



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF
THE HOSPITAL AND UNIVERSITY CLINICAL SERVICE OF
KOSOVO FOR THE YEAR 2024

Prishtina, June 2025

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Audit Opinion

We have completed the audit of the financial statements of the Hospital and University Clinical Service of Kosovo 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 authorities¹.

Qualified Opinion on Annual Financial Statements

We have audited the annual financial statements of the Hospital and University Clinical Service of Kosovo (MESPI) which comprise the Statement of cash receipts and payments, Budget execution report, and Explanatory notes to financial statements, including a summary of important accounting policies and other reports² for the year ended as of 31 December 2024.

In our opinion, except for the effects of the matter/s described in the Basis for Qualified Opinion paragraph, the annual financial statements of the Hospital and University Clinical Service of Kosovo 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

- B1 Due to shortcomings in maintaining and presenting asset records, the capital assets register presented in the AFS was overstated by €1,016,094, while the non-capital assets register was overstated by €880,244.
- B2 Due to errors in consolidating AFS data for the year 2024, contingent liabilities were understated by €933,522, while liabilities were overstated by €63,737.
- A1 Incorrect calculation of Friday on-call duty allowances resulted in additional financial expenditures of €137,368 at UCCK (University Clinical Center of Kosovo) alone.
- B3 Expenditures were misclassified in the amount of €124,633, leading to the overstatement/understatement of budget categories.

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

² Other reports as required in Regulation no.01/2017 on Annual Financial Report, Article 8

- B4 In Prizren Hospital, the asset "4-door van" appeared in the asset register, but its physical existence could not be confirmed.

For more detailed information see subchapter 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 if 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 Hospital and University Clinical Service of Kosovo's 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.

Basis for Conclusion

- A2 In three procurement procedures, the Hospital and University Clinical Services of Kosovo (HUCSK) awarded contracts to economic operators with a total contract value of €877,679 even though they did not meet all tender dossier requirements.
- B5 In four cases totaling €381,871, we found that the received invoices were not paid within the specified deadline. Delays ranged from 7 days to 60 days beyond the legally allowed 30-day payment term.

For more information see subchapter 2.2 Issues with impact on the 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 AFS

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 Board of Directors of the Hospital and University Clinical Services of Kosovo is responsible to ensure the oversight of the Hospital and University Clinical Service of Kosovo's financial reporting process.

Management's Responsibility for Compliance

The Hospital and University Clinical Service of Kosovo's management is also responsible for the use of the Hospital and University Clinical Service of Kosovo's financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.³

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 opinion on compliance of respective The Hospital and University Clinical Service of Kosovo'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

³ Collectively referred to as compliance with authorities

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 Hospital and University Clinical Service of Kosovo'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 recommendations⁴

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

Areas that require further improvement include asset management, with a particular focus on the complete and accurate registration of capital and non-capital assets, the adequate classification of expenditures, and the correct presentation of disclosures in financial statements.

Regarding compliance with applicable legislation and regulations, greater focus should be placed on preventing delays in payment execution and addressing shortcomings in the area of procurement.

This report resulted in nine (9) recommendations, of which two (2) are new recommendations, and seven (7) are repeated.

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

2.1 Issues with impact on audit opinion

Issue B1 - Overstatement of asset registers in the AFS due to shortcomings in their registration and maintenance

Finding

Article 6.3 of Regulation No. 02/2013 on Management of Non-Financial Assets in Budget Organizations stipulates that “Capital assets must be recorded in KFMS, while the non-capital assets and stocks in the ‘e-assets’ system.” While Article 22 defines the asset depreciation method, depreciation rate, and calculations based on the nature of the assets.

We identified several shortcomings in the maintenance of asset registers, which affected the accuracy of asset values presented in the AFS. As a result, the value of capital assets presented in the AFS was overstated by €1,016,094 (affected by an overstatement of €1,349,168 and an understatement of €333,074), while the non-capital assets ledger was overstated by €880,244 (affected by an overstatement of €1,005,905 and understatement of €125,661) due to several shortcomings in the maintenance of asset registers and data consolidation in the AFS.

The identified shortcomings in the maintenance of asset registers are as follows:

- Five (5) assets (medical equipment) purchased in 2012, with a net book value of €1,304,761, were incorrectly categorized in the capital assets ledger and depreciated over 40 years. As a result of applying the incorrect depreciation rate, the value of financial assets presented in the AFS was overstated by the same amount.
- The capital assets ledger in KFMS was overstated by €44,407 due to the double registration of two transactions. On the other hand, the non-capital asset ledger was overstated by €370,849 due to multiple registrations of certain assets in the e-asset system and four payments totaling €230,791, where expendable material was recorded as non-capital assets.
- Additionally, the non-registration of capital assets for six (6) payments with a total value of €333,074 led to an understatement of the capital asset ledger by the same amount. Moreover, the asset register value was understated by €125,661 due to the non-registration of non-capital assets for seven (7) payments.

Furthermore, the non-capital assets presented in the AFS were overstated by €404,265 due to shortcomings in data consolidation. According to source documents, the actual value of non-capital assets was €4,654,039, while in the AFS it was presented as €5,058,304. It is also important to note that, among other things, the value of assets in the AFS included a small inventory of the General Hospital in Peja amounting to €464,473, while the assets of the Mental Health Centre in Ferizaj, amounting to €60,002, were not included.

This occurred due to the lack of internal controls and because, during the purchase of these assets over the years, the purchase transactions of these assets were misclassified in the asset ledger. Despite these findings being addressed in our reports for several years, HUČSK has not taken action to make the necessary improvements in the registers for these assets.

Impact

The failure to register purchases, multiple registrations of assets, and misclassification of expendable materials as assets have led to the untrue and inaccurate presentation of information in the AFS.

Recommendation B1 The Board of Directors and the General Director should ensure that proper controls are in place to enable capital assets to be registered at their accurate value, in order for their reporting in the AFS to be true and accurate.

Entity management response (Agree)

Issue B2 - Inaccuracy in the presentation of contingent liabilities and obligations in the AFS**Finding**

Regulation No. 01/2017 on Annual Financial Statements of Budget Organizations - Article 6 stipulates that “Budget organizations keep accurate, complete, up to date accounting records and in compliance with applicable law on all financial information and other non-financial information.” According to Article 18, Budget Organizations report all contingent liabilities. While Article 17, point 3, stipulates that “Budgetary organizations shall report all liabilities (invoices) generated until December 31 of the reporting year.”

For the year 2024, the Hospital and University Clinical Services of Kosovo (HUCSK) understated its contingent liabilities by €933,522. Based on source documents, the total value of contingent liabilities was €6,919,072, whereas the amount presented in the AFS was €5,985,550.

Moreover, HUCSK, in its source documents, disclosed that out of 4,062 total contingent liabilities, which were mainly of a similar nature, 13% (or 524 contingent liabilities) did not have a determined financial value.

In addition, in the general liabilities report in the AFS, liabilities that did not belong to the reporting year (as they were received in 2025) are included, thus resulting in an overstatement of liabilities in the amount of €63,737.

This occurred due to inadequate coordination during the consolidation of data from the respective programs, with the aim of presenting the HUCSK’s AFS. Despite the audit team’s recommendation during the AFS review, the necessary verification of disclosures was not carried out to ensure the financial statements were accurate and complete before their finalization. Furthermore, the absence of a financial estimate for contingent liabilities in the annexes may cause uncertainty for users of the financial statements, increase the risk of misinterpretation, and impact their credibility.

Impact

This resulted in the inaccurate presentation of data in the AFS, thereby reducing the reliability and transparency of the financial information disclosed to potential stakeholders.

Recommendation B2 The Board of Directors and the Director General should ensure more effective coordination between programs and establish appropriate mechanisms for the consolidation of financial data. Additionally, a comprehensive and detailed verification of the financial statements should be conducted before their submission to ensure that the data is accurate, complete, and in compliance with financial reporting requirements. Furthermore, they should take measures to determine a possible financial value for the contingent liabilities, to provide a clear and fair view of the organization's financial position.

Entity management response (Agree)

Issue A1 - Incorrect calculation of on-call duty allowances for Fridays

Finding According to the Law on Labour No. 03/L-212, Article 56, paragraph 2.1, and Regulation 07/2023 on Compensation for On-Call, Night Work and Overtime Hours, Article 4, paragraph 2.1, employees are entitled to an additional 20% of their base salary per hour for on-call duty.

According to the data obtained, on-call duty allowances for Fridays were calculated at 150% of the base salary, as applied for weekend shifts. As a result of this incorrect calculation, which led to an overpayment of 30% above the required amount, an additional financial expenditure of €137,368 was incurred at the UCCK alone. From sample testing conducted at the hospitals in Vushtrri and Prizren, it was found that the same calculation method was applied for calculating Friday on-call hours. Due to the incomplete data, it was not possible to accurately assess the financial impact of this miscalculation in other healthcare institutions.

This occurred as a result of the failure to harmonize the calculation methodology following changes to the legal framework regarding on-call duty compensation.

Impact The calculation of on-call duty allowances, which was not in compliance with applicable legislation, resulted in a 30% increase in the prescribed amount, leading to higher than planned financial expenditures.

Recommendation A1 The Board of Directors and the General Director should ensure that impact assessment analysis of this issue is carried out across all HUCSK programs, and that measures are taken to ensure that the calculation of Friday on-call duty allowances is fully aligned with applicable legislation.

Entity management response (Agree)

Issue B3 - Inadequate classification of expenditures**Finding**

Financial Rule No. 01/2013 on Public Funds Expenditure, Article 18, paragraph 3 stipulates that “Expenditures should have the adequate codes, as defined under the Administrative Instruction for the accounting plan.” Likewise, Administrative Instruction No. 19/2009 on the Chart of Accounts, Article 11, stipulates that “All Chief Administration Officers (CAO) and Chief Financial Officers (CFO) of the budget organizations should ensure that all transactions are entered into the KFMIS according to the structure of the chart of accounts and the classifications set out in this Administrative Instruction.” While the December 2023 chart of accounts further specifies the accurate recording of expenditures across all economic codes.

From the goods and services category, payments and expenditures totaling €124,633 were executed and recorded which, by their nature, do not belong to this category, as detailed below:

- At the General Hospital in Mitrovica, two payments amounting to €99,168 were incorrectly executed under the goods and services category, although they belonged by nature to the capital investments category. These payments related to the design and renovation of hospital wards, including operating rooms and refurbishment of hospital wards.
- Additionally, due to payments executed by the Treasury based on court decisions, expenditures amounting to €33,291 were executed from the goods and services category at UCCK. The principal debt led to the misclassification of expenditures amounting to €25,465, which by nature belonged to the wages and salaries category, as the payments were related to liabilities arising from the collective agreement concerning jubilee salary payments.

This occurred due to the lack of analysis of the nature of expenditures by the authorizing officer during the budget planning process.

Impact

Payments executed from inadequate expenditure categories lead to the overstatement/understatement of the respective expenditure categories and, consequently, to an inaccurate and untrue presentation of expenditures in the AFS.

Recommendation B3 The Board of Directors and the General Director should ensure that appropriate measures are taken to ensure that payments and expenditures are recorded under the relevant economic codes, in accordance with the chart of accounts, to enable their true reporting in the AFS. If budget planning does not align with the nature of expenditures and the needs of HUCSK, funds should be reallocated to secure the regular execution of such expenditures.

Entity management response (Agree)

Issue B4 – Missing asset

Finding Article 8 of Regulation MoF – No. 02/2013 on Management of Non-Financial Assets by Budget Organizations stipulates that “Receipt of non-financial assets is done through purchase, construction, donations and transfers from other budget organizations.”

For the asset "4-door van", with an original value of €25,000, which, according to the register, belongs to the Hospital of Prizren, no evidence was provided to confirm its existence or use, nor was there documentation indicating whether the asset had been alienated or donated. The same issue was reported in the previous year's audit report; however, the situation remains unchanged.

This occurred due to a lack of clear policies for the registration, verification, and maintenance of assets. Additionally, there was a lack of accountability on the part of responsible officials at the Hospital of Prizren in providing information on the assets recorded in their registers and verifying their physical existence.

Impact The inability to verify the physical existence of assets recorded in the registers, in the absence of relevant documentation, increases the risk of asset misuse, loss, or alienation.

Recommendation B4 The Board of Directors and the General Director should strengthen controls over asset management to ensure that information and evidence regarding the physical existence of all assets recorded in the registers is available, in order to reduce the risk of loss or misuse of assets.

Entity management response (Agree)

2.2 Issues with an impact on the compliance conclusion

Issue A2 - Awarding Contracts to Ineligible Economic Operators

Finding

According to the Law on Public Procurement of Kosovo (LPP), Article 28 states that technical requirements for bidders must be clear and precise to ensure equal and fair competition. Article 59, point 4, stipulates that “A contracting authority shall regard a tender as responsive only if it conforms to all requirements set forth in the contract notice and the tender dossier.” Additionally, Articles 69 and 70 require bidders to submit certified documentation of licenses and certificates proving their technical and professional capabilities to implement the contract. On the other hand, according to Regulation No. 001/2022 on Public Procurement, Article 25, point 25.7, “Economic Operators are required to submit documentary evidence of professional suitability as mentioned in Article 66 of LPP, as well as a copy of a certificate confirmed by the relevant competent body.”

Guideline No. 001/2023 for Public Procurement emphasizes that any request for support from a manufacturer or supplier must be documented, ensuring that support for equipment is secure and available. According to Administrative Instruction MEST No. 12-2018, any citizen holding a degree obtained outside Kosovo is required to seek recognition of that degree for employment in the Republic of Kosovo.

In the procurement procedure “Servicing and maintenance of medical equipment” with a contract value of €231,500, the UCCK awarded the contract to an Economic Operator (EO) despite not meeting all the qualification requirements outlined in the contract notice and tender dossier. The technical specifications for this tender required the service provider to have manufacturer licenses covering all specified equipment brands, including Samsung, Bayer Medrad, Artronic, and UPS 120Kva Galaxy 5500. However, the EO submitted only a license for servicing Philips equipment and not the other required brands. Furthermore, the documentation did not include a manufacturer’s declaration guaranteeing support for the bidding company, including spare parts supply and assistance with software issues, updates, and program upgrades for the specified equipment.

In the procurement procedure “Renovation of reception outpatient clinics at the ENT and Ophthalmology Clinic” with a contract value of €346,346, the UCCK awarded the contract to an EO even though they did not meet all the qualification requirements outlined in the contract notice and tender dossier. The EO submitted certificates for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 in its bid, but these certificates had expired on 10.03.2024, while the contract notice was issued on 05.04.2024, rendering them invalid. Additionally, the required documentation for technical staff was missing, including notarized high school diplomas for the respective positions.

In the procedure “Construction of Sanitary Pharmaceutical Warehouse” with a contract value of €299,833, the General Hospital of Peja accepted a bid in which the winning EO submitted a not notarized bachelor’s diploma for the hydro technical engineer position. Although the master’s degree was notarized, it required recognition (nostrification), as it was obtained in Albania. For the position of construction/civil engineer, the submitted certificate for energy auditing in buildings did not match the required certificate, specifically the energy efficiency auditor certificate. Additionally, in the Tender Data Sheet (TDS), under technical and/or professional capacity requirements, it was stated that if equipment is leased, the agreement must not be dated prior to the publication of the contract notice. However, the EO entered into a lease agreement for concrete quantity measurement equipment on 20.06.2024, which was after the required date of 29.05.2024.

These issues occurred due to the negligence of evaluation committee members, who assessed these bids as responsive even though they did not meet the requirements outlined in the Law on Public Procurement and other applicable legal acts. Additionally, the inaccurate definition of technical specifications resulted from the requesting entity’s lack of knowledge during the specification drafting process, and the absence of control by procurement officials to prevent such deviations.

Impact

Failure to comply with applicable legislation may compromise the quality and safety of services, as well as transparency and fairness in the procurement process. These shortcomings may result in legal consequences, delays, additional costs, and a loss of trust from EOs and other stakeholders, ultimately harming the integrity and efficiency of the public procurement system.

Recommendation A2The Board of Directors and the General Director should strengthen internal controls and, through the Responsible Procurement Officer, ensure that evaluation committee members assess a bid as responsive only if it fully complies with all tender dossier requirements. Additionally, effective controls should be implemented within the requesting units and procurement office to avoid the use of unclear criteria when drafting technical specifications.

Entity management response (Disagree)

For more details, see Annex I

Issue B5 – Delays on payment of invoices

Finding Law No. 03 /L-048 on Public Financial Management and Accountability, Article 39.1 stipulates that “The CFO of a budget organization shall be responsible for ensuring that every valid invoice and demand for payment for goods, services and/or works supplied to the budget organization is paid within thirty (30) calendar days after the budget organization receives such an invoice or demand for payment.”

In four (4) cases totalling €381,871, we found that the received invoices were not paid within the specified deadline. These delays ranged from seven (7) to sixty (60) days beyond the allowed 30-day payment period.

The delays were caused by a lack of financial resources and the improper functioning of the control system for executing liabilities within the specified deadlines.

Impact Exceeding the legal deadline for payment of liabilities may expose HUCSK to lawsuits from economic operators, resulting in additional legal/enforcement costs or liabilities in the subsequent year.

Recommendation B5The Board of Directors and the General Director should ensure that all received invoices are paid within 30 days of their receipt.

Entity management response (Agree)

2.3 Findings on financial management and compliance issues

2.3.1 Capital and non-capital assets

The amount of capital assets presented in AFS is €251,473,730, that of non-capital assets is €5,058,304, and of stock is €12,854,660.

Issue B6 - Non-reconciliation of stocktaking records with asset registers

Finding

Article 19 of Regulation No. 02/2013 on Management of Non-Financial Assets by Budget Organizations stipulates that “The Non-Financial Assets Inventorying Commission shall be a temporary body established by the Chief Administrative Officer of the budget organization.” The responsibilities of the Commission for Non-Financial Assets Inventorying, among others, are as follows: Inventory of all non- financial assets owned and controlled by the budget organization; Physical and qualitative verification of the condition of non-financial assets; and Comparing the situation of inventory with the condition in the non-financial registers.

An asset stocktaking commission was established at Gjilan Hospital, but it did not conduct the stocktaking process in accordance with regulatory requirements. According to the commission’s report, the process was not completed due to obstacles encountered. This prevented the reconciliation of the stocktaking (inventory) results with the status of the asset registers. Similarly, reconciliation was not possible at Prizren Hospital and the Telemedicine unit because the stocktaking was carried out after the preparation of the Annual Financial Statements (AFS).

During the audit of HUCSK, several shortcomings related to asset management were identified, including missing assets, duplicate entries, and registration errors. These issues reflect a lack of a proper stocktaking process and reconciliation with the relevant registers, which would have enabled the identification of issues before they impacted the financial statements.

This situation was primarily the result of negligence and a lack of knowledge regarding the requirements of the asset management regulation.

Impact Failure to conduct stocktaking in line with the requirements of the relevant regulations can result in untrue and incomplete reporting of asset values in the AFS.

Recommendation B6 The Board of Directors and the General Director should ensure that the established control system is sufficiently effective and guarantees the performance of periodic asset stocktaking processes in compliance with the applicable regulation, to ensure true and complete reporting of asset values in the AFS.

Entity management response (Agree)

Issue B7 - Incomplete functionality of the e-asset system

Finding According to Regulation MoF - No. 02/2013 on Management of Non-Financial Assets by Budget Organizations, Article 6.3, stipulates that “Capital assets must be recorded in the KFMIS, while the non-capital assets and stocks in the ‘e-asset’ system.”

Despite recommendations given over the years, HUCSK had not achieved full functionality of the e-asset system across all its programs in 2024:

- The UCCK registered assets in the e-asset system only for those purchased in 2024, but not for assets acquired in previous years. As a result, assets from previous years were not presented at all in the Annual Financial Statements (AFS);
- The General Hospitals in Vushtrri, Mitrovica, Peja, and Prizren had not put into operation the e-asset system, but instead recorded data using internal Excel registers;
- The General Hospital in Gjilan had not registered its assets in the e-asset system due to the absence of a designated asset officer;
- The Mental Health Centers in Prishtina, Peja, Mitrovica, and Gjilan had not put into operation the e-asset system. Consequently, asset presentation in the AFS was based solely on physical counting.

The incomplete functionality of the e-asset system was the result of insufficient effort and a lack of timely and necessary actions by HUCSK.

Impact Failure to utilize the e-asset system increases the risk of errors in record maintenance, potential write-offs, misuse, loss, or alienation of assets.

Recommendation B7 The Board of Directors and the General Director should take all necessary actions to ensure the full functionality of the e-asset system, ensuring that it serves as the primary basis for asset reporting in the AFS.

Entity management response (Agree)

3 Issues addressed during the audit process

During the review of the AFS, we identified some issues and communicated them to the management, which have been effectively addressed during the current audit. This issue requires no further action and is only reported for purposes of documenting the said communication, actions taken, and results thereof.

The material issue identified and rectified during the audit is presented below:

Issue 1 **Incorrect presentation of revenues and disclosure of non-capital assets in the AFS**

Finding In the 2024 Annual Financial Statements (AFS) of HUCSK, under Article 13 - Statement of cash receipts and payments, source of funds, a value of €3,501,000 was presented as revenue from own-source revenues, instead of revenues amounting to €170,349,000 from government grants and €111,000 from designated donor grants. Consequently, there was a total understatement of €166,959,000.

On the other hand, under Article 19.3.2 non-capital assets were presented with a value of €130,661,650, instead of the correct value of €5,058,304. This led to an overstatement of these records by €125,603,346

Required Action The 2024 Annual Financial Statements review by the audit team highlighted the need for corrections in order to present accurate financial values and their material impact.

Result Following consultations with the audit team, this issue was corrected by the entity within the statutory deadlines set by the Treasury.

4 Summary on budget planning and execution

This chapter gives a summarised 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 (in €)

Description	Initial budget	Final budget ^a	2024 Expenditures	2023 Expenditures	2022 Expenditures
Sources of funds	174,387,768	173,821,273	170,460,810	154,716,693	129,066,604
Government Grants – Budget	174,387,768	173,706,785	170,348,877	148,110,128	123,580,480
Funding through borrowing	0	0	0	6,605,585	5,465,547
Domestic Donations	0	113	0	0	0
External donations	0	114,374	111,933	980	20,577

The final budget was lower than the initial budget by €566,495. This decrease is a result of budget cuts.

In 2024, HUČSK spent 98% of the final budget, or €170,460,810, which represents a similar execution rate compared to 2023.

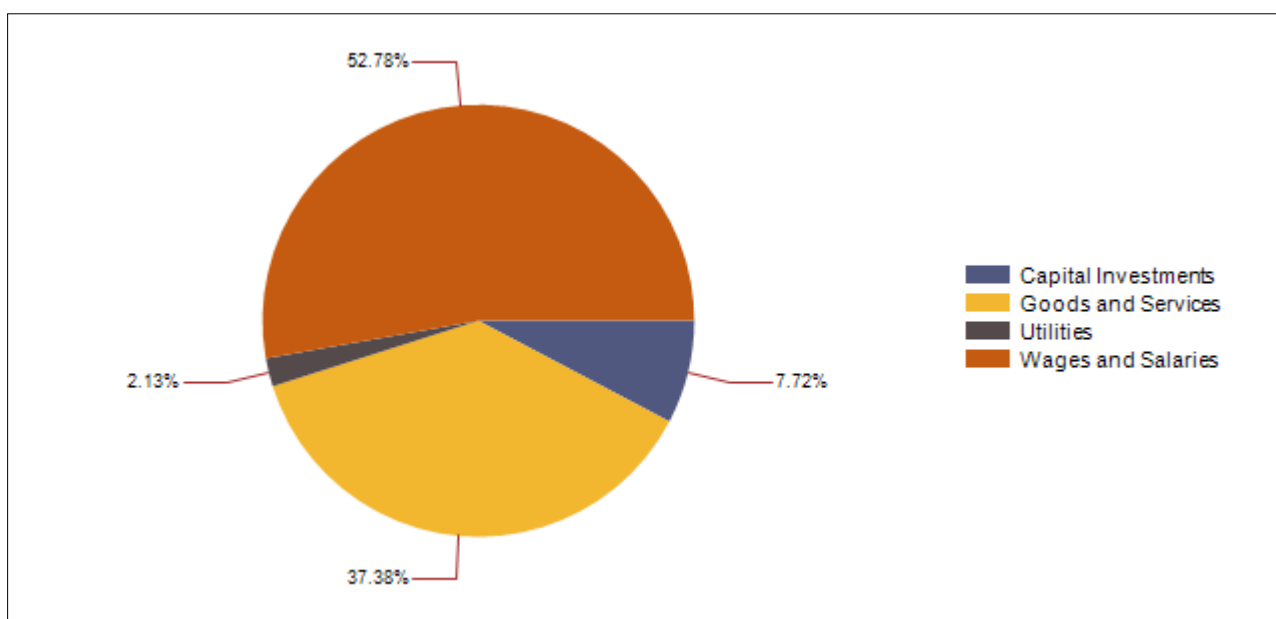
Table 2. Spending of funds by economic categories (in €)

Description	Initial budget	Final budget	2024 Spending	2023 Spending	2022 Spending
Spending of funds by economic categories	174,387,768	173,821,273	170,460,810	154,716,693	129,066,604
Wages and Salaries	86,902,161	89,975,178	89,971,846	84,532,481	70,231,105
Goods and Services	64,547,091	66,257,530	63,711,039	58,769,656	49,576,205
Utilities	3,639,016	3,639,016	3,626,047	4,175,220	3,542,744
Capital Investments	19,299,500	13,949,548	13,151,879	7,239,337	5,716,550

· The final budget for wages and salaries increased by €3,073,018 compared to the initial budget, an increase as a result of the amendment to the law on salaries for public officials. The budget execution rate in this category was 100%.

- The final budget for goods and services increased by €1,710,439 compared to the initial budget. The execution rate in this category was 96%.
- The final budget for utilities remained unchanged compared to the initial budget. The execution rate in this category was 96%.
- The final budget for capital investments decreased by €5,349,952 compared to the initial budget, as a result of budget cuts at the end of the year. Of the 26 planned projects, 11 recorded no expenditure, which contributed to the cuts. For eight of the 11 unimplemented projects, no procurement requests had been initiated. The execution rate in this category was 94%.

Chart 1. Expenditures by economic categories for year 2024



In 2024, the revenues collected by HUCSK were €306,811 lower than the planned revenues. These relate to revenues from participations (co-payments), public parking fees, medical certificate fees, etc.

Table 3. Revenues (in €)

Description	Initial budget	Final budget	2024 Receipts	2023 Receipts	2022 Receipts
Total of revenues	3,808,863	3,808,863	3,502,065	3,759,915	3,230,451
Non-tax revenues	3,808,863	3,808,863	3,501,459	3,759,915	3,230,451
Other revenues	0	0	606		

5 Progress in implementing recommendations

The audit report on the 2023 AFS of the HUCSK) resulted in 11 recommendations. HUCSK prepared an Action Plan stating how all recommendations will be implemented. By the end of our 2024 audit, four (4) recommendations had been implemented, and seven (7) recommendations had not been addressed yet, as shown in the following Chart 2. Compared to the previous year, the status of implementation of recommendations remains the same.

For a more thorough description of the recommendations and how they are addressed, see Table 4 (or Table of recommendations).

Chart 2. Progress in implementing prior year's recommendations

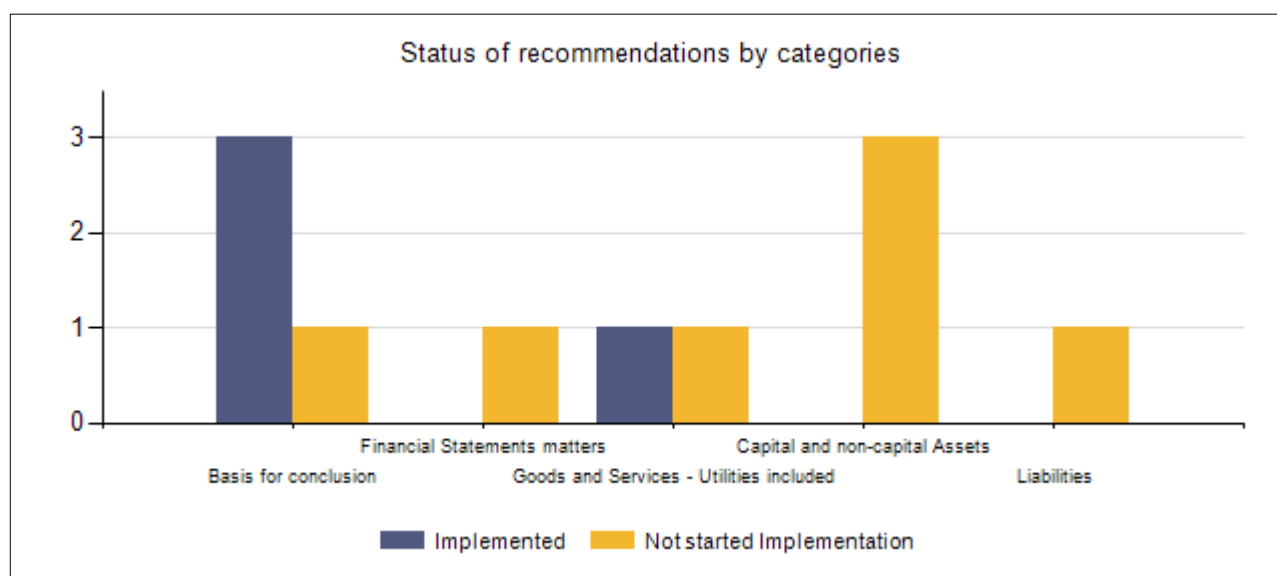


Table 4. Summary of the previous year's recommendations

No.	Audit area	Recommendations of 2023	Actions undertaken	Status
1	Basis for Conclusion	The Board of Directors and the General Director should strengthen controls over asset management to ensure information and evidence of the physical existence of all assets recorded in the registers, in order to prevent the possibility of loss or misuse of assets.	HUCSK, even in 2024, was unable to verify the physical existence of assets recorded in its registers	Implementation has not started

			due to a lack of information	
2	Basis for Conclusion	The Board of Directors and the General Director should ensure that, for contracts with a known end date, procurement procedures are initiated in a timely manner, taking into account the time that complaints from economic operators or other potential obstacles may require, in order to avoid entering into contracts of this nature that violate procurement rules.	No such cases were identified during the current year's audit.	Implemented
3	Basis for Conclusion	The Board of Directors and the General Director should ensure effective controls within the requesting units and the procurement office to prevent the use of biased criteria when drafting technical specifications.	No such cases were identified during the current year's audit.	Implemented
4	Basis for Conclusion	The Board of Directors and the General Director should strengthen internal controls and ensure that, before executing any payment, the equipment has been received in accordance with the contract, in order to achieve the intended purpose for which public funds were spent.	No such cases were identified during the current year's audit.	Implemented
5	Annual Financial Statements	The Board of Directors and the General Director should ensure stronger controls in the preparation and consolidation of data in the financial statements, so that they present a true and fair view.	During the analysis of the AFS, we found that once again this year the AFS were inaccurate, as contingent liabilities, assets,	Implementation has not started

			and unpaid liabilities were not properly reported.	
6	Goods and Services and Utilities	The Board of Directors and the General Director should ensure that during project planning, a thorough analysis of the nature of expenses is conducted so that projects are budgeted in accordance with the nature of the expenditure.	In 2024, HUCSK also had cases of misclassification of expenditures.	Implementation has not started
7	Goods and Services and Utilities	The Board of Directors and the General Director should ensure, through the requesting units and the procurement department, that during the preparation of requests and tender dossiers for framework public contracts based on weighting, they play an active role in determining the hospital's actual needs, so that these contracts are executed in full compliance with the weighting specified in the tender dossier.	No such cases were identified during the current year's audit.	Implemented
8	Assets	The Board of Directors and the General Director should ensure that appropriate controls are established to enable capital assets to be recorded at their correct value, so that their reporting in the financial statements is fair and accurate.	During testing, we found that even in 2024, there was an overstatement of assets in the registers.	Implementation has not started
9	Assets	The Board of Directors and the General Director should ensure that the asset inventory process is carried out in accordance with the requirements of the applicable regulation, in order to have accurate	In some programs, HUCSK did not reconcile the asset status with the asset	Implementation has not started

		and complete reporting of asset values in the financial statements.	registers even in 2024.	
10	Assets	The Board of Directors and the General Director should take all necessary actions to ensure the full functionality of the e-asset system, which should serve as the basis for asset reporting in the financial statements.	In 2024, HUCSK had still not put into operation the e-asset system	Implementation has not started
11	Outstanding liabilities	The Board of Directors and the General Director should ensure that all received invoices are paid within 30 days of their receipt.	Even in 2024, there were cases where received invoices were not paid on time.	Implementation has not started

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

Vlora Spanca, Auditor General

Mjellma Dibra, Head of Audit

Burbuqe Idrizi Ukaj, Team leader

Drilon Osmani, Team member

Fatbardha Jashari, Team member

Aurora Morina, Team member

Annex I: Letter of confirmation/ Comments of BO regarding the audit report

Issue	Comments from the BO	KNAO view
<p>Contract awarded to ineligible Economic Operators</p>	<p>Do not agree - Response to the auditor's finding regarding the procurement activity "Construction of the Pharmaceutical Sanitary Warehouse" in the amount of €299,833:</p> <p>The Contracting Authority acted in full compliance with the legal and sub-legal requirements set forth in the LPP and Regulation No. 002/2024 amending Regulation No. 001/2022 on Public Procurement. The process of initiating and announcing the contract was conducted through the e-procurement system on 10.06.2025, in accordance with the applicable requirements for initiation and publication of the contract notice.</p> <p>With regard to the diplomas, the tender dossier specified the requirement for professional staff with academic qualifications and experience supported by documents. The dossier stated that notarized diplomas or those issued by recognized institutions in Albania would be considered valid. In this case, a notarized Master's degree issued in Albania was submitted and deemed compliant with the requirements of both the tender dossier and the contract notice. As for the nostrification, it was not a formal requirement in the tender dossier, and therefore, it cannot be requested outside the officially published criteria.</p>	<p>The finding remains unchanged, as the comments provided by the KHUCS (SHSKUK) regarding the identified issues are not supported by convincing evidence to contest this finding. The deficiencies in the bid documentation, non-compliance with the technical and legal requirements, as well as the lack of the required supporting evidence, constitute non-compliance with the criteria set out in the contract notice and the applicable legislation.</p>

	<p>Regarding the energy audit certificate, a valid certificate was submitted, issued by a licensed institution in accordance with the MoE legislation, including the Law No. 06/L-079 on Energy Efficiency and the Law No. 05/L-101 on Energy Performance. As such, the document is considered valid and compliant.</p> <p>With respect to the lease agreement for the concrete testing equipment, the rental agreement was signed on 20.06.2024, while the contract notice was published in the system on 10.06.2025. This timeframe satisfies the legal requirement for notification, as the lease contract was finalized prior to the submission of the bid and is in line with the deadlines defined under the LPP. Therefore, no violation exists in this regard.</p> <p>Do not agree – HUCSK response to NAO’s finding regarding the Procurement Procedure “Renovation of the Reception Clinics in the ORL and Ophthalmology Clinics” with a contract value of €346,346:</p>	
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	<p>Explanation: Regarding the certificates for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, which were assessed by the National Audit Office as expired, we clarify that in the Economic Operator's offer it is clearly stated that the certificates are valid until 11.02.2026, which is the re-certification date. The certification body in question does not issue a new certificate before the current one expires on the specified date. Based on direct communication with the accredited certification body, we received written confirmation that these certificates were valid at the time of submission, in accordance with the documentation presented. The renewed certificates have been attached as supporting evidence. Based on this, the evaluation committee accepted the certificates as valid.</p> <p>The Economic Operator also submitted all required documentation for the support staff, in line with the criteria set out in the Tender Dossier. The documents were properly notarized, and the criteria clearly stated "either a high school diploma or a training certificate is acceptable and considered equivalent". Therefore, the EO has met the qualification requirements as specified.</p> <p>Do not agree – HUČSK response to NAO's finding regarding the Procurement Procedure "Renovation of the Reception Clinics in the ORL and Ophthalmology Clinics" with a contract value of €346,346:</p>	
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	<p>Explanation: Regarding the certificates for ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, which were assessed by the National Audit Office as expired, we clarify that in the Economic Operator's offer it is clearly stated that the certificates are valid until 11.02.2026, which is the re-certification date. The certification body in question does not issue a new certificate before the current one expires on the specified date. Based on direct communication with the accredited certification body, we received written confirmation that these certificates were valid at the time of submission, in accordance with the documentation presented. The renewed certificates have been attached as supporting evidence. Based on this, the evaluation committee accepted the certificates as valid.</p> <p>The Economic Operator also submitted all required documentation for the support staff, in line with the criteria set out in the Tender Dossier. The documents were properly notarized, and the criteria clearly stated "either a high school diploma or a training certificate is acceptable and considered equivalent". Therefore, the EO has met the qualification requirements as specified.</p>	
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REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO			
ZYRA KOMBËTARE E AUDITIMIT			
NACIONALNA KANCELARIJA REVIZIJE - NATIONAL AUDIT OFFICE			
KATEGORIA E DOKUMENTIT: 18.06.25			
KODI I DOKUMENTIT: 18.06.25			
Nr. Org. / Org. Unit	Shif. Klasif. / Class. Code	Nr. Prot. / Prot. No.	Nr. i faqeve / Br. Stranica
05	47	1043	60



REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO			
SHËRBIIMI SPITALOR DHE KLINIK UNIVERSITAR I KOSOVËS			
THE HOSPITAL AND UNIVERSITY CLINICAL SERVICE OF KOSOVO			
ARHIVI QENDRORE - CENTRALNI ARHIV - GENERAL ARCHIVE			
Nr. i njësia org. / org.-unit	Nr. i faq. / Br. str.	Nr. Prot. / Prot. no.	Data / Datum
1	-60-	2289	18.06.25
PRISHTINE - PRISTINA - PRISTINA			

Republika e Kosovës
 Republika Kosova - Republic of Kosovo
 Qeveria - Vlada - Government
 Ministria e Shëndetësisë - Ministarstva Zdravstva - Ministry of Health
 Shërbimi Spitalor dhe Klinik Universitar i Kosovës (SHSKUK)
 Bolnička i Klinička Univerzitetaska Sluzba Kosova (BKUSK)
 The Hospital and University Clinical Service of Kosovo (HUCSK)

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

Data, 18.06.2025

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Shërbimit Spitalor dhe Klinik Universitar të Kosovës, për vitin 2024 (në tekstin e mëtejshëm "Raporti");
- pajtohem pjesërisht me gjetjet dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; komentet gjinden në dokumentin përmbledhës për çdo gjetje nga njëra dhe dosja e deshmive.
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për zbatimin e tyre.

Z. Dren Boshnjaku, Kryesues i Bordit Drejtues në SHSKUK

z. Elvir Azizi, Drejtor i Përgjithshëm në SHSKUK

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

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

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

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

(extract from ISSAI 200)

Forms of opinion

Unmodified opinion

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

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

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

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

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

Modifications to the opinion in the auditor's report

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

- Modified (qualified)
- Adverse, or
- Disclaimer

Qualified opinion

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

Adverse opinion

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

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

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

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

Disclaimer of opinion

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

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

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

An Emphasis of Matter paragraph should:

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

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