruction and expansion of the existing Orthopedics Clinic facility at UCKK”. The objective of this audit was to assess whether the UCKK was efficient in managing the project for the construction of this clinic. The audit assessed all phases of the project, including identification of needs, implementation of procurement procedures, contract management, and proper monitoring of contract performance to ensure that the project was completed on time, at the contracted price and according to technical specifications.

This project has brought about major improvements in infrastructure and equipment, creating good conditions for patients and the regular functioning of the clinic. These changes ensure efficiency and sustainable quality in services. However, our audit has highlighted a considerable number of irregularities that show that the KHUCS has not been efficient in managing this project. This happened because the project lasted nearly five years, while it was planned to be completed in one and a half years. This delay has been influenced by improper project planning and the lack of a detailed analysis of real needs and required resources. Furthermore, significant shortcomings have been identified in contract management, both in terms of supervising the implementation of the works, and in the timely addressing of obstacles encountered during implementation.

These shortcomings have resulted in significant delays in completing the project and failure to achieve the anticipated objectives within the established deadlines, which has also had an impact the timely provision of services to patients.

Initial planning shortcomings and their impact on project implementation

This project has encountered a series of interconnected obstacles, caused by the drafting of a poorly analyzed initiation request and an initial planning based on incomplete and unverified field analyses. As a result, the entire process of implementing this project has been characterized by irregularities, which have had a direct impact on the quality, duration and efficiency of its implementation, such as:

- At the beginning of the planning, it was envisaged that the intervention would include the renovation of the existing facility, followed by the construction of an additional floor and the expansion of the premises through a new annex. However, after detailed inspections on site, it was noted that the facility did not meet the conditions for the planned interventions, which resulted in its demolition and a redesign of the project.

⁵Annual report of the Orthopedics Clinic for 2019

- Afterwards, in 2019, a contract was signed for the implementation of the works, with a deadline set for January 2021. During the implementation of the contract, the contractor identified shortcomings in the project, namely positions unsuitable for the conditions required in the clinic, making it necessary to change a significant number of them. As a result, the works were stopped to assess the situation and implement new procurement procedures. This procedure resulted in the conclusion of an additional contract for unforeseen works with the same company, further extending the deadline for the completion of the project and at the same time increasing its cost.
- In addition to the substantial changes that required new procurement procedures, there were also increases/decreases in the quantities of items under the first contract. Although these movements did not exceed the legal limit of 10% of the contract value, they clearly reflect that the initial design and planning were not based on sufficient technical analysis.
- During the implementation of the project, the KHUCS changed the use of some rooms that were originally planned for patients, using them for other support purposes. These changes were not foreseen in the initial plan and have reduced the capacity of the facility for treating patients. Furthermore, due to these numerous changes, the project has not been finalized even within the specified deadline. The works were completed in June 2024, instead of January 2021, increasing the duration of the project implementation from 1.5 years as planned to about five years.

Improper contract management and financial control have directly impacted the project's performance and led to budget overruns.

The implementation of this project has been characterized by poor contract management and a lack of regular financial control, which has directly resulted in inefficient implementation and financial deviation.

- After changes to the contract, through the increase and decrease of the quantities of items, as well as the conclusion of a second contract for unforeseen works, the total contract price for the project reached over EUR 2.57 million, which represents an increase of EUR 360 thousand or over 16%. This excess signals inefficiency.
- Due to improper management, excess quantities of EUR 75,459 were identified without prior management approval. We also confirmed that three payments were made for the relevant contract, in the amount of over EUR 255 thousand, without the signature and report of the contract manager. These payments were executed during the period when the contract manager was off duty. During this period, no replacement manager was appointed, and as a result, technical acceptance and payments were made only on the basis of the acceptance report by the acceptance committee established specifically to act in lieu of the contract manager.
- Due to the lack of a contract manager, the KHUCS has not conducted a documented assessment of the contract performance, neither during the implementation period nor after its completion. This prevents an objective reflection on the progress, challenges and lessons learned from this project, which would serve for improvement in future projects.

To ensure that future construction contracts at the KHUCS are implemented effectively, we have prepared six recommendations. The full list of recommendations is presented in chapter five of this report.

Entity Response

KHUCS agreed with the audit findings and conclusions and committed to implementing the given recommendations.

Introduction

The duty and purpose of the Kosovo Hospital and University Clinical Service (hereinafter referred to as KHUCS) is to ensure the continuous provision of quality, safe and accessible health services to all citizens of Kosovo, the advancement of scientific research, the continuous education of medical professionals and the promotion of healthcare to improve overall health and well-being in the country.

The KHUCS is a public health service institution that conducts health, educational and research activities in the field of health in accordance with the relevant legislation.

Capital investments in the KHUCS are essential for improving health infrastructure and increasing the quality of medical care. These investments enable the modernization of medical equipment, the construction and renovation of health facilities, as well as the advancement of technology and health information systems.

This ensures that university clinics and hospitals are able to provide high-level medical services, including advanced diagnostics, treatment of complex diseases, and emergency services. Such investments also create opportunities for the development of scientific research and the training of health professionals, improving the experience of students and academic staff. In this way, capital investments are a key factor in advancing the health system and increasing patient trust in the services provided.

Part of these capital investments was the construction of the Orthopedics Clinic, the process whereof commenced in 2018. The construction of this clinic represents an ambitious and necessary project to strengthen the capacities of the health system, especially in the field of orthopedics. This process has included several important phases, from planning and design to the completion of construction and the start of the provision of medical services. A key part of this process is the creation of modern and appropriate conditions for the treatment of patients.

The Orthopedics Clinic has been divided into two facilities which are connected by a corridor. One part of this clinic (the Orthopedics and Traumatology Clinic) is as it was, while another part of the facility (the operating block) is planned to be renovated internally and then a superstructure with one floor above will be built. An annex is planned to be added to this facility where the operating rooms are located.

The clinic also had a ward with several rooms on the first floor of a facility shared with other clinics, located about 200 meters away from the facility that has now been built. In 2019, the clinic had a total of 97 patient beds and 3 operating rooms in all the facilities at its disposal.

Audit objective and questions

The objective of this audit is to assess whether the KHUCS was efficient in managing the project for the construction of the Orthopedics Clinic.

The audit specifically assessed the identification of needs, implementation of procurement procedures, contract management, and proper monitoring of contract performance to ensure that the project was completed on time, at the contracted price and according to technical specifications.

Audit questions

To respond to the audit objective, we have formulated the questions and sub-questions as follows:

1. **Have procurement procedures been conducted in accordance with legal requirements?**
2. **Was efficiency ensured in managing and monitoring the project according to contracted conditions?**

The scope of this audit is the entire construction process of the Orthopedics Clinic, from the beginning in 2018 to the finalization of the project in 2024. This audit focused on the design plan, overall time management, technical specifications and the reasons for delays in the completion of works.

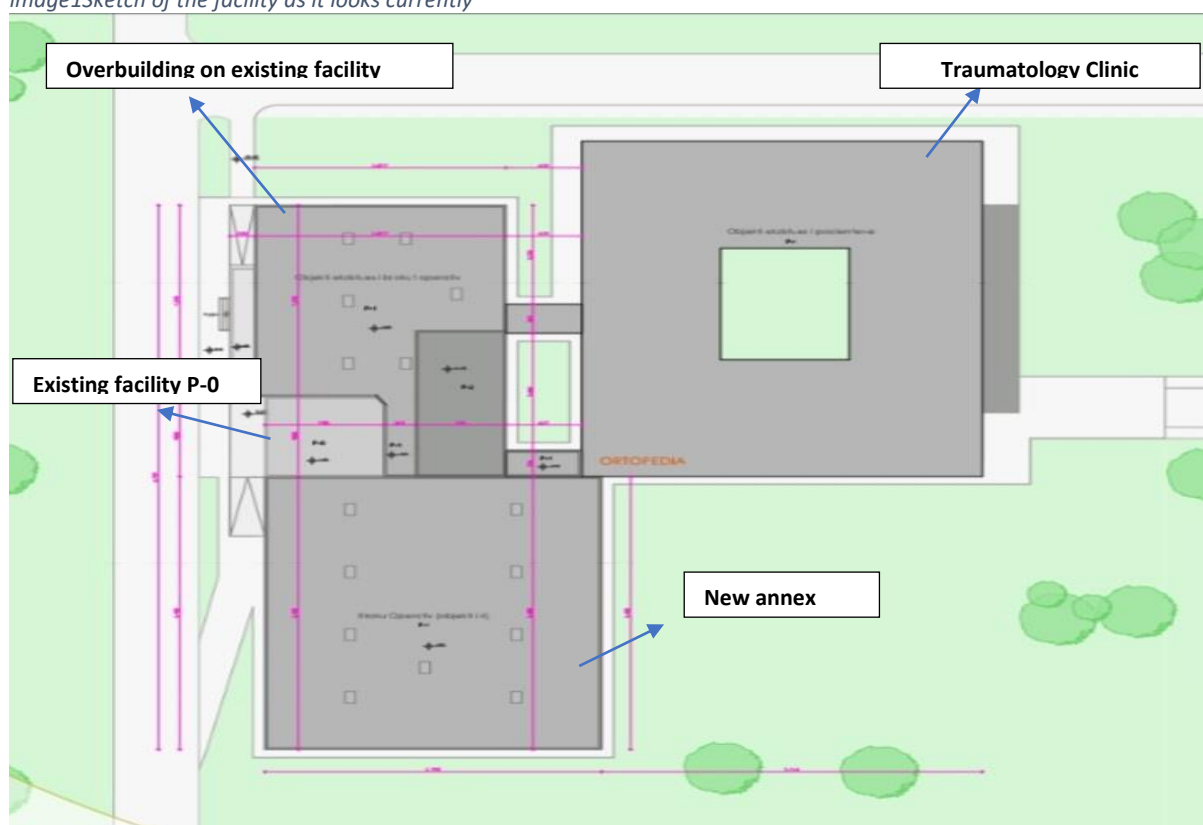
The stakeholders responsible for the implementation and supervision of this project include the Ministry of Health (MoH), the Kosovo Hospital and University Clinical Service (KHUCS), the University Clinical Center of Kosovo (UCCK), and the Orthopedics Clinic.

The detailed audit methodology applied during this audit, the audit criteria, the audit scope, the detailed description of the system and the responsibilities of the relevant parties are presented in Annex 1 to this report.

Audit findings

The Kosovo Hospital and University Clinical Service, namely the University Clinical Center of Kosovo as part of the KHUCS, was the contracting authority that concluded the contract “Overbuilding and expansion of the existing facility of the Orthopedics Clinic”. The contract contains the word “overbuilding” because the clinic already had a one-storey facility at that location, on which the University Hospital and Clinical Center planned to build another floor. The need for overbuilding (adding a floor above the existing facility), renovation of the existing facility, and construction of an annex facility adjacent to it arose due to the poor conditions of the facility at the disposal of this Clinic.

image1Sketch of the facility as it looks currently



The procedures for the implementation of this project began in 2018, with the initiation of the design phase and the drafting of the construction plan. After the completion of the conceptual design and the preparation of the technical documentation, the implementation of the construction works and the finalization of the project continued. For the full implementation of this project, a total of four contracts were signed: one contract for the design of the construction plan, two contracts for the performance of construction works and one contract for the supervision of the implementation of works. The total value of the contractual commitments for all components of the project amounts to nearly EUR 2.6 million.

The clinic was inaugurated in October 2024 and began providing services to patients.

3.1 Initial planning shortcomings and noncompliance of procurement procedures with legal requirements have had an impact on project performance

The efficiency of the KHUCS in constructing the project was compromised due to several shortcomings, including poor planning and lack of clarity in the needs assessment, which led to significant deviations during implementation. Winning economic operators were selected without meeting the criteria specified in the tender dossier, while the loss of bidders' documentation compromised the integrity of the procurement process. As a result of poor planning, several changes were made to the specifications and a new contract was concluded, impacting the efficiency of the project. Improper planning also resulted in the change of use of some premises intended for patients, using them for other purposes.

3.1.1 Improper project planning and uncertainty in needs assessment

Before starting a project, during the needs assessment and preparation of a conceptual plan, it is necessary to collect and analyze data, use advanced analytical techniques, and involve all necessary stakeholders to ensure a complete picture of the needs appropriate for an investment. Before announcing the procurement procedures, the UCCK should conduct an on-site analysis and assessment of the current situation of the facility where renovations and other construction are planned.

The plan for the renovation and construction of the Orthopedics Clinic was planned to be executed in three stages: the internal renovation of the existing facility, the construction of a floor, and the integration of the new facility with the existing one.

According to the initiation request and the tender dossier 'for the design of the main project', the construction needs were urgent and the main conditions and works deemed necessary for putting the facility into use were established. However, the initiation request and the commencement of procedures were made without accurately assessing the current state of the existing clinic facility. Initially, it was planned that the existing facility would only be renovated, but during the field analysis phase, before the main project was drafted, the UCCK engineers assessed that it would be more appropriate to demolish the existing facility and rebuild it from the foundations. This facility was built in 2005.

3.1.2 Inadequate documentation of procurement procedures

When implementing procurement procedures, both for services or investments, the UCCK should specify in advance some criteria for the competing EOs in order to meet the necessary requirements for a project. Based on these criteria, the evaluation committee then analyzes and selects the competent EO for the project concerned. In addition, all tender files of participants of a procedure should be stored in the archive as well as in electronic form for reasons of transparency.

Failure to meet the selection criteria set by UCCK

During the review of the procurement procedures implemented by the UCCK for this project, discrepancies were identified in the fulfillment of the technical and professional capacity criteria by the economic operators. These discrepancies are mainly related to the lack of supporting

documentation, such as contracts and references for the required technical staff, even though these operators were declared winners of the respective contracts.

These specific criteria for the evaluation of economic operators were set to ensure that the selection is as concrete and relevant as possible in view of the nature of the project. According to officials, due to the urgent needs of this clinic, the UCCK bypassed these criteria and declared the winning EOs even without fulfilling the required criteria.

Tender for the drafting of the main project

The tender (design competition) aimed to select a company to design the main project for the Orthopedics Clinic. This project aimed to provide a quality technical solution, in accordance with the standards for hospital facilities, according to UCCK officials.

According to the tender dossier, the company was required to have experience in designing at least one healthcare facility, while the Contract Manager was required to have designed at least two hospital projects. The winning company did not provide evidence of the required experience in designing healthcare facilities. Furthermore, the Contract Manager did not document experience in two hospital projects, as required.

The UCCK, as the contracting authority, had received reference documentation, but no concrete evidence (such as contracts or completed projects) that demonstrated the fulfillment of the criteria. Despite this, the UCCK had awarded the contract to the design company.

This happened because the evaluation committee did not properly assess and fully verify the technical experience.

The selection of a company whose key personnel lacked adequate design experience resulted in the project not being properly designed and consequently led to the acceptance of a project that did not adequately meet the Clinic's needs.

The lack of proven experience in designing healthcare facilities has led to inadequate project design, which has impacted the functionality and overall cost of construction of the hospital facility.

Tender for the Reconstruction and Expansion of the Orthopedics Clinic

The tender aimed to select a qualified company for the construction of the Orthopedics Clinic according to the main project that the UCCK had accepted. The UCCK aimed through this project to expand the infrastructural capacities of the Orthopedics Clinic to improve the provision of health services to citizens.

According to the tender dossier, the project manager had to have experience in at least three projects with contracts and references; the site manager had to have at least two projects; the engineers had to have three references and contracts in high construction, and one engineer had to be specialized in construction management.

For the project manager, contracts proving experience are missing. For four out of five engineers, contracts for high construction are missing. For the structural engineer, no documentation was submitted. Despite all these shortcomings in the bid, the UCCK had accepted that EO as competent and had awarded it a contract.

The process of bids evaluation by the three-member evaluation committee was not conducted properly. Even though the bid was submitted with incomplete documents and not supported by complete evidence, the UCK considered it competent and did not request contracts that would realistically document the experience and competencies of key staff because they had assessed that it was sufficient that references were provided as evidence that this selection criterion was met.

Ignoring the selection criteria, in addition to representing unequal treatment of economic operators, also poses a risk of poor contract implementation.

The engagement of technical staff without proven experience has caused inadequate management of the construction project, and has negatively affected the quality of the works, causing delays in implementation and thus impacting the efficiency of the Clinic's construction.

Tender for Supervision of the implementation of the construction project

Professional supervision of construction works is essential to ensure quality, compliance with the design, and safe use of healthcare facilities. According to the tender requirements, five engineers had to have experience in supervising at least five high construction projects, proven through work contracts.

Only references have been submitted for the five engineers, while contracts that would actually prove experience in supervising construction projects are missing.

The UCK bid evaluation committee did not request or verify complete documentation to prove experience, accepting insufficient references as evidence.

The lack of qualified professional supervision can lead to poor implementation of the works, an increase in technical defects and a risk to the sustainability of the facility. This has a direct impact on the quality and safety of the services that the facility will provide.

Lack of files of other participating operators

In the procedure 'Development of the main project for the Orthopedics Clinic' three bidders participated, among them the winning EO with a bid of EUR 19,299 and an EO with a cheaper bid of EUR 13,806. The EO disqualified as incompetent was cheaper than the winning company by EUR 5,493 or 29%. According to the evaluation report, this company was declared incompetent because it had not brought two original files and had not met several other criteria.

We have requested the evaluation of the bidding dossier from this company, but the officials were unable to physically find this dossier. Meanwhile, it is not in electronic form because it is a 2018 procedure and e-procurement was not functional at that time.

The poor condition of the UCK archive and the failure to archive files according to references made finding of this file impossible.

The lack of adequate documentation and actions contrary to the provisions of the procurement law undermine the transparency of the bid evaluation process. The lack of justified documentation of the declaration of the cheapest bidder as ineligible has led to the selection of an operator with a higher price, increasing the risk of inefficient use of public funds.

3.1.3 Inadequate design has led to major changes during the implementation of the construction contract

The conceptual and final project must be drafted in detail, based on real needs and an accurate analysis of field conditions, in order to minimize changes during the implementation phase and ensure efficient and economical execution of the contract.

The contract signed in 2019 for the performance of works for the Orthopedics Clinic was scheduled to be completed after 570 days, or more precisely in January 2021. However, during the works, the contractor identified design deficiencies, assessing that some items were not suitable for some parts of the clinic. According to the report of this company, the ventilation part of the operating room, the copper-clad walls, the insulation of the new operating rooms with X-ray protection (radiation protection), the profile of the doors in the operating room, the devices and their accompanying parts were not suitable.

As a result, a complete reassessment of the contract items had to be conducted by the contracted company in the role of the Supervisory Body and by the Contract Manager. Following the analysis and assessment of the situation on the ground, both parties agreed that changes were necessary and their recommendation was to announce a new procurement procedure. The KHUCS announced an open tender, whereupon a new contract for unforeseen works was concluded with the same company performing the work. Approval was obtained for these changes from the management of the UCCK and the procurement procedures continued with a shortened duration.

Although the changes have been approved, their evaluation and new procurement procedures have led to the postponement of the project completion deadline.

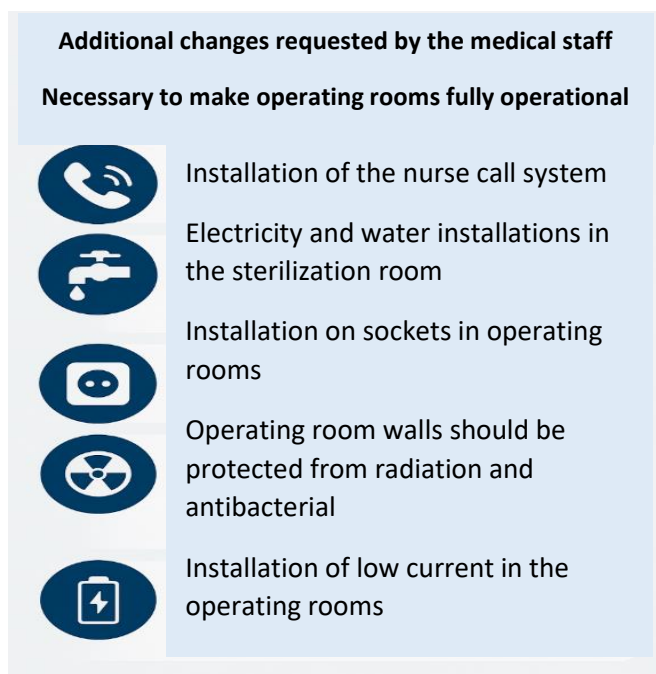
In addition to the changes that were inevitable due to the new procurement procedures, quantities of items under the first contract were also removed or added. In the final acceptance report (item 11), we noted that there were movements of the quantities of items in almost all areas divided according to the construction phases. Although these movements do not exceed 10% of the contract value, which is allowed by the procurement law, this nevertheless shows that the planning and design were not sufficiently well analyzed.

TABLE 1 Analysis of changes in quantities during the implementation of the project:

Category	Removed quantities (€)	Added quantities (€)
Architecture	187,823	131,350
Hydro installations	4,974	1,947
Strong currents	65,659	10,277
Weak currents	2,770	1,670
Heating / Cooling	9,444	9,074
Ventilation	105,710	3,562
Substation	27,100	9,788
Medical gas station	33,965	23,600
Sanitary hot water	3,789	1,164
TOTAL	441,234	192,432

From the table above it is noted that during the implementation of the project, significant changes were made to the quantities of various items within each category, compared to the initial contract. In some items, the quantities were reduced in the amount of EUR 441,234, while in some items the quantities were increased in the amount of EUR 192,432, resulting in a net decrease of EUR 248,802 compared to the initial contract value.

In addition to the changes highlighted above, at the request of the medical staff of the Orthopedics Clinic, new items were added because, according to them, without them the clinic would not be fully operations. Some of the changes are presented in the chart below:



During the physical inspection of the facility, we found that a space dedicated for the placement of electrical equipment (electrical cabinet and UPS) was not built in harmony with the dimensions of the equipment and did not meet the technical conditions for their placement and operation. As a result, this room is now used for other purposes, while the equipment is planed and operates in a room initially planned for patients.



Figure 2 – Room planned for patients currently used for electrical equipment

The new Orthopedics Clinic facility was planned to have 4 operating rooms, 26 rooms to accommodate 52 patients, as well as other rooms for various purposes (doctors' rooms, nurses' rooms, offices, triage, oxygen room, kitchen, etc.).

During the examination, we noticed that two rooms intended for patients were being used as rooms for the provision of health services, and not for their original purpose.



Figure 3 – Room initially planned for patients is used as a first aid room

In addition, a part of the facility located on top of the second floor, which was planned for the placement of devices, has not been used for its intended purpose. The devices have been installed in another part of the facility in an open environment, due to the urgent need to put them into operation because the place where they were planned to be placed had not yet been built. Currently, the facility intended for the placement of these devices is being used for meetings of the collegiums or the clinic staff.



Figure 4 Devices for operating the clinic which are located on the other side of the facility

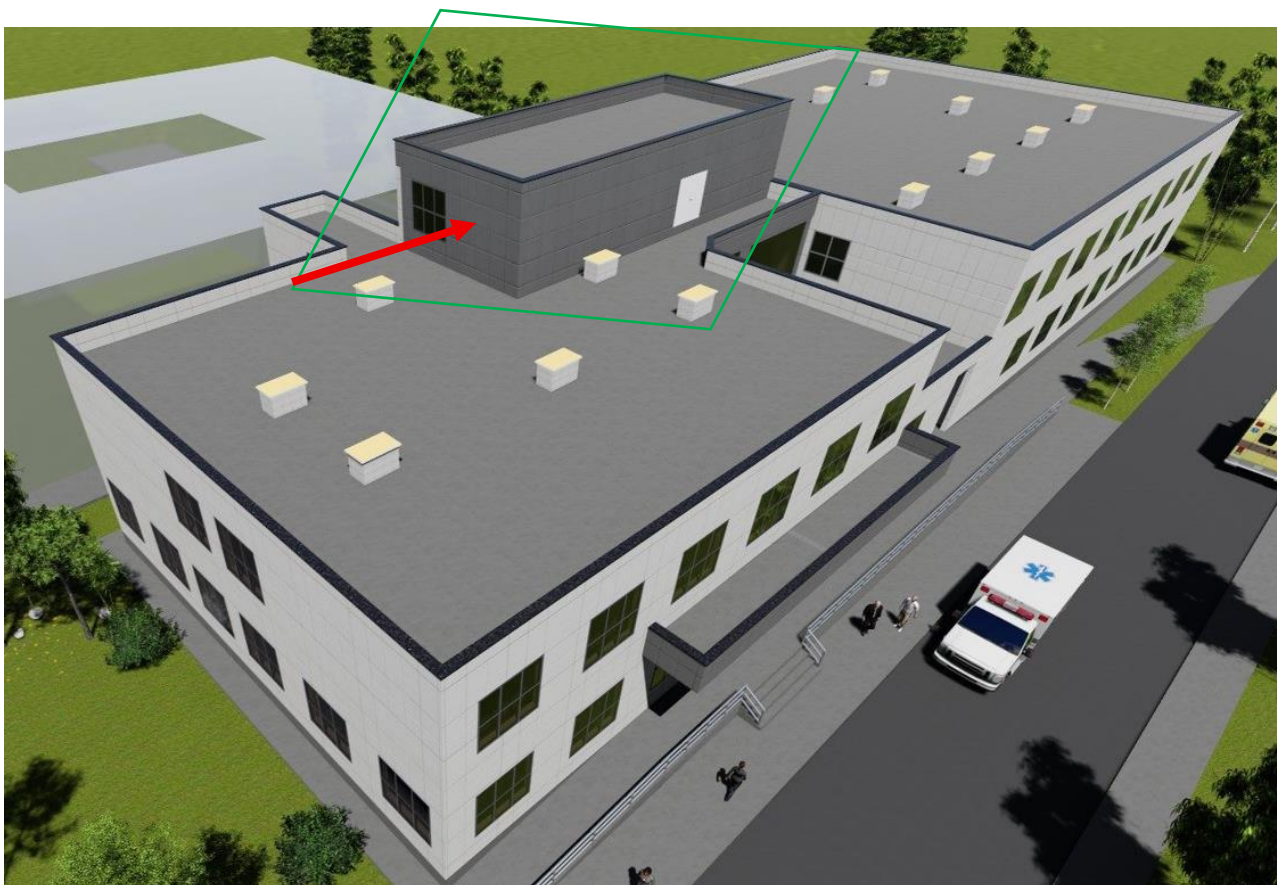


Figure 5 The facility built on the roof, which is planned to house the devices presented above

The deviations mentioned above lead to the conclusion that the main project for the construction of the clinic facility was not based on a detailed and comprehensive analysis of the real needs of the healthcare institution.

As a result, the main project was incomplete and not harmonized with the real conditions on the ground, which led to the need for significant changes during the implementation of the works. These shortcomings have led to changes in the quantities and content of the initial contract, causing not only delays in the construction of the facility, but also additional costs.

Ultimately, the UCKK was not efficient in building the Orthopedics Clinic because its construction took considerably longer and more funds than initially planned.

This happened because the UCKK had contracted a company to design the project, without sufficient and proven experience in designing healthcare facility projects.

As a result, an inadequate main project was drafted, which later led to significant changes to the budget/contract, and as a consequence of which an annex contract also had to be signed with additional costs for the UCKK.

3.2 Inefficiency in project management and monitoring

The implementation of the project has been characterized by a series of deviations that indicate a lack of efficiency in its management and monitoring. The project has not been implemented in accordance with the dynamic work plan, resulting in significant delays in the anticipated completion dates. In addition, there has been evidence of exceeding the contract price, as well as the execution of additional work items without prior approval, in violation of legal requirements and public procurement procedures.

Furthermore, it was found that payments were made for executed works even in the absence of the appointment and engagement of a contract manager, which has resulted in the lack of effective and documented supervision of the contract implementation process.

3.2.1 Works were not executed according to the deadlines set in the dynamic plan.

The project implementation must comply with the dynamic plan approved by the UCKK, ensuring the completion of works within the established deadlines and without delays, with the aim of efficient use of resources and achieving the project objectives within the foreseen time frame.

1. The two procurement procedures “Reconstruction and expansion of the existing Orthopedics Clinic facility” and “Unforeseen works for the Orthopedics Clinic” were implemented with shortened deadlines, with the justification that the needs for the new clinic and the improvement of conditions for the treatment of patients represent were of an urgent nature. However, the UCKK has not managed to be efficient in fulfilling this objective. Below is a brief description of the progress of the two contracts: The first contract – “Reconstruction and expansion of the existing Orthopedics Clinic facility” was concluded in 2019. According to the approved dynamic plan, the works were supposed to be completed at the beginning of 2021. However, since the beginning of the contract implementation, challenges emerged which had an impact on the normal course of the works. The chronology of these challenges and problems is presented below:
 - The implementation of procurement procedures began in March 2019, while the request for a construction permit was submitted to the Municipality of Prishtina in May 2019. Contractual obligations began in July 2019, while the construction permit was issued in August 2019. As a result, the EO did not start the works until the permit was obtained;
 - Bad weather was another factor that influenced the postponement of the works for three months (December 2019 and January-February 2020);
 - The Covid-19 pandemic period caused work to be halted for another two months; and
 - The lack of proper planning by the design company, which had drafted the initial project, led to the need to review the project and halt work for another six months (March-August 2022) to implement a new procurement procedure.
2. The second contract – “Unforeseen works for the Orthopedics Clinic” was concluded in August 2021, with an implementation period of 365 calendar days, namely until August 2022. Although the contract had a clear implementation period, due to the increase in the volume of work and lack of real-time contract management, the works were not completed within this deadline.

3. Annex contract was signed between the UCCK and the construction company to extend the deadline for the works until August 2023. This process was not accompanied by a request with clear justification and relevant documentation.

This process continued with two additional decisions to extend the validity of the contract:

- First decision: from 24 August 2023 to 24 December 2023, and
- Second decision: from 24 December 2023 to 22 March 2024.

Although these extensions were granted, the project was not finalized within the specified deadline, resulting in significant delays in the completion of the works and the handover of the facility for use.

The acceptance of the final situations by the company engaged as the Supervisory Body was made in June 2024, where compared to the last date allowed by decision, there is a time gap of 3 months, while compared to the initial planned date for the completion of the works, the time gap is more than three years.

This situation happened as a result of improper project planning from the conceptual phase to the final project.

Although procurement procedures with shortened deadlines were used with the justification of urgency, the UCCK has not managed to construct the clinic facility within a reasonable timeframe. This is because the UCCK, among other things, contracted an incompetent company to draft the main project. As a result, the main project was deficient and required modifications, which has directly contributed to significant delays in its implementation and the failure to achieve the set objectives, for as long as the construction of the clinic was delayed.

3.2.2 Exceeding the contract price, items without approval and execution of payments without the report of the contract manager

Projects must be implemented within the allocated budget and in accordance with the value/price specified in the contract. Any variation in cost must be justified with complete documentation and managed effectively to ensure reasonable use of public funds. In addition, the payment execution process must be based on reports on the work performed and be approved by the contract manager. Payments made without this approval undermine internal control and increase the risk of unjustified or non-contractual payments.

Below we present the financial aspect of the project, namely the value of each contract and the respective payments.

- The contract price for the execution of works based on the initial main project was close to EUR 2.21 million. However, after changes to several items (removing/adding them) within this contract, the total contract price also changed. As a result, the net value of the contract was reduced to EUR 1.96 million.
- The conclusion of the second contract for unforeseen works resulted in an increase in the project cost of nearly EUR 0.6 million. Of this, the amount of the first and second contracts is over EUR 2.55 million.

- Total payments to the contractor from 2019-2025 have reached EUR 2.57 million, exceeding the contracted price by EUR 16,836. Thus, the total cost of the project from EUR 2.21 million as it was thought to be, has increased to EUR 2.57 million, which constitutes a cost increase of over 16% compared to the initial contract.

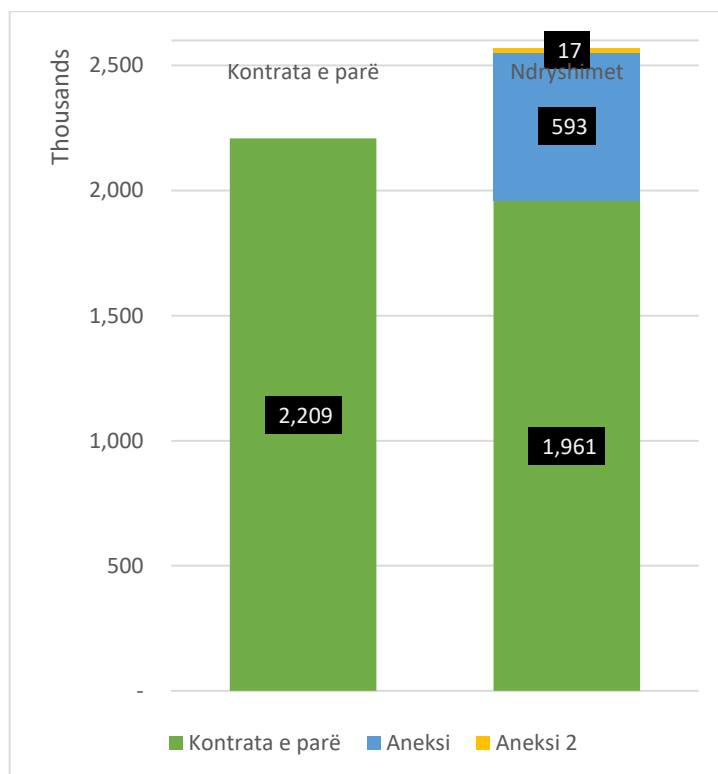


Figure 6 Flow of change in contract value and total payments

In item 11 (of the first contract) excesses of quantities in the amount of EUR 70,894 were identified, while in item 6 (of the second contract for unforeseen works) the overruns amount to EUR 4,565. In addition, in the item 'installation of PVC windows', it was found that three (3) windows less than the quantity foreseen in the contract were supplied, while the invoiced price turned out to be higher. This deviation was a consequence of the change in the window profile during the implementation phase due to an error in the design.

All of these overruns were made without prior management approval, which resulted in an increase in the unit cost and, consequently, in exceeding the contract value.

This situation occurred as a result of inaccurate and inappropriate design in the initial phase of project drafting, where all appropriate technical requirements for the facility were not identified in time, including standard profile windows, which were not appropriate for the nature and functional specifications of the facility. Meanwhile, for the excesses of quantities without approval, there is no concrete reason, except for a report from the Commission for Acceptance of Documentation, established ad hoc, which clearly specifies that there were excesses that were approved by the Supervisory Body but not by the management of the KHUCS.

Furthermore, three payments amounting to over EUR 255 thousand were executed for this contract without the signature and report of the contract manager, as required by the rules and procedures for contract management.

This happened after the contract manager resigned before the contract was fully implemented, while the UCK had not appointed a new manager.

As a result, the technical acceptance and payment for the work performed was made with a delay of five months. This was done by the committee appointed by the management of the KHUCS based on the interpretation issued by the legal office.

The third payment occurred because, according to the institution's legal officers, it was assessed that it was more favorable to make the payment even without the contract manager's report, than to delay the procedure and risk the case going to court or ending up in enforcement, with possible financial and legal consequences for the institution.

In discussions with the competent officials, we have not been able to get a concrete answer concerning this situation. According to them, it was challenging to assign another official as manager at the end of the project, when the contract was almost at its end.

3.2.3 Lack of contract performance assessment by the contracting authority

In order for the KHUCS to ensure compliance with deadlines, quality of materials and other contractual conditions, it is required to conduct a performance evaluation of the relevant contract. This process must be clearly documented and approved by the contract manager and the relevant committee, including corrective measures or proposals for improvements in cases where there are deviations from the contract conditions.

During the evaluation of contracts for the implementation of the Orthopedics Clinic project, we found that the contracting authority did not conduct a documented evaluation of contract performance, neither during the implementation period nor after its completion, as required by contract management rules and practices.

The lack of contract performance evaluation prevents the contracting authority from having clear evidence of whether the contract is being implemented according to the agreed terms, increasing the risk that deviations from technical specifications, poor quality of works or delays in implementation will not be identified in time.

According to the competent officials, there was no specific reason for not performing the evaluation, but they simply did not take this action, which indicates a lack of systematic approach and awareness regarding the importance of this process in effective contract management.

Conclusions

The KHUCS was not efficient in managing the project for the construction of the Orthopedics Clinic because the planning and management had not been done properly. As a result, its implementation and putting into use had taken longer than planned, and the actual costs had exceeded those planned. In other words, in addition to the fact that the improvement of the clinic's conditions for treating patients had been postponed for three years, construction costs had also increased by 16% compared to the plan, without even counting the cost of the dilapidated facility that had been built specifically for this clinic not a long time ago.

Procurement procedures were not implemented in full compliance with legal requirements

The project was launched without complete and clear documentation that would accurately indicate the need for this investment. The request for the project was made mainly verbally during meetings with the staff of the Orthopedics Clinic, and we have not found any official document that supports this request, except for a request from the staff of the Department for Capital Investments of the UCK. This means that UCK has not documented the communication between the requesting unit and other units responsible for the implementation of this project and consequently further changes in the project cannot be attributed to any unit.

In addition, before the start of the procedures, a full assessment of the condition of the existing facility was not made. Initially, it was intended to only renovate it, but later it was seen that the facility needed to be demolished. This shows that there was no good and accurate planning at the beginning, which caused changes during the implementation of the project.

Insufficient controls in procurement procedures have resulted in deviations from the requirements of the LPP. The economic operators contracted for this project were awarded contracts even though they did not fully meet the technical and professional capacity criteria, due to the lack of necessary documentation such as contracts and references for technical staff. This situation jeopardizes the quality of contract implementation and reduces the credibility of economic operators in the procurement process because it does not ensure their fair and equal treatment and risks less competition, lower quality and higher prices in future processes.

The ineffective system for archiving official documents has made UCK unable to ensure proper storage and sorting of documentation and has limited access to it, and consequently transparency, which has made it impossible to evaluate the disqualified bid during the evaluation process for the procedure "Development of the main project for the Orthopedics Clinic". The ineffective system for archiving documentation increases the risk of unreasonable/unfounded decision-making and limits the accountability of persons responsible for procurement and the UCK in general.

Efficiency was not ensured in managing and monitoring the project according to contracted conditions

The changes that were made during the implementation of the project, such as the signing of the additional contract and the adjustments within the initial contract, support our conclusion that the design and planning were not sufficient and well analyzed from the beginning. These shortcomings have made it necessary to intervene during the works, which has delayed the completion of the project and made its implementation more complicated. Although these changes were approved by the management and were made in accordance with the rules, they indicate that there were shortcomings in the management of the project from the beginning.

Exceeding the contract price, paying for items outside the contract, and the lack of an active role of the manager during the payment phase have contributed to the incomplete implementation of legal and procedural requirements.

The lack of documented contract performance evaluation, both during implementation and after its completion, can contribute to improper project management and delays in its implementation. In addition to being contrary to regulations/guidelines/good practices, the lack of contract performance evaluation makes it impossible to take preventive actions during the implementation of future contracts.

All the issues described above have contributed to the project not being implemented on time, according to the initial plan, despite the extensions of the deadlines allowed by the decision. The completion of the works and the handover of the facility for use were made with a significant delay, being finalized in 2024, five years after the start of the project, and three years behind schedule compared to the initial construction plan.

Recommendations

In order for the UCCK to better manage investment processes of this nature in the future, ensuring efficiency in the implementation of plans and having an active role in contract management, we recommend ensuring that:

- Every new investment project should be preceded by clear, detailed accompanying documentation based on a complete analysis of the existing situation and the real needs of the requesting entity, in order to minimize changes during the works and avoid delays or unforeseen work;
- Setting of criteria and technical and professional requirements for evaluating bidders should be in line with the purpose and complexity of the project;
- There is effective oversight over the bid evaluation process, ensuring that only bidders who meet the pre-established criteria are awarded the contract, so that the contract is also implemented in a qualitative manner.
- Control mechanisms (contract manager) and reporting are implemented regularly, without interruption, to ensure effective communication between the economic operator and the management of the UCCK as a prerequisite for the implementation of the contract according to its terms and to document in detail the progress of the project implementation in addition to the evaluation of the performance of the economic operator that has implemented it.
- Steps are taken to increase the awareness and capacities of competent officials on the importance of contract performance evaluation as a tool for improving quality and efficiency in the implementation of future projects.
- Measures are taken and capacities increased for the management of the documentation archiving system, by putting into operation a standardized practice of their storage and referencing, in order to guarantee the relevant authorities access to any document necessary for the performance of their duties, as well as to enable the accountability of responsible officials of the UCCK.

Annex 1. Audit rationale, criteria, audit scope and methodology

The audit problem

Various reports published by the National Audit Office (NAO) and civil society related to the implementation of capital investment procedures in general present challenging situations in terms of contract management and completion of relevant projects on time. The main problems identified in these reports are implementation delays, additional and unforeseen works, and other problems, mainly in the field of construction.

The Annual Audit Report for 2023 reported on the low implementation of capital projects as a result of delays in the performance of works and services according to their dynamic plan. Moreover, as a result of these delays, there are cases of outstanding liabilities that have been carried forward into subsequent years, creating liabilities for institutions.⁶

Possible risks that may be associated with the management of the implementation of these projects may include delays in the completion of projects, payments beyond planning, and consequently not receiving timely benefits from the investment in the Orthopedics Clinic.

There were delays of the same nature in the implementation of the project for the construction of the Orthopedics Clinic. Although this project began in 2019, it was not completed according to the time specified in the contract because construction works were interrupted during the process as the project was deemed non-functional and had to be redesigned.⁷

Another problem this project faced was the failure to meet sanitary conditions, which resulted in the closure of the operating rooms by the Food and Veterinary Agency. Some of the problems identified by the Food and Veterinary Agency were:⁸

- The spaces of this operating block do not meet the technical, sanitary and hygienic conditions for serving as an operating room;
- The corridor connecting the operating block to the rooms is made of unhygienic material;
- Some of the equipment is outdated and damaged;
- There is a lack of hot running water; and
- The central oxygenation substation in this unit has also not been completed yet.

Given the importance of a project like this in providing healthcare services to citizens, its audit is very important, with emphasis on the fact that this project began in 2018 but was not finalized until October 2024. Therefore, it was impossible to put it into use to provide healthcare services to citizens.

⁶Annual Budget Audit Report 2023

⁷<https://www.evropaelire.org/a/kushtet-ortopedi-milionat-qkuk-/32020690.html>

⁸<https://ndertimi.info/qkuk-se-i-kushtoi-mbi-2-2-milione-euro-ndertimi-i-aneksit-te-klinikes-se-ortopedise-qe-nuk-i-ploteson-kuhtet-sanitare/>

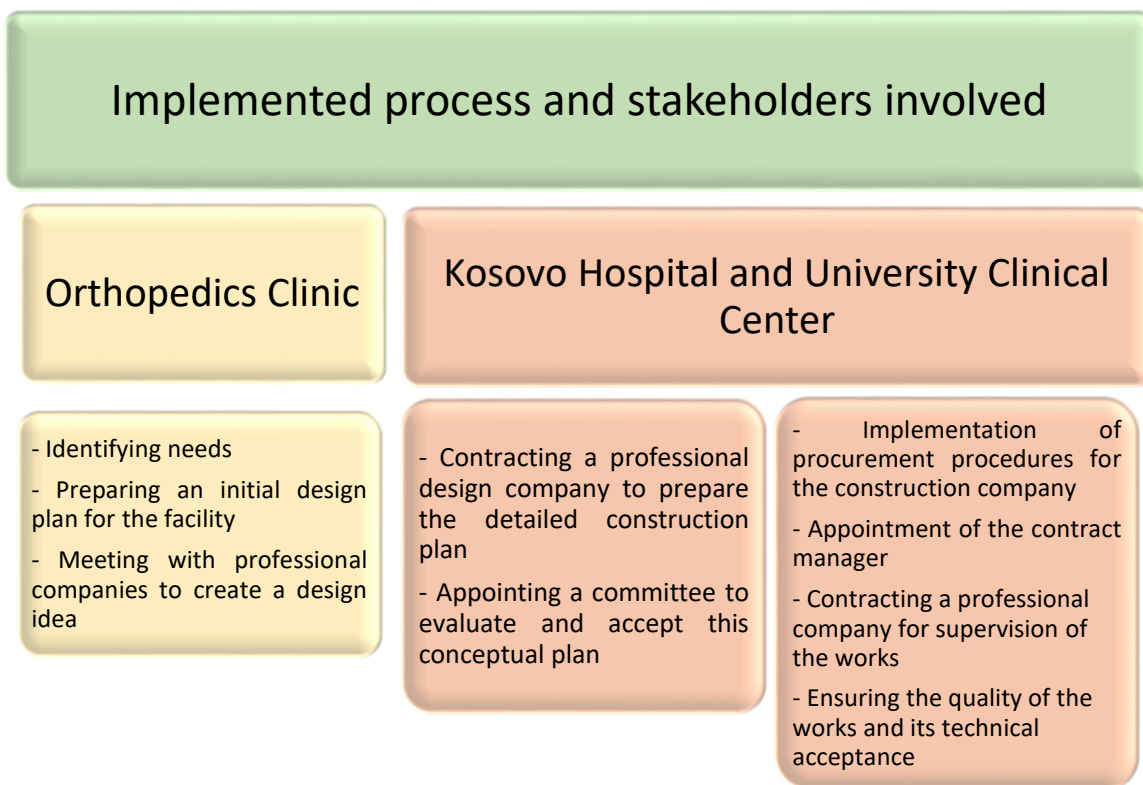
The audit assessed whether the procedures implemented are in accordance with the established regulatory requirements, whether the project was implemented according to the established and contracted specifications, whether the implementation was carried out according to the time plan, and whether the clinic enables the provision of the services for which it was built.

Description of the system and other relevant actors

The KHUCS was established through the law of the Ministry of Health as a healthcare institution of special public importance. It has the legal autonomy of a legal entity, with special rights, obligations, and responsibilities for the implementation of this law and the sub-legal acts issued by the Ministry.

The KHUCS is managed by a seven-member Board of Directors, with a three-year mandate. This Board is led by the Chairman of the Board, with a one-year mandate. The operational affairs of the KHUCS are managed by the Director General, who is appointed by the Board of Directors based on a public competition. The Director General is responsible for the professional performance and financial affairs of the KHUCS. The scope, authorizations and responsibilities of the Director General are determined by the Statute of the KHUCS. The KHUCS consists of secondary level institutions (General and Special Hospitals, with their constituent units) and tertiary level institutions (University Clinical Center, Blood Transfusion Center, etc.), determined by the sub-legal act issued by the Ministry of Health. The project for the construction of the Orthopedics Clinic is within the framework of tertiary level institutions, and consequently of the University Clinical Center of Kosovo (hereinafter referred to as UCCK).

The main focus of this audit was to assess how the needs identification for this project was done, and how the contracting procedures, contract management and technical acceptance of the project were carried out. Below we present the process diagram according to the law and regulations in force as well as the stakeholders responsible for them.



Audit criteria

The purpose of the audit is to assess whether the KHUCS ensured that planning, implementation of procedures, contract management and contract performance evaluation were done properly and in a transparent, efficient and properly monitored manner.

The audit criteria in this audit are derived from the national legislation on procurement processes and regulations in force.

- The KHUCS should follow all procedures set forth in the Law on Public Procurement of Kosovo and any other applicable regulations, ensuring that each step in the procurement process is implemented in accordance with the legal provisions of this law;
- Open and competitive bidding procedures must be followed, as well as providing equal opportunities for economic operators;
- Clear and fair criteria should be used for evaluating bids, including assessing the price, quality and experience of bidders;
- The anticipated timelines for the construction of the clinic must be consistent with those realized and contracted;
- The processes for monitoring the implementation of works, including periodic progress reports and maintaining evidence on the advancement of works, must be in accordance with the project plan;

- If potential deviations from the project plan have been reported, such as construction delays, price changes or requests for additional work, the management should ensure that these deviations are justified and managed as required by the contract;
- The conceptual construction plan should be clear and detailed, defining the main objectives of the project, such as building an appropriate infrastructure for the Orthopedics Clinic, meeting functional requirements, and ensuring conditions for medical services;
- The conceptual plan should include all necessary requirements for the operation of the clinic, such as the allocation of premises for treatments, medical services, and logistics (patient rooms, laboratories, premises for medical staff, etc.);
- The detailed plan should include the necessary support infrastructures such as: water, electricity, heating, adequate ventilation, sewage systems, and the safety of technological equipment;
- For any possible change of items in the conceptual and detailed plan, the evaluation committee should provide the necessary justification for those clearly documented changes in advance, and these changes must be approved by the management;
- The responsible staff should ensure that there is a clear and regular system for monitoring the works during the project implementation. This includes assessing the progress of the works according to the project plan and reporting on progress periodically;
- The deadlines set for each phase of the project must be observed and any potential delays should be identified in a timely manner. It should also be examined whether these delays have been reported and handled appropriately;
- To manage a project well and achieve the set objectives, the management should ensure that the project is completed within the deadlines set in the contract, that requests for changes that may have had an impact on the completion date and price of the project are effectively managed, and that costs are within the limits set in the contract;
- For a contract to be successful, the plan and technical specifications must, among other things, be very clear and concrete in order to ensure that:
 - a) the materials and products specified in the contract and in accordance with the technical requirements were used;
 - b) the plan and technical design specified in the contract for the construction project have been fulfilled;
 - c) the clinic's main systems (e.g., electrical, heating and cooling, water, medical systems) have been installed and are operational according to technical specifications;
 - d) The project has been completed, ensuring that all technical specifications have been met and the facility is operational and ready for use.
- The assessment of the observation of the deadlines specified in the special conditions of the contract is a process to ensure the implementation of the contract within the specified period. This process includes monitoring the progress of the contract and identifying

possible causes of delays, as well as assessing the implementation of the terms/clauses of the contract related to the execution of penalties in case of delays.

- The assessment is conducted through the contract manager or supervisory body, ensuring that the established deadlines are observed and that any changes are managed in accordance with legal and contractual requirements.
- Financial assessment of contract performance should be conducted to verify whether there was regular monitoring of the budget in relation to completed services/works and whether possible changes to previously contracted prices were reported.

Audit methodology and audit scope

The scope of this audit is the entire process of building the Orthopedics Clinic from the beginning in 2018, when the needs statement for the construction of the clinic was made, the needs assessment and initial planning, to the technical acceptance of the facility. Initially, we plan to analyze the needs assessment and its budgeting; the detailed plan and contracted specifications; the time management of the works; the management of the contract and the payments made, as well as the evaluation of the contract performance.

This audit covered the period 2018-2024, i.e. all completed procurement procedures (four procedures) as well as all relevant documentation for this project. This audit focused on the conceptual design plan, overall time management, technical specifications and reasons for delays in the completion of works.

Our audit methodology consists of a number of methods, which are listed below, to determine whether the construction/renovation of the Orthopedics Clinic facility was done in the best possible way. To ensure that the information and analysis that emerged from this audit were accurate, we focused on creating a good audit design that highlighted the entity's performance shortcomings.

Our audit approach for the construction of the Orthopedics Clinic facility includes a number of techniques that we will use to provide audit evidence and assurance, including:

- Review of documentation related to the procurement procedures for the four contracts concerning the project that is subject to audit, such as initiating the request, comparing the procurement plan with the signed contracts, procurement procedures, for construction/overbuilding, for project supervision, as well as procurement procedures for unforeseen works for the construction/overbuilding of Orthopedics Clinic facility, starting from the request of the requesting unit to the signing of the contracts, comparing the construction log of the works with the completed situations in addition to the deadlines of the dynamic plan.
- Review of the initiating request, the procurement law and regulations of the relevant fields, to determine whether everything has been done properly.

- Conduct interviews with personnel involved in this project and other potential stakeholders to clarify processes and how things went, such as contract managers and other relevant parties, to provide information regarding identified delays.
- Analyze work acceptance reports and comparing them with the actual situation on the ground, where we compared the items in the pre-measurements against the items placed/built in the Orthopedics Clinic facility.
- Analyze the conditions of the construction permit and compare them with legal requirements.
- Analyze and compare the price estimates of the implemented contracts and the second cheapest bidder.
- Analyze and compare payments made under the contracts.
- Contract performance evaluation reports (if implemented).

Annex II: Confirmation letter



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria –Vlada-Government

Shërbimi Spitalor dhe Klinik Universitar i Kosovës-(SHSKUK)
Univerzitetska Bolnička i Klinička Služba Kosova-(UBSKK)
Hospital and University Clinical Service of Kosovo-(HUCSK)
Qendra Klinike Universitare e Kosovës- Universitetski Klinikcki Centar
Kosova – University Clinical Center of Kosovo

REPUBLIC OF KOSOVO - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO
SHËRBIMI SPITALOR DHE KLINIK UNIVERSITAR I KOSOVËS -
UNIVERSITETSKA BOLNIČKA I KLINIČKA SLUŽBA KOSOVA -
THE HOSPITAL AND UNIVERSITY CLINICAL SERVICE OF KOSOVO
ARKIVIZENDROH - CENTRAL NIARHIV - CENTRAL ARCHIVE
No. request org
Date
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Broj prot.
Prot. no.
Data
Datum
Date
01.08.25
6626
PRISHTINE, PRISTINA, PRISTINA



LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për raportin e auditimit të performancës
“Efikasiteti i Shërbimit Spitalor Klinik dhe Universitar të Kosovës në ndërtimin e objektit të Klinikës së Ortopedisë”, dhe për zbatimin e rekomandimeve.

Për: Zyrën Kombëtare të Auditimit

Vendi dhe data:
Prishtinë: 31.07.2025

I nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit “Efikasiteti i Shërbimit Spitalor Klinik dhe Universitar të Kosovës në ndërtimin e objektit të Klinikës së Ortopedisë” (në tekstin e mëtejshëm “Raporti”);
- pajtohem me gjetjet dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t’ju dorëzoj një plan të veprimit për implementimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

Drejtori i QKUK-së
z.Osman Hajdari





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