



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 MINISTRY OF INDUSTRY, ENTREPRENEURSHIP AND TRADE FOR YEAR 2024

**Prishtina, June 2025**

## TABLE OF CONTENT

- [1    Audit Opinion](#)
- [2    Findings and recommendations](#)
- [3    Summary on budget planning and execution](#)
- [4    Progress in implementing recommendations](#)

[Annex I: Letter of confirmation](#)

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

# 1 Audit Opinion

We have completed the audit of the financial statements of the Ministry of Industry, Entrepreneurship and Trade 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 the financial statements and conclusion on compliance with authorities<sup>1</sup>.

## Qualified Opinion on the Annual Financial Statements

We have audited the annual financial statements of the Ministry of Industry, Entrepreneurship and Trade (MIET) 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, except for the matter/s described in the paragraph for Basis for Qualified Opinion, the annual financial statements of the Ministry of Industry, Entrepreneurship and Trade give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting, the Law no.03/L-048 on Public Finance Management and Accountability (amended/supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

## Basis for Qualified Opinion

A1 Overstatement of contingent liabilities in the AFS in the amount of €403,279; and

A2 The invoice of €112,226 was not disclosed in the 2024 AFS as an outstanding liability.

*For more details, see sub-chapter 2.1 Issues with impact on the audit 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, except for the matters described in the Basis for Compliance Conclusion section of our report, transactions carried out in the process of execution of the Ministry of Industry, Entrepreneurship and Trade's budget have been, in all material respects, in compliance with the

<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

established audit criteria arising from the legislation applicable for the auditee related to the use of financial resources.

## **Basis for the Conclusion**

- A3 Shortcomings in subsidising Small and Medium Enterprises (SMEs) according to the public call;
- B1 MIET has not classified the assets according to MoF Regulation No.02/2013 on Management of Non-Financial Asset; and
- A4 In two (2) cases, we found that the statutory deadlines for acting positions were exceeded.

*For more details, see sub-chapter 2.2 Issues with impact on the audit 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 AFS**

The Secretary 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 Secretary 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 (amended and supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Minister is responsible to ensure the oversight of the Ministry of Industry, Entrepreneurship and Trade's financial reporting process.

## **Management's Responsibility for Compliance**

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

## **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

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

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 opinion on compliance of respective Ministry of Industry, Entrepreneurship and Trade'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 Ministry of Industry, Entrepreneurship and Trade'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 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 have identified areas of possible improvement, including internal control, that are presented for your consideration below in the form of findings and recommendations.

The more pressing problems related to financial management were: incorrect presentation of contingent liabilities and understatement of liabilities in the annual financial statements. In the area of assets, we found that capital assets were not correctly accounted for after investment was completed and the stocktaking report was not reconciled with assets register.

With regard to non-compliance with the applicable legislation and regulations, the ministry should further strengthen controls regarding: full implementation of the criteria set out in the relevant subsidy agreements, and the application of criteria according to the guidelines for applying the public call for proposals in subsidy agreements.

Other issues were related to holding of acting positions beyond the statutory deadlines, failure to withhold withholding tax for non-residents and delays in establishing the Audit Committee.

This report resulted in eight (8) recommendations, of which five (5) are new recommendations, two (2) repeated recommendations and one (1) a partially repeated. We will follow up (review) these recommendations during next year's audit.

For the status of the previous year's recommendations and the level of their 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

## 2.1 Issues with impact on the audit opinion

### Issue A1 – Shortcomings in the presentation of contingent liabilities

**Finding** MoF Regulation nr.01/2017, Article 18, requires budget organisations to report all the contingent liabilities in the AFS. A contingent liability is a liability that will materialize only upon the occurrence of one or more specific future events.

The register of contingent liabilities at MINT was overstated by €403,279, as one (1) case was mistakenly reported twice, thereby doubling the value of the contingent liability.

This occurred as a result of a technical error by the Legal Department while preparing the list of contingent liabilities. These technical errors were flagged by the external auditors prior to the correction of the Annual Financial Statements.

**Impact** Incorrect reporting of contingent liabilities has led to overstatement of contingent liabilities in the 2024 AFS.

**Recommendation A1** The Minister should provide for effective controls and better coordination between the legal office and the finance office in order to ensure that the records on contingent liabilities are kept accurate and that disclosures in the AFS are presented correctly.

**Auditee's Management response (Agree)**

**Issue A2 – Understatement of liabilities in the AFS**

**Finding** MoF Regulation nr.01/2017, on Annual Financial Reporting, Article 17.3, stipulates that budget organisations shall report all liabilities (invoices) of the reporting year.

The invoice for the project 'Construction of infrastructure in the industrial park in Budrigë,' amounting to €112,226, which was received in June 2023 and remained unpaid in 2024, was not reported in the Annual Financial Statements as a liability. The technical acceptance of the works for this project was carried out by the acceptance commission in November 2023, which, among other things, confirmed the liability amount based on the received invoice.

The invoice was not processed for payment by the responsible persons at the Kosovo Investment and Enterprise Support Agency (without consulting the Finance Department), on the grounds that the economic operator (EO) should be requested to issue a new invoice dated after the technical acceptance. The EO did not issue a new invoice because the existing invoice had already been declared to the Tax Administration through sales ledgers, and any changes would compromise tax compliance.

The reason for not reporting the liability in the AFS was the lack of proper communication between the relevant departments and the hesitation of the responsible personnel to process the invoice for payment.

**Impact** Failure to timely report the unpaid invoice has resulted in the understatement of liabilities and, consequently, in their incorrect presentation in the AFS.

**Recommendation A2** The Minister should ensure, through the finance manager, more effective coordination between departments in the reporting of unpaid invoices, in order to ensure that the amount of outstanding liabilities is correctly disclosed in the AFS.

**Auditee's Management response (Agree)**

## 2.2 Issues with impact on the compliance conclusion

### Issue A3 - Non-compliance with the criteria for SME subsidies

#### Finding

The criteria for granting subsidies to support Small and Medium Enterprises (SMEs) are defined through public calls, agreements between MIET/KIESA and the beneficiary entity or even through the guidelines for public calls for subsidies to SMEs.

We identified the following shortcomings:

- The signed agreement for the subsidy for the purchase of machinery of 24/09/2024 between MIET/KIESA and the beneficiary entity has determined the terms and conditions for the purchase of machinery and its commissioning, specifying that this process must be completed within a period of 6 months after the signing of the agreement. In one case, the beneficiary of the subsidy in the amount of €35,000 for the purchase of manufacturing/processing machinery had executed the banking transactions for the purchase of machinery before the signing of the agreement (The transactions were executed in the period May-July 2024, while the agreement was signed in September 2024); and
- In seven (7) cases valued at €54,500, MIET/KIESA had signed agreements with beneficiaries authorizing the payment of beneficiaries at 100% from the first phase. This action is in contradiction with the guidelines of the public call for SME subsidies, announced by MIET/KIESA in point 6 – “Additional Clarifications”, paragraph 5 stipulates that: “After signing the agreements, 80% of the approved subsidy value will be transferred to the beneficiary enterprises, while the remaining part of 20% will be transferred after the full implementation of the project.” Prior to the signing of the agreement, the beneficiaries submitted a bank guarantee of 100% of the grant value, aimed at ensuring that, in the event of project failure, the funds would be returned to MINT.

These shortcomings, according to the responsible officials, happened as a result of the large volume of work and confusion with another earlier call announced by MIET/KIESA, where the guidelines provided for the payment of 100% of the funds to suppliers. During the audit period, in May 2025, the monitoring commission regarding the transactions executed prior to the agreement has initiated and prepared a report to the management, identifying the aforementioned shortcomings, and KIESA requested from the beneficiary to return the funds.

#### Impact

Ineffective controls by the monitoring committee and failure to distribute payments as provided for in the guidelines affects the transparency of the process and increase the risk that the reporting process will be neglected by beneficiaries, thus reducing the credibility of the monitoring process.

#### Recommendation A3

The minister should provide for effective monitoring in order to prevent any deviations from the criteria set out in the signed agreements or the guidelines of each relevant call for subsidies. In addition, should cases of violations be ascertained, all legal actions must be taken.

#### Auditee's Management response (Agree)

**Issue B1 – Recording of non-financial capital assets as ongoing investment**

**Finding** MoF Regulation no.02/2013 on Management of Non-Financial Assets, Article 11, stipulates that upon completion of the investment process, capital non-financial assets will be classified as non-financial assets in use. Depreciation shall apply from the moment of utilizing the asset.

We found that the project "Construction of infrastructure in Budriga Industrial Park", valued at €1,709,282, was completed in 2023. The commission established by MIET had made the technical acceptance in November 2023, but the asset is still registered as an ongoing investment in the asset registers in the KFMIS. Although the asset was ready for use, because of the fact that the last item of €112,226 had not been paid, it was recorded in the registers as an ongoing investment without depreciation applied thereto.

This happened due to a lack of coordination between the relevant units and failure to properly update accounting records at the time of investment completion.

**Impact** Failure to classify capital assets as assets in use has resulted in non-application of depreciation. As a consequence, the assets were overstated, thus resulting in untrue presentation of assets in the financial statements.

**Recommendation B1** The minister should ensure that the necessary adjustments are made to the asset register for projects that have been completed and technically accepted, so that their value is presented according to the regulation.

**Auditee's Management response (Agree)****Issue A4 - Statutory deadlines for acting appointments exceed**

**Finding** Law No. 08/L-197 on Public Officials, Article 35 (3), stipulates that a public official cannot be appointed as an acting officer for longer than six (6) months. When the position cannot be filled within the six (6) month deadline, this deadline can be extended for a maximum of six (6) more months.

In two cases, we found that the statutory deadline for acting appointment was exceeded. The acting appointments lasted from the entry into force of the law (September 2023) until the time of the audit (May 2025).

This situation was caused by the fact that for the first case there was no recruitment process, whilst for the second case the competition was opened twice but the recruitment process had failed.

**Impact** Acting appointments for a longer period than the legally prescribed period risks leading to a situation where various positions are held by officials who do not meet the required criteria for those positions.

**Recommendation A4** The minister should ensure that all legal actions to fill the positions currently covered by acting appointment are taken.

**Auditee's Management response (Agree)**

## 2.3 Other financial management and compliance issues

### 2.3.1 Goods and services and utilities

The final budget for Goods and Services in 2024 was €7,559,267, of which €1,651,971 were spent. They mainly relate to contractual services, travel expenses, luncheons, etc.

#### **Issue A5 – Failure to withhold tax on services provided by non-resident persons**

**Finding** According to Article 41 (2 & 3) of Law No. 05/L-028 on Personal Income Tax, all gross payments for services performed by non-resident persons in the territory of the Republic of Kosovo shall be subject to withholding tax at the rate of 5%.

We noted that MIET had a contract with a non-resident external expert in the amount of €74,900. From the first payment to the non-resident expert in the amount of €63,444 for the services provided, we noted that the ministry had not applied tax withholding.

Failure to apply the withholding tax was due to the ministry's financial and administrative officials' lack of knowledge on the obligation to apply the withholding tax on payments to non-resident persons.

**Impact** Failure to apply the withholding tax leads to a decline in state's budget revenues and exposes the ministry to additional tax liabilities, including interest and fines from the Kosovo Tax Administration.

**Recommendation A5** The minister should ensure that any payment to non-residents is subject to a 5% rate of tax withholding as provided for by law. Concrete steps should also be taken to ensure that the remaining payment for the aforementioned contract is subject to tax withholding for the entire contract.

**Auditee's Management response (Agree)**

### 2.3.3 Capital and non-capital assets

The value of capital assets presented in the AFS is €14,162,530, of non-capital assets €126,793, and of stocks €4,467.

#### Issue B2 - Non-harmonization of inventory report with asset registers

**Finding** Regulation no.02/2013 on Management of Non-Financial Assets, Article 19.4, stipulates that an inventory must be conducted at the end of each year by the Inventorying Commissions, which is responsible for: inventory of all non- financial assets owned and controlled by the budget organization, physical and qualitative verification of the condition in the non-financial assets, comparing the situation of inventory with the condition of the non-financial asset registers, and drafting a general report based on the individual reports of the Non-financial Assets Inventorying Commission.

The Inventory Committee had conducted an inventory of assets for 2024, where it had compiled a Comprehensive Report on Non-Financial Assets, but had not further harmonized the inventoried status with the status in the non-financial asset registers and that the reporting of assets in the AFS was done according to the accounting records.

This situation was mainly due to the lack of knowledge regarding the requirements of the asset management regulation by the asset inventorying commissions and the lack of coordination between the relevant departments of MIET for the final recording of the ministry's assets.

**Impact** The lack of asset inventory makes it impossible to compare the inventory results with the status of asset registers, therefore the value of assets in the AFS may not be accurate.

**Recommendation B2** The minister should ensure that the asset inventorying commission has complete knowledge and information about all assets in use and owned by the ministry, and after drafting a general report on the asset inventory, compares the inventory balance with the balance in the non-financial asset registers to correct possible errors, and that all of this is completed before the AFS are prepared.

**Auditee's Management response (Agree)**

## 2.3.4 Internal audit function

### Issue C1 - Delay in establishing the Audit Committee

**Finding** Administrative Instruction No. 01/2019 on establishment and functioning of audit committee at public sector entity, Articles 8 and 10, stipulate that the Audit Committee holds meetings at least four times a year, and also prepares an annual report which is submitted to the head of the public sector entity no later than March 31.

The Audit Committee was not established until November 2024 and after its establishment, no meetings were held in 2024. Also, the Audit Committee's annual report was not prepared.

This happened due to the lack of action taken by the ministry to establish the Audit Committee, but also due to its ineffectiveness after establishment.

**Impact** The lack of Audit Committee meetings affects the oversight of internal audit work and the level of effectiveness of controls.

**Recommendation C1** The minister should ensure that the Audit Committee holds regular meetings in order to implement effective oversight and support the IAU, ensuring the independence of this unit.

**Auditee's Management response (Agree)**

### 3 Summary 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:

**Table 1. Expenditures by sources of budget funds**

Description	Initial budget	Final budget <sup>5</sup>	2024 Expenditures	2023 Expenditures	2022 Expenditures
<b>Sources of funds</b>	<b>24,779,271</b>	<b>23,660,947</b>	<b>12,132,996</b>	<b>33,912,794</b>	<b>26,818,339</b>
Government grants - Budget	24,779,271	23,641,946	12,130,719	27,434,081	24,000,365
Funding through borrowing	0	0	0	6,478,712	2,817,974
External donations	0	19,001	2,277	0	0

The final budget was lower than the initial budget by €1,118,324, as a result of budget cuts based on Government's decisions.

In 2024, MIET spent €12,132,996 or 51% of the final budget, a decline of 30% compared to 2023. The budget execution remains at a satisfactory level. Explanations on the current position are given in details.

**Table 2. Expenditures by economic categories (in €)**

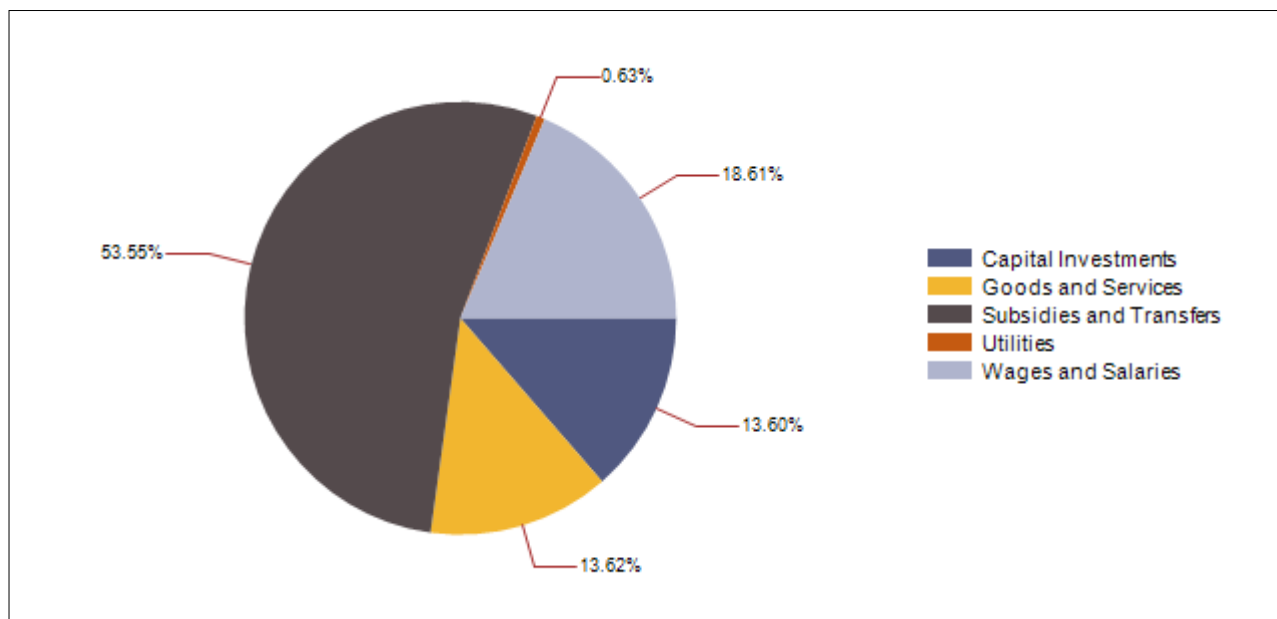
Description	Initial budget	Final budget	2024 Expenditures	2023 Expenditures	2022 Expenditures
<b>Spending of funds by economic categories</b>	<b>24,779,271</b>	<b>23,660,947</b>	<b>12,132,996</b>	<b>33,912,794</b>	<b>26,215,968</b>
Wages and Salaries	2,509,448	2,260,670	2,258,481	2,120,076	1,779,595
Goods and Services	7,745,543	7,559,267	1,651,971	10,414,455	11,586,857
Utilities	158,280	98,280	75,969	98,041	42,437
Subsidies and Transfers	5,246,000	7,321,730	6,497,071	18,754,543	12,222,613
Capital Investments	9,120,000	6,421,000	1,649,504	2,525,678	584,466

- The final budget for Wages and Salaries compared to the initial budget was reduced by €248,778 through the Government's decision for budget savings. The final budget for this category was spent at 100%;
- The final budget for Goods and Services compared to the initial budget was reduced by €186,276. The reduction was made through a Government decision for budget savings after MIET declared free funds of €205,277, while from donations there was an increase in the budget of €19,001. The final budget for this category was spent at 22%. The low level of execution was due to the non-spending of funds for state reserves;

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

- The final budget for Utilities compared to the initial budget was reduced by €60,000 through the Government's decision for budget savings. The final budget for this category was spent at 77%;
- The final budget for Subsidies and Transfers compared to the initial budget was increased by €2,075,730. The changes happened through Government decisions, for the implementation of measure 2.1 for investment loan subsidies in the amount of €76,730 and the amount of €1,990,000 was transferred from the capital investment category. The final budget for this category was spent at around 89%; and
- The final budget for Capital Investments compared to the initial budget was reduced by €2,699,000. The changes happened through Government decisions for budget savings in the amount of €700,000 and the amount of €1,990,000 was transferred to the subsidies and transfers category. The final budget for this category was spent at €1,649,504 or at around 26%.

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



The revenues generated by MIET in 2024 amounted to €2,059,878. They relate to the registration of pledges, industrial property, revenues from professional services licenses, oil import licenses, tobacco import licenses, rental revenues, and other revenues.

**Table 3. Revenues (in €)**

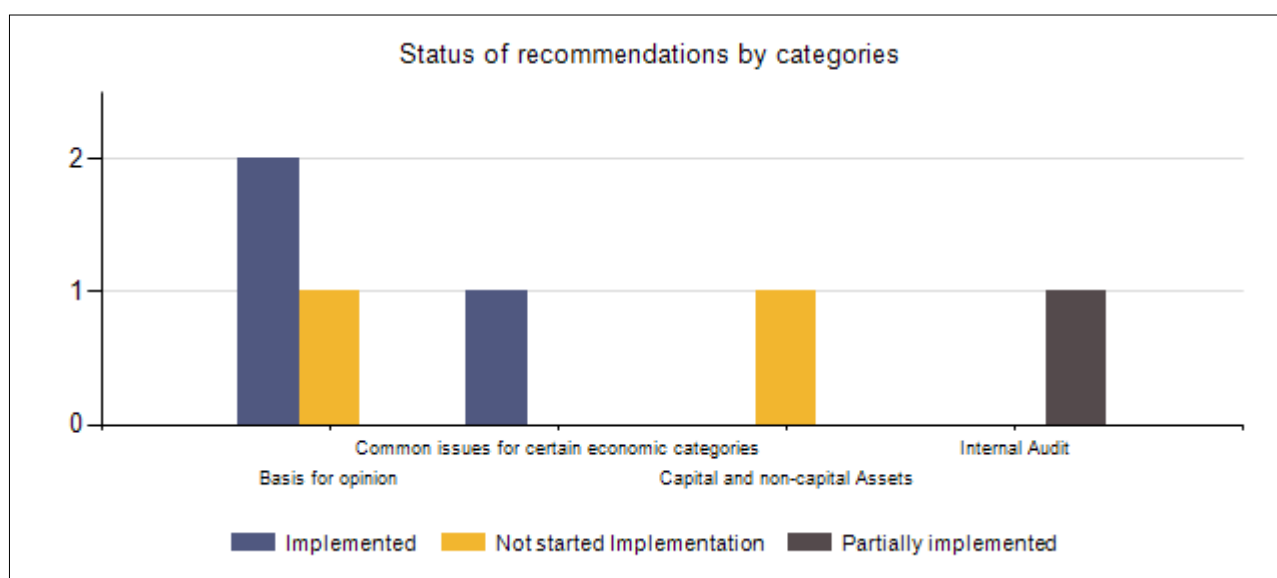
Description	Initial budget	Final Budget	2024 Receipts	2023 Receipts	2022 Receipts
<b>Total revenues</b>	<b>2,845,380</b>	<b>2,845,380</b>	<b>2,059,878</b>	<b>2,105,854</b>	<b>2,609,786</b>
Non-tax revenues	2,845,380	2,845,380	2,059,878	2,105,854	2,469,937
Other revenues	0	0			139,849

## 4 Progress in implementing recommendations

The audit report for MIET's 2023 AFSs resulted in six (6) recommendations. MIET has prepared an Action Plan outlining how it will implement the recommendations given.

By the end of our 2024 audit, three (3) recommendations had been implemented, one (1) was in progress, and two (2) had not yet been implemented, as shown in Chart 2. For a more complete description of the recommendations and how they were addressed, see Table 4 (or the Table of Recommendations).

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



**Table 4. Summary of previous year's recommendations**

No.	Audit scope	Recommendations for 2023	Actions taken	Status
1	Basis for opinion	The Minister should ensure coordination among responsible officials and that a thorough analysis of the asset register is conducted to ensure correct asset categorization, so that the balance carried forward into the following year provides accurate information and fair presentation in the AFS. The Minister should ensure that, for projects for which technical acceptance has been completed, the necessary adjustments are made in the asset registers so that their recorded values accurately reflect the actual balance.	There were similar cases this year too.	Implementation has not started.
2	Basis for opinion	The Minister should ensure that the necessary actions are undertaken by the responsible officials so that payments and the recording of expenditures are made under the appropriate economic categories, in order to enable their fair reporting in the AFS in accordance with the chart of accounts.	During 2024, we did not find any cases of misclassification.	Implemented
3	Basis for opinion	The Minister should analyse the situation and ensure that all possible options for finding a solution have been evaluated, and that actions taken are in compliance with legal requirements.	Continuous monitoring of officials was conducted, where for some the attendance and fulfilment of duties was confirmed through reports and signatures, while disciplinary measures up to dismissal were taken against 12 officials with unjustified absences.	Implemented
4	Common Issues	The Minister should ensure that procurement planning is carried out in close cooperation between the Procurement Manager and the requesting units, in order to timely discuss their procurement needs and ensure accurate and proper planning, while avoiding any splitting of similar procurement activities	We did not find such cases for 2024.	Implemented
5	Assets	The Minister should ensure that the asset inventory commission possesses complete knowledge and information regarding all assets in use and owned by the Ministry. Once the general asset inventory report is prepared, the commission should compare the inventory balance with the records in the non-financial asset register in order to identify and correct any potential discrepancies. This entire process should be completed prior to the preparation of the AFS for the year 2023	This year too, the inventory report has not been harmonized with the asset registers.	Implementation has not started.
6	Internal Audit	The Minister should ensure that the Audit Committee at MINT has become operational as soon as possible, in order to enable effective oversight and support the IAU, while ensuring the independence of this unit.	The audit committee was established in November, but no meetings were held for 2024.	Partly implemented

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

Vlora Spanca, Auditor General

Faruk Rrahmani, Audit Director

Alban Beka, Team leader

Flora Berisha, Team member

Veton Misiri, Team member

Arnisa Aliu, Team member

## Annex I: Letter of confirmation

REPUBLIKA E KOSOVES/REPUBLIKA KOSOVA/REPUBLIC OF KOSOVO			
ZYRA KOMBËTARE E AUDITIMIT			
NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
DATE/PRANUAR DORËZUAR: DATE/PRINKEJES DORËZUEN:			
26-06-2025			
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REPUBLIKA E KOSOVES/REPUBLIKA KOSOVA/REPUBLIC OF KOSOVO	
MINISTRIA E INDUSTRIE, NDËRMARRËSISË DHE TREGTISË	
MINISTARSTVO INDUSTRIJE, PREDUZETNIŠTVA I TRGOVINE	
MINISTRY OF INDUSTRY, ENTREPRENEURSHIP AND TRADE	
Nr./Br./No	Nr. i faq./Br. str./No. pg
2488/01	-1-
Data/Datumi/Date	26.06.2025
PRISHTINE	



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

Ministria e Industrisë, Ndërmarrësisë dhe Tregtisë  
Ministarstvo Industrije, Preduzetništva i Trgovine - Ministry of Industry, Entrepreneurship and Trade

## LETËR E KONFIRMIMIT

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

Për: Zyrën 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 **Ministrit të Industrisë, Ndërmarrësisë dhe Tregtisë**, për vitin 2024.
- 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.

Znj. Rozeta Hajdari

*Rozeta Hajdari*

Ministre në detyrë e Industrisë, Ndërmarrësisë dhe Tregtisë

Datë: 26 Qershor 2025



## 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.

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:

<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.

- 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.