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 2025

Prishtina, June 2026

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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 2025 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[i].

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[ii], for the year ended as of 31 December 2025.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, 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

B1 Ministry's contingent liabilities in the AFS were overstated by €240,500.

B2 Outstanding liabilities in the AFS were understated by €36,443.

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 of Industry, Entrepreneurship and Trade'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

A1 In four (4) cases, there was poor management of the process of receiving invoices and executing payments. This resulted in legal disputes and additional costs for the ministry's budget.

C1 For two completed projects for industrial parks in economic zones worth €2,366,512, the ministry had not completed the procedures for transferring ownership to the respective municipalities.

A2 The contract "Renovation of KIESA offices" worth €171,603 was not implemented according to the contracted deadline and the ministry has not taken any action to extend the contract deadline and continue the security of execution.

B3 In three (3) cases, we found job positions held with substitutes beyond the legally permitted deadlines and not in accordance with the legislation in force.

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.[iii]

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 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[iv]

During the audit, we noted areas for potential improvement, including internal controls, which are presented below for your review in the form of findings and recommendations.

The most prominent problem areas relate to the incorrect reporting of contingent liabilities and outstanding liabilities in the Annual Financial Statements.

In terms of compliance with legislation, the ministry should strengthen controls in the receipt and verification of invoices, in order to avoid ungrounded liabilities, legal disputes and double payments.

Deficiencies have also been identified in the planning and implementation of contracts, including the management of contracts through the e-procurement platform. Maintaining positions with acting officers beyond the legally permitted deadlines remains a challenging issue for a more efficient management of the activities and achievement of the ministry's objectives.

In the area of assets, despite the progress noted, the issue of transferring ownership of assets to the respective municipalities, after the completion of the investment process by the ministry, still remains.

Furthermore, the inventory report was not reconciled with the asset registers.

This report resulted in eight (8) recommendations, of which three (3) are new recommendations, four (4) are repeated and one (1) is partially repeated. We will follow up (review) these recommendations during next year's audit.

While for the status of the previous year's recommendations and the level of their implementation, see chapter 5.

2.1 Issues with impact on the audit opinion

Issue B1 – Untrue reporting of contingent liabilities

Finding

MoF Regulation No. 01/2017 obliges in Article 18 budget organizations to report all contingent liabilities in the AFS. A contingent liability is a liability that will materialize only after the occurrence of certain future events.

We identified that contingent liabilities in the statements were overstated by €240,500, as follows:

- Two cases worth €217,897 were not removed from the register of contingent liabilities even though the legal proceedings for these cases had been concluded with a second instance decision of the Commercial Court; and
- A case worth €22,603 was erroneously included in the register of contingent liabilities, which relates to a lawsuit initiated by the ministry against another party and as such represents a contingent asset, and not a contingent liability, as presented.

This situation resulted from a lack of communication and outdated information from the legal department, which had frequent management changes. There was also a lack of communication with the State Attorney's Office as the Ministry's representative in court proceedings.

Impact

Failure to report accurately has led to the overstatement of contingent liabilities in the AFS 2025.

Recommendation B1

The Minister should ensure effective controls and communication mechanisms between the legal department, finance and the State Attorney's Office, in order to provide updated information regarding the status and content of court cases.

Entity management response (Agree)

Issue B2 – Understatement of outstanding liabilities in the AFS

Finding

Article 17.3 of MoF Regulation No. 01/2017 on Annual Financial Reporting stipulates that budgetary Organizations must report all liabilities for the reporting year.

Two co-financing agreements signed on December 18, 2025 under the grant scheme in the creative industries sector between KIESA and two beneficiaries in the amount of respectively €20,000 and €16,443 were not presented as liabilities in the AFS for the year

2025. However, payments for these agreements were made at the beginning of 2026, as a settlement of these liabilities.

The reason for not reporting the liabilities in the AFS related to deficiencies in controls and lack of proper communication between departments.

Impact

Failure to present unpaid liabilities has resulted in understatement of liabilities and consequently in their untrue presentation in the Financial Statements.

Recommendation B2

The Minister should ensure, through the finance manager, more effective coordination between departments in reporting liabilities in order to disclose the exact value of outstanding liabilities in the AFS.

Entity management response (Agree)

2.2 Issues with impact on compliance conclusion

Issue A1 – Shortcomings in receipt of invoices and processing of payments

Finding

Financial Regulation No. 01/2013 stipulates in Article 24 that all invoices must be accepted by implementing internal control procedures for the circulation of documentation; 1.1 To ensure that the invoice has not been paid previously; 1.2. To ensure the receipt of goods/services by the authorized official/commission; 1.3 The invoice must be protocolled and recorded in the invoice book.

We identified deficiencies in the receipt of invoices and processing of payments as follows:

- For the contract "Construction of Infrastructure in Industrial Park 2 – Drenas General Park", on December 9, 2025, MIETI had, through the contract manager, received and recorded the invoice in the amount of €170,284 for Item IV of the works without a works acceptance report (the invoice was reported as an outstanding liability in the AFS). Furthermore, for this contract, on October 13, 2025 the MIETI had received a decision from the Agency for the Prevention of Corruption requesting the cancellation of this contract. The contract was not canceled after the MIETI had filed a lawsuit in court for the imposition of a security measure and the suspension of the decision. The Ministry's request for the suspension of the execution of this decision (imposition of a security measure) was also rejected by the Basic Court and the Court of Appeal. The dispute regarding this contract was still ongoing while we were in the audit (April 2026).
- For the contract "Construction of infrastructure in the Opterushë industrial park", the MIETI had in March received an invoice of €28,057 without a works acceptance report from the contract manager and this invoice was presented as a liability in the AFS for the year 2025. In June 2025, the MIETI unilaterally terminated the contract with the Economic Operator. In the final report compiled by the MIETI to ascertain the situation regarding the works performed and the payments made (including the penalties that the MIETI applied for delays) it resulted that the EO owes the MIETI €14,049. For this contract, the EO had filed a lawsuit in court and we have an open dispute.
- The legal dispute over the invoice related to the contract "Construction of infrastructure in the industrial park in Budriga", in the amount of €112,226, was lost by the MIETI as a result of poor management of the invoice acceptance process. As elaborated in the previous year's audit report, the

dispute over the non-payment of the invoice by the MIETI was the request for the EO to change the date of the invoice since the acceptance of the works was made by the commission five months after the receipt of this invoice. In order to execute the payment, the economic operator was asked to cancel the initial invoice and issue a new invoice only with a change in the date of the invoice. The EO had refused to cancel the initial invoice on the grounds that it had declared the sales books to the TAK and had initiated legal proceedings to collect the debt. As a result, in March 2025, the payment of this invoice in the amount of €130,177 was executed through a court decision, thus paying additional interest and court costs in the amount of €17,951.

- For the contract "Vehicles for rent", through the enforcement order, the Ministry had executed the payment of an invoice in the amount of €706 (including interest costs). The same invoice was subsequently executed by the Treasury. The Ministry had notified the Treasury of this case, but measures had not yet been taken to return the funds from the economic operator.

This situation is the result of the lack of effective controls in the process of accepting invoices. Accepting and recording invoices without supporting documentation, as well as the lack of proper communication between departments is causing ongoing litigation.

Impact

These shortcomings have resulted in additional costs for the Ministry's budget, ongoing litigation, and an increase in the potential for new litigation with the EO.

Recommendation A1

The Minister should strengthen internal controls by ensuring that each invoice is accepted and processed only after formal acceptance of the works and relevant documentation, avoid recognizing unfounded obligations, and take measures to recover funds paid twice in error.

Entity management response (Agree)

Issue C1 - Failure to transfer non-financial capital assets to the respective Municipalities

Finding

The Regulation of the Ministry of Finance No. 02/2013 on the Management of Non-Financial Assets in Article 13 stipulates that "All transactions created during the purchase or construction of non-financial assets for other budgetary organizations must be recorded in the registers of the financing organization in the category of ongoing investments. At the moment when the non-financial asset has passed all the rules and procedures of delivery, the financing budgetary organization shall close the account of ongoing investments. The receiving budgetary organization shall record the

received non-financial asset in its registers of non-financial assets".

The Administrative Instruction of the Ministry of Finance No. 04/2019 on the definition of capital projects and the classification of capital project expenditures, namely point 3 of Article 8, among other things, stipulates that expenditures in the project implementation phase (design, planning and procurement phase) are classified as capital expenditures.

In two cases, the MIETI had not transferred the assets to the respective Municipalities after the completion of the investments, and these cases include:

- The project "Construction of Infrastructure in the Industrial Park in Shiroka" was completed in September 2021, but ownership was not transferred to the Municipality of Suhareka as has been practiced with other projects invested in industrial parks. Furthermore, this investment is listed as an asset in use by the ministry, with a net value of €2,357,162. According to the cooperation agreement between the Ministry and the Municipality, the legal property relations for this project are the responsibility of the municipality, and the benefits from business rents are collected by the municipality; and
- From the project "Construction of Infrastructure in the Industrial Park in Budrika", a payment of €9,350 for the revision of the main project for the business park in Budrika was not transferred to the relevant municipality. This was still listed as an ongoing investment in the ministry's register from 2018.

The non-transfer of ownership occurred due to the lack of internal controls, as well as due to uncertainty regarding the transfer of ownership of investments.

Impact

This situation creates uncertainty in the management and control of assets as well as their reporting in asset registers.

Recommendation C1

The Minister should ensure that for projects that are completed and technical acceptances have been made, ownership is transferred to the respective Municipalities. Also, future agreements for investment projects should include clear provisions on the treatment of ownership and capitalization of investments, to avoid uncertainties in this area.

Entity management response (Agree)

Issue A2 – Deficiencies in contract planning and management

Finding

Article 70.23 of Regulation No. 001/2022 on Public Procurement stipulates: The contract manager shall manage the obligations and duties of the Contracting Authority specified in the contract, and ensure that the Economic Operator performs the contract in accordance with the terms and conditions specified in the contract;

The MIETI signed the contract "Renovation of KIESA offices" on October 17, 2025, in the amount of €171,603. According to the special conditions of the contract, the duration for the completion of the works is set at a maximum of 60 calendar days from the issuance of the order for the commencement of the works by the contract manager.

The order for the commencement of the works was not issued by the ministry even though a period of 5 months had passed since the signing of the contract. The Economic Operator, after signing the contract, had expressed readiness to commence the works and had twice addressed the Contracting Authority to obtain the work order. However, the CA had not created the conditions for the start of the contract implementation, with the justification that no solution had been made for the relocation of personnel from the premises to be renovated.

Despite these circumstances, by the end of our audit (March 2026), the Ministry had not taken measures to amend the contract to extend the deadline. In addition, the performance security had expired in January 2026, without measures being taken to extend its validity.

The non-commencement of the contracted work is the result of poor planning and the failure of the CA to create the necessary preconditions for the implementation of the contract.

Impact

Failure to commence works under the contract and the expiry of the performance security increase the financial risk for the CA, as there is no protection in the event of non-performance of the contract, as well as the legal risk of possible disputes or compensation claims from the EO.

Recommendation A2

The Minister, through the contract manager, should ensure the creation of the necessary conditions for the commencement of work. Furthermore, the contract should be amended to extend the deadline and ensure the continuity of execution security.

Entity management response (Agree)

Issue B3 – Acting/replacement appointments

Finding

Law No. 08/L-294 on amending and supplementing Law No. 08/L-197 on Public Officials stipulates in Article 9, paragraph 4, that acting appointments cannot be for a period longer than two (2) years.

From the data received from the human resources department, the MIETI held 29 positions with decisions on acting appointments.

We identified that in three cases; officials were assigned to acting positions for longer than two (2) years. The acting appointments were kept for a period of 30-36 months.

Furthermore, the decisions on these acting appointments were taken in 2023 on the basis of legislation that has already been repealed, and no harmonization with the new legal framework was made, namely with the Law on Public Officials (Basic Law 08/L-197 and Law 08/L-294 on amending and supplementing the basic law).

This situation has occurred as a result of the lack of development of recruitment procedures to fill regular positions as well as the failure to take action to review decisions and harmonize them with the new legal framework.

Impact

Holding positions with acting positions for a longer period than the legally prescribed term risks that various positions will be held by officials who do not meet the required criteria for the appropriate positions.

Recommendation B3

The Minister should ensure that all legal actions are being taken to fill vacant positions and avoid holding regular positions with acting employees beyond the legally permitted term.

Entity management response (Agree)

2.3 Other Financial Management and Compliance Issues

2.3.1 Capital investment

The final budget for capital investments was €2,623,834, of which €1,318,253 were spent in 2025. Expenditures in this category mainly relate to payments made under contracts for investments in industrial parks, renovations of facilities, and execution of court decisions.

Issue A3 – Failure to use the e-procurement system for the contract module

Finding

According to Regulation No. 001/2022 of the PPRC, specifically Article 70.1 and Paragraph 70.24.f, contract management must be carried out through the electronic procurement platform (e-procurement). This paragraph stipulates that the Contract Manager is obliged to ensure that all contract management records are prepared, maintained and archived in the contract management module in the electronic procurement system.

During the testing of procurement procedures, we verified that the process of contract management and implementation in the MIETI has not been developed through the relevant modules of the electronic public procurement platform, as required by the applicable regulation.

This is mainly a result of the circumvention of legal obligations, as well as the lack of sufficient knowledge and training regarding the use of electronic modules for contract management and evaluation.

Impact

Failure to develop processes through the electronic platform makes contract management less transparent and prevents management from receiving timely information regarding the progress and performance of contracts.

Recommendation A3

The Minister should ensure that contract management and contractor performance evaluation are carried out through the e-procurement platform, in accordance with legal requirements.

Entity management response (Agree)

2.3.2 Capital and non-capital assets

The value of capital assets presented in the AFS is €12,406,843, of non-capital assets €116,639, and of inventories €3,790.

Issue B4 – Failure to reconcile the inventory report with asset registers

Finding

Article 19.4 of Regulation No. 02/2013 on Management of Non-Financial Assets stipulates that an inventory must be carried out at the end of each year, by the inventory committee, which is responsible for: Inventorying all non-financial assets owned and controlled by the budget organization, physical and qualitative verification of the state of non-financial assets, comparing the inventoried state with the state of the non-financial assets registers, and drafting a general report based on the individual reports of the Committee for the Inventory of Non-Financial Assets.

The inventory committee had made an inventory of assets for 2025, where it had compiled a comprehensive report on non-financial assets, but had not further harmonized the inventoried state with the state in the non-financial assets' registers and that the reporting of assets in the AFS was made according to the accounting records. This issue has been recommended in previous years, but it has not yet been possible to implement this process according to the requirements of the applicable regulation.

This situation was mainly due to the lack of knowledge regarding the requirements of the regulation on asset management by the asset inventory committees and the lack of coordination between the relevant departments of the MIETI for the final recording of the Ministry's assets.

Impact

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

Recommendation B4

The Minister should ensure that the asset inventory committee 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, she should compare the inventory status with the status in the non-financial asset registers to correct possible errors, and that all this is completed before the preparation of the AFS.

Entity management response (Agree)

3 Issues resolved during the course of the audit

During the audit, several issues were identified that were communicated to management and effectively resolved during the current audit. They do not require any further action and are reported only for the purpose of documenting the communication in question, the actions taken and their results. These were as follows:

Material matters that we have identified and rectified during the audit are outlined below.

Issue 1	Untrue presentation of data in the AFS
Finding	In the 2025 Annual Financial Statements of the MIETI, several inaccuracies have been identified in the presentation of data in the Annual Financial Statements, which we have disclosed below: • In Article 16, Report on Receivables – Accounts Receivable Balance, respectively the balances for the previous years 2024 and 2023 were presented incorrectly, where for the year 2024 there was an understatement of the accounts receivable balance by €316,269 and for the year 2023 an understatement by €298,966; • In Article 14, Budget Execution Report – namely Cash Inflow, "Revenues from the previous year, in the amount of €20,255, were not presented; and • The value of the designated donor grants of €500,000 presented in Article 14 – Budget Execution Report was not in accordance with the value disclosed in Note 11, consequently in the note the value of the grants was overstated by €17,000.
Required action	The entity's management has been requested to take action to correct the Annual Financial Statements so that they accurately present the financial position in accordance with financial reporting rules.
Outcome	Management had taken corrective actions for a fair and accurate presentation of the AFS during the audit process and had made corrections for the issues we suggested. These errors resulted from dysfunctional internal controls; therefore, we draw your attention that if these errors are repeated in the AFS of the following year then the matter will result in a recommendation in the audit report.

4 Summary information of budget planning and execution

In this chapter we have presented a summary of information on the sources of budgetary funds, the expenditure of funds and the revenues collected, by economic categories. This is illustrated through the following tables and graphs:

Table 1. Expenditures by sources of budget funds

Description	Initial budget	Final budget[v]	2025 Expenditures	2024 Expenditures	2023 Expenditures
Sources of funds	**28,570,046**	**25,772,126**	**16,653,994**	**12,132,996**	**33,912,794**
Government grants - Budget	28,570,046	25,255,401	16,166,748	12,130,719	27,434,081
Funding through borrowing	0	0	0	0	6,478,712
External donations	0	516,724	487,245	2,277	0

The final budget is lower than the initial budget by €2,797,920. This change is a result of the Government's decisions on budget allocations, revenues received from donor funds, and budget cuts through government decisions on savings.

In 2025 the MIET has spent 65% of the final budget or €16,653,994, with an increase of 14% compared to 2024. However, the implementation of the budget remains at an unsatisfactory level.

The explanations for the current position are detailed below.

Table 2. Expenditures by economic categories (in €)

Description	Initial budget	Final budget	2025 Expenditures	2024 Expenditures	2023 Expenditures
Spending of funds by economic categories	**28,570,046**	**25,772,126**	**16,653,994**	**12,132,996**	**33,912,794**
Wages and Salaries	2,686,005	2,576,190	2,571,449	2,258,481	2,120,076
Goods and Services	7,259,761	5,112,114	2,625,242	1,651,971	10,414,455
Utilities	158,280	68,280	48,194	75,969	98,041
Subsidies and Transfers	8,246,000	10,445,542	10,248,380	6,497,071	18,754,543
Capital Investments	10,220,000	7,570,000	1,160,729	1,649,504	2,525,678

The explanations for the changes in the budget categories are given below:

The final budget for wages and salaries compared to the initial budget was reduced by €109,815. This change was the result of the Government's decision for budget allocation in the amount of €85,672 (for an increase in the coefficient by 0.5 units) as well as the decision for budget savings in the amount of €195,487. The final budget execution in this category was about 100%;

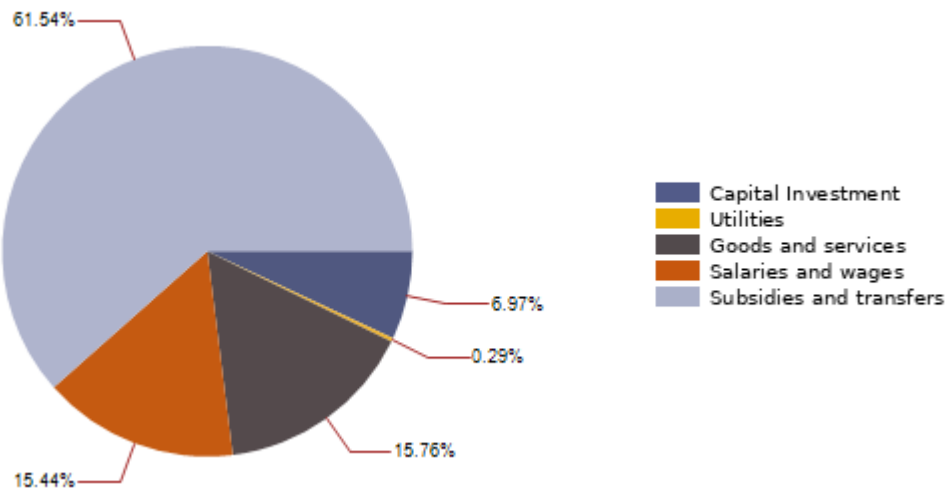
The final budget for goods and services compared to the initial budget was reduced by €2,147,647. The reduction was made through Government decisions for budget savings in the amount of €2,164,372, while donations increased the initial budget by €16,725. The final budget execution in this category was about 51%. The low level of implementation was due to the failure of the tender process for the wheat supply contract for the needs of the state reserve.

The final budget for municipalities compared to the initial budget was reduced by €90,000 through the Government's decision on budget savings. The implementation of the final budget in this category was 71%;

The final budget for subsidies and transfers compared to the initial budget was increased by €2,199,542. This increase was the result of the transfer of funds in the amount of €2,300,000 from the capital investment category, for financial support to micro, small and medium-sized enterprises (MSMEs) for the purchase of advanced production and processing machinery; an increase in the budget as a result of the revenues received from donors in the amount of €500,000 as well as a reduction in the budget in the amount of €600,458 with a government decision on savings. Budget execution in this category was 98%.

The final budget for capital investments compared to the initial budget was reduced by €2,650,000. The changes occurred with Government decisions for budget savings in the amount of €350,000 and funds in the amount of €2,300,000 were transferred to the subsidies and transfers category. The final budget execution in this category was only 15%. This poor budget performance is mainly the result of failures and delays in contracting planned projects, as a result of complaints during the tendering processes.

Chart 1. Expenditures by economic category for 2025



The revenues generated by the MIETI in 2025 amounted to €2,192,704. 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	2025 Receipts	2024 Receipts	2023 Receipts
Total of revenues	**3,117,206**	**3,117,206**	**2,192,704**	**2,059,878**	**2,105,854**
Non-tax revenues	3,117,206	3,117,206	2,172,449	2,059,878	2,105,854
Other revenues	0	0	20,255		

5 Progress in implementation of recommendations

The audit report for the MIET's AFS 2024 resulted in eight (8) recommendations. MIET has prepared an Action Plan stating how to implement the recommendations given.

By the end of our 2025 audit, three (3) recommendations had been implemented, one (1) was in progress, and four (4) had not yet been implemented, as shown in Chart 2.

For a more complete description of the recommendations and how they have been addressed, see Table 4 (or the Recommendations Table).

Chart 2. Progress in implementation of prior year's recommendations

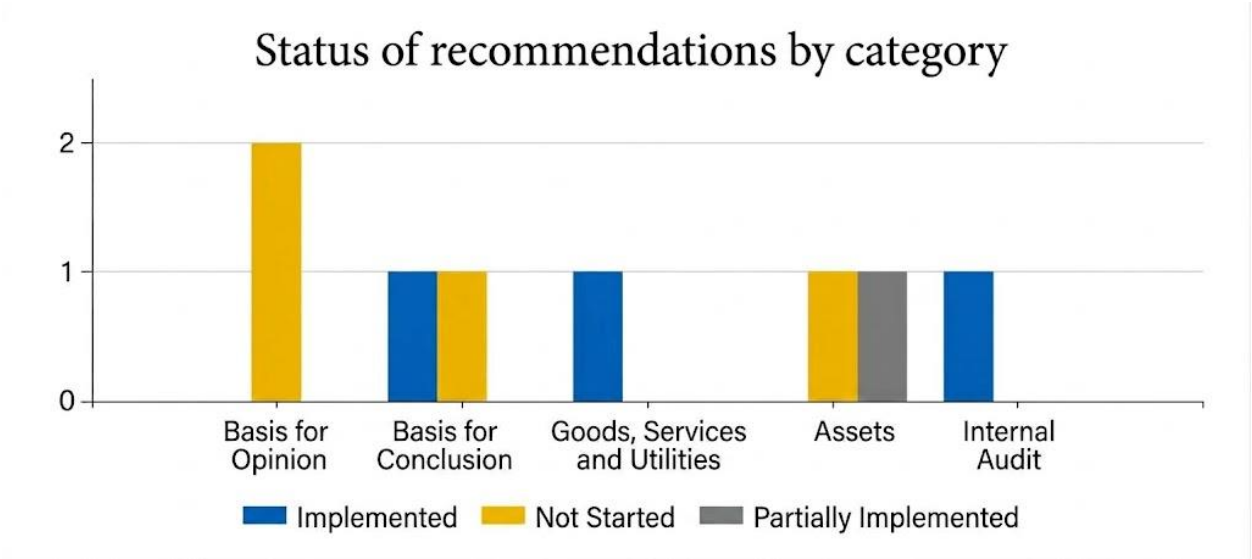


Table 4. Summary of recommendations from the previous year

No.	Audit area	Recommendations of 2024	Actions taken	Status
1.	Basis for opinion	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	This year too we have identified obligations not reported in the AFS.	Implementation has not started

2.	Basis for opinion	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	This year too, we have found that the register of contingent liabilities is overstated.	Implementation has not started
3.	Basis for conclusion	The minister should ensure that all legal actions to fill the positions currently covered by acting appointment are taken	This year too, we have identified cases of holding positions with acting employees beyond the legally permitted period.	Implementation has not started
4.	Basis for conclusion	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.	In the 2025 subsidy calls, the entity had applied the changes to the public call criteria (Application Guide), therefore we have not identified such deviations this year.	Implemented
5.	Goods and Services and Utilities	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	We have not identified such cases this year. Regarding the case identified in the previous year, the tax deduction was applied to the entire contract in the last invoice.	Implemented

6.	Assets	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	The Ministry had taken several measures and a number of completed projects were sent for transfer to the responsible municipalities and the ongoing investment accounts in the Ministry's asset register were closed. However, we also identified several projects for which ownership has not yet been transferred to the municipalities.	Partially implemented
7.	Assets	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	This year too, the inventory report was not reconciled with the asset register.	Implementation has not started
8.	Internal Audit	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.	During 2025, the audit committee was functional.	Implemented

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

Vlora Spanca, Auditor General

Faruk Rrahmani, Audit Director

Fjolla Bakalli Sadiku, Team Leader

Flora Berisha, Team Member

Veton Misiri, Team Member

Annex I: Letter of confirmation

REPUBLIKA E KOSOVËS/REPUBLIKA KOSOVA/REPUBLIC OF KOSOVO
MINISTRIA E INDUSTRISË, NDËRMARRËSISË, TREGTISË DHE INOVACIONIT
MINISTARSTVO INDUSTRIJE, PREDUZETNIŠTVA, TRGOVINE I INOVACIJA
MINISTRY OF INDUSTRY, ENTREPRENEURSHIP, TRADE AND INNOVATION
Nr.Prot: 2094
02
08/05/2026
PRISHTINË/A

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

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

LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për vitin 2025
dhe për zbatimin e rekomandimeve

Për: Zyrën e Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Ministrisë së Industrisë, Ndërmarrësisë, Tregtisë dhe Inovacionit, për vitin 2025
- pajtohem me gjetjet dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit.
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për zbatimin e tyre.

Z. Artan Demolli
U.d. Sekretar i Përgjithshëm
Datë: 8 Maj 2026

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 [vi] 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[vii]. 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 t

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:

- 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.

Endnotes

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

[ii] Other reports are required under Article 8 of Regulation no.01/2017 on Annual Financial Report

[iii] Collectively referred to as compliance with authorities

[iv] 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

[v] Final budget – budget approved by the Assembly and subsequently adjusted by the Ministry of Finance

[vi] Financial statements in the public sector include also the statement(s) of budget execution

[vii] Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.