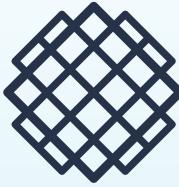




Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

# ANNUAL AUDIT PLAN 2025/2026

(Audit Season - 2025/2026)



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# 1. GLOSSARY OF ABBREVIATIONS

NAO	National Audit Office
AG	Auditor General
AAR	Annual Audit Report
APP	Annual Audit Plan
SAI	Supreme Audit Institution
AFR/BK	Annual Financial Report on the Budget of Kosovo
AFS	Annual Financial Statements
ISSAI	International Standards of Supreme Audit Institutions
SITA	Audit Information Technology System
INTOSAI	International Organisation of Supreme Audit Institutions
COPF	Committee for Oversight of Public Finances
USAID	US Agency for International Development
UN Women	United Nations Women
POE	Publicly Owned Enterprise
NGO	Non-governmental Organisation
BO	Budget Organisation
RWC	Regional Waste Company
DEMOS	Decentralisation and Municipal Support
KOSTT	Kosovo Electricity Transmission System Operator
J.S.C	Joint Stock Company
RWC	Regional Water Company
MD	Ministry of Defence
MIA	Ministry of Internal Affairs
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MESTI	Ministry of Education, Science, Technology and Innovation
KCA	Kosovo Cadastral Agency
MFLT	Ministry of Finance, Labour and Transfers
MESPI	Ministry of Environment and Spatial Planning and Infrastructure
AIS	Agency of Information Society
MJ	Ministry of Justice
HEPOE	Hydro-Economic POE
ERO	Energy Regulatory Office
ICMM	Independent Commission for Mines and Minerals

## 2. VISION, MISSION, AND VALUES



### VISION

A reliable Supreme Audit Institution serving as a role model and adding value to the use of public funds.



### MISSION

Through quality audits we provide assurance on the way public money and assets are used, aiming at improving the delivery of services to citizens and increasing public accountability.



## VALUES OF THE NATIONAL AUDIT OFFICE

### Independence

Independence means the whole audit process being subject to professional standards' requirements only and free from influence by third parties. Independence is the key element for obtaining the public's trust and the Assembly of Kosovo's, by providing them with reliable and unbiased information.

### Professionalism

In conducting its audit activities, NAO applies INTOSAI's professional standards and best practices of the countries.

### Integrity

NAO is engaged in embedding best ethical, moral, and professional values. The audit activity is carried out without any conflict of interest.

### Transparency

NAO is an open organisation and will publish all its important activities. It will also provide the general public with information obtained from the audit in line with regulations and professional standards. NAO will engage in promoting transparency in the auditees, as an element of good governance.

### Team spirit

In NAO the audit process is conducted in a professional and cooperative approach amongst the team members and at different organisation level, thus promoting team spirit as an added value to the NAO.

### 3. INTRODUCTION

The National Audit Office (NAO), as the Supreme Audit Institution (SAI), carries out external audit of the public sector in the Republic of Kosovo. The mandate and powers of the Auditor General are set forth in the Constitution of the Republic of Kosovo and the Law on the Auditor General and the National Audit Office of the Republic of Kosovo.

NAO audits the Annual Financial Statements (AFS) of all budget organisations to assess whether they give a true and fair view and whether public money has been spent for the intended purposes. NAO conducts compliance audits to provide the intended users with information on whether the audited public entities comply with the decisions, laws, legislative acts, policy, guidelines, established codes, standards, and agreed-upon terms of contracts and memorandums of understanding. In addition, NAO also conducts performance audits aimed at improving services to citizens and value for money.

The Law no.05/L-055 on NAO, namely article 20, instructs the Auditor General (AP) to prepare the Annual Audit Plan (AAP), which includes all audit activities for the audit season, and is to be submitted to the Committee for Oversight of Public Finance (COPF) as of October 31<sup>st</sup>, every year.

This document has been prepared by taking into account the Law on NAO in the fulfilment of constitutional and legal obligations to carry out regularity audits<sup>1</sup>.

Performance audit topics have been selected based on the assessment of the impact on improvement of citizens' welfare, improvement of governance and the possibility of adding value to the public financial management. As a regular process in consultations with stakeholders and NGOs, the level of risk (risk-based approach) has been assessed.

The selection of 10 publicly owned enterprises audits includes 8 POEs that were also subject to last year's audit, of which 4 were given qualified opinions and 4 were given adverse opinions, as well as 2 other enterprises – RWC Pastërtia–Ferizaj and Bus Station–Prishtina – which were audited by the National Audit Office several years ago.

The auditing of public enterprises is generally based on several key sectors such as water, energy, transportation, and hygiene services—meaning enterprises that provide essential services to the public and have a significant impact on citizens' daily lives. These enterprises are publicly owned and typically manage budgets or incur considerable amounts of expenses. Audits may also be conducted due to issues identified in previous audits or by request of the Assembly of Kosovo.

The Annual Audit Plan contains relevant information regarding the audits selected by the Auditor General for the audit season, including: projects, activities, deadlines, required resources, budget, expected results, and potential risks that the NAO may face.

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<sup>1</sup> Although the "regularity audit" term is still used in the law on NAO, it is no longer in use with the updated ISSAIs. This type of audit is now called the Financial and Compliance Audit, as ISSAIs handle financial and compliance audits separately.

The audits will be conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and the International Framework of Professional Pronouncements (IFPP). The audit process is also guided by the universal principles of the SAIs and the National Audit Office, such as: independence, professionalism, integrity, transparency, and team spirit. All NAO reports are accessible to interested parties and are published on the official website of the National Audit Office.

## 4. AUDITS – TYPES AND PROCESS

The International Standards of the Supreme Auditing Institutions, ISSAI 100, the INTOSAI Professional Pronouncements recognise three types of public sector audits: financial, compliance and performance audits.

### 4.1. Types of audits

In line with its mandate and scope, NAO will – during the audit season 2025/26 – carry out:



**Financial and Compliance Audit** includes the audit of the institution's AFS aimed at assessing whether the financial reports:

- are reliable and give a fair view of the budget outturn;
- they comply with applicable laws and subordinate acts and ensure that the funds are used for the intended purposes; and
- the financial management system, internal audit functions and internal control systems are functioning.

<sup>2</sup> Audits of special purpose financial statements are carried out in line with ISA 800 and 805.

The financial and compliance audit objectives are defined as reasonable assurance given to users of the financial statements that the audited financial statements are, in all material respects, true and fair (or fairly presented) and that transactions reported therein are in compliance with the authorities<sup>3</sup>.

The Law on the Auditor General and the NAO defines it as a mandatory regularity audit. To meet this requirement, the audit refers to a combined financial and compliance audit.

Financial and compliance audit is performed annually. The audit process begins in September, whilst the individual audit reports for individual BOs and POEs are published by the end of June. The audit cycle concludes at the end of August with the submission of the Annual Audit Report (AAR) on the Annual Financial Report of the Kosovo Budget (AFR/KB) to the Assembly of Kosovo. Regardless of the source of criteria, the auditor performs the audit and forms an opinion with the selected level of assurance, in accordance with the requirements of ISSAI 2000<sup>4</sup>.

**Compliance Audit:** The objective of a standalone compliance audit is to provide the intended user(s) with information on whether the public sector auditees comply with the Assembly's decisions, laws, legislative acts, policy, guidelines, established codes, standards, and agreed-upon terms of contracts and memorandums of understanding.

Compliance audit includes both the aspects of regularity (adherence to formal criteria such as laws, regulations and respective agreements) and/or propriety (compliance with general principles governing financial management and the conduct of public officials). Regardless of the source of the criteria, the auditor performs the audit and forms a conclusion with the selected level of assurance, in accordance with the requirements of ISSAI 4000<sup>5</sup>.

**Performance Audit** is an independent, objective and reliable examination of whether government undertakings, systems, operations, programs, activities, or organizations are operating in accordance with the principles of:

- **economy** (minimising the costs of resources);
- **efficiency** (getting the most from available resources); and
- **effectiveness** (meeting the set objectives and achieving the intended results).

Audit topics, objectives and timing are determined on a case-by-case basis, by taking into consideration the audit relevance, risk, scope, existing capacities and other relevant criteria.

Performance audit focuses on the way public sector organizations have used the resources available to achieve their objectives. To conduct an examination of the auditee's performance, the NAO uses one or a combination of the following three approaches:

3 "Compliance with authorities" means compliance with the acts or resolutions of the legislature or other statutory instruments, directives and guidelines issued by the public sector bodies with statutory powers, which the audited entity is expected to adhere to. In other words, it is compliance with all laws, rules, regulation, standards and good practices.

4 Financial Audit (FA Principles ISSAI 200-299, SFA Standards ISSAI 2000-2899, Supplementary Guidance FA G UID 2900-2999)

5 Compliance Audit (CA Principles ISSAI 400-499, CA Standards ISSAI 4000-4899, CA Supplementary Guidance G UID 4900-4999).

- **Results** - oriented approach, which assesses whether the set objectives have been achieved;
- **Problem** - oriented approach, which verifies and analyses causes of the problem/s
- **System** - oriented approach, which examines the functioning of management systems.

Information Technology (IT) audit, which is part of performance audit, is defined as the examination and evaluation of information technology systems and related controls in order to obtain assurance or to identify the risks related to the principles of legitimacy, efficiency, economy, and effectiveness of IT systems and related controls. Regardless of the source of criteria, the auditor performs the audit and forms a conclusion with the selected level of assurance, in accordance with the requirements of ISSAI 3000<sup>6</sup>.

## 4.2. Audit process

**A. Financial and Compliance Audit Process** is based on the audit methodology described in the Financial and Compliance Audits Manual (combined approach methodology) and ISSAIs. Regularity audit is carried out in several stages starting from knowing the business and risks analysis, over to:

- audit planning;
- audit execution;
- issuing of audit conclusions and opinion, reporting to the Assembly and informing public opinion (publication of reports); and
- follow up on addressing of audit recommendations (action plan).

Chart 1: Stages of financial and compliance audit process



<sup>6</sup> Performance Audit (PA Principles ISSAI 300-399, PA Standards ISSAI 3000-3899, PA Supplementary Guidance GUID 3900-3999).

**Stage 1. Planning includes two periods:**

- **Overall audit planning** where information on the auditee is collected as much as possible. This is effectively carried out through preparatory work and meetings with the auditee's top management.
- **Detailed audit planning** which includes the preparation of a clear and structures plan, based on the preliminary analysis, the risks assessment and internal control assessment. During this stage, specific audit objectives, high-priority areas and the key audit procedures to be applied are defined. The aim is to ensure that the audit is conducted effectively and efficiently, supporting the achievement of reliable results. All these are incorporated and documented in the Audit Planning Memorandum.

**Stage 2. Audit Execution** involves the practical implementation of the audit plan, during which auditors collect, test, and analyse evidence to assess the effectiveness of controls and the reliability of financial or operational information. During this stage, substantive and analytical procedures are performed to validate the findings. Preliminary results are discussed with management to obtain clarifications and comments. The conclusions and assessments are summarised in the draft audit report, which presents the findings, recommendations, and the overall evaluation of the entity's performance and internal control.

**Stage 3. Reporting** involves summarising and finalising the audit conclusions based on the evidence collected during the execution stage. During this stage, auditors prepare the final audit report, which includes the official opinion on the annual financial statements and an assessment of compliance with applicable laws and regulations. The report is subject to a quality control and formal approval process within the audit institution, aimed at assuring accuracy and objectivity. Once approved, the report is published and submitted to the relevant authorities and stakeholders, thereby concluding the audit cycle with official opinion and conclusion that reflect the true view of the audited entity.

**Stage 4. Follow-up** on audit recommendations is conducted through follow-up audits, aimed at verifying the implementation of the recommendations by the audited entity. After receiving the final audit report, the auditee is obliged to prepare an action plan outlining the measures and timeframe for implementing the recommendations and submit it to the National Audit Office (NAO) within the set deadline.

**B. Performance and compliance audit process** - is based on the audit methodology described in the Performance Audit Manual and ISSAIs. Performance and compliance audits follow the same approach and are conducted in the following stages:

Chart 2: Stages of performance audit process



**Stage 1. Planning** involves the proposal of audit topics and the preparation of pre-study memorandums. The proposed topics are assessed based on their significance, impact, and suitability for audit. During this stage, the audit team conducts a preliminary analysis to gain a better understanding of the area to be audited. In this regard, the audit problem, purpose, and objectives along with the audit scope and reasoning are clearly defined, in order to ensure that the process remains focused, purposeful, and aligned with professional standards.

**Stage 2. Execution** involves the practical implementation of the audit plan aimed at obtaining sufficient and reliable audit evidence. During this stage, audit teams test the processes, analyse the data, and examine the internal controls to assess the auditees performance. Auditors carry out various procedures, including verifications, interviews, and comparative analyses. The objective is to identify deficiencies, risks, and opportunities for improvement. All findings are duly documented to support the audit conclusions. At the end of this stage, a draft audit report summarising preliminary findings and recommendations is prepared.

**Stage 3. Reporting** involves finalising and presenting the audit findings clearly and reader-friendly manner. The audit team prepares the final audit report, which should be objective, accurate, comprehensive, and evidence-based. Prior to publication, the report is subject to quality control review and formal approval process to assure its content is fair and professionally presented. Once approved, the report is made public and shared with relevant stakeholders, thus concluding the performance audit process.

**Stage 4. Follow-up** occurs after a defined period, during which the NAO assesses the progress made by the auditee in implementing the audit recommendations. This assessment is conducted through a follow-up audit, aimed at confirming whether the actions taken are effective and sustainable. According to auditing standards and the Performance Audit Manual, follow-up audits are not mandatory for every previous audit. The decision to conduct a follow-up audit is based on the audit topic significance and impact.

The financial and compliance audit process at the NAO is monitored and reviewed by the Quality Assurance Department, which is responsible for assuring that audits are conducted in accordance with the methodology approved by the Auditor General and the International Standards of Supreme Audit Institutions (ISSAIs). This process underpins the maintenance of audit quality, professionalism, and the overall credibility of the audit work.

## 5. OBJECTIVES OF THE ANNUAL AUDIT PLAN

The National Audit Office plans its audit work on an annual basis, guided by the objectives set out in the Strategic Plan. The NAO's objectives for the 2025/26 audit season are aligned with legal requirements and are aimed at increasing the impact on improving governance and creating the possibility for adding value to the public financial management.

For the 2025/2026 audit season we have planned 145 audits. The audit plan includes:



- 88 mandatory regularity audits as defined in Article 18.3 of the Law on NAO;
- 10 compliance audits;
- 3 compliance audits, carried over from the previous year;
- 12 POEs audits;
- 3 classified information audits;
- 20 performance audits;
- 3 performance audits, carried over from the previous year and
- 6 audits of World Bank funded projects.

Table 1: Number and type of audits planned for the 2025/2026 audit season

Regularity audits (financial and compliance)	Number	Types of audits			Number
		Compliance/classified audits Auditime	Number	Performance audits	
Budget of Kosovo -AAR	1	Compliance audits	10	Performance audits	20
Central level institutions	49	Compliance audits, carried over from the previous year	3	Performance audits, carried over from the previous year	3
Municipalities	38	Classified audits	3		
POEs	12				
Projects financed from external funds	6				
Total	106	Total	16	Total	23
Total number of audits for the 2025/2026 season					145

All audits (with a description) are presented in [Annex 1](#) of this document.

Individual regularity (financial and compliance) audit reports shall be finalised as of 30th of June 2026. According to the statutory deadline, the Annual Audit Report on the Kosovo Budget shall be submitted to the Assembly of Kosovo not later than 31st of August 2026.

Performance, compliance and project audits shall be published within the schedule defined and approved by the Auditor General.

Human sources shall be deployed in the audit processes considering: the availability of human resources, staff qualification and experience; the size of the budget to be audited; the risk and complexity of the audit topic.

## 5.1. Objective of regularity audits

In addition to the regular annual audits, NAO's management has decided to include 10 compliance audits as well as 2 audits of special-purpose financial statements of KEK, for the needs of the ERO and the ICMM.

Unlike the previous year, we have reduced the number of outsourced audits of independent institutions from 10 to 4, while the number of outsourced municipal audits has increased from 10 to 14. The audits of 6 Independent Institutions and 14 Municipalities will be conducted by a private audit firm. However, the monitoring of these audits and the issuance of the audit opinions will be carried out by the Auditor General, in accordance with the NAO's methodology and the ISSAIs.

NAO has established internal mechanisms to handle various requests received from external parties for audits, which are effectively addressed.

### **Method of selecting the regularity audits**

Apart from the mandatory regularity audits, as established by the law, special focus has been given to compliance, POEs and World Bank projects audits.

The audit scope or the audit approach will not be any different from the previous years', but a greater focus will be put on the areas expected or estimated to be riskier and to have departed from legal regulations.

The audit planning is an important part of the audit process as it provides the roadmap for the audit, based on the assessment of risks related to the entity. An effective and efficient audit relies on properly planned processes and procedures.

We have developed a detailed strategy and approach for the specific work so that the audit is carried out in an efficient and timely fashion. Our goal is to ensure that audit matters are given due importance and that problematic matters are identified and properly addressed within the constitutional and legal mandate. We will consider and describe the nature, duration and extent of the necessary audit procedures. We will get to know the entity's business, including internal controls, sufficiently enough to be able to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statements and sufficiently enough to be able to establish and carry out further audit procedures.

#### **5.1.1. Audit Risks**

Prior to preparing the audit plan for financial and compliance audits, risk assessment is conducted for all institutions. In developing the annual audit plan, we also consider potential significant risks. Significant risks are identified and assessed as risks of material misstatement that, in the auditor's judgment, require special audit consideration, which have been identified during individual audits of the BOs and presented in the AAR. This audit season, in addition to other issues, attention will be paid to:

- Misclassification of expenditures in the BOs;
- Management of financial assets;
- Accounts Receivable; and
- Outstanding and contingent liabilities.
  - According to the Financial Rule no.01/2013 on **Spending of Public Funds**, expenditures should have their adequate code, as defined in the Chart of Accounts. In addition, the AI no.19/2009 on the Chart of Accounts, requires the CAOs and CFOs to ensure that all transactions are recorded in KFMIS in line with the structure of the chart of accounts and the classifications set forth in this AI.
  - MoF Regulation no.02/2013 on the **Budget Organisations Assets Management** obliges all budget organisations to keep records of the non-financial assets they own and to update

them on regular basis depending on the purchases/acquisitions or following the systematic examination of their useful life.

- Mof Regulation no.01/2017 on the **Annual Financial Reporting** obliges the BOs to keep records of Accounts Receivable. Receivables constitute an important item for financial management purposes. BOs that collect revenues are required to keep records of invoiced and uncollected amounts, which serve as the basis for financial reporting. BOs are obliged to collect AR in real time as the aging of these accounts makes collection difficult and poses a risk of financial loss for the BOs.
- The Law on Budget and secondary legislation on **Spending of Public Funds** limits the BOs' ability to enter into liabilities, as they are required to place orders for goods/services (purchase-orders) only when funds are available. Outstanding/contingent liabilities represent invoices received for completed work/services from economic operators that have not been paid. Due to the use of cash-based accounting, the balance of outstanding liabilities can only be disclosed in the financial statements, even more so when an approach such as collecting information outside the KFMIS leaves room for potential errors in their reporting or disclosure.

### 5.1.2. Audit response

During the audit planning phase, we will place special focus on these risks. In response, we will carry out additional work by designing a tailored audit program focusing on the classification of expenditures, asset management, accounts receivable, and outstanding/contingent liabilities.

We will make use of other accounting systems and management controls to the extent that we consider necessary for conducting an effective audit. As a result, our examinations might not cover all the shortcomings or the improvements that could be made. When we find any significant shortcoming or weakness, we will report them together with the recommendation on improving them.

In the annual audit plan, for large and complex institutions, the focus will be put on the deployment of staff based on their qualifications, experience and professional competence

For the purpose of being able to cover the mandatory audits considering the insufficient number of regular staff, NAO will conduct an audits risks assessment in order to outsource the less risky ones to licenced private audit firms.

## 5.2. Objective of compliance audits

The purpose of the compliance audit is to provide the intended users with information on whether the public auditees comply with the decisions, laws, legislative acts, policy, guidelines, established codes, standards, and agreed-upon terms of contracts and memorandums of understanding. These audits are conducted in compliance with the ISSAI 400 and 4000 requirements

Considering the importance of ensuring that activities at both central and local levels are conducted in compliance with the authorities, we have planned 10 standalone compliance audits for the 2025/2026 audit season, as well as the 3 ones carried forward from the previous year.

The objective and scope of these audits will be determined after identifying and analysing risks in specific areas.

### 5.3. Objective of performance, procurement and IT audits

The National Audit Office continues to pay special attention to performance and IT audits.

Areas to be covered for the 2025/2026 audit season are:

- gender equality;
- healthcare and welfare;
- quality education;
- industry, innovation and infrastructure;
- life on land;
- resilient cities and communities;
- peace, justice and strong institutions;
- Responsible consumption and production/ Sustainable public procurement;
- innovation, infrastructure, and industrialisation.

For the purpose of prioritising areas of public interest while maximising the resources and enhancing our performance audits' impact on the citizens' well-being, the National Audit Office carries out a process for the selection of audit areas and topics. The process has involved the strategic approach and research into relevant areas, resulting in the development and approval of a three-year IT audit strategy. In addition, regularity and compliance audit reports were analysed to identify key matters, and auditors were invited to propose topics based on their knowledge and issues encountered during previous audits.

In addition to in-house research and proposals made by NAO auditors, roundtables were organised with external stakeholders – including civil society organizations, such as NGOs, professional associations, donor community representatives, and subject-matter experts – to discuss potential audit topics and to give the attendants the possibility to provide input and suggestions.

Through these audits, the NAO aims to promote efficiency, accountability, effectiveness, and transparency within public administration.



### **Goal: Gender equality**

**Empowering women's role in leadership and decisionmaking positions:** The proposed performance audit topic is directly linked to the United Nations 2030 Agenda for Sustainable Development. This will be a parallel audit conducted at regional level, as a cooperation between the Republic of Albania, the Republic of North Macedonia and the Republic of Kosovo, with the support of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

The objective of this audit is to establish whether policies and measures have been put in place to empower women in leadership and decisionmaking positions.



### **Goal: Good Health and Wellbeing**

**Safety in public schools in Kosovo:** Student safety is a fundamental prerequisite for quality education and the physical and mental wellbeing of young people. In Kosovo, ongoing concerns have been identified regarding the lack of psychologists, violence amongst students, involvement in harmful substances, lack of protective infrastructure and a high risk of bullying. According to the Kosovo Police, a total of 592 incidents in schools and their surroundings were reported in 2022, representing a significant increase compared to previous years. Yet, only 44 cases of violence were reported in the Education Information Management System (EIMS) for the 2022/23 scholastic year. This indicates a large discrepancy in reporting and suggests that many incidents may remain unregistered in official systems.

The objective of this audit is to assess whether the educational institutions and public authorities have taken effective measures to guarantee the physical safety and mental health of students in public schools in Kosovo.



### **Goal: Quality Education**

**Support for students with special educational needs in Kosovo's primary schools:** The country's educational policies are increasingly oriented towards creating the conditions for inclusive education by training the teacher, developing individual education plans and cooperating with parents and the community. The small number of assistants currently working in public schools has caused many learning difficulties and setbacks for children with special educational needs. For example, at "Ismail Qemalii" School in Prishtina where there are over 60 students in need of assistance, only 4 assistants have been engaged at the municipal level.

The objective of this audit is to assess whether the relevant institutions have undertaken sufficient and effective actions to enable highquality inclusive education for students with special educational needs, through differentiated teaching, specialised support (including teacher assistants) and appropriate infrastructure, while also ensuring effective learning time for the entire class.



### ***Goal: Industry, Innovation and Infrastructure***

**Monitoring, maintenance and safety of dams in Kosovo.** Kosovo faces major challenges in managing and securing its water resources, mainly due to limited hydroenergy potential, scarce water resources and climate change impacts. With only 1,600 m<sup>3</sup> of water per capita, Kosovo has the lowest water reserves in the region. This difficult situation requires an innovative and strategic approach to ensure sustainable water and energy supply and to prevent potential risks.

The objective of this parallel audit to be conducted with the Albanian Supreme Audit Institution is to assess the effectiveness of safety measures and monitoring systems of dams in Kosovo, comparing them with practices in Albania, aimed at identifying possible improvements and exchanging experiences between the two countries.

**Cogeneration – Heating Network Expansion Project.** Termokos provides central heating services for citizens and businesses in Prishtina via its cogeneration network and distribution stations. However, Termokos faces problems such as unbalanced heating distribution and inaccurate consumption measurement, leading to numerous customer complaints.

The objective of this audit is to assess whether the Termokos Company delivers a highquality, equal and sustainable heating service to consumers, by managing the measurement and network expansion efficiently and transparently.



### ***Goal: Life on land***

**Planting of saplings and ecological tax in municipalities of Kosovo.** Urban green spaces play an important role in improving the quality of life, by having a direct impact on the citizens' physical well-being and mental health, the environment, biodiversity and climate change resilience. In Prishtina, the green space area per inhabitant is only 2.5 m<sup>2</sup>, much lower than the WHO standard, which mandates at least 9 m<sup>2</sup> per capita. The situation in other municipalities of Kosovo is just as similar. On the other hand, municipalities spend budget funds for the creation and maintenance of green spaces, but the actual results on the ground are scarce.

The objective of this audit is to assess whether the municipalities and responsible institutions have been efficient and cost-effective when it comes to planting of saplings and creating the green spaces needed to satisfy the needs of citizens.



### ***Goal: Peace, Justice and Strong Institutions***

**Follow-up Audit on Performance Audit Reports of 2020.** According to audit standards, assessing the implementation of audit recommendations is important in order to monitor whether the audited entities have implemented the recommendations given. Following the publication of the audit reports, audited entities are obligated to submit action plans and ensure timely and effective implementation of recommendations to improve performance and address identified deficiencies.

The objective of this audit is to understand why some of the audited institutions have not submitted letters of confirmation and the action plans within the set deadlines, to assess the level of implementation of recommendations given in the 2020 performance audit reports, and whether they contributed to improvements in situation identified through the audit.

**Property Exchange.** The exchange of public property for private property in Kosovo has become an issue that is often been accompanied with violations, lack of transparency, and conflicts of interest. Public properties have been exchanged without meeting the legal conditions and without a clear reasoning of the public interest. The law requires that municipal property is exchanged only if it is of the benefit of the community, following a transparent process with an independent professional property valuation. However, these requirements have often not been adhered to. The key issues arising from such occurrences are lack of public hearings, lack of a clear report on the public interest, failure to carry out a real valuation of properties and accelerated procedures overlooking the institutional oversight.

**Effectiveness in verification of property.** Kosovo Property Comparison and Verification Agency administer properties that can be leased. Properties, whose owner or holder of ownership rights is known, may be leased only with the consent of the owner or holder of the right of use. The proceeds generated from leasing abandoned private and socially owned properties is deposited into a separate escrow account for the rightful owner, while for properties whose owner or holder of ownership rights is known, the rent is paid directly to the owner or holder of the right of use.

The objective of this audit is to ensure transparency and accountability in the property administration and implementation of the in the processes of property administration and implementation of the voluntary leasing scheme, to identify weaknesses in the verification process, and to recommend actual measures for improving the efficiency and effectiveness of operations.

**Follow-up on the Audit Report on Effectiveness of Civil Case Management in Basic Courts.** This follow-up assessment will examine the performance of civil case management in the Basic Courts of Prishtina, Gjilan, Peja and the Kosovo Judicial Council. The evaluation will monitor judges' workload management and the resources used in resolving civil cases, as well as assess the practices applied in this process. The assessment will also examine the standardisation of the procedure for random case assignment (lottery system) – in particular, the use of case assignment electronic systems – and the training of administrative staff responsible for case preparation and registration. In addition, the review will analyse the organization of case registration within a unified electronic database, coordination and compliance with deadlines for holding court sessions, including the management of case adjournments. The assessment will further assess the allocation and handling of civil cases to ensure the fair prioritisation of all case categories for a fair and efficient case management.

The audit aims to ensure the implementation of previous recommendations and to promote enhanced transparency and accountability within the judicial system.



#### **Goal: Resilient Cities and Communities**

**Household Waste Management in the Capital City.** Waste management in the Municipality of Prishtina is a function of particular importance for environmental protection and public health. In a growing capital such as Prishtina, the provision of cleaning and waste collection services is not merely a necessity but a prerequisite for sustainable development.

In recent years, the Municipality of Prishtina has faced significant challenges in collecting household waste, reflecting weak institutional performance and insufficient coordination among responsible stakeholders. This problem has been exacerbated by the absence of a strategic approach and frequent changes in adopted policies and regulations.

The objective of this audit is to assess whether the Municipality of Prishtina and the Regional Waste Company “*Pastrimi*” are efficient and effective in providing household waste collection services in the capital, by examining whether the service is delivered regularly, with optimal use of financial, human, and material resources.

**Affordable and Social Housing in Kosovo.** Social housing plays a vital role in ensuring dignified accommodation for low-income families. It contributes to reducing social inequality and improving community well-being. In 2024, the Ministry of Environment, Spatial Planning and Infrastructure signed several contracts for the construction of social housing units across different municipalities of Kosovo. These projects aim to improve living conditions for vulnerable families and to promote social development.

The objective of this audit is to assess to what extent have the Ministry and municipalities worked efficiently and effectively toward achieving the main goal, i.e. providing adequate social housing for families in need.

**Follow-up on the Audit Report: “Mechanisms for Ensuring the Quality of Reported Data in the Municipal Performance Management System and the Municipal Performance Grant for 2021” – DEMOS.** This audit represents a continuation of the cooperation between the National Audit Office (NAO) and Helvetas-DEMOS, initiated in 2019. The focus of this follow-up engagement is to assess how the responsible entities have addressed the recommendations provided in the previous audit report. The audit will specifically examine whether improvements have been made in the reporting and assessment process of municipal performance declarations, ensuring transparency, accountability, and effectiveness at all levels involved.

The entities subject to this audit include the municipalities of Gjakova, Klina, and Viti, which were previously recommended to establish clear communication channels, adopt systematic procedures for data validation, and develop control mechanisms to ensure the quality of reported information. Another entity covered by this audit is the Ministry of Local Government Administration, which was recommended to address deficiencies in the reception and verification of data, implement regulations for managing access to the Municipal Performance Management System (MPMS), and organize training sessions for account management and review processes.

The objective of this audit is to ensure the implementation of recommendations and enhance transparency and accountability.

**Construction Permits in the Municipality of Ferizaj.** The city of Ferizaj has experienced rapid population growth, followed by a sharp increase in housing demand, resulting in intensive development in the high-rise construction sector. The large number of building permit applications presents challenges for the Municipality, both in terms of timely review of applications and in monitoring the actions of investors who have been granted construction permits.

The objective of this audit is to assess whether high-rise constructions comply with development plans, zoning maps, or regulatory plans, and whether the process of issuing construction permits has been effective, transparent, and responsive to the needs of both citizens and investors. The audit will also

examine whether the Municipality has put sufficient mechanisms in place to ensure that citizens can make effective use of their properties.



### **Goal: Responsible consumption and production/ Sustainable public procurement.**

**Architect Services for the Capital City.** The Municipality of Prishtina has signed a three-year framework contract titled “Architect Services for the Capital City” with a total value of €12 million. Through this contract, the Municipality aims to secure architectural and design projects that will serve as the basis for developing public infrastructure in the capital.

The objective of this audit is to assess how effective the Municipality has been in achieving its intended goals by analyzing whether the planned objectives were delivered. In addition, the audit will evaluate whether the procurement process was conducted in accordance with the applicable legislation, adhering to the principles of transparency and equal treatment of bidders. The audit will further examine how the contract has been managed and whether it has achieved its intended outcomes, including the development of a unified planning framework, the establishment of a Geographic Information System (GIS), the preparation of planning regulations and manuals, and the training of municipal staff in the use of modern planning tools. Moreover, the audit will assess whether the contract has contributed to accelerating the implementation of municipal projects, strengthening institutional and technical capacities, and creating a more coherent urban identity for the city.

The audit aims to ensure greater accountability of the Municipality of Prishtina in managing strategic projects and to recommend measures to improve transparency, effectiveness, and the public and investors' trust in urban planning processes.

**Use of the “Most Economically Advantageous Tender” (MEAT) Criterion.** In most public procurement activities, contracting authorities continue to use the lowest price criterion when evaluating bids. The alternative award criterion, Most Economically Advantageous Tender (MEAT), is rarely applied, even though requesting units have often advocated for its use—especially in works contracts—based on the assumption that applying this criterion ensures higher quality of works and materials.

The objective of this audit is to assess the extent to which the MEAT criterion has been used and whether its application has contributed to improving the quality of public procurements.

**Procurement and Implementation of Energy Efficiency Measures in Public Buildings.** Kosovo has launched a comprehensive program to enhance energy efficiency in public buildings, supported by substantial funding from international donors and the Kosovo state budget. This initiative represents a highly strategic and financially significant project due to the large-scale investments involved and their long-term impact. Kosovo has obtained approximately €86 million through loans and grants to renovate over 400 public buildings by 2031, aiming to reduce energy consumption by 30–50%. However, part of the funding has been suspended by the EU due to identified irregularities, raising concerns about procurement procedures and project management.

The objective of this audit is to evaluate how effective and efficient the Government has been in implementing energy efficiency measures in public buildings, and whether the procurement processes

have been conducted in accordance with the principle of economy. The audit aims to help identify legal and procedural deficiencies, prevent financial losses, and contribute to strengthening donor and public confidence in the management of public and international funds.



***Goal: Innovation, Infrastructure, and Industrialisation - enhancing transparency, accountability, and efficiency of public institutions through the integration of systems and the advancement of technological infrastructure within financial administration.***

**Integrated Information System for Pension Schemes.** The Integrated Information System (IIS) manages the database for 11 pension schemes – covering the entire process from pension application to the approval or rejection of applications, including payment procedures, physical appearance of pensioners, and activation processes. A budget of €430 million was allocated for this category.

The objective of this audit is to assess whether the Integrated Information System for Pension Schemes operates effectively in administering pension schemes by ensuring data accuracy, efficient digitalised services, and real-time processing.

**Student Electronic Management System (SEMS).** The Electronic Student Management System (SEMS) is the central and unified state system for managing student-related activities. The implementation of SEMS began in 2012 for all students of the University of Prishtina. According to SEMS statistics, there are approximately 151,000 active users, around 4.9 million exam applications, and nearly 1 million payments processed. The system includes modules for professors, students, diplomas, payments, class scheduling, and exam registration, etc.

The objective of this audit is to assess whether SEMS performs its intended function and whether it enables students to access services securely, accurately, and transparently.

**Business Registration System in Kosovo.** The Kosovo Business Registration Agency (KBRA) is the primary institution responsible for the registration and administration of businesses in Kosovo, operating under the Ministry of Industry, Entrepreneurship and Trade. KBRA provides a modern electronic system that simplifies the registration process for new and existing businesses, enabling fast, accessible, and cost-free services to start economic activities.

Through a network of 34 municipal registration centers connected to the KBRA central office, a unified and coordinated “one-stop-shop” service is provided across Kosovo.

In addition to offering valuable data for businesses and facilitating easier monitoring and management, this registry system also reduces administrative costs and enhances data security and reliability for other platforms that require business information.

The objective of this audit is to assess the application controls of the Business Registration System of Kosovo and to assess its interoperability with other systems – both in terms of the data it provides and the information it receives from them.

## 6. BUDGET AND HUMAN RESOURCES

NAO is an independent institution financed from the Budget of the Republic of Kosovo, which is approved by the Assembly of Kosovo according to the procedure established in the Law no. 03/L-048 on Public Financial Management and Accountability.

Based on the Law on Budget for year 2025, the funds appropriated for NAO are to the tune of €3,532,633. Compared to the Law on Budget Appropriations for year 2024, the budget has slightly increased by approximately 5.6%. The budget was allocated in four economic categories: Wages and Salaries, Goods and Services, Utilities, and Capital Investments.

NAO has 185 job positions approved in the annual budget, but at present has 177 employees. Of which 134 are directly engaged in audit work, whilst the others are engaged in other management, professional, administration, and support services.

In order to achieve the strategic goals, NAO is investing in the continuous professional development of human resources. Audit staff will be able to continue training and achieve the threshold set by the ISSAIs for continuous professional education, as one of the basic factors for conducting audits with competence, quality, and in accordance with ISSAIs requirements.

Based on the requirements for audits and the increase in the audits' portfolio, the number of auditors is not sufficient to cover all these audits considering the increase in the number of compliance audits.

Due to insufficient resources and in order to allocate resources for high risk-areas, the NAO is obliged to contract private audit companies every year to conduct the statutory financial audits of a certain number of budgetary organisations.

## 7. IMPLEMENTATION OF THE ANNUAL PLAN

The plan will be implemented from September 1<sup>st</sup>, 2025 until August 31<sup>st</sup>, 2026.

To implement the plan for this audit season, NAO will prepare the audit operational plans by areas, budget organisations, projects, budget size and the staff, supported by the IT audit system – SITA.

Based on this, NAO will also prepare the time schedule for each audit project, which will be uploaded in SITA and its implementation shall be monitored continuously.

Prishtina, October 2025

**Vlora Spanca**

The Auditor General

# Annex 1. Entities/topics and budget to be audited.

## FINANCIAL AND COMPLIANCE AUDITS

Table 1. Central and Local Level Institutions, POEs, and Projects Funded by State Borrowing and Donors

### Central Level Institutions/AAR [1 + 49+3 = 53]

Auditees		Budget 2025 (in €)
1	Annual Budget Report of the Republic of Kosovo	3,538,893,264
1	Kosovo Assembly	11,701,185
2	Office of the President	6,134,519
3	Office of the Prime Minister	21,308,710
4	Ministry of Finance, Labour and Transfers (KC and TAK) <i>Investments Clause</i>	1,019,101,596 2,000,000
5	Ministry of Local Government and Administration	9,168,745
6	Ministry of Agriculture, Forestry, and Rural Development	90,490,506
7	Ministry of Trade, Entrepreneurship and Industry	28,570,046
8	Ministry of Economy <i>Investments Clause</i>	34,335,294 5,950,000
9	Ministry of Health <i>Investments Clause</i>	76,347,513 7,075,200
10	University Hospital and Clinic Service of Kosovo	190,656,752
11	Health Insurance Fund	10,987,998
12	Ministry of Culture, Youth and Sports	86,399,046
13	Ministry of Education, Science and Technology and Innovation <i>Investments Clause</i>	98,963,750 1,000,000
14	University of Prishtina	34,150,641
15	Ministry of Communities and Returns	6,700,694
16	Ministry of Environment, Spatial Planning and Infrastructure <i>Investments Clause</i>	259,396,874 53,071,452
17	Ministry of Internal Affairs <i>Investments Clause</i>	227,320,094 6,413,875
18	Classified Information Audit in MIA	
19	Ministry of Justice	57,221,749

20	Classified Information Audit in MJ	
21	Ministry of Foreign Affairs and Diaspora	49,496,776
22	Ministry of Defence	207,875,243
23	Classified Information Audit in MD	
24	Ministry of Regional Development	7,130,526
25	Prosecution Council of Kosovo	18,913,922
26	Independent Commission of Mining and Minerals	1,566,882
27	Kosovo Judicial Council	36,062,871
28	Public Procurement Regulatory Commission *	882,455
29	Kosovo Academy of Science and Arts	1,715,902
30	Electronic and Postal Communications Regulatory Authority*	1,636,914
31	Agency for Prevention of Corruption*	1,099,235
32	Energy Regulatory Office	1,148,610
33	Procurement Review Body	539,193
34	Constitutional Court of Kosovo	2,335,323
35	Kosovo Competition Authority *	464,828
36	Kosovo Council for Cultural Heritage	364,366
37	Electoral Panel for Complaints and Appeals	262,421
38	Independent Supervisory Council for the Civil Service of Kosovo*	612,381
39	Water Services Regulatory Authority	504,426
40	Railway Regulatory Authority	436,599
41	Civil Aviation Authority	858,966
42	Independent Media Commission	1,386,137
43	Central Election Commission	22,327,635
44	Ombudsperson Institution	1,451,622
45	Academy of Justice*	864,973
46	Kosovo Agency for Property Comparison and Verification	2,933,439
47	Information and Privacy Agency	495,563
48	Trust Funds	-
49	Kosovo Privatization Agency	5,111,731
50	Air Navigation Services Agency	10,349,557
51	Agency for Protection of Information	921,388
52	Radio Television of Kosovo (AFS)	8,960,000

\*Independent institutions the audit of which (6) them will be outsourced to the private audit firm.

### Local Level Institutions /Municipalities [38]

Auditees		Budget 2024
1	Prishtina	122,699,999
	<i>Investments Clause</i>	1,000,000
2	Obiliq	14,516,132
3	Podujevë	33,459,115
4	Fushë Kosovë	16,747,839
5	Mitrovicë	30,240,512
6	Graçanicë	9,753,348
7	Mitrovica e Veriut	6,512,368
8	Zubin Potok*	3,377,704
9	Zveçan*	3,102,270
10	Prizren	68,852,476
	<i>Investments Clause</i>	1,500,000
11	Mamushë*	2,718,408
12	Malishevë	21,576,545
13	Rahovec	20,982,796
14	Lipjan	24,897,038
15	Shtime	10,777,180
16	Suharekë	23,284,922
17	Shtërpcë*	4,777,735
18	Kllokot*	1,429,786
19	Gjilan	37,189,018
20	Viti	17,945,622
21	Novobërdë*	4,284,877
22	Ferizaj	46,013,005
23	Klinë	16,168,653
24	Pejë	39,842,382
25	Istog	15,937,257
26	Gjilogoc	22,133,550
27	Skenderaj	19,881,472
28	Vushtrri	27,662,762
29	Gjakovë	40,584,369
30	Deçan*	14,401,935
31	Dragash*	12,872,214
32	Junik*	2,340,142
33	Kamenicë*	15,282,624

34	Leposaviq*	6,082,192
35	Partesh*	1,750,440
36	Ranillugë*	2,399,549
37	Kaçanik	12,592,238
38	Hani i Elezit*	3,615,457

\*Local institutions the audit of which (14) will be outsourced to the private audit firm.

### Compliance Audits [10]\*

\*Topics for compliance audits shall be identified during the course of regular audits

### Ongoing Compliance Audits [3]

#### Topics in the process of auditing

- 1 Construction of the Facility for Nephrology and Haemato-Oncology Clinics at the HUCSK
- 2 Public call for subsidising the Construction of houses for members of non-majority communities in municipalities of North Mitrovica, Zveçan, Leposaviq and Zubin Potok
- 3 Management of cultural heritage capital projects in the Ministry of Culture, Youth and Sports

## Publicly Owned Enterprises [12]

Auditees	
1	Kosovo Electricity Corporation JSC (KEK)
2	Special-purpose financial statements of KEK for the needs of ERO
3	Special-purpose financial statements of KEK for the needs of ICMM
4	KOSTT
5	Bus Terminal - Prishtina
6	Trepça JSC
7	RWC "Prishtina" JSC - Prishtina
8	RWC "Uniteti" JSC - Mitrovica
9	Central Heating "Termokos" - Prishtina
10	NPH "Ibër - Lepenc" JSC - Prishtina
11	"Hidrodrini" JSC - Peja
12	RWC "Pastërtia", Ferizaj

## Projects funded by state borrowing and donors [6]

Audit projects/entities	
1	Reform in the Social Assistance system project (WB-MFLT)
2	Digital Economy in Kosovo (WB-MIA/AIS)
3	Improvement and Rehabilitation of Irrigation Systems in Kosovo (WB-MAFRD)
4	Immovable Property and Geospatial Infrastructure project (WB-ACA)
5	Program for the exploitation and promotion of opportunities for water security (WB-MESPI-Hidromorava)
6	Education and Early Childhood Care under the Kosovo Human Capital Project (BB-MESTI)

## B. PERFORMANCE AUDITS

### Performance audits topics [20]

Audit topics	
1	Empowering women's role in leadership and decision-making positions
2	Follow-up Audit on Performance Audit Reports Published in 2020*
3	Safety of students in public Primary and Secondary schools in Kosovo
4	Planting of saplings and ecological tax in municipalities of Kosovo
5	Cogeneration – Heating Network Expansion Project
6	Property Exchange *
7	Support for students with special educational needs in primary schools
8	Architect Services for the Capital City
9	Effectiveness in Property Verification
10	Follow-up of Recommendations – Civil Cases in the Basic Court
11	Construction Permits in the Municipality of Ferizaj
12	Procurement and Implementation of Energy Efficiency Measures in Public Buildings
13	Affordable and Social Housing in Municipalities
14	Use of MEAT *
15	New Topic
16	Integrated Information System (IIS) for Pension Schemes
17	Kosovo Business Registration System (KBRS)*
18	Student Electronic Management System (SEMS)
19	New Topic
20	Waste Collection in the Municipality of Prishtina

\* Audit topics that will carry on beyond the current audit season

**Topics of performance audits in process [3]**

Audits in process	
1	DEMOS
2	Supply with medicine for primary healthcare and rare diseases
3	Safety of Dams

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