



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



**ZKA**

ZYRA KOMBËTARE E AUDITIMIT  
NACIONALNA KANCELARIJA REVIZIJE  
NATIONAL AUDIT OFFICE

# AUDIT REPORT ON ANNUAL FINANCIAL STATEMENTS OF THE HEALTH INSURANCE FUND FOR YEAR 2024

Prishtina, June 2025

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# 1 Audit Opinion

We have completed the audit of the financial statements of the Health Insurance Fund for the year ended on 31 December 2024 in accordance with the Law on the National Audit Office of the Republic of Kosovo and International Standards of Supreme Audit Institutions (ISSAIs). The audit was mainly conducted to enable us to express an opinion on the financial statements and conclusion on compliance with authorities<sup>1</sup>.

## Unmodified opinion on annual financial statements

We have audited the annual financial statements of Health Insurance Fund (HIF), which comprise the statement of cash receipts and payments; budget execution report; and explanatory notes to financial statements, including a summary of significant accounting policies and other reports<sup>2</sup>, for the year ended as of 31 December 2024.

In our opinion, the annual financial statements of the Health Insurance Fund, give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting, Law no.03/L-048 on the Public Financial Management and Accountability (as amended and supplemented) and MoF Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

## Basis for Opinion

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

## Conclusion on Compliance

We have also audited whether the processes and underlying transactions are in compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

In our conclusion, transactions carried out in the process of execution of the Health Insurance Fund budget have been, in all material respects, in compliance with the established audit criteria arising from the legislation applicable for the auditee related to the use of financial resources.

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

<sup>2</sup> Other reports are required under Article 8 of Regulation no.01/2017 on Annual Financial Report

**Basis for the conclusion**

- B1 In 17 cases, amounting to €445,649, we found that the cases completed with the required documentation since 2021 had not been reviewed by the Board for Medical Treatment Outside Public Healthcare Institutions.
- B2 In 20 cases, amounting to €345,228, HIF issued promissory notes based solely on a pro forma invoice.

*For more see subchapter 2.1 Issues with impact on compliance conclusion*

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

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

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

The Chairman of the Steering Board of the Health Insurance Fund is responsible to ensure the oversight of the Health Insurance Fund's financial reporting process.

**Management's Responsibility for Compliance**

The Management of the Health Insurance Fund is also responsible for the use of Health Insurance Fund's financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.<sup>3</sup>

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<sup>3</sup> Collectively referred to as compliance with authorities

## Auditor General's Responsibility for the audit of AFS

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

Our objective is also to express an audit conclusion on compliance of respective Health Insurance Fund's authorities with the applicable policies, rules and regulations as regards making use of financial resources of the audited organisation.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair presentation.

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

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

## 2 Findings and Recommendations<sup>4</sup>

During the audit, we identified areas of possible improvement, including internal control, that are presented for your consideration below in the form of findings and recommendations.

The area that requires further improvement include strengthening the implementation of controls related to compliance with authorities, particularly in the management of outstanding liabilities and contingent liabilities.

This report has resulted in two (2) recommendations. We will follow up the implementation of these recommendations during the next year's audit.

For the status of the previous year's recommendations and their level of implementation, see Chapter 4.

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<sup>4</sup> Issue A and Recommendation A means new issue and recommendation  
Issue B and Recommendation B means repeated issue and recommendation  
Issue C and Recommendation C means partly repeated issue and recommendation

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## 2.1 Issues with impact on compliance conclusions

### Issue B1 - Delays in taking action regarding the review of cases by the Board for cases completed with an invoice

**Finding** Administrative Instruction (AI) 03/2017 on Medical Treatment Outside Public Healthcare Institutions (MTOHI), as well as AI 03/2023 for the period after September 2023, stipulates that the MTOHI Division is responsible for checking the applications to ensure the completeness and propriety of the attached documentation prior to being reviewed by the Board. Once the case file is complete, it is forwarded to the Board for approval. The Board is required to review and make decisions on cases requiring medical treatment outside public institutions within the established deadlines and in accordance with the powers vested with.

We found that in 17 cases, amounting to €445,649, cases completed with invoices were not reviewed by the Board for Medical Treatment Outside Public Healthcare Institutions, as required by the established procedures. One of these cases has been completed since 2021, whilst the others were completed with invoices as early as February 2024.

Furthermore, outstanding liabilities were overstated by €28,800, as one case had been recorded in the register of outstanding liabilities twice.

This situation occurred due to the responsible personnel's failure to take the necessary actions for processing these cases further. According to officials, the delays in reviewing the cases are mainly caused by incomplete supporting documentation.

**Impact** Failure to process cases corresponding to the issued promissory notes may cause non-public healthcare institutions to hesitate in providing services based solely on such promissory notes in the future. Moreover, this situation could expose the HIF to lawsuits, resulting in additional litigation/enforcement costs, as well as liabilities for the subsequent fiscal year.

**Recommendation B1** The Steering Board and the Director of the Fund should take the necessary measures to ensure that completed cases are processed within the established deadlines. For cases where there is uncertainty, appropriate steps should be taken to clarify the issues in order to reconcile the records.

**Entity management response (Agree)**



**Issue B2 – Issuance of promissory notes although applications were lacking the pro forma invoices.****Finding**

According to MoH Administrative Instruction (AI) No.03/2023 on Medical Treatment Outside Public Healthcare Institutions (MTOPI), Article 4, paragraph 4.4, the submission of three pro forma invoices from different healthcare institutions is required in cases where reference prices for the diagnoses specified therein do not exist. This rule applies to both regular and urgent cases. Furthermore, Administrative Instruction No. 03/2017, which governed cases prior to the entry into force of the new AI, Article 4, paragraph 3.4, required the submission of two pro forma invoices from different healthcare institutions.

During sample testing, we found that, in 20 cases, the Health Insurance Fund (HIF) issued promissory notes based on only one pro forma invoice. Of these, four (4) cases amounting to €193,000 pertain to the period after the entry into force of the Administrative Instruction in 2023, despite the instruction requiring the submission of three pro forma invoices. Meanwhile, 16 cases, amounting to €152,228, related to the period when AI-03/2017 was in effect, although the instruction required two pro forma invoices to be attached.

This occurred due to the lack of effective internal controls in the issuance process of promissory notes, as well as the time constraints to issue the promissory notes for urgent cases within specific deadlines without fully complying with the established procedures.

**Impact**

The issuance of promissory notes regardless the lack of the pro forma invoices leads to non-compliance with authorities and may result in the approval of higher treatments prices due to lack of competition, thus having an adverse impact on organisation's budget. This situation may also lead to delays in or non-approval of payments for those cases by the Board.

**Recommendation B2**

The Steering Board and the Director of the Fund should ensure that the requirements set forth in the Administrative Instructions regarding the procedures for issuing promissory notes are fully complied with, ensuring that in all cases the relevant documents are attached, including the required number of pro forma invoices.

**Entity management response (Agree)**

### 3 Summary information on budget planning and execution

This chapter gives a summary of information on the sources of budget funds, spending of funds and revenues collected, by economic categories. This is highlighted in the following tables and charts:

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

Description	Initial budget	Final budget <sup>5</sup>	2024 Expenditures	2023 Expenditures	2022 Expenditures
<b>Sources of funds</b>	<b>8,877,671</b>	<b>12,723,112</b>	<b>12,637,057</b>	<b>22,711,153</b>	<b>6,128,439</b>
Government Grants – Budget	8,877,671	12,723,112	12,637,057	22,711,153	6,128,439

The final budget was higher than initial budget by €3,845,441, as a result of Government's decision on budget cuts and allocations.

In 2024, the HIF 99% of the final budget.

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

Description	Initial budget	Final budget	2024 Spending	2023 Spending	2022 Spending
<b>Spending of funds by economic categories</b>	<b>8,877,671</b>	<b>12,723,112</b>	<b>12,637,057</b>	<b>22,711,153</b>	<b>6,128,439</b>
Wages and Salaries	375,854	421,295	421,295	396,198	341,756
Goods and Services	476,817	276,817	240,543	223,486	187,452
Utilities	25,000	25,000	16,685	16,298	16,880
Subsidies and Transfers	8,000,000	12,000,000	11,958,533	22,075,171	5,582,351

<sup>5</sup> Final budget – the budget approved by the Assembly and subsequently adapted by the Ministry of Finance

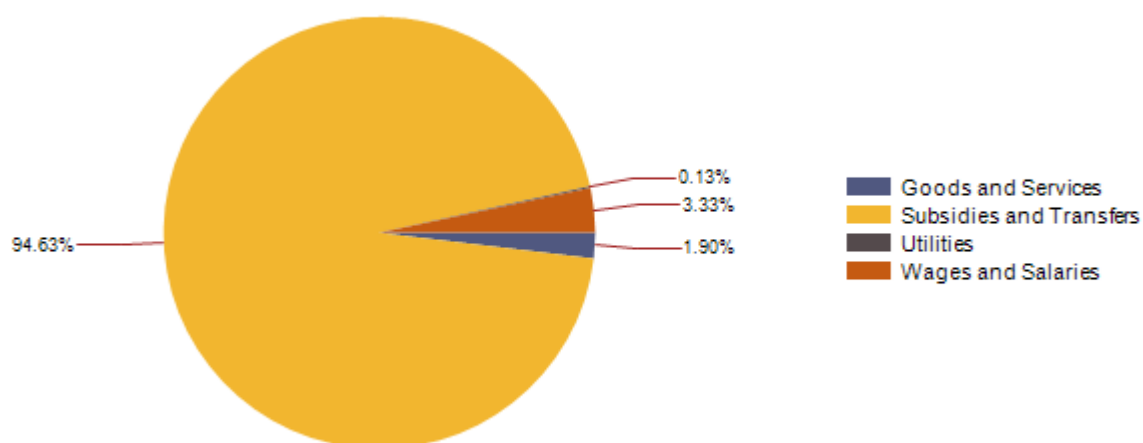
Explanations for changes in the budget economic categories are given below:

The final budget for Wages and Salaries increased by €45,441 compared to the initial budget. The budget execution rate in this category was 100%.

The final budget for Goods and Services decreased by €200,000 compared to the initial budget. This occurred as a result of HIF's request for transferring these funds to the category of Subsidies and Transfers. The budget execution rate was 85% of the final budget.

The final budget for Subsidies and Transfers increased by €4,000,000. This occurred as a result of funds transferred from the category of Goods and Services and the allocation of additional funds by Government decision to pay the liabilities arising from the promissory notes. The budget execution rate in this category was 100%.

**Chart 1. Expenditures by economic categories for year 2024**



In 2024, HIF collected receipts of €888,603 from the funds returned to the Budget of the Republic of Kosovo following the reconciliations with the private hospitals for MTOPHI regarding the unspent advance payments.

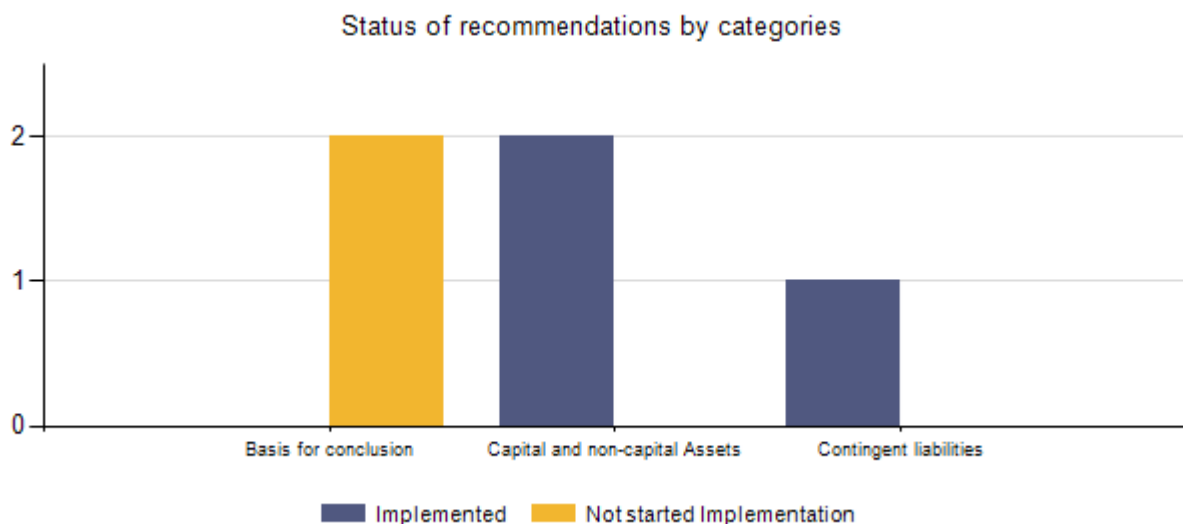
**Table 3. Revenues (in €)**

Description	Initial budget	Final budget	2024 Receipts	2023 Receipts	2022 Receipts
<b>Total of revenues</b>	<b>96,087</b>	<b>96,087</b>	<b>888,603</b>	<b>57,171</b>	<b>128,723</b>
Non-tax revenues	96,087	96,087		57,171	128,723
Other revenues	0	0	888,603		

## 4 Progress in implementing recommendations

The audit report on the 2023 AFS of HIF resulted in five (5) recommendations. HIF prepared an Action Plan stating how all recommendations given will be implemented. By the end of our 2024 audit, three (3) recommendations were implemented and the implementation of the other two (2) had not started yet.

**Chart 2. Progress in implementing prior year's recommendations**



**Table 4 Summary of prior year's recommendations and of 2024**

No	Audit Area	Recommendations of 2023	Actions taken	Status
1.	Basis for conclusion	The Steering Board and the Director of the Fund should take the necessary actions to ensure that liabilities are paid within the deadline. When there is uncertainty, they should take the necessary steps to clarify and reconcile the records.	During the testing, we found delays in the addressing of cases in 2024 as well	Not started Implementation
2.	Basis for conclusion	The Steering Board and the Director of the Fund should ensure that promissory notes are only issued when the cases are complete and meet the criteria outlined in the Administrative Instruction.	During testing, we found that in 2024, HIF continued to issue promissory notes based on a single pro forma invoice	Not started Implementation
3.	Capital and non-capital Assets	The Steering Board and the Director of the Fund should take all necessary actions to ensure that the asset registers are reported correctly and accurately in the AFS.	During sample testing, no cases were identified	Implemented

4.	Capital and non-capital Assets	The Steering Board and the Director of Fund should ensure that after completing the inventory process, a comparison is made between the inventory status and the asset registers before preparing the annual financial statements. This is necessary to ensure the accurate and complete presentation of assets in the AFS.	No such cases were identified during 2024.	Implemented
5.	Contingent liabilities	The Steering Board and the Director of Fund should ensure that cases meeting the criteria for being accounted for as liabilities are reviewed as quickly as possible by the MTOPI Board and removed from the contingent liabilities registers and be presented in the outstanding liabilities registers. Additionally, cases that have been paid and do not represent any liabilities should also be removed from the contingent liabilities register.	During sample testing, no cases were identified that met the criteria for recognition as liabilities and presented in the register of contingent liabilities.	Implemented

\* This report is a translation from the Albanian original version. In case of discrepancies, Albanian version shall prevail

Vlora Spanca, Auditor General

Mjellma Dibra, Audit Director

Burbuqe Idrizi Ukaj, Team leader

Drilon Osmani, Team member

Fatbardha Jashari, Team member

Aurora Morina, Team member

## Annex I: Letter of confirmation

REPUBLIKA E KOSOVËS-REPUBLIKA KOSOVA REPUBLIC OF KOSOVO Zyra Kombëtare e Auditimit NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
Nr. Prot. 23-08-2025			
05	47	1043	1



REPUBLIKA E KOSOVËS-REPUBLIKA KOSOVA REPUBLIC OF KOSOVO	
FOND I SIGURIMIT SHËNDETËSOR FOND ZA ZDRAVSTVENO OSIGURANJE HEALTH INSURANCE FUND	
Nr. Org. Org. Jedinica Org. Unit. FSSH	Nr. Prot. Prot. No. 1141
Nr. i faqesha Bërthamës 1-	Data/Date 23.08.25
PRISTINE - PRISTINA - PRISTINA	

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Republika Kosova-Republic of Kosovo  
Qeveria - Vlada-Government

Fondi për Sigurim Shëndetësor/Fond Zdravstveno Osiguranja/Health Insurance Fund

## LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për vitin 2024 dhe për zbatimin e rekomandimeve

Për: Zyrën e Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Fondit për Sigurime Shëndetësore, për vitin 2024 (në tekstin e mëtejme "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.

Amir Keka

Drejtori FSSH-së

Data: 23 qershor 2025, Prishtinë



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

Auditor's Report on the financial statements<sup>6</sup> should contain a clear expression of opinion referring to financial statement, based on conclusions drawn from the evidence obtained during the audit. Where the audit is conducted to assess also conformance with legislation and other regulations the auditors have an additional responsibility to report on compliance with authorities<sup>7</sup>. Such opinion should be separated from the opinion whether financial statements are true and fair, i.e. the opinion may be modified with respect to compliance issue(s) but still be unmodified in reference to credibility of the financial statements (or vice versa).

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

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

(extract from ISSAI 200)

### Forms of opinion

#### **Unmodified opinion**

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

Limitation of scope occurs when an auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

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<sup>6</sup> Financial statements in the public sector include also the statement(s) of budget execution

<sup>7</sup> Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.



The auditor should express **an unmodified opinion** if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

#### Modifications to the opinion in the auditor's report

The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement and/or non-compliance, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement and/or non-compliance, the auditor should modify the opinion in the auditor's report. A modified opinion may be:

- Modified (qualified)
- Adverse, or
- Disclaimer

#### **Qualified opinion**

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

#### **Adverse opinion**

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

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

- a) Are not confined to specific elements, accounts or items of the financial statements
- b) If so confined, represent or could represent a substantial proportion of the financial statements; or
- c) In relation to disclosures, are fundamental to users' understanding of the financial statements.

### Disclaimer of opinion

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

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

If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

An Emphasis of Matter paragraph should:

- be included immediately after the opinion;
- use the Heading "Emphasis of Matter" or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor's opinion is not modified in respect of the matter emphasised.

If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading "Other Matter," or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph