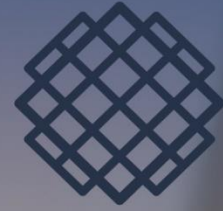




Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

## Performance Audit Report

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# ASSESSMENT OF THE IMPLEMENTATION OF RECOMMENDATIONS GIVEN IN THE PERFORMANCE AUDIT REPORTS FOR THE YEAR 2019

Pristina, August 2025

The Auditor General of the Republic of Kosovo is the highest institution of economic and financial control, which the Constitution and the Law<sup>1</sup> is provided with functional, financial and operational independence.

The National Audit Office is an independent institution, which assists the Auditor General in carrying out his/her duties. Our mission is to contribute effectively to public sector accountability through quality audits, by promoting public transparency and good governance, and fostering economy, effectiveness and efficiency of government programs to the benefit of all. We are thus building confidence in the spending of public funds and play an active role in securing the taxpayers' and other stakeholders' interest in increasing public accountability. The Auditor General is accountable before the Assembly for the exercise of the duties and powers set forth in the Constitution, the Law, by-laws and international public sector auditing standards.

This audit was conducted in accordance with International Standards on Supreme Audit Institutions (ISSAI 3000<sup>2</sup>). Performance audits undertaken by the National Audit Office are objective and reliable examinations that assess whether government actions, systems, operations, programs, activities or organizations operate in accordance with the principles of economy<sup>3</sup>, efficiency<sup>4</sup> and effectiveness<sup>5</sup> and whether there is room for improvement.

The Auditor General has decided on the content of the compliance audit report on the assessment of the implementation of the performance audit recommendations for year (2019), in consultation with the Assistant Auditor General, Mzrvete Gashi-Morina, who supervised the audit.

The audit team consisted of:  
Ariana Gjonbalaj, Audit Director  
Vjosë Bojku, Team Leader  
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<sup>1</sup> Law 05\_L\_055 on the Auditor General and the National Audit Office of the Republic of Kosovo

<sup>2</sup> Standards and guidelines for performance auditing based on INTOSAI Auditing Standards and practical experience.

<sup>3</sup> Economy - The principle of economy means minimizing the cost of resources. The resources used must be available at the right time, in the right quantity and quality, and at the best possible price

<sup>4</sup> Efficiency - The principle of efficiency means maximising the output from available resources. It is about the relationship between the resources employed and the results given in terms of quantity, quality and time.

<sup>5</sup> Effectiveness - The principle of effectiveness implies meeting the predetermined objectives and achieving expected results.

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## ABBREVIATIONS

CA	Contracting Authority
WRA	Water Regulatory Authority
FVA	Food and Veterinary Agency
Customs	Kosovo Customs
TD	Tender Dossier
MPA	Ministry of Public Administration
MEST	Ministry of Education, Science and Technology
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MF	Ministry of Finance
MIT	Ministry of Infrastructure and Transport
MCYS	Ministry of Culture, Youth and Sports
MIA	Ministry of Internal Affairs
EO	Economic Operator
KP	Kosovo Police
CESC	Secretariat of the Central Election Commission
OPM	Office of the Prime Minister
ERO	Energy Regulatory Office

## Executive Summary

The National Audit Office published 13 performance audit reports in 2019. The purpose of these performance audit reports was to assess whether government actions, systems, operations, programs and activities operate in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

This report of the National Audit Office on assessment of the implementation of recommendations includes 199 recommendations given in 10 performance audit reports, for 36 entities which were included in these audits. During the process of evaluating the recommendations, we visited 30 of these entities, some of which were part of more than one audit report.

During 2019, the Committee for Oversight of Public Finance reviewed only one performance audit report out of a total of 13 published reports. The report reviewed was: "Grants and Subsidy Management Process in the Agriculture Sector". Given that these were published during the pandemic, this has directly led to reduced parliamentary activity. As a result, out of a total of 130 reports sent to the Assembly of the Republic of Kosovo, only 37 have been reviewed by the relevant standing committee.

The National Audit Office designed and sent questionnaires for ten audit reports which were sent to the entities that had submitted the plan for the implementation of the recommendations. We received responses to the questionnaires from all entities included in this assessment. The list of entities for performance audits that did not respond to our requests for the implementation of the recommendations is presented in Annex II to this report. This mainly happened for the performance audit reports "The System for Determining Electricity, Thermal Energy and Water Tariffs" as well as the report on "The Effects of Splitting Tenders into Lots" where we have received partial responses from the audited entities.

*The implementation of several recommendations at the individual level by the audited entities has had a positive impact on addressing some of the shortcomings identified during the audit, contributing to a partial improvement of the previous situation. However, overall efforts to implement the recommendations continue to be insufficient and slow. It should be noted that the recommendations were issued in 2019, a challenging period due to the COVID-19 pandemic, during which most institutions were operating with reduced capacities and essential staff. However, a period of six years since their issuance is considered sufficient time to take concrete measures and take sustained action towards the full implementation of the recommendations. Their failure to implement them in this long term raises concerns about the lack of institutional commitment, weaknesses in the system for following up on recommendations, and the lack of effective accountability mechanisms, which may hinder performance improvement and increased efficiency in public administration.*

*Lack of cooperation with some audited entities due to failure to submit confirmation letters and failure to prepare action plans has made it impossible to assess the progress of recommendations. This situation has negatively affected the ability to monitor and measure potential improvements in institutional performance. Audits conducted in 2019 have covered a wide range of areas of strategic importance for the development and efficient functioning of the public sector, including education, energy, agriculture, construction, road safety, food safety and public procurement. A total of 199 recommendations were issued in these audits, which aimed to address the identified shortcomings and improve public management. However, in some cases, no concrete measures were taken to implement them, while no action plans were developed for four audit reports, demonstrating a lack of institutional commitment and accountability.*

*The overall assessment of the implementation of recommendations given in performance audits shows limited progress and challenges in their implementation by the audited entities. The analysis of ten performance audit reports shows that only 25% of the recommendations have been fully implemented, while 55% of them have not been addressed yet and no concrete action has been taken for their implementation. Partial progress has been recorded for 4% of the recommendations, as they are at various stages of implementation. Meanwhile, for 16% of the recommendations, it has not been possible to make the appropriate assessment, due to the limitation of the scope as a lack of responses from the relevant institutions. These data testify to the lack of institutional commitment, monitoring mechanisms, and accountability.*

*The willingness of audited entities to cooperate in the post-audit process, through the submission of confirmation letters and action plans for the implementation of recommendations, was inadequate. Out of a total of 36 audited entities, only 12 of them submitted confirmation letters reflecting a low level of institutional commitment; action plans for the implementation of recommendations were submitted by only 12 audited entities, while there are no action plans for three audit reports. In five other cases, the submitted plans have been partial and not satisfactory to ensure a structured and sustainable approach to addressing recommendations.*

The failure to prepare relevant documents, such as action plans, and the failure to comply with the National Audit Office's requirements to enable the assessment of measures taken in relation to recommendations, demonstrate a significant lack of accountability on the part of audited entities. The lack of prioritization in the implementation of recommendations indicates that improving institutional performance and efficient management of public money are not being treated with the necessary seriousness. This inactive approach not only makes it difficult to monitor progress, but also diminishes the effectiveness of performance audits as a mechanism for increasing transparency and improving public governance. However, it is worth noting that, although some audited entities have not formally submitted action plans, during the assessment process it was observed that some concrete actions have been taken to address the issues identified in the audit reports. This indicates that, in some cases, there is a de facto effort for improvement, but the lack of documentation and reporting makes it difficult to fully and reliably assess the progress achieved.

**Recommendations for the Assembly of the Republic of Kosovo:**

Exercise its oversight role more actively by holding the Government of the Republic of Kosovo accountable for the implementation of performance audit recommendations. The Assembly should ensure that relevant institutions take concrete measures to address audit findings and request regular reports on progress made in this regard.

**Recommendations for the Government of the Republic of Kosovo and the Mayors:**

Take proactive actions to fully and timely address all issues raised in performance audit reports, establishing clear, functional and sustainable accountability mechanisms, in order to improve efficiency and transparency in public management. In this regard, it is recommended that:

- Within 30 days of receiving the final audit report, the audited entities should draft and submit to the National Audit Office an action plan for the implementation of the recommendations; and
- Relevant institutions should respond in a timely and complete manner to requests for supporting documentation submitted by the National Audit Office, both for audit needs and for post-audit evaluation processes.

## 1. Introduction

Supreme Audit Institutions (SAIs) play a vital role in seeking accountability from public institutions in relation to the administration of public funds. In addition, they also help to increase the transparency of government activities.

The purpose of the assessment of the level of implementation of recommendations is to provide independent information to the Assembly of the Republic of Kosovo and other stakeholders regarding the measures taken by the audited entities to implement audit recommendations. In addition, the assessment serves as an orientation for the National Audit Office in terms of the level of implementation and its impact through performance audit reports.

The main goal of the National Audit Office does not end with the publication of the audit report but with the assessment of the impact of audit activity on improving the management of public money.

After the publication of the performance audit report, the audited entity is required to draft an action plan specifying the actions to be taken, the timeline and manner of implementing the recommendations given.

The purpose of recommendations in performance audits is to improve various processes and the effective functioning of government systems, programs and activities. Recommendations are addressed to audited entities and their implementation serves as a mechanism for overcoming these weaknesses and making systems more efficient, economical and effective in achieving objectives.

After the publication of the performance audit report, follow-up activities contribute to more effective implementation of recommendations by the audited entities. The aim of assessing the level of implementation of recommendations is to determine whether the actions taken have made progress compared to the situation observed during the audits.

Since most performance audit recommendations take time to implement, the assessment of the implementation of performance audit recommendations should be undertaken after a certain period of time.

This report highlights the results of the implementation process of performance audit recommendations. In this way, the results of the entities in achieving objectives in accordance with the principles of effective management have been assessed.

## 2. Objective of Assessment of the Level of Implementation of Recommendations

According to audit standards, the assessment of the implementation of recommendations is an important process to monitor whether the audited entities have implemented the recommendations given. After the publication of the reports, it is the duty of the entities to submit action plans and ensure that the recommendations are implemented in a timely and effective manner, to improve performance and address the identified shortcomings.<sup>6</sup>

The objective of this audit is to understand why some of the audited institutions have not submitted confirmation letters and action plans according to the deadline, to assess the level of implementation of the recommendations given in the performance audit reports published during 2019, and whether the latter have influenced the improvement of the situation identified through the audit.

### Audit questions

To answer the audit objective, the following key questions were asked:

- 1. Have action plans been submitted for the implementation of recommendations and have the recommendations been implemented by the audited entities? and**
- 2. Have the recommendations improved the situation in the audited entity?**

This assessment of the level of implementation of recommendations was based on the performance audit reports published in 2019. These audits included 36 public institutions, of which 12 belong to the local level (municipalities), 22 to the central level (Ministries and independent agencies) and two public enterprises.

The detailed audit methodology applied during this audit, audit sub-questions, audit criteria and detailed audit scope are presented in Annex 1.

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<sup>6</sup> SNISA 300, [www.issai.org](http://www.issai.org), Performance Audit Principles, INTOSAI Standards

### 3. Assessment of the Level of Implementation of Recommendations in Performance Audit Reports for 2019

This chapter presents the assessment and impact of the level of implementation of recommendations given in performance audit reports published during 2019. Initially, the overall level of compliance of audited entities with the requirements of the National Audit Office was analysed, through a review of confirmation letters and submitted plans.

Subsequently, a general summary of the level of implementation of the recommendations given in the performance audits is presented, as well as a detailed analysis for each individual report and for each audited entity. The assessment is based on a combined methodological approach, including the analysis of the questionnaires sent to the institutions, the review of the responses received and relevant evidence, as well as meetings and field visits. The level of audit impact is also presented in table form, illustrating the degree of implementation of the recommendations in a summarized and visual form.

These integrated resources have helped create a clear and reliable picture of the current situation in the relevant institutions, as well as in assessing real progress in implementing the recommendations provided by the performance audit.

Further, Annex II of this report includes recommendations for which the NAO has not received a response from the audited entities, reflecting a gap in cooperation and transparency.

Although the majority of audited entities were largely in agreement with the NAO's findings and recommendations, which are confirmed through confirmation letters and implementation plans for recommendations, the overall level of compliance and particularly the implementation of recommendations continues to remain a substantial challenge.

#### 3.1 Lack of Confirmation Letters

*After receiving the draft performance audit report, the audited entity is obliged to submit a confirmation letter agreeing with the findings and recommendations of the audit report, as well as a commitment to submit an action plan for implementing the recommendations within 30 days.<sup>7</sup>*

In 10 performance audit reports, which included a total of 36 audited entities, 24 of them sent confirmation letters on time, while 12 entities did not submit such a response at all. The lack of confirmation letters was most pronounced in the Ministry of Education, Science and Technology (hereinafter MEST), which was the subject of an audit in four audit reports, as well as in the Ministry of Infrastructure (hereinafter MI). Of the municipalities, only the

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<sup>7</sup>ISSAI 3000 - International Standards for Performance Auditing

Municipality of Istog sent a confirmation letter within the specified deadline, while six<sup>8</sup> other municipalities did not send one at all.

The failure to submit confirmation letters has been justified by various reasons, including the impact of the COVID-19 pandemic, changes in the management of institutions and officials involved in the process, and the lack of information regarding the performance audit. These factors have negatively affected institutional continuity and accountability for the implementation of recommendations issued by the National Audit Office.

The absence of a confirmation letter from the audited entity does not provide sufficient assurance on the level of compliance with the findings and recommendations of the audit report. In these cases, it becomes difficult to assess whether the institution has accepted the findings and is committed to implementing the recommendations, which affects the overall assessment of progress in implementation.

### 3.2 Lack of a Plan for the Implementation of Recommendations by Audited Entities

*Following the publication of the performance audit report, the audited entity is obliged to submit a written action plan specifying the time frames and the manner in which the recommendations will be implemented. This action plan reflects the readiness of the audited entities to assume their responsibilities, to implement the recommendations and as a result to improve their government activities or programs.<sup>9</sup>*

The following table presents the audit reports and general information on which reports action plans for implementing recommendations have been submitted.

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<sup>8</sup>Municipality of Pristina, Prizren, Ferizaj, Vushtrri, Suhareka and Mitrovica

<sup>9</sup>Performance Audit Manual, chapter Follow-up of Audit Report Recommendations.

**TABLE 1. Submission of action plans for performance audit reports**

	<i>Audit Report</i>	<i>Action Plan</i>	
		<b>Submitted by all or some BOs</b>	<b>Not submitted.</b>
<b>1</b>	<i>Medium-Term Expenditure Framework 2018-2020 in the education and infrastructure sector</i>	√ <sup>10</sup>	
<b>2</b>	<i>Electricity, Thermal Energy and Water Supply Tariff Determination System</i>	√	
<b>3</b>	<i>Road traffic safety</i>	√ <sup>11</sup>	
<b>4</b>	<i>Food Safety – Case Study: Meat and Stone Products</i>	√	
<b>5</b>	<i>Maintenance Management of Public Educational Institutions</i>		√
<b>6</b>	<i>Management of public construction contracts</i>		√
<b>7</b>	<i>Fuel quality control and monitoring system</i>	√	
<b>8</b>	<i>Effects of dividing tenders into lots</i>		√
<b>9</b>	<i>The process of managing grants and subsidies in the agricultural sector</i>	√ <sup>12</sup>	
<b>10</b>	<i>Procurements with negotiated procedure without publication of a contract notice</i>	√ <sup>13</sup>	

The table shows that out of a total 199 recommendations given in 10 performance audit reports, action plans have been partially submitted for 75 recommendations, which means that not all audited entities have submitted implementation plans. Meanwhile, no plans were submitted at all by the relevant entities for 52 recommendations. It is worth noting that only for 48 recommendations in the reports: "Food Safety – Case Study: Meat and Wheat Products"<sup>14</sup> and "Fuel quality control and monitoring system"<sup>15</sup>, action plans have been submitted by all entities involved in the audit.

In terms of reports, five of them have only partially submitted action plans, four reports involving 19 entities have not submitted action plans at all, while only two reports have been fully supported with action plans by the audited institutions.

The challenges of the COVID-19 pandemic, changes in the entity such as management changes, the lack of a clear strategy for implementing recommendations, and shortcomings in the internal institutional management, have resulted in audited entities not fully committing to submitting action plans.

<sup>10</sup> The Ministry of Finance, the Prime Minister's Office and the Ministry of Education, Science and Technology are absent.

<sup>11</sup> The Ministry of Internal Affairs is absent from the Ministry of Infrastructure and Transport as well as from the Municipality of Pristina.

<sup>12</sup> The Prime Minister's Office has submitted the plan, while action plans from the MAFRD and the municipalities of Pristina, Prizren and Ferizaj are absent.

<sup>13</sup> Action plans have been submitted by Kosovo Customs, the Ministry of Internal Affairs and the Secretariat of the Central Election Commission, while MEST has not submitted an action plan.

<sup>14</sup> Food and Veterinary Agency, and

<sup>15</sup> Ministry of Trade and Industry and Kosovo Customs

The lack of action plans for the implementation of recommendations makes it impossible to systematically monitor and track progress in implementation. This inability negatively affects the improvement of institutional performance and causes delays in addressing the shortcomings identified by the audit. As a result, the effectiveness of the audit process is jeopardized and its impact on the development and improvement of the audited institutions is limited.

## 4. Assessment of the impact of audits and the overall level of implementation of recommendations

This chapter presents the assessment of the impact of performance audits and the overall level of implementation of the recommendations. Initially, a clear overview of the impact of the audit on the relevant institutions is presented through a structured table, based on several key elements: the changes observed after the audit, the number of recommendations that have been fully implemented, and the sources of impact that have contributed to the improvements achieved. This assessment combines quantitative and qualitative data to reflect the effect of the audits as realistically as possible, as well as to identify the factors that have contributed to the achievement or lack of progress in each audited institution. The created overview aims to help understand the direct impact of the audit process, but also the challenges related to the effective implementation of recommendations in practice.

**TABLE2. Assessing the impact of recommendations**

<b>Responsible Institution</b>	<b>No. of Recommendations Implemented</b>	<b>Observed Change</b>	<b>Source of Influence</b>
Food and Veterinary Agency	14	Better supervision, inspection plans, inter-institutional cooperation	Audit
Kosovo Customs, MTI	16	New laboratory equipment, increased testing capacity	Audit
Ministry of Finance	4	Better quality MTEF drafting, better communication with BOs	Audit
Kosovo Police	5	Improved registration, patrol plans, traffic analysis	Audit
Prime Minister's Office	2	Monitoring mechanisms, program harmonization	Audit
Customs, MIA, CESC	6	Market analysis, improved procurement rules	Audit + policy
MPA, MCYS	3	Clearer memorandums, punishment of EOs	Audit
MEST, Municipality of Ferizaj, Vushtrri	6	New guidelines, investments, good practices	Audit + municipal actions

The data presented in the table show that in the field of food safety, the Food and Veterinary Agency has taken important actions as a result of the audit. As a result, the supervision system has been significantly improved, inspection plans have been implemented and inter-institutional cooperation has been strengthened, to better cover the food chain.

In the trade and customs sector, the audit recommendations have influenced the review of planning and have served as a starting point for investments directed at modern laboratories and advanced technological equipment. These investments are essential for strengthening the quality control of petroleum derivatives and other products sensitive to standards.

In the field of public finances, the impact of the audit has been reflected in the process of drafting the Medium-Term Expenditure Framework (MTEF) by the Ministry of Finance. The audit findings have highlighted weaknesses in medium-term planning and inter-institutional coordination, which has prompted the Ministry to take measures to improve this process. As a result, more detailed analyses have been used and communication with budget organizations has been strengthened, contributing to increased transparency and budget efficiency.

Also, in the area of public safety, the Kosovo Police, as an audit subject, has taken measures to improve resource management, based on the recommendations of previous audits. Steps have been taken to modernize the data recording system, improve patrol planning according to risk analysis, and use data for sophisticated traffic analysis.

The Office of the Prime Minister has taken concrete steps towards developing monitoring mechanisms and has played an important role in harmonizing cross-sectoral programs, in response to audit recommendations. These improvements have aimed to increase institutional coordination and effectiveness in the implementation of public policies, especially in the field of agriculture.

The Ministry of Education, Science and Technology, as well as certain municipalities such as Ferizaj and Vushtrri, have reacted positively to the findings by taking concrete measures for improvement. Although we do not have an action plan for the implementation of the recommendations, actions have been taken by the respective municipalities such as updating operational guidelines, increasing investments in school infrastructure, and implementing good practices in the management and maintenance of public schools.

The impact of the audit has been higher in those institutions that have had action plans, such as the case of Kosovo Customs and the Food and Veterinary Agency. In cases where concrete plans are missing or when implementation depends on external factors, the impact has been more limited, such as in the case of the Ministry of Finance (MAF). Also, in some cases the impact has resulted from a combination of audit and policies, such as in the Customs and Ministry of Internal Affairs or MEST and the respective municipalities, where improvements have been influenced by both audit recommendations and other institutional interventions.

Regarding the implementation of the recommendations given in 2019, they include areas such as: education, energy and utilities, transport and road safety, food safety, local governance

and donor-funded projects, public construction and infrastructure, agriculture and rural development, environment (with a focus on fuel quality control), policymaking and public administration, and public procurement. The following table presents the number of recommendations given in these areas and the progress of their implementation by the audited entities.

**Table 3 Assessment of implementation of recommendations**

Recommendation Status	Number of recommendations
Implemented.	51
In the final stage of implementation.	2
Implementation has started.	3
Implementation has not started.	111
Not addressed	0
Not applicable	1
We have not received a response.	31
	199

The table shows that a significant portion of the performance audit recommendations for 2019 have not been addressed yet. Specifically, about 55% of the recommendations have not started to be implemented, while only 25% have been fully implemented. For a small portion of them, about 4% are in various stages of implementation. Meanwhile, there was no response from the audited entities for 16% of the recommendations, making it impossible to assess progress in these cases.

Failure to implement these recommendations reflects a lack of adequate institutional commitment for continuous improvement. This situation increases the risk that identified systemic shortcomings will remain unaddressed, negatively affecting the efficiency, transparency and accountability of public institutions.

#### 4.1 Implementation of Recommendations at the Level of Individual Reports and Audited Entities

*Within a reasonable period of time after the publication of the performance audit report, the audited entity must ensure progress in accordance with the commitments in the action plan.<sup>16</sup>*

The implementation of recommendations for each performance audit report will be presented below, divided according to the degree of the development of action plans:

- reports fully supported by action plans,
- reports with partial plans, and
- reports for which no action plans have been submitted at all.

<sup>16</sup>SNISA 3200, page 34/35,

Audit reports with action plans

Out of the 10 audit reports that included a total of 199 recommendations, action plans were submitted only for 48 recommendations, respectively in two reports, by all entities included in the audit. The audit reports supported by complete action plans are presented in the table below:

**Table 4 Audit reports that are fully supported by action plans**

	<i>Audit Report</i>	<i>Action Plan</i>
<b>1</b>	<i>Food Safety – Case Study: Meat and Grain Products</i>	√
<b>2</b>	<i>Fuel quality control and monitoring system</i>	√

The “Food Safety – Case Study: Meat and Wheat Products” report produced 15 recommendations. Of these, one recommendation – specifically recommendation 4 – was assessed as inapplicable due to circumstances that do not allow its implementation in practice.

<b>Recommendation 4:</b> Take action in cooperation with municipalities to ensure control coverage of the entire food chain, also ensuring supervision of the animal and green market in each municipality;	Not applicable
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This recommendation was specifically for the Sanitary Inspectorate which at that time operated within the Food and Veterinary Agency (FVA). However, after this Inspectorate was transferred under the responsibility of the Ministry of Health (hereinafter referred to as the MoH), the assessment of the implementation of this recommendation was no longer applicable. In the meantime, the remaining 14 recommendations were implemented in accordance with the commitments presented by the FVA in the implementation plan for the recommendations in the "*Fuel quality control and monitoring system*" audit report, the audited entities were the Ministry of Trade and Industry and Kosovo Customs. A total of 22 recommendations were provided, of which 15 were addressed to the Ministry of Trade and Industry (hereinafter referred to as MTI) and seven to the Kosovo Customs.

Of the 15 recommendations addressed to MTI:

- **9 have been implemented,**
- **5 have not started implementation yet, and**
- **1 recommendation was assessed as inapplicable.**

Meanwhile, Kosovo Customs has implemented all seven recommendations in line with the commitments made in the implementation plan. Furthermore, concrete improvements have been identified, such as the increase in the number of fuel testing equipment, reflecting a commitment to continuous improvement.

**Photo 1. Device for determining sulphur at low concentrations**

Kosovo Customs has implemented all seven recommendations, in line with the commitments made in the implementation plan. In addition, concrete improvements in technical capacity have been identified, as a result of the new equipment installed for measuring low sulphur concentrations in fuels. This equipment has replaced an old equipment that was in use for nearly 14 years, and represents a significant technological advancement, including an autosampler and a high level of accuracy, repeatability and reproducibility of the results.

**Photo 2. Equipment for the determination of polycyclic aromatic hydrocarbons in diesel derivatives**

The new device, supplied after 2019, is used for the determination of polycyclic aromatic hydrocarbons in diesel derivatives. This technological improvement contributes to increasing the accuracy and reliability of measurements, supporting more effective control of the quality of derivatives and environmental protection.

**Photo 3. Gas chromatography**

The new device, supplied after 2019, represents a more modern technology and is the only one that determines 11 parameters of gasoline derivatives, as required by the instruction and standard.<sup>17</sup> This technological advancement provides more accurate and complete



analysis of the quality of fuels, improving control and consumer protection.

#### Audit reports with partial plans for implementing recommendations

Of the 10 audit reports, four have partial plans for implementing recommendations. This indicates that, although an action plan was developed for each report, not all recommendations were included, as some of the audited entities did not submit their plans.

These reports are presented in table number 5.

**Table 5. Audit reports that have partial plans for implementing recommendations**

	<i>Audit Report</i>	<i>Action Plan</i>
<b>1</b>	<i>Medium-Term Expenditure Framework 2018-2020 in the education and infrastructure sector</i>	√ <sup>18</sup>
<b>2</b>	<i>Road traffic safety</i>	√ <sup>19</sup>
<b>3</b>	<i>Grants and subsidy management process in the agricultural sector</i>	√ <sup>20</sup>

<sup>17</sup>AI 01/2017 and standard EN 228

<sup>18</sup> The Ministry of Finance, the Prime Minister's Office and the Ministry of Education, Science and Technology have not submitted action plans.

<sup>19</sup>The Ministry of Internal Affairs is absent from the Ministry of Infrastructure and Transport as well as from the Municipality of Pristina.

<sup>20</sup>The Prime Minister's Office has submitted the plan, while action plans from the MAFRD and the municipalities of Pristina, Prizren and Ferizaj have not.

4	<i>Procurements with negotiated procedure without publication of a contract notice</i>	√21
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The status of each report presented above is elaborated below.

**“Medium Term Expenditure Framework 2018-2020 in the education and infrastructure sector”** This audit included a total of 10 recommendations and focused on four institutions: The Office of the Prime Minister with two recommendations, the Ministry of Finance (hereinafter MF) with four recommendations, the Ministry of Infrastructure (hereinafter MI) and the Ministry of Education, Science and Technology (hereinafter MEST) with four recommendations.

Of the four audited entities, only the Ministry of Finance submitted an action plan for implementing the recommendations.

However, the Office of the Prime Minister, MEST and MI have made some progress compared to the situation observed during the audit period. This improvement, although not directly linked to a formal implementation plan, can be considered a result of the indirect implementation of the NAO recommendations, given that all three institutions are involved in the Medium Term Expenditure Framework drafting process, which is led by the Ministry of Finance.

The four recommendations given to the Ministry of Finance which have been implemented are:

<b>Recommendation 1:</b> During the drafting of the Medium Term Expenditure Framework, identify the level of implementation of projects/strategic objectives in order to draft and approve an MTEF that is based on detailed and reasonable analysis. Additionally, draft/develop the MTEF at the ministerial level in order to ensure transparency regarding the strategic objectives for each institution.	Implemented
<b>Recommendation 2:</b> Increase communication with budget organizations during the budget process in order to ensure proper planning of strategic objectives both in terms of financial and project implementation. When analyzing and approving requests from budget organizations in both the MTEF and the budget allocation law, ensure that requests are based on detailed and sufficient analysis and supported by relevant documents.	Implemented

<sup>21</sup>Action plans have been submitted by Kosovo Customs, the Ministry of Internal Affairs and the Secretariat of the Central Election Commission, while MEST has not submitted an action plan.

<b>Recommendation 3:</b> Project proposals for capital investments must contain all information required under the Public Investment Program and current requirements.	Implemented
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<b>Recommendation 4:</b> The MTEF and the budget allocation law should include projects that are in line with the strategic objectives planned in the NDS and other strategic documents. With particular emphasis, it should ensure that only projects that are within the responsibility and competence of budget organizations are approved.	Implemented
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“Road Traffic Safety” - This audit included a total of 24 recommendations and focused on three entities: The Ministry of Infrastructure and Transport (hereinafter MIT) with 10 recommendations, the Kosovo Police with eight recommendations, and the Municipality of Pristina with six recommendations.

MIT and the Municipality of Prishtina have not submitted plans for the implementation of the recommendations. However, MIT has responded to us after the meetings with documents regarding positive changes in the entity, while the Municipality of Prishtina, despite the fact that it pledged at the meeting that the road safety situation has improved significantly, especially in terms of road signage and maintenance, has not provided evidence to support these claims.

The overview of recommendations to the Kosovo Police is presented below:

<b>Recommendation 1:</b> Complete and timely record data in the Kosovo Police Information System, by unifying it, so that the Kosovo Police can clearly identify the factors and causes of accidents. Drafting reports and planning resources to provide road traffic safety through police checks, which should be based on detailed data with factors and causes of accidents recorded in this system.	Implemented
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<b>Recommendation 2:</b> The Regional Road Traffic Unit - Pristina should ensure the coverage of all regions/road segments with police checks and within them, guide police checks by focusing on high-risk roads. Clearly and precisely determine the place where checks should be carried out in the control schedules and in the work plans, indicate the use of equipment (radars and alcohol tests); strengthen road checks by the police not only at static points, but also by applying monitoring of road users in motion and through the application of new road safety technologies.	Implemented
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<b>Recommendation 3:</b> Greater importance should be given to increasing the level of information and awareness about road safety through advisory services and encouraging road users to respect legal norms, as well as more frequent checks of the condition and safety equipment that vehicles should have.	Implemented
<b>Recommendation 4:</b> Raise awareness among drivers to avoid high speed, wear seat belts, avoid using the phone while driving, motorcycle users to wear protective helmets, professional drivers of heavy vehicles to respect driving and rest hours, and to use digital tachographs, etc.	Partially implemented
<b>Recommendation 5:</b> Consider the application of other alternatives such as the installation of tracking and static speed cameras on regional and local roads in order to increase road traffic safety.	Not implemented
<b>Recommendation 6:</b> The Regional Road Traffic Unit - Prishtina should focus on its main traffic activities such as accident prevention and then, through better planning, engage in other secondary activities.	Implemented
<b>Recommendation 7:</b> The Road Traffic Division shall draft and implement plans and prepare supervision reports on a regular quarterly basis throughout the year.	Not implemented
<b>Recommendation 8:</b> The Regional Road Traffic Unit - Prishtina should include in the annual work plan the process of supervision of the control units by the management and ensure its implementation. Inspection plans should be made by the head of the Regional Road Traffic Unit of Prishtina and the head of the operation. The execution/implementation of the police control operational plans should be monitored by the first supervisor of the patrol teams, and supervision of the first supervisor should also be ensured.	Implemented

*The process of managing grants and subsidies in the agricultural sector*” - This audit had a total of 30 recommendations and focused on the following institutions: the Office of the Prime Minister with two recommendations, the Ministry of Agriculture, Forestry and Rural Development with 11 recommendations, the Agricultural Development Agency (hereinafter referred to as ADA) with two recommendations, the Municipality of Prishtina with five recommendations, the Municipality of Prizren with five recommendations and the Municipality of Ferizaj with five recommendations. Only the Office of the Prime Minister (hereinafter referred to as OPM) has submitted a plan for the implementation of the recommendations.

The two recommendations given to the OPM have been implemented in accordance with the commitment made in the action plan. These recommendations are as follows:

<b>Recommendation 1:</b> Establish monitoring mechanisms to follow up on the implementation of the National Development Strategy and government programs to ensure that they are being implemented by responsible institutions and to measure the results achieved; and	Implemented
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<b>Recommendation 2:</b> Ensure that long-term programs pass approval procedures at all levels, ensuring that they are in line with government goals.	Implemented
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The Ministry of Agriculture, Forestry and Rural Development, and the municipalities of Prishtina, Prizren and Ferizaj have provided us with evidence of changes that have been made since the publication of the report. However, these positive changes have not been confirmed as a direct result of the audit, but as a result of new policies. The Agency for Agricultural Development has not responded to our requests/invitations for a meeting, which has prevented a more complete assessment of the measures taken.

Also, the budget for this category has been increasing continuously over the past six years. In particular, in 2022, the Government of Kosovo allocated over 70 million euros for direct support to farmers, including payments for subsidies and compensation for damages from natural disasters. This was a record support for the agricultural sector in this period of time.

*“Procurements with negotiated procedure without publication of a contract notice”* - This audit had a total of 24 recommendations and focused on four institutions as follows: Kosovo Customs with six recommendations, Ministry of Internal Affairs (hereinafter MIA) with six recommendations, Ministry of Education, Science and Technology with six recommendations, Secretariat of the Central Election Commission (hereinafter CEC) with six recommendations. Action plans for the implementation of the recommendations have been sent to us by Kosovo Customs, MIA, and CEC, while MEST has not sent an action plan.

The overview of recommendations for Kosovo Customs, MIA and CEC is presented below.

Recommendations of the NAO	Kosovo Customs	MIA	Secretariat of CEC
<b>Recommendation 1:</b> Conduct market research to identify potential suppliers, to learn about their professional capacities.	Implementation has begun.	It is in the final phase of implementation.	Implementation has begun.
<b>Recommendation 2:</b> Conduct market research to identify the products/services offered by the market in order to draft a TS for a product/service that is available on the market and that meets the needs of the CA.	It is in the final stage of implementation.	It is in the final phase of implementation.	Implementation has begun.
<b>Recommendation 3:</b> Develop an analysis of implemented contracts by identifying the costs and benefits of the purchase so that this analysis can serve as a reference point for future purchases.	Implementation has begun.	It is in the final phase of implementation.	It has been implemented.
<b>Recommendation 4:</b> Compile lists of potential suppliers for procurements of similar nature.	It is in the final phase of implementation.	It is in the final phase of implementation.	It has been implemented.
<b>Recommendation 5:</b> Using the above list, apply the competitive procedure with negotiations in case the open procedure cannot be applied for objectively justifiable reasons.	Not applicable.	It is in the final phase of implementation.	It is in the final stage of implementation.
<b>Recommendation 6:</b> For emergency procurements, when the negotiated procedure without publication is necessary, a list of suppliers should be provided so that the negotiated procedure also ensures competition.	It is in the final phase of implementation.	It is in the final phase of implementation.	It has been implemented.

Audit reports that do not have action plans

No action plans have been drafted for the four reports presented below, with a total of 52 recommendations. These reports cover the areas of electricity, thermal energy and water tariff setting systems, maintenance management of public educational institutions, management of public construction contracts and the effects of dividing tenders into lots.

**Table 6. Audit reports that do not have action plans**

	<i>Audit Report</i>
<b>1</b>	<i>System for Determining Electricity, Thermal Energy and Water Supply Tariffs</i>
<b>2</b>	<i>Management of the Maintenance of Public Educational Institutions</i>
<b>3</b>	<i>Management of public construction contracts</i>
<b>4</b>	<i>Effects of dividing tenders into lots</i>

The lack of action plans indicates that there is an urgent need for improvement in these areas, given their importance for the effective and efficient functioning of public institutions and the management of state resources.

We have presented a detailed analysis of these four audit reports without action plans in the chapter below.

#### 4.3.1. Assessment of audited institutions without action plans and identified changes

*The audited entity is not limited to implementing recommendations, but can focus on addressing the problem adequately and resolving the issues after a reasonable period of time<sup>22</sup>.*

This chapter presents the assessment of audited entities that have not submitted action plans, except ERO and WRA, which have handed them over, an important aspect to ensure the implementation of recommendations. Although the lack of an action plan is a problem and an obstacle to understanding the improvements that have been made, the audit process has continued and has assessed the current state of the entities. The lack of cooperation from some audited entities has presented a challenge in objectively assessing the improvements.

##### *The system for determining electricity, thermal energy and water supply tariffs*

Despite continuous efforts by the NAO, it was impossible to have a meeting with the relevant representatives of the energy and water authorities regarding the report "System of

<sup>22</sup> SNISA 3000 – standard 146

determining electricity, thermal energy and water supply tariffs". The audited entities were: the Energy Regulatory Office, the Central Heating Termokos in Prishtina, the Central Heating Gjakova for energy tariffs, while for water tariffs the Water Regulatory Authority and the service providers RWC "Mitrovica", RWC "Hidrodrini" Peja and RWC "Hidroregjioni Jugor" Prizren.

Of all the institutions mentioned, we have only held a meeting with the RWC "Mitrovica". Since the recommendations are addressed to the Water Regulatory Authority, the RWC "Mitrovica" had no competence for any eventual changes, moreover they were not aware that such a report had been published, because the entire management of the company was new at the time the audit was conducted.

As a result of the lack of cooperation, we were unable to make a direct assessment to determine whether there have been positive changes or progress in implementing the recommendations provided. The lack of cooperation and transparency in this process makes it difficult to objectively assess the current situation and raises serious questions about the level of institutional commitment to addressing the issues identified by the audit.

### ***Management of the Maintenance of Public Educational Institutions***

The entities included in this audit, where we gave a total of 16 recommendations, were: the Ministry of Education, Science and Technology, the Food and Veterinary Agency (Sanitary Inspectorate) as well as the municipalities of: Prishtina, Ferizaj and Vushtrri.

Among the changes made by MEST after the publication of the report, it drafted the "Design guidelines for school facilities norms and standards" where chapter 3.6 specifies the maintenance section. Also, during the pandemic period, the Ministry drafted special documents related to the cleaning and disinfection of schools.

The Municipality of Ferizaj has shown us positive changes regarding the maintenance of school facilities. The "Gjon Serreçi" school facility has become part of the Cultural Heritage for Temporary Protection. As a result, students have been relocated to another school facility. In order to ensure the continuity of learning, the municipality was committed to completing the construction of the new school facility within a reasonable timeframe and to transferring students to the new facility.

A challenge to improving conditions for students is the supply of school supplies. One of the newly built schools has not been able to become operational as a result of not being supplied with supplies on time, due to the fact that centralized contracts cause supply problems.

The Municipality of Vushtrri has taken concrete steps to improve conditions in public schools, especially in the "SHMU-1" school, which has been identified as a good example of maintenance. These actions were taken as a result of the findings of the sanitary report and the need for infrastructure improvements. Investments in technological infrastructure have been made in this school, such as equipping it with projectors and including it in the municipal initiative for the digitalization of schools, which has included laptops and digital

boards. In addition, SHMU-1 has been distinguished for good environmental practices through the waste classification and recycling system, reflecting a responsible and sustainable approach to education and the environment. These data demonstrate a clear institutional commitment to improving student and teaching conditions.

The Municipality of Prishtina has not provided us with evidence regarding the changes in the schools. Due to the lack of evidence provided by the Municipality of Prishtina, we conducted a visit to the "Ismail Qemali" school where we were informed that since 2019, several renovations have been carried out by the School Directorate in cooperation with the Municipal Directorate of Education. These interventions include the renovation of the floor in 2019, interventions in several sanitary units, as well as the renovation of the bathrooms in the new annex of the school. However, despite these improvements, the school facility still does not provide adequate conditions for the development of learning. This is particularly concerning on the ground floor (basement) of the school, where some classrooms are located and where the corridor was covered with water during our visit.

Regarding the recommendation addressed to the Sanitary Inspectorate, which at the time of the audit operated within the Food and Veterinary Agency, the assessment of its implementation is no longer measurable, due to the institutional changes that have occurred in the functioning of this inspectorate. Currently, the competencies for sanitary inspections have been transferred from the FVA to the Ministry of Health, which has assumed responsibility for supervising hygienic and sanitary conditions in public institutions, including schools.

### ***Management of public construction contracts***

This audit included three central institutions, for which a total of eight recommendations were given: the Ministry of Education, Science and Technology, the Ministry of Public Administration (hereinafter referred to as MPA), and the Ministry of Culture, Youth and Sports (hereinafter referred to as MCYS).

The MPA and MCYS had taken concrete steps to improve the clarity of the memorandums of understanding in cooperation with other ministries and municipalities, during the period 2019-2024. In addition, progress has been observed in the termination of contracts and the execution of penalties against irresponsible economic operators, as well as in the timely completion of technical acceptances of facilities.

It is evident that the MPA and MCYS have taken concrete steps to improve the clarity of the memorandums of understanding in cooperation with other ministries and municipalities during the period 2019-2024. Furthermore, significant progress has been observed in the termination of contracts and the application of penalties against irresponsible economic operators, as well as in the timely implementation of technical acceptances of facilities. As a result of these measures, contractual accountability has increased, efficiency in the management of investment projects has improved and the risks of misuse of public funds have been reduced.

As for MEST, it did not provide us with evidence regarding the changes. However, in an interview, they informed us that the situation has changed positively, starting with changes in memoranda, provision of construction permits before signing the contract, and in the case of delays in the completion of work, they have begun to impose penalties.

The National Audit Office estimates that the MPA and MCYS have made significant progress in improving the management of public contracts and the implementation of penalties. However, MEST has not provided sufficient evidence for the implementation of changes, although it has reported positive improvements.

### *Effects of dividing tenders into lots*

The municipalities included in this audit, where a total of five recommendations were given, were: Mitrovica, Suhareka, Vitia and Istog. The Municipality of Suhareka has not provided evidence even after our meetings and requests, and no meeting has been held with the Municipality of Vitia. On the other hand, the municipalities of Mitrovica and Istog have continuously applied the division of tenders into lots after 2019.

The Municipality of Mitrovica has divided the tenders into lots for various contracts, including the renovation of school facilities, divided into three lots, the transportation of students in seven lots, the supply of medicines for Family Medicine Centers, and the maintenance of summer-winter roads. Meanwhile, the Municipality of Istog has applied the division of tenders into lots for the construction of the Family Medicine Center facility in two lots, the maintenance of administration buildings in three lots, and for the maintenance and renovation of various facilities.

As a result of these measures, contractual accountability has improved, efficiency in the management of investment projects has increased, and the risks of misuse of public funds have been reduced.

## 5. Conclusions

The low level of implementation of performance audit recommendations reflects a lack of institutional commitment and weak accountability. Out of 199 recommendations issued, only 51 recommendations or 25% have been implemented, while 111 or 55% of the recommendations have not yet started to be implemented. For 31 recommendations or 16% of them, it was not possible to make an assessment due to the lack of responses from the audited entities or the limitation of the scope, while 6 recommendations or 4% are in the process of implementation. This situation raises concerns about the efficiency of the audit process and its real impact on public management.

The lack of confirmation letters and action plans is a direct indication of poor cooperation with the NAO, but also of a lack of internal functional structures to manage and implement recommendations. Only 12 out of 36 audited entities submitted confirmation letters, and only 12 submitted action plans for the implementation of recommendations. Three audit reports were not accompanied by any action plan, while five reports had partial plans for the implementation of recommendations.

Although some institutions have noted improvements in their activities following the audit, these changes are not always a direct result of the NAO's recommendations. In some cases, improvements have come as a result of internal reforms, new institutional policies or subsequent budget allocations. This situation makes it difficult to measure the true impact of performance audits and highlights the need for a clear system of linking recommendations to relevant actions.

At the individual report level, several institutions have demonstrated progress during the period 2019-2024, effective implementation of recommendations and visible performance improvements. The reports on "Food Safety" and "Fuel Quality Control" represent good practices where the audited institutions have submitted complete action plans and have taken clear steps for implementation. Kosovo Customs has improved technological equipment as part of the implementation of recommendations, while the Kosovo Police has taken concrete steps to increase traffic safety. However, in a significant part of the institutions, the implementation process could not be assessed due to the lack of communication and necessary documentation.

The assessment results clearly show that the audited institutions have not shown sufficient commitment in implementing the recommendations of the National Audit Office. Consequently, the message intended to be conveyed through this section is the need for greater commitment and more structured cooperation between the audited entities and the National Audit Office. This is essential to ensure that the recommendations do not remain only on paper, but are implemented in practice, with the aim of improving institutional performance and strengthening public accountability.

## Appendix I. Audit motive, criteria, questions, audit scope and methodology

### Audit Motive

The implementation of recommendations from individual performance audit reports is monitored through stand-alone assessments or audits, which are also known as the “follow-up phase.” The results of the implementation of the recommendations are issued thereafter. Through performance audits, the NAO has provided the Assembly and audited entities with useful recommendations to improve and increase economy, efficiency and effectiveness in important sectors such as: public finance, environment, information technology systems, public procurement. Performance audit recommendations have included both the central and local government levels. However, the level of implementation of recommendations remains low. Among the reasons for the low implementation of recommendations are the lack of formal processes for proper and systematic monitoring of action plans for the implementation of recommendations, as well as the lack of proper commitment to addressing them, which are among the main causes for the low level of implementation of recommendations. Also, the lack of efficient supervision by the Government and supervisory bodies has influenced budget organizations to avoid their full implementation.

### Audit questions

To answer the audit objective, we have formulated the following questions and sub-questions:

- 1 Have action plans been submitted for the implementation of recommendations and have the recommendations been implemented by the audited entities?**
  - 1.1 Have confirmation letters and action plans for implementing recommendations been submitted on time?
  - 1.2 Have the necessary actions been taken to implement audit recommendations according to the priority set in the action plan?
- 2 Have the recommendations improved the situation in the audited entity?**
  - 2.1 Have the audited entities implemented changes in response to audit findings and recommendations?
  - 2.2 What is the situation in audited entities after the publication of the audit report?

### Audit criteria:

To verify this, we have set the following summarized criteria:

- After the publication of the audit report, the audited entities must draft action plans (activities) for the implementation of the recommendations given and ensure that they are implemented according to the timelines specified in the plan<sup>23</sup>.
- Within a reasonable period of time after the publication of the performance audit report, the audited entity must ensure progress in accordance with the commitments in the action plan<sup>24</sup>.
- The audited entity must put in place a formal mechanism to address each recommendation. This mechanism must ensure that each recommendation is tracked until the address is completed or the problem is resolved<sup>25</sup>.
- The audited entity is not limited to implementing recommendations, but can focus on addressing problems adequately and resolving them after a reasonable period of time<sup>26</sup>.

### Audit Methodology

Our approach to this follow-up audit will include a range of techniques to obtain follow-up audit evidence and assurance, which include: questionnaires sent to institutions, interviewing relevant officials (as necessary), analysis of relevant documents and necessary testing. More specifically, we will focus on:

- Analyzing the confirmation letters and submitted action plans;
- Meetings and interviews with responsible officials in institutions that have not submitted action plans;
- Meetings and interviews with responsible officials regarding the questionnaire and documented actions taken by the entity;
- Drafting the questionnaire and analyzing the responses received from the questionnaire distributed, through which the responsible parties inform us in writing about the activities that have been undertaken to address the problems presented in the audit report;
- Analysis of received documents/evidence that demonstrate the activities undertaken by the entity to implement the recommendations given according to the timeframe set out in the action plan;
- Communication with entities involved in audits, phone calls and confirmation emails regarding the factual situation in the entity;

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<sup>23</sup> Guidelines for monitoring the implementation of recommendations, NAO

<sup>24</sup> SNISA 3200, page 34/35,

<sup>25</sup> <https://onlinelibrary.wiley.com/doi/10.1002/9781119529132.ch14>

<sup>26</sup> SNISA 3000 – standard 146

- Visit to collect information regarding actions taken by the audited entity.

### Scope and limitations of this audit

This follow-up audit will be based on the performance audit reports published in 2019. The following table presents the institutions included in the audit, broken down by the audit reports published within this year.

The table below presents the entities included in the audit for ten performance audit reports.

**Table 3. Audit reports and entities included in the audit**

	<i>Audit Report</i>	<i>Audited Institutions</i>
1	<i>Medium-Term Expenditure Framework 2018-2020 in the education and infrastructure sector</i>	Ministry of Finance, Office of the Prime Minister and Ministry of Education, Science and Technology
2	<i>System for Determining Electricity, Thermal Energy and Water Supply Tariffs</i>	Energy Regulatory Office, Water Services Regulatory Authority, Mitrovica RWC, "Hidrogjeni Jugor" RWC, "Hidrodrini" RWC, "Termokos" district heating company and "Gjakova" district heating company.
3	<i>Road traffic safety</i>	Kosovo Police, Ministry of Infrastructure and Transport and Municipality of Prishtina
4	<i>Food Safety – Case Study: Meat and Stone Products</i>	Food and Veterinary Agency, Regional Offices of Mitrovica and Gjilan, as well as inspection points Mitrovica and Prizren.
5	<i>Management of Maintenance of Public Educational Institutions</i>	Ministry of Education, Science and Technology, Food and Veterinary Agency and municipalities of Prishtina, Ferizaj and Vushtrri.
6	<i>Management of public construction contracts</i>	Ministry of Education, Science and Technology, Ministry of Public Administration and Ministry of Culture, Youth and Sports
7	<i>Fuel quality control and monitoring system</i>	Ministry of Trade and Industry, Inspectorate and Kosovo Customs
8	<i>Effects of dividing tenders into lots</i>	Municipalities: Mitrovica, Suhareka, Viti and Istog
9	<i>The process of managing grants and subsidies in the agricultural sector</i>	Office of the Prime Minister, Ministry of Agriculture, Forestry and Rural Development, Municipalities of Prishtina, Prizren and Ferizaj
10	<i>Procurements with negotiated procedure without publication of a contract notice</i>	Kosovo Customs - Ministry of Internal Affairs, Ministry of Education, Science and Technology and the Secretariat of the Central Election Commission

Three of the reports published in 2019 will not be a sample of the audit. 1. Projects funded by DEMOS grants 2019” will not be a sample, because the cooperation with Helvetas/DEMOS has been ongoing since 2018 and audits are carried out every year. 2. Capacity Development in the Policy Making and Coordination Process, will not be a sample, because the project in the Prime Minister's Office has ended, so there is nothing to assess and the report 3. Analysis/Performance indicators for the local government level for the year-2018”, this document was published in 2019 as an analysis related to municipal performance indicators and does not contain recommendations that can be assessed as in regular performance reports.

The NAO, during the audit, had a limited scope for the reports: Electricity, System for Determining the Thermal Energy and Water Supply Tariffs, The process of managing grants and subsidies in the agricultural sector and the effects of dividing tenders into lots. This limitation included 31 recommendations or 16% of the recommendations given in 2019 that could not be assessed.

**Table 4: Audit reports and number of entities by level**

No	Performance Audits	Entities	CL	LL	PO E
1	<i>Medium-Term Expenditure Framework 2018-2020 in the education and infrastructure sector</i>	3	3		
2	<i>System for Determining Electricity, Thermal Energy and Water Supply Tariffs</i>	7	2		5
3	<i>Road traffic safety</i>	3	2	1	
4	<i>Food Safety – Case Study: Meat and Stone Products</i>	5	1	4	
5	<i>Management of Maintenance of Public Educational Institutions</i>	5	2	3	
6	<i>Management of public construction contracts</i>	3	3		
7	<i>Fuel quality control and monitoring system</i>	2	2		
8	<i>Effects of dividing tenders into lots</i>	4		4	
9	<i>The process of managing grants and subsidies in the agricultural sector</i>	5	2	3	
10	<i>Procurements with negotiated procedure without publication of a contract notice</i>	4	4		

To assess the number of implemented recommendations, we have selected 10 out of 13 published reports. The number of entities that will be included in the process of assessing the implementation of audit recommendations is 41, of which 21 central institutions (Ministries and subordinate agencies), 15 municipalities and five public enterprises.

### Description of the system and relevant actors

The follow-up of recommendations and reporting on the results of their implementation are regulated by the Guideline for Follow-Up of Performance Audit Recommendations. This document serves as a manual to be followed for the follow-up of performance audit recommendations, establishing standards and steps for consistent and organized reporting.

The responsibility for following up on audit recommendations and reporting on the results of implementation lies with the audit team leader or another NAO official, designated by the Director of the Audit Department in coordination with the Auditor General and in accordance with the annual audit plan. This process is a key part in ensuring the impact and effectiveness of the audit recommendations issued.

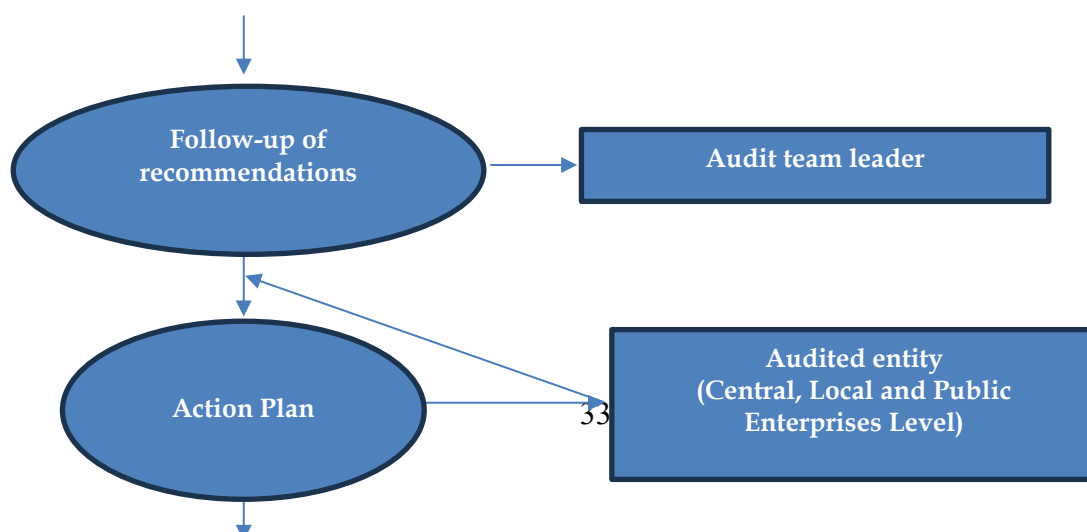
The audit team responsible for monitoring and reporting on the results of the implementation of recommendations, in addition to working with entities to follow up on them, also cooperates with the Communication Department and the liaison officer with the Assembly of the Republic of Kosovo. This coordination ensures accurate reporting of data on the reports reviewed, whether in standing committees or in the Assembly by members of parliament. This activity provides information regarding the importance of the audit and the additional responsibility for the implementation of recommendations by the audited entities.

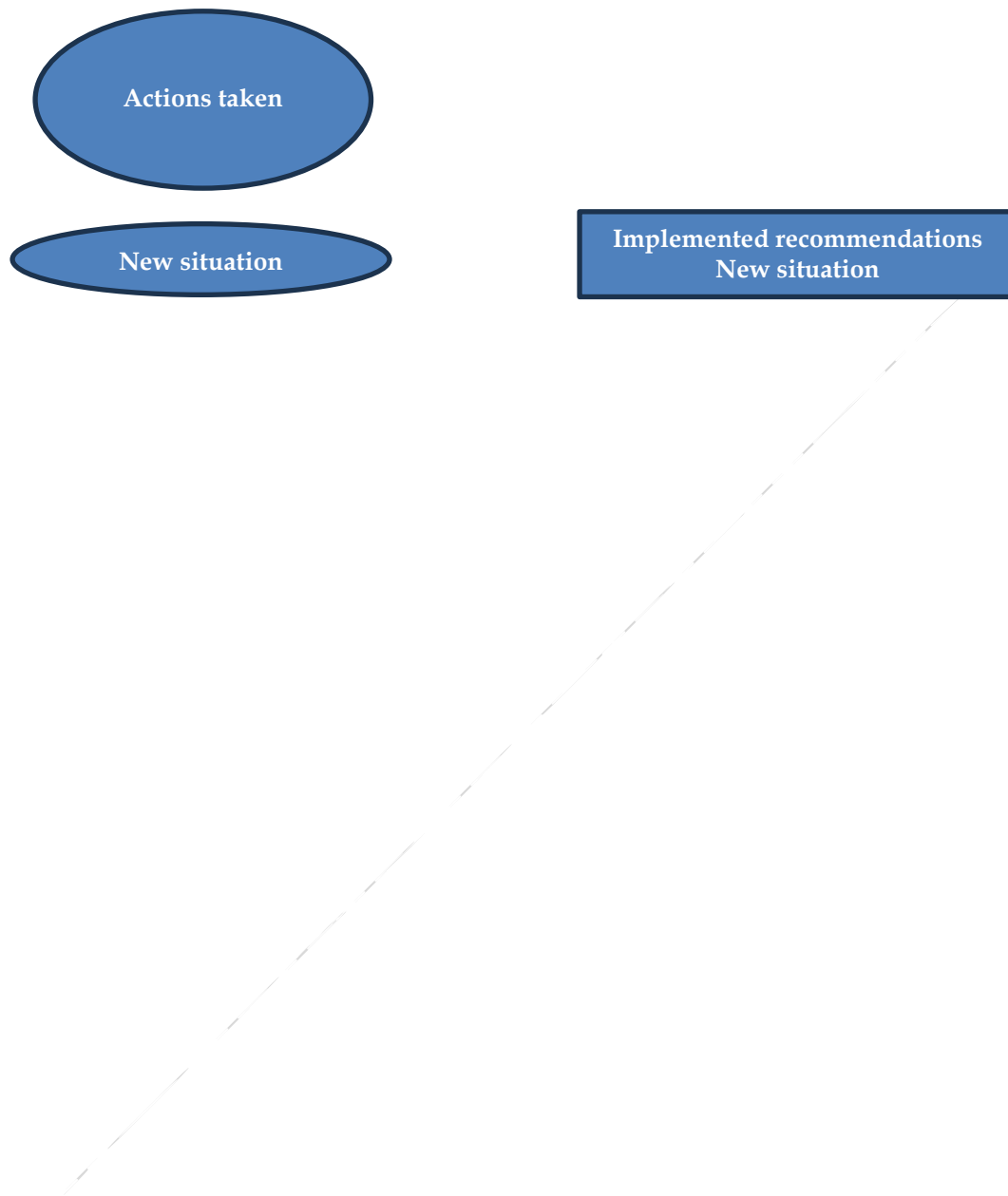
During 2019, the Committee for of Public Finances reviewed a total of 36 audit reports of the NAO, 10 of which were recommended for review in the plenary session of the Assembly. From the reports of the performance division, the audit report "*Management Process of Grants and Subsidies in the Agriculture Sector*" was reviewed.

Since the publication period of 2019 reports corresponds to the pandemic year, this is the reason why out of a total of 130 reports sent to the Assembly of the Republic of Kosovo, only 37 of them were reviewed in the standing committee.

Steps to be followed in the follow-up audit are presented in diagram number 1.

Diagram 1 Follow-up audit process





## Appendix II. Table with recommendations for which there was no response/scope limitation

	Recommendations	Responsible entity	Status of recommendation
<i>System for Determining Electricity, Thermal Energy and Water Supply Tariffs</i>	In cooperation with relevant institutions, identify consumers living on social assistance, and through the relevant authority, pay for their water and thermal energy services.	Government of the Republic of Kosovo	We have not received a response.
	Determine the bearers of water supply costs for religious buildings and, in cooperation with relevant institutions, compensate for the costs.	Government of the Republic of Kosovo	We have not received a response.
	Ensure that lower electricity tariff quotas are being implemented for environmentally endangered areas to eliminate unfair burdens on the citizens of these areas.	Government of the Republic of Kosovo	We have not received a response.
	Accounts receivable on behalf of consumers living on social assistance and which must be compensated by the relevant institutions should not be included in the total value of bad debt.	Recommendations for Regulatory Authorities	We have not received a response.
	Fixed tariffs for public services should be included in the tariff structure in cases where, based on well-documented preliminary analyses, it is considered reasonable.	Recommendations for Regulatory Authorities	We have not received a response.
	Ensure inclusive participation in public consultations of all stakeholders and with a special focus on citizen participation while expanding consultations through electronic media.	Recommendations for Regulatory Authorities	We have not received a response.
	Simplify the draft reports on Maximum Allowed Revenues published for public consultation in order for them to be better understood by consumers – the general public to whom the public consultation is intended.	Recommendations for Regulatory Authorities	We have not received a response.
	The approval of losses of service providers should be based on a unique methodology during the tariff setting process and be based on documented analyses, in order for the financial burden to be balanced over the years.	Recommendations for Regulatory Authorities	We have not received a response.
	The approved loss level should have elements of incentive targets as motivational mechanisms for improving the performance of service providers in terms of reducing losses.	Recommendations for Regulatory Authorities	We have not received a response.
	The approval of capital investments financed through tariffs should be well analysed, aiming for concrete results in expanding services, as well as reducing technical losses.	Recommendations for Regulatory Authorities	We have not received a response.
	WSRA should consider calculating the costs of treated water in bulk with special emphasis on distribution costs in order to achieve a more accurate tariff determination.	Recommendations for Regulatory Authorities	We have not received a response.
	:Water and thermal energy service tariffs should be calculated based on the consumption of services measured with calibrated meters.	Recommendations for Regulatory Authorities	We have not received a response.
	Develop regulations that determine the amounts and nature of capital investments financed through tariffs that are acceptable	Recommendations for Regulatory Authorities	We have not received a response.

and based on analysis, taking into account the value of existing assets and the need to increase the asset base.		
The level of allowances for bad debts of electricity and thermal energy in the tariff structure should be approved taking into account the level of participation of bad debt within current accounts receivable.	Recommendations for Regulatory Authorities	We have not received a response.
Approval of capital investments through the tariff should only be made in situations where there is a clear explanation and when all financing options from accumulated/generated profit, financing of old assets from depreciation expenses or from other funds to which the company may have access have been exhausted.	Recommendations for Regulatory Authorities	We have not received a response.
All approved costs must be accompanied by relevant evidence documenting the investment made and the need for those investments.	Recommendations for Regulatory Authorities	We have not received a response.
Regulatory offices should create a clear separation of assets financed through donations and assets financed from own resources, also creating norms for how much own assets can be increased during a regulatory process.	Recommendations for Regulatory Authorities	We have not received a response.
Depreciation expenses should be calculated only on the net value of existing assets, which are in function for generating services and should be considered only for the maintenance, respectively the replacement of old assets.	Recommendations for Regulatory Authorities	We have not received a response.
Analyse once again the reasoning of the decision to approve capital investments through tariffs to build the new building of the directorate and administration of CH 'Termokosi'	Recommendations for Regulatory Authorities	We have not received a response.
Regulatory authorities should ensure that the profit realized by public service providers is not higher than the approved profit - the allowed return on the regulated asset base.	Recommendations for Regulatory Authorities	We have not received a response.
ERO should ensure that expenses that do not have a clear justification and applicability in the service provision process are not approved. Expenses that have been attached to tariffs in the past, such as the case of fuel oil from this audit and that have not actually occurred, should be compensated to consumers in the total amount they have paid for these unmet costs in future adjustments.	Recommendations for Regulatory Authorities	We have not received a response.

Effects of dividing tenders into lots

The process of managing grants and subsidies in the agricultural sector

Regulatory offices should not approve increases in personnel costs with unfounded and poorly argued justifications that increase service fees.	Recommendations for Regulatory Authorities	We have not received a response.
Regulatory offices during tariff reviews should apply inflation rates based on relevant analyses from relevant institutions that reflect the inflation rate in the country, respectively, substantiated explanations if the actions are different.	Recommendations for Regulatory Authorities	We have not received a response.
Define the role and responsibilities of users for applications used for the evaluation of grants and subsidies and enable access according to the defined responsibilities; and	Recommendations for AAD	We have not received a response.
Draft plans for ex-post controls by assessing risks according to the measures defined in the program, and conduct post-investment controls to assess the achievement of results by beneficiaries of funds for the agricultural sector.	Recommendations for AAD	We have not received a response.
Conduct a market analysis to identify relevant EOs, collect information on the market situation, categorizing EOs into small, medium and large enterprises. Thus, CAs should provide sufficient information on which to base the decision to divide the tender into lots or to conduct an undivided tender. Document the decision to divide the tender into lots including the objectives that the CAs aim to achieve;	Recommendations for the municipality of Viti	We have not received a response.
Tender restrictions should be set based on preliminary analysis so as not to limit competition or increase prices;	Recommendations for the municipality of Viti	We have not received a response.
Analyse the effects of the procurement activity divided into lots, clearly specifying which objectives of the tender division were fully achieved, partially achieved or not achieved at all. Use the lessons learned from the analysis of the procurement effects for future procurements.	Recommendations for the municipality of Viti	We have not received a response.
Design tenders in such a way as to achieve the intended objectives. Consider all possible scenarios, based on the information emerging from the market analysis, before deciding on the type of restriction (if any) to be applied to each tender divided into lots; and	Recommendations for the municipality of Viti	We have not received a response.
To achieve the objective of efficiency in project implementation, municipalities should ensure sufficient funds that cover the entire value of the project, before initiating procurement activities.	Recommendations for the municipality of Viti	We have not received a response.

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