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Performance Audit Report

EFFICIENCY AND EFFECTIVENESS OF PROPERTY ADMINISTRATION BY KPCV



Prishtina, May 2026

The Auditor General of the Republic of Kosovo is the highest institution of economic and financial control, to which the Constitution and the Law[1] guarantee functional, financial and operational independence.

The National Audit Office is an independent institution that assists the Auditor General in carrying out his/her duties. Our mission is to contribute effectively to public sector accountability through quality audits, promoting public transparency and good governance, and fostering economy, effectiveness and efficiency of government programs for the benefit of all. This way, we increase confidence in the spending of public funds and play an active role in ensuring the interest of taxpayers and other stakeholders in increasing public accountability. The Auditor General is accountable to the Assembly for the exercise of the duties and powers set out in the Constitution, law, bylaws, and international public sector auditing standards.

This audit was conducted in accordance with International Standards on Supreme Audit Institutions (ISSAI 3000).[2]

Performance audits undertaken by the National Audit Office are objective and reliable reviews that assess whether government actions, systems, operations, programs, activities or organizations operate in accordance with the principles of sound economics[3], efficiency[4] and effectiveness[5] and if there is room for improvement.

1 Law 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo
2 Standards and guidelines for performance auditing based on ONISA Auditing Standards and practical experience
3 Economy - The principle of economy means minimizing the cost of resources. The resources used should be available at the right time, in the right quantity and quality, and at the best possible price.
4 Efficiency - The principle of efficiency means getting the most out of available resources. It is about the relationship between the resources involved and the result delivered in terms of quantity, quality and time.
5 Effectiveness - The principle of effectiveness implies achieving predetermined objectives and achieving expected results.

The Auditor General has decided on the content of the performance audit report "Efficiency and effectiveness of property administration by the KPCVA" in consultation with the Director of the Performance Audit Department, Arben Selimi, who supervised the audit.

The audit team consisted of:

Ernes Beka, Team Leader; and
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Table of contents

Executive summary 1
1. Introduction 5
2. Audit objective 9
2.1. Audit questions 9
3. Audit findings 11
4. Conclusions 31
5. Recommendations 35
Annex 1. Audit criteria, scope and methodology 39

List of Abbreviations

KPCVA	Kosovo Property Comparison and Valuation Agency (former HABITAT)
KPA	Kosovo Property Agency
DPHA	Directorate for Property and Housing Affairs
HPCC	Housing and Property Claims Commission
KPCC	Kosovo Property Claims Commission
PVSC	Property Verification and Settlement Commission
KCA	Kosovo Cadastral Agency
NAO	National Audit Office
RO	Regional Offices

Executive summary

The Kosovo Property Comparison and Verification Agency (hereinafter referred to as the Agency) is responsible for the administration of immovable properties that remain under temporary administration until the final resolution of property issues. Currently, the agency administers approximately 11,000 immovable properties, including residential, commercial and agricultural land.

The National Audit Office conducted a performance audit to assess the efficiency and effectiveness of the Agency's property management. The audit focused on assessing whether the Agency had a functional system of governance, internal control and accountability that guarantees legal, efficient and transparent administration of the properties under administration. The Agency had established several mechanisms for property management and monitoring, including the use of an electronic system and conducting on-site inspections; however, their functioning and implementation were not complete.

The audit findings indicate that the Agency has not ensured sufficiently efficient and effective administration of properties under administration.

Electronic system not fully functional and property registry incomplete

The electronic property management system is not fully operational, as only the property management module is in use, while the revenue and finance modules have not been operational since 2018. As a result, data on revenue and financial aspects are managed manually, without integration with the main registry and without automatic reports that would enable consolidated oversight. In addition, the property registry does not contain complete and standardized data on the users of nearly ten thousand properties. This situation has limited and continues to limit the Agency's ability to have an accurate overview of the use of properties and to take timely measures against unauthorized use.

Shortcomings in planning and conducting and documenting inspections

Although the legal framework requires that each property be inspected twice a year, there is no detailed annual inspection plan that defines the list of properties, deadlines, and responsibilities. As a result, significant delays in conducting inspections were observed in 3,626 cases, with delays ranging from a few days to over five thousand days, reducing the preventive and corrective effect of the inspection. Inspection documentation is often incomplete: inspection forms are sometimes not signed by inspectors, are not approved by heads of regional offices, and, in certain cases, inspections are considered completed even without an attached inspection report. These shortcomings weaken quality control, undermine accountability, and make it difficult to follow up on cases and verify the measures taken.

Lack of data integration and traceability

Regional offices maintain parallel data in Excel because the system does not allow the keeping of detailed records. These data are not standardized and are not integrated into the central registry, fragmenting the information. Moreover, inspection reports are mainly stored in physical form in regional offices and are not uploaded to the electronic system, which deprives the central level of direct access to verify the content and results. As a result, the central management level relies on partial information that can affect decision-making.

Improper handling of cases of unauthorized use

The Agency has not ensured proper handling of cases with unknown and unauthorized users. When the user is unknown, notices are placed on the property, but these notices do not contain binding elements, clear deadlines and warnings about administrative measures or further steps. The lack of standardization of the content of the notices and the subsequent procedures reduces the preventive effect of the intervention and creates a risk that unauthorized use will continue without being effectively addressed.

The National Audit Office has issued 10 recommendations aimed at addressing the identified deficiencies in the property administration and supervision system.

These recommendations include improving the functionality and integration of the electronic system and property registry, strengthening internal controls, improving the planning, implementation and documentation of inspections, and establishing more effective procedures for handling cases of unauthorized use of properties. The implementation of these recommendations would help the Agency strengthen institutional control over properties under administration, increase transparency and accountability, and ensure more efficient administration.

KPCVA's response

The Management of the KPCVA partially agreed with the audit findings and conclusions. The comments for what the KPCVA expressed disagreement, and the corresponding counterarguments from the National Audit Office, are detailed in Annex III. We encourage the KPCVA to make all efforts to address all given recommendations.

INTRODUCTION

01

1. Introduction

Legal certainty of property rights, the functioning of the legal order and the guarantee of a regular and transparent administration of properties constitute essential elements for institutional development, social stability and strengthening of trust in public institutions. The way in which properties under administration are identified, documented, supervised and treated directly impacts the legal certainty of the status of the property, the risk of usurpation and unauthorized use, as well as the level of transparency and accountability in decision-making. Effective administration in this area requires clear governance, functional internal control mechanisms, a reliable data management system and continuous supervision in the field, in order to guarantee evidence-based decision-making and timely response to observed deviations.

The Kosovo Property Comparison and Verification Agency (KPCVA) is the successor to the mandates of the Directorate for Property and Housing Affairs (DPHA) and the Kosovo Property Agency. Within this mandate, the KPCVA is responsible for the administration of immovable properties that remain under temporary administration until the final resolution of property issues. Currently, the Agency administers around 11,000 immovable properties, including residential, commercial and agricultural land. In addition to direct administration, the KPCVA also implements the Voluntary Rental Scheme, which enables the temporary use of these properties by citizens for residential or commercial purposes, through rental contracts.

Table 1 Properties under administration by region and property category

No.	Region	Housing	Commercial	Agricultural	TOTAL
1	Gjilan	207	1	1862	2,070
2	Mitrovica	382	5	1433	1,820
3	Peja	861	16	3640	4,517
4	Prishtina	253	7	1136	1,396
5	Prizren	175	4	1142	1,321

Property administration includes the management of property documentation, the registration and updating of data in the system, decision-making on the status of property, as well as on-site supervision through regular inspections. This process requires continuous coordination between the central level and regional offices, as well as institutional cooperation with local authorities. For this reason, the effective functioning of the internal control system and clear division of responsibilities and accountability mechanisms are determinants for fair, legal and efficient administration.

The quality of administration depends directly on the completeness and reliability of the evidence. Incomplete, outdated or non-standardized evidence on the user, property status, basic documentation and history of actions creates gaps in information, which make it difficult to identify unauthorized use and complicate the follow-up and handling of cases. A functional and integrated information system between organizational levels is a prerequisite for accurate reporting and effective supervision.

In addition to evidence, on-site supervision through inspections constitutes a key mechanism of operational control. Inspections have a preventive and corrective role, as they verify the factual condition of the property, identify deviations from the permitted use status and create a basis for taking administrative measures. In order for inspections to be efficient and effective, they should be planned in a structured manner, conducted regularly and documented in accordance with established procedures.

In this context, the National Audit Office has conducted a performance audit on the topic "Efficiency and effectiveness of property administration in the KPCVA" (hereinafter: the audit). The audit assesses whether the KPCVA has established and implemented functional governance mechanisms, work procedures and data management systems that ensure legal, efficient, effective and transparent administration of properties under administration. In this context, the organization of work at the central and regional level, the functioning of the electronic property administration system, the quality of the register and reporting, as well as the planning, implementation and documentation of field inspections were reviewed.

AUDIT OBJECTIVE

02

2. Audit objective

The objective of this audit is to assess whether the Kosovo Property Comparison and Verification Agency (KPVA) has ensured an effective system of governance, internal control and accountability that ensures legal, efficient and transparent administration of properties.

Through this audit, we aim to provide relevant recommendations for improving possible deficiencies in the management controls applied in the process of administering properties under the management of the KPCVA.

2.1. Audit questions

To achieve the audit objective, we formulated one main question and five sub-questions,[6] as follows:

1. Has the KPCVA established effective controls to ensure that properties are managed efficiently, effectively and transparently to achieve its objectives?

The scope of this audit covers the years 2023–2025. The subject of this audit is the Kosovo Property Comparison and Verification Agency (KPCVA), where the management of the entire property administration process under the responsibility of the Agency was audited. The audit covered the institutional and managerial framework, the functioning of internal control mechanisms, the recording and updating of data in the electronic property administration system, the integration and use of the system between the central level and regional offices, as well as the planning, implementation and documentation of field inspections. The audit has examined whether these processes are organized and functional in order to ensure legal, efficient, effective and transparent administration of properties under the administration of KPCVA.

6 The sub-questions are listed in Annex 1.

AUDITFINDINGS

03

3. Audit findings

This section contains audit findings regarding the system of governance, internal control and administration of properties under the management of the KPCVA. The chapter addresses the practices and mechanisms that the Agency has put in place to ensure legal, efficient and transparent administration of properties, as well as the functioning of the organizational structure, the property registry and electronic system, and the field inspection process.

The audit covered the main components of the property administration process: the institutional framework and the managerial framework.

To assess the functioning of these processes, the audit analyzed the Agency's organizational and regulatory documentation, the property registry and electronic system data, inspection plans and reports, as well as a sample of property and inspection files in regional offices. Interviews were also conducted with responsible officials at central and regional levels to understand the practical implementation of procedures and use of the system.

The findings are structured into two thematic chapters:

1. Institutional/legal framework

Laws, organizational structure, duties and responsibilities, reporting lines, regulations and standard operating procedures that aim to define who is responsible and for what.

2. Management framework

Planning processes, decision-making procedures, performance management, resource management, monitoring and evaluation.

Each chapter presents the identified deficiencies in relation to the relevant criteria and their impact on the efficiency, effectiveness and transparency of the administration of properties under the management of the KPCVA.

Institutional/legal framework

A functional institutional framework is essential to ensure strategic direction, accountability and effective coordination in the property management process. Organizational structures, reporting lines, clear descriptions of responsibilities and stability in managerial positions enable sustainable decision-making and effective oversight of operational processes.

High number of leadership positions with acting appointments

The KPCVA should have a functional organizational structure with leadership positions filled with regular appointments.[7], with clear managerial responsibilities and accountability, in order to ensure effective and stable management of the property administration process

The KPCVA has an organizational structure with leadership positions for which it has been found that in the area of property administration alone, there are 13 leadership positions covered by acting positions, most of which (11 positions) for a period longer than one year. These positions include managerial levels in the center and in the regional offices, which according to the organizational structure are expected to be filled by regular appointments.

This had happened because the recruitment and appointment processes for management positions had not been conducted in a timely manner, resulting in these positions being filled by acting officials. Given that the KPCVA manages around 11,000 immovable properties, operating with a significant management structure on a temporary basis limits institutional stability and makes it more difficult to coordinate and supervise operational activities effectively.

As a result, the filling of leadership positions with acting appointments creates a risk of instability in management and limits the capacity for strategic decision-making. In these circumstances, acting managers may focus more on short-term

7 Law on Public Officials 06/L-114, Article 35

process management, be reluctant to undertake reforms or deeper organizational changes, and have limited authority to ensure compliance by the staff under their supervision. Furthermore, the perception of the temporary nature of the role may affect the level of cooperation and accountability within the organizational structure. As a result, this situation may negatively impact the effectiveness of property management and supervision.

Shortcomings in regulations for the treatment of demolished or uninhabitable properties

The KPCVA should have a complete, clear and harmonized regulatory framework that regulates all relevant situations in property administration, including the handling of cases when the property is demolished, dilapidated or uninhabitable, in order to ensure uniform and lawful implementation of procedures.

The current Regulation No. 19/2023 on the rules and procedures for the property administration and the implementation of the voluntary rental scheme of the Kosovo Property Comparison and Verification Agency addresses only situations where the facility is demolished by central or local public institutions, concerning which it states that the property should be removed from administration. The Regulation does not contain provisions that determine the manner of handling cases where the property is demolished, dilapidated or uninhabitable for other reasons.

In contrast, Administrative Instruction No. 07/2017 (repealed with the entry into force of Regulation 19/2023) had foreseen the handling of these cases, including the possibility of terminating the administration when the property was found to be destroyed to the extent that it was unusable.

This situation arose because, when reviewing the legal framework, not all situations addressed in the previous guidelines were included and it was not accompanied by a complete analysis of the practical needs of property administration.

The lack of clear provisions for the treatment of demolished or uninhabitable properties creates uncertainty in decision-making, increases the risk of inaction

or uneven treatment of similar cases, and weakens the effectiveness and legal certainty in property administration.

Proposals for the removal of properties from administration not in accordance with legal requirements

The KPCVA should ensure that assessments and recommendations for removing properties from administration are based on accurate reference to the legal provisions in force, in order to ensure the legality of decisions and legal certainty in the treatment of properties under administration.

In two separate cases, officials had prepared proposals/recommendations for the removal of properties from the administration of the KPCVA by incorrectly referring to Article 21.6 of the Law on the KPCVA. The cases are as follows:

- **First proposal** (dated October 30, 2024): It included 21 properties and resulted in the issuance of a decision to remove them from administration, signed by the Deputy Director of the Agency.
- **Second proposal** (dated March 27, 2025): It included 48 properties and was presented as a recommendation for removal, but without a final decision since it was not signed by the Directorate of the Executive Secretariat.

In both cases, the justification for the removal of the properties was based on legal provisions,[8] which do not regulate the conditions or procedures for terminating property administration, creating uncertainty in the legal basis of these actions.

Following these actions, the KPCVA established an internal commission to review the legal basis, which concluded that the referenced provision was not applicable to the removal of the properties from administration and recommended their reinstatement and continuation of administration. Following the commission's recommendations, the Agency reinstated these properties under administration.

8 Article 21.6 of the Law on the KPCVA, which among other things stipulates that "The Agency shall not be liable for any damage to property under its administration nor for the loss or damage to its contents."

According to explanations provided by KPCVA officials, previous practices for removing properties from administration were based on the Guidelines 07/2017 on procedures, conditions and criteria for the end of administration of properties, which provided for the possibility of removal when the property was found to be destroyed to the extent that it was unusable. This Instruction was repealed upon the entry into force of Regulation No. 19/2023 on rules and procedures for property administration.

The new regulation provides for removal from administration only in cases where the property is demolished by a central or local public institution, but does not regulate in detail the treatment of cases where the property is demolished or unusable for other reasons. Previous practices have continued to apply even after the change in the normative basis.

This situation has arisen due to the poor design of internal controls, as the regulation and standard operating procedures do not sufficiently define the process for removing property from administration, in cases where it is dilapidated and uninhabitable.

The lack of prior legal verification as a preventive control has led to inadequate reference to provisions that do not directly regulate the termination of administration. Consequently, this increases the risk of uneven treatment of cases and undermines legal certainty in property administration.

Management framework

The management framework includes the operational processes and mechanisms through which the KPCVA manages, monitors and controls the properties under its responsibility. This includes the management of property data, the functioning of information systems, inspection processes and mechanisms for responding to unauthorized use of properties. The effective functioning of these processes is essential to ensure accurate records, regular monitoring and efficient management of properties. This chapter presents findings related to the operational and managerial aspects of property management.

Property system and registry

KPCVA has inherited an electronic property administration system developed by KPA, which is used for the registration, management, and monitoring of data related to properties under administration, including information on property status, users/occupants, and activities undertaken. The system is conceived as a central platform to support operational processes and managerial decision-making, and is used both at the central level and in regional offices.

A reliable system and complete register of properties under administration are the basis for effective management, monitoring of use and informed decision-making in property administration. Accurate, up-to-date and integrated data on properties and their users enable traceability, transparency and control of administration. The audit assessed whether KPCVA has a functional system and register that ensures the integrity and completeness of data on properties under administration..

Lack of full functioning of the electronic property administration system

The KPCVA should have a functional and integrated electronic system for property administration, which enables the accurate and timely recording, processing and reporting of property, revenue and financial data, by reducing manual interventions and the risk of errors.

The electronic property administration system at the KPCVA, designed by the Agency's staff and in use since 2006, is designed with three modules:

- Property management module,
- Revenue module, and
- Finance module.

However, only the property management module is functional, while the revenue and finance modules have not been functional since 2018. Financial and revenue data are not automatically included in the system, but are recorded and updated manually by the responsible staff, through separate tables and records. This practice limits the full integration of information and makes the system partially functional.

This situation has arisen due to the lack of ongoing technical maintenance of the system, preventing its full use as an integrated platform for property administration and financial management. Furthermore, the technical staff that had developed and maintained the system is no longer part of the Agency. The Agency has not replaced the staff nor has it contracted system maintenance services.

Limited use of the system and manual data recording increases the risk of errors and may impact the accuracy and reliability of information for monitoring purposes, financial reporting, and managerial decision-making in property administration.

The property registry does not contain complete data.

The KPCVA should maintain a unified, accurate and updated register of properties under administration, which reflects their current status.

For a significant number of properties under administration, the Agency failed to identify and register the property user. From the analysis of the property database, it was identified that user data are missing for 9,434 out of 11,302 properties under administration (83%). The largest number of properties with missing user data is in the category of agricultural properties, followed by residential properties. In addition, the database does not even contain the date of registration of the properties with the Agency.

Table 2 Unidentified users by property type

Property type	Total	Unidentified	Percentage
Residential	1,930	775	40%
Commercial	33	18	55%
Agricultural	9,339	8,641	93%
Total	11,302	9,434	83%

This happened because inspectors did not make sufficient or appropriate efforts to identify the property users. This was due to the lack of a methodology that enables effective identification of property users.

The lack of verified data on the users of such a large number of properties under administration results in unauthorized use of the properties. Moreover, the lack of a property registration date with the Agency leads to an unstructured approach to the treatment of properties under administration.

The property registry does not contain uniform names.

The KPCVA should maintain a unified register containing uniform names for property users.

The Agency failed to maintain a register with uniform names. In the relevant field of the system in which the name of the current user should be recorded, various entries were recorded, such as: "NN", "0", "Null", "Unauthorized person", "Unknown person" or the field was left blank.

Table 3 Properties with different names

Description	Residential	Commercial	Agricultural	NULL	Total
NN	55	0	99	0	154
0	90	1	0	0	91
Null	1	0	0	0	1
Unauthorized person	3	3	160	0	166
Unknown person	0	1	0	0	1
Blank	684	17	8,642	7	9,350
Total	833	22	8,901	7	9,763

As can be seen in the table, the data are recorded unevenly across all categories. Furthermore, in seven cases we identified that it is not even known which property category they belong to.

This situation has arisen due to the lack of proper functioning of internal controls for the systematic verification of updated data in the registry by the responsible structures. In addition, there is no standardized procedure for recording and classifying data in the system in a uniform manner.

This evidence shows that the registry does not reflect in an accurate and standardized way, the current state of property use, creating gaps in basic information for their administration.

System integration and use

The standardized and integrated use of the electronic system at all organizational levels is necessary to ensure data consistency, traceability of actions and effective central oversight in property management. The system should support the operational needs of regional offices and enable complete and unique recording of information for each property. The audit examined whether the electronic system is used in a harmonized manner between the central and regional levels and whether it fully supports the operational processes of property management.

The electronic system does not fully support the operational needs of regional offices

The electronic property management system should enable complete, standardized and harmonized recording of data and actions related to property case management at all organizational levels, in order to ensure integrity, traceability and full managerial access to information.

The KPCVA has developed an electronic system for the registration and management of properties under administration, which is used both at the central level and in the regional offices. This system aims to enable the registration, updating and monitoring of data on properties and activities related to their administration,

serving as the main source of information for management. However, in practice, the system does not fully support the operational needs of the regional offices for the management of property cases. The regional offices maintain data on properties in Excel, parallel to the data in the electronic system for property administration used both at the central and regional levels. Regional officials record in Excel additional information and actions that cannot be recorded in the system. These data are maintained individually by the officials for each case and are not standardized nor integrated with the central register of the electronic system.

This happened because the electronic property management system, due to lack of development and adaptation to the operational needs of the regional offices, did not allow the keeping of detailed records, information for case tracking or additional operational data necessary for the daily management of property cases. This was due to the departure of experienced staff from the IT department that had developed the electronic property management system and thee failure to substitute them with adequate staff. It is worth noting that the KPCVA has undertaken several steps to develop a new electronic system in cooperation with the World Bank.

Keeping parallel records fragments information on property management, increases the risk of inconsistencies and loss of information, reduces the traceability of actions, and limits management's ability to have a complete and reliable overview of property cases and actions taken.

Inspection reports are not uploaded to the electronic property system

The KPCVA should ensure that all inspections and relevant reports are uploaded to the electronic property management system, in order to enable full access, central monitoring and traceability of actions taken in the property administration process.

Field inspection reports are only stored in physical form and are not uploaded to the electronic property management system. From the verification of documentation and testing of the electronic property system, we have observed that inspection reports are only stored in physical form in the regional offices and are not uploaded to the electronic property management system. In addition, these reports are not sent in any other form, physical or electronic, to the central office.

This situation has resulted from the limitations of the electronic property system, which has not been developed sufficiently to include the function to enable the electronic uploading and archiving of inspection reports.

The inability to upload inspection reports to the electronic system increases the risk of a lack of transparency and traceability of inspections. The central level does not have direct access to inspection reports to verify whether the inspection reports were properly completed, signed by inspectors, and approved by the heads of regional offices.

Planning and conducting inspections

Regular and documented inspections of properties under administration are a key mechanism for verifying the legal use of properties, identifying irregularities and taking protective measures. Structured planning, timely implementation and complete documentation of inspections ensure effective oversight and accountability in property administration. The audit assessed whether the KPCVA plans, conducts and documents inspections in accordance with procedural requirements and internal control standards.

Lack of a detailed annual plan for property inspections

The KPCVA should have a detailed and approved annual plan for regular and periodic inspections of properties under administration.

The KPCVA has not developed a detailed annual plan for inspections of properties under administration. Although the internal regulations and the existing annual performance plan stipulate in general terms that each property should be inspected twice a year, this requirement is not supported by a structured inspection plan that would determine the time of inspection, the properties to be inspected, the responsible inspectors or the procedures for replacing inspectors in case of absence. Inspections are conducted according to the order automatically generated by the electronic property system, based on the requirement that properties should be inspected twice a year. Inspections are not conducted according to prioritization

such as properties with unknown users, properties with a history of usurpation, properties with a lease contract close to expiration, etc.

According to the Agency, this happened because it did not consider it necessary to draft such a detailed inspection plan.

As a result, 3,626 properties are significantly behind schedule in inspection, with inspections relying solely on the ranking generated by the system, without an approved annual plan that defines coverage targets, priorities and responsibilities, so management has no means of monitoring progress against a plan. This also increases the risk that higher risk properties are not given priority.

Significant delays in property inspections

The KPCVA should ensure that regular and periodic inspections of properties under administration are conducted, in accordance with the inspection planning and established procedures, in order to verify in a timely manner the actual condition of the properties and their use according to the established status.

The inspection of properties under administration had noticeable delays for a significant number of properties. Analysis of the data recorded in the inspection database of properties under administration shows that for 3,626 properties there were significant delays in conducting inspections by the responsible inspectors.

According to the system data, delays in conducting inspections ranged from 10 to 5,610 days (over 15 years) from the scheduled inspection date (six months after the last inspection). This means that inspections were conducted with an average delay of about 200 days.

Table 4 Number of days of delay for inspected properties

Days of delay	Number of uninspected properties
-10 to -500	3404
-501 to -1000	101
-1001 to -1500	19
-1501 to -2000	7
-2001 to -2500	7
-2501 to -3000	7
-3001 to -3500	34
-3501 to -4000	11
-4001 to -4500	24
-4501 to -5000	10
over -5000	2
Total	3626

As can be seen in the table, the largest number of properties not inspected or with inspection delays (from 10 to 500 days) is 3,404 cases.

This data shows that on-site inspection of the condition of properties is not conducted regularly and systematically.

Table 5 Delays by property type

Property Type	Number of Cases (≤ -10 days)
Agricultural	2,964
Residential	645
Commercial	17
Total	3,626

As can be seen in the table above, the largest number of delays in conducting inspections was in agricultural properties, followed by residential properties.

This situation happened due to the inadequate functioning of internal controls, specifically the heads of the Agency's regional offices did not use the database data to identify properties with inspection delays. The application of this internal control would ensure that inspections are conducted according to the established deadlines.

Delays in conducting inspections weaken the Agency's ability to oversee the use of properties and increase the risk that changes in their status, damage, or unauthorized use will not be identified in a timely manner. As a result, the Agency's ability to take timely corrective measures is limited and the risk that properties under administration will not be managed effectively, transparently, and in accordance with its institutional responsibilities is increased.

Unsigned inspection forms

The KPCVA should document all inspections according to standard operating procedures, in forms completed and signed by the responsible inspectors, in order to ensure traceability and accountability in the property inspection process.

As part of the property inspection process, inspectors are required to complete the relevant inspection form for each inspection conducted on site, which should record the property data, field findings and be signed by the responsible inspectors as evidence of the inspection and responsibility for the accuracy of the information. We found deficiencies in the documentation of inspections regarding the signing of inspection forms. During the review of a sample of 26 inspection forms provided by 3 regional offices (Prishtina, Peja and Gjilan), we noted that in 6 cases the inspection forms did not contain the signatures of the responsible inspectors who had conducted the inspection.

The forms reviewed recorded data on the property and findings made during the field inspection, but the inspectors' signatures, which serve as evidence of the inspection and responsibility for the accuracy of the recorded information, were missing.

This situation is due to the malfunctioning of internal control aimed at documenting and verifying inspections, which would ensure that inspection documentation is completed and formalized in accordance with procedural requirements.

The lack of signatures on inspection forms undermines the reliability and validity of inspection documentation, weakens individual accountability for inspections performed, and limits the possibility of their subsequent verification by the management level.

Inspections not approved by the regional office manager

The KPCVA should ensure that all inspections are reviewed and approved by the appropriate management level (head of the regional office), in order to ensure effective oversight, verification of findings and accountability in the property inspection process.

We have identified deficiencies in the process of managerial approval of inspection documentation. During the review of 26 samples of inspection forms provided by three regional offices, we noted that:

- in 5 cases the inspection forms/reports did not contain the signature of the head of the regional office, which proves their review and approval at the managerial level, and
- in 5 cases, the inspection forms/reports contained the signature of the head of the regional office but the date of the signature was missing.

The forms reviewed recorded data on the property and findings made during the field inspection, but lacked the signature of the regional manager confirming that the inspection report had been reviewed and accepted as an official document within the property supervision process.

This situation resulted from the failure of internal controls to properly verify and approve inspection documentation. This was because those responsible for signing the forms had recently been appointed to the position of regional office manager and were not yet clear on the duties and responsibilities required by the position.

The lack of approval of inspection reports by the head of the regional office weakens managerial oversight of the inspection process, limits verification of findings recorded in the field, and increases the risk that inspection documentation will not be complete and reliable for monitoring and decision-making purposes.

Inspections are considered completed even without verification of the inspection report.

The KPCVA should ensure that each inspection is considered completed only after the inspection report has been drafted, approved and archived, and is accessible in the electronic property administration system, in order to enable full verification and supervision of the inspection process.

We have found that inspections are recorded and considered completed in the system even when the corresponding inspection report is not uploaded to the electronic property system. From the analysis of the documentation and practice of recording inspections, we have identified that the inspection was considered completed and approved in the system by the central level, even though the inspection report was not uploaded in the system.

In these cases, the inspection report exists in physical form in the archives of the regional offices, but is not uploaded to the electronic system nor is it sent by email or in any other alternative form. As a result, the central level approves the inspection in the system without verifying the completed inspection report, the relevant signatures or its approval by the head of the regional office.

This situation has arisen due to functional deficiencies in the electronic property administration system that would require the inspection report to be uploaded and verified before being approved in the system. Thus, current practice allows inspections to be considered completed solely on the basis of recording in the system, without verifying the relevant documentation.

Considering inspections as completed without verifying the corresponding report weakens the traceability and reliability of the inspection process, limits managerial oversight, and decision-making at the central level is based on unverified

information, negatively impacting the effectiveness of property administration and control.

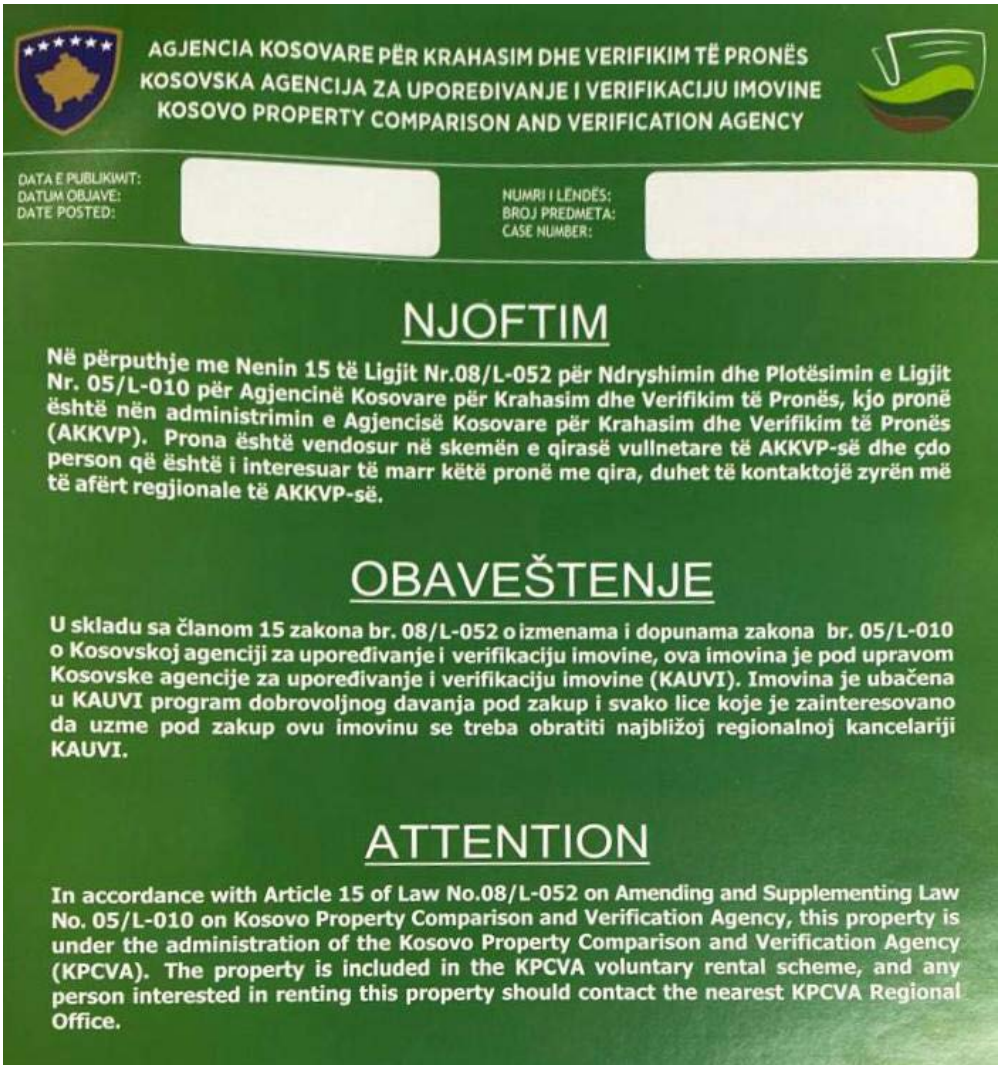
Lack of binding measures in notifications for unknown users of agricultural properties

The KPCVA should apply effective measures to identify and deal with unauthorized property users, including enforcement mechanisms and clear procedures that ensure the cessation of illegal use and the restoration of control over the property.

In cases where during field inspections the users of agricultural properties cannot be identified, the KPCVA places notices on the property to inform the person using it. However, the content of these notices is deficient and does not include binding elements or warnings of administrative measures in case of continued unauthorized use of the property. The notices are mainly informative in nature and do not set concrete deadlines for the user to appear or for the Agency to take other actions.

This situation has arisen due to the lack of standardization of the content of notifications and the lack of clear procedures that would determine the steps that should be taken after their deployment, including deadlines, administrative measures and institutional responsibilities for handling cases of unauthorized use.

As a result, the number of unknown users (NN, Null, etc.) is not reduced and the notifications fail to create a sufficient deterrent or coercive effect against unauthorized users of agricultural properties, increasing the risk of continued unauthorized use of these properties and limiting the effectiveness of their administration and supervision mechanisms by the KPCVA.


AGJENCIA KOSOVARE PËR KRAHASIM DHE VERIFIKIM TË PRONËS
KOSOVSKA AGENCIJA ZA UPOREĐIVANJE I VERIFIKACIJU IMOVINE
KOSOVO PROPERTY COMPARISON AND VERIFICATION AGENCY
DATA E PUBLIKIMIT:
DATUM OBJAVE:
DATE POSTED:
NUMRI I LËNDËS:
BROJ PREDMETA:
CASE NUMBER:
NJOFTIM
Në përputhje me Nenin 15 të Ligjit Nr.08/L-052 për Ndryshimin dhe Plotësimin e Ligjit Nr. 05/L-010 për Agjencinë Kosovare për Krahasim dhe Verifikim të Pronës, kjo pronë është nën administrimin e Agjencisë Kosovare për Krahasim dhe Verifikim të Pronës (AKKVP). Prona është vendosur në skemën e qirasë vullnetare të AKKVP-së dhe çdo person që është i interesuar të marr këtë pronë me qira, duhet të kontaktojë zyrën më të afërt regjionale të AKKVP-së.
OBAVEŠTENJE
U skladu sa članom 15 zakona br. 08/L-052 o izmenama i dopunama zakona br. 05/L-010 o Kosovskoj agenciji za upoređivanje i verifikaciju imovine, ova imovina je pod upravom Kosovske agencije za upoređivanje i verifikaciju imovine (KAUVI). Imovina je ubačena u KAUVI program dobrovoljnog davanja pod zakup i svako lice koje je zainteresovano da uzme pod zakup ovu imovinu se treba obratiti najbližoj regionalnoj kancelariji KAUVI.
ATTENTION
In accordance with Article 15 of Law No.08/L-052 on Amending and Supplementing Law No. 05/L-010 on Kosovo Property Comparison and Verification Agency, this property is under the administration of the Kosovo Property Comparison and Verification Agency (KPCVA). The property is included in the KPCVA voluntary rental scheme, and any person interested in renting this property should contact the nearest KPCVA Regional Office.

CONCLUSIONS

04

4. Conclusions

The Kosovo Property Comparison and Verification Agency has not established fully effective controls to ensure that property management is carried out efficiently, effectively and transparently. The audit identified significant shortcomings in the organizational structure, internal control mechanisms, information system and inspection process, which limit the achievement of the Agency's objectives and affect the quality of property management. These shortcomings have been evident over the years, indicating that this situation is still not being improved.

One factor contributing to this situation is the significant number of leadership positions filled by acting officials, which indicates that the KPCVA has not ensured a fully functional organizational structure with stable lines of accountability and decision-making. The long-term retention of key positions in this status weakens oversight and coordination mechanisms, negatively impacting the effective functioning of administrative and internal control processes.

Property administration has also been affected by uncertainties in the institutional/legal framework, which indicates that mechanisms for ensuring fair and uniform implementation of legal provisions are not fully effective. Changes in the legal framework have not addressed all practical situations, resulting in cases of uneven treatment of properties and increasing the risk of non-standardized decision-making.

The KPCVA does not have a complete, accurate and up-to-date system for registering and reporting properties. The property register is incomplete, as data on current users is missing for a significant portion of properties, while the lack of standardization in registration and difficulties in identifying users mean that the data does not reflect the real situation.

Shortcomings in the information system also indicate that the electronic system does not provide sufficient functionality for integrated and reliable data management. The system is not fully functional, as the revenue and finance modules are not

active, while the maintenance of parallel records by regional offices indicates a lack of full data integration and traceability.

Shortcomings were also identified in the documentation and information management mechanisms related to property inspections. The audit assessed that internal control and oversight mechanisms do not function effectively to ensure full documentation and verification of inspections. In some cases, inspection documentation was not completed or formalized according to procedural requirements, weakening the accountability and credibility of the process.

Inspections are not always conducted regularly and within the established deadlines, which indicates a lack of effective mechanisms for their planning and monitoring. Significant delays in inspections limit the Agency's ability to identify and address cases of unauthorized use of properties in a timely manner.

The lack of a detailed property inspection plan limits the institution's ability to systematically monitor the condition and use of properties under its management. Without clear planning based on priorities or risk, inspections are conducted in a sporadic and uncoordinated manner, which increases the risk that unauthorized use, degradation or changes in the condition of properties are not identified in a timely manner. As a result, the Agency fails to provide effective oversight over properties and to react proactively to problems that may arise on the ground.

Inspections are considered completed even in the absence of an inspection report uploaded to the electronic system, which indicates that the mechanisms for controlling and verifying information are not sufficient to ensure the reliability of the data. Although physical inspection documents are stored in regional offices, their absence in the system limits central level access for verification of documentation and effective oversight of the inspection process.

Mechanisms for dealing with unauthorized use of properties are not fully effective. In cases where the user of the property is unknown, the KPCVA places notices on agricultural properties to inform potential users. However, these notices do not contain binding measures or warnings of administrative action in case of continued unauthorized use, limiting the preventive effect and effectiveness of the Agency's interventions.

Overall, these shortcomings indicate that the current property management system at the KPCVA needs further strengthening of internal controls, operational procedures and information systems, in order to ensure more effective, transparent and reliable administration of properties under administration.

RECOMMENDATIONS

05

5. Recommendations

In order for the Kosovo Property Comparison and Verification Agency (KPCVA) to improve the efficiency and effectiveness of the administration of properties under its administration, ensure data integrity, proper functioning of information systems, and effective oversight through inspections, we recommend that it:

1. Ensures that recruitment and appointment processes for management positions are implemented in a timely manner and in accordance with applicable legislation, so that these positions are filled with regular appointments and greater managerial stability and clearer accountability in property administration are ensured.
2. Establishes an additional control to conduct prior legal verification of proposals/recommendations for the removal of property from administration when it is dilapidated and uninhabitable.
3. Reviews and supplements the legal framework for property administration, in order to clearly address cases where property is demolished, dilapidated or uninhabitable, as well as to determine the procedures and actions that should be taken in these situations;
4. Ensures the maintenance and continuous development of the electronic property administration system, by also functionalizing the revenue and finance modules, in order to enable automatic data integration and reduce the use of manual processes;
5. Ensures the design and implementation of a clear methodology for identifying property users, so that the property register is complete, accurate and up-to-date, and establishes standardized procedures for recording and updating data
6. Strengthens internal controls in the property administration and inspection process, ensuring:

- systematic verification of data recorded in the system, as well as ensuring the development of a standardized procedure for recording and classifying data uniformly by all responsible structures,
- planning, monitoring and timely implementation of inspections according to the established deadlines, as well as
- full documentation and verification of inspections, including the signing and approval of forms by the relevant responsible levels, in order to guarantee traceability, accuracy and accountability at all stages of the process.

7. Ensures the development and adaptation of the electronic property administration system to the operational needs of the regional offices, so that the system enables the recording of detailed records and data necessary for the management of property cases, as well as enabling the electronic uploading and archiving of inspection reports;

8. Drafts a detailed annual plan for the inspection of properties under administration, which determines the prioritization of inspections, the deadlines and frequency of conducting inspections and the responsible inspectors, which will ensure that inspections are conducted in a regular, coordinated and systematic manner;

9. Ensures that inspection reports are uploaded to the electronic property management system and are accessible to the central level, in order to enable effective verification, monitoring and supervision of inspections; and

10. Standardizes the content of notices placed on properties in cases where the user is unknown, including warning elements and clear administrative measures aimed at stopping unauthorized use, especially for agricultural properties.

ANNEXES

Annex 1. Audit criteria, scope and methodology

The audit problem

Information obtained during the pre-study phase, including interviews with the management of the KPCVA and review of relevant documents indicate that the current property administration system may face shortcomings in internal control mechanisms, managerial oversight, accountability and data reporting. In addition, indications of inconsistencies between rules and implementation practices have been identified, as well as challenges in ensuring complete and reliable property records between the central level and regional offices.

The KPCVA's annual performance report for 2024 highlights that in some cases unauthorized actions and differences in data reporting between organizational structures have been identified, which may affect the quality of reporting and the effectiveness of oversight mechanisms. In this context, the Agency has undertaken initiatives to develop a digital property registry, with the aim of improving data evidence and reporting.

In this situation, there is a need to assess whether the existing system of governance and internal control in the KPCVA ensures efficient, effective and transparent administration of the properties under its administration, as well as whether the oversight and accountability mechanisms function adequately to guarantee responsible management of these properties.

Description of the system and relevant actors

The property management system in the KPCVA is an integrated institutional mechanism that brings together institutional decision-making, supervision, executive administration and operational implementation in the field, with the aim of handling properties under administration in a standardized, documented and traceable manner. The system functions as a chain of links: from the receipt and registration of the property, to the determination of its status, its temporary use when applicable, supervision through inspections, and the follow-up of subsequent measures against unauthorized use.

According to the Regulation on Internal Organization and Systematization of Jobs, the KPCVA is organized and functions in four main links, which keep the decision-making function separate from the executive and supervisory functions: (a) Office of the Director of the Secretariat, (b) Supervisory Board, (c) Property Claims Commission, and (d) Property Verification and Settlement Commission.

a. **Office of the Director of the Secretariat –** constitutes the executive-administrative link of the system. This link turns decision-making and internal policies into work processes: organizes the flow of cases, coordinates regional units/offices, standardizes documentation, and ensures that property files, reports, and records are kept complete and up-to-date. In practice, this is the "operational engine" that should ensure discipline in registration, deadlines, and traceability of actions.

b. **Supervisory Board –** is the link of supervision and overall institutional direction. Its role in the system is to ensure that the KPCVA functions with good governance: with clear lines of responsibility, with functional internal controls and with structured reporting, by exercising oversight over the performance and risks of property management. In the logic of the system, the board should be a "control filter" for structural deviations that produce instability, weak evidence and delays.

c. **Property Claims Commission –** is the link that handles property claims under the mandate of the KPCVA and produces decision-making that directly affects the status of properties and the actions that the Secretariat should take. In the system, this link is the "source of decisions" that moves property

from one status to another and that establishes concrete obligations for implementation, documentation and follow-up.

d. **Property Verification and Settlement Commission –** is the institutional link that deals with verification and disposition of properties according to the respective competencies. For the system, this means that property statuses (e.g. administrative treatment, verification of relevant elements, and resolution of certain issues) should be immediately reflected in the file and in the registry and produce measurable operational actions for the Secretariat and regional units.

The core of the administration system is the property file and the property registry. The property file should store identification documents, decisions and letters, current status, evidence of communication and history of actions. The registry serves as an institutional mirror where properties are linked to status, user (when it exists), lease contracts, inspections and follow-up measures. The functionality of the system is measured by the completeness of these two pillars and by the fact that every action taken in the field and every decision of the commission is turned into verifiable evidence.

The typical operational process follows this flow: (1) identification/taking under administration and opening a file; (2) recording and updating data in the register; (3) decision-making by the commissions on status/action; (4) implementation by the Secretariat and regional units; (5) field supervision through inspections; (6) follow-up measures against unauthorized use; and (7) reporting and managerial/supervisory oversight. This cycle is the practical meaning of "system": not just rules, but a flow that produces traceability and control.

The Voluntary Rental Scheme is a sub-system within property management: identification of suitable properties, selection of the user, conclusion of the contract, monitoring of conditions and closing the contract.

Inspections are the main mechanism of operational control. The system requires planning (annual plan/priority), timely implementation, standard documentation, signature and managerial verification/approval. An inspection is not a "field visit"; it is a document that creates evidence and a basis for decision-making and measures. When inspections are not planned and documented in a consistent manner, the

chain of control falls and the entire system reverts to formal administration without impact on the field.

Handling unauthorized use is a link directly related to inspections. The system requires standardized actions: notifications with binding elements and deadlines, documentation of evidence, and clear follow-up until the case is closed. In a disciplined system, a "case" is not closed without complete documentation and proof of final action.

In summary, the property management system in the KPCVA is built as an architecture with four institutional links (Secretariat, Supervisory Board, two commissions) that produce decision-making, implementation, supervision and accountability, while the technical/operational pillars (file, registry, inspections, rental procedures and follow-up measures) make the system verifiable and functional. The KPCVA manages a large number of properties that are under its administration until the final resolution of property issues. According to the annual performance report for 2024, the Agency has 11,386 properties under administration, some of which have been given for use through the Voluntary Rental Scheme, while the others are awaiting court decisions or are not in active use.

The Property Administration process includes these steps:

- Property identification
- Property registration in the system
- Legal verification of documents
- Decision to place property under administration
- Inclusion in the official administration list
- Regular monitoring and field inspections
- Acceptance of rental applications
- Decision-making and signing of the lease contract
- Monitoring usage and payments during the rental
- Release of property and delivery with minutes.

These processes are implemented by the central office of the KPCVA in Prishtina and by regional offices in the main municipalities of Kosovo. The regional offices are located in Prishtina, Peja, Mitrovica, Prizren and Gjilan. Furthermore, in Prishtina there is also a Regional Operational Division which, together with the regional offices, functions within the Department for Regional Coordination.

Audit questions

To achieve the audit objective, we have posed one main question and five sub-audit questions, as follows:

1. Has the KPCVA established effective controls to ensure that properties are managed efficiently, effectively and transparently to achieve its objectives?

    1.1. Does the KPCVA have a functional organizational structure and clear lines of communication and reporting between the managerial level and operational staff, and does this structure contribute to the achievement of objectives as well as to the efficient and effective management of property administration?

    1.2. Does the KPCVA have functional oversight and internal control mechanisms that ensure managerial accountability and prevent deviations in the property administration process?

    1.3. Does the KPCVA have a complete, accurate and up-to-date system for recording and reporting properties under administration, and is this data used for effective management of the process?

    1.4. Is the property registry integrated between the central level and regional offices, and does it provide sufficient functionality for standardized registration, monitoring and traceability of eventual changes in the system for properties under administration?

    1.5. Does the KPCVA have a detailed inspection plan and do regular on-site inspections take place to verify the use of properties according to standard operating procedures?

Audit criteria

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

- The KPCVA should have an approved and functional organizational structure with clear descriptions of duties, responsibilities and reporting lines for management staff, regional units and inspectors;
- The KPCVA should ensure that annual performance objectives are achieved and that they are monitored through effective reporting and accountability mechanisms;
- The KPCVA should have effective mechanisms of managerial oversight and internal control, based on a clear division of responsibilities, delegation of powers and clearly defined roles in the organizational structure;
- The KPCVA should ensure that failure to achieve objectives, deviations from plans and shortcomings in organizational functioning are identified, documented and addressed through concrete managerial and accountability measures;
- The KPCVA should maintain a unified, accurate and updated register of properties under administration, which reflects changes in the status of properties in real time;
- The KPCVA should ensure that the registry data is actively used for decision-making, planning, management reporting and oversight of the administration process;
- The KPCVA should have an integrated property registry system, which is used consistently by the central level and regional offices for recording and processing data related to properties under administration;
- The property registry system should provide sufficient functions for complete documentation of property data, recording and verifying inspections, and ensuring traceability of changes in the system;
- The KPCVA should conduct regular and periodic inspections of properties to verify their use, according to the detailed inspection plan;
- The KPCVA should document all inspections according to standard operating procedures, with continuous updates, in which the findings, measures and recommendations for each case are recorded.

Audit scope

The scope of this audit covers the years 2023–2025. To meet the audit objective, the administration processes of properties under the care of the Kosovo Property Comparison and Verification Agency (KPCVA) will be reviewed, as well as the manner in which the Voluntary Rental Scheme is implemented during this period.

The audit will analyze the manner in which property is registered, used, supervised, and released, as well as whether actions on the properties have been conducted in accordance with relevant procedures and authorizations.

The audit will select representative samples of properties administered by the KPCVA to assess the implementation of internal controls and reporting mechanisms, as well as to analyze whether there have been cases of change in property status. The audit will also examine the processes of granting and managing rental contracts, to see whether the Rental Scheme has been implemented in a fair, transparent and efficient manner.

This audit will focus on the central office of the KPCVA in Prishtina, as well as on several regional units where cases of difficulties in property administration or inconsistencies in reporting have been identified. The focus will be on how reporting lines function, the division of responsibilities and the implementation of internal controls, with the aim of ensuring the legal and sustainable administration of public properties.

Audit Methodology

The audit methodology includes the analysis of legal, procedural and administrative documentation related to the administration of properties and the implementation of the Voluntary Rental Scheme, starting from the central level of the KPCVA and down to the regional level. The audit will analyze the property management processes, the functioning of internal controls, reporting between the different organizational units of the agency and will examine whether the new digital property system is operational or in the development phase.

As part of the methodology, an analysis of coordination between central and regional units will be conducted, with the aim of assessing the clarity of reporting lines, division of responsibilities and supervision of field operations by inspectors. The relationship of the KPCVA with municipalities and other public institutions will also be examined, in cases where actions have been taken on properties under the agency's administration.

Part of the audit will also be the analysis of operational documents, such as: registers of administered properties, rental decisions, inspection reports, rental contracts, supervision minutes, as well as correspondence between different units of the KPCVA. Verification of supporting documents that show how decisions were made on properties and how the Rental Scheme was implemented in practice will be carried out.

The sample selection will be done in a representative and risk-oriented manner, based on the lists of administered properties and lease contracts issued during the years 2023–2025. The sample will include:

- properties that have been vacated or changed status without proper approval,
- properties for which interference by external parties (e.g. municipality) has been identified, and
- a certain number of properties that have been rented out.

The selection will be made with professional judgment focusing on representative coverage of the selected samples. The sample will include a reasonable number of active properties under management and a similar percentage of leases, taking into account the type of property, destination and region.

The methodology used for the sample audit will be based on several different aspects such as:

- Analysis of the legislation and official documents regulating property administration and the implementation of the Rental Scheme, to identify the compatibility between the established rules and actual practice;

- Analysis of the reporting and oversight system to assess whether there are clear lines of responsibility and authority for property-related decisions;
- Comparison of data reported by regional and central units to identify discrepancies or lack of updating of property registers;
- Assessment of the functioning of internal controls in property management processes, examining whether decisions are documented, approved and reported according to established procedures;
- Analysis of rental contracts to assess whether they have been prepared, signed and monitored in accordance with the criteria set out in the Voluntary Rental Scheme;
- Analysis of cases of unauthorized actions, to understand the causes, impact and institutional response after their discovery;
- Interviews with KPCVA officials at central and regional levels, including the Executive Director, Deputy Director, heads of property administration units and responsible inspectors;
- Interviews with representatives of the respective municipalities to understand the level of cooperation and cases of interference in properties under the administration of the KPCVA;
- Comparison of inspection reports with relevant documents (decisions, contracts, and minutes) and with the actual situation on the ground, if possible.

Audit Conducted: Performance Audit on the Efficiency and Effectiveness of Property Administration by the KPCVA

Document: Auditee Comments on the Draft Audit Report

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
		KPCVA partially agrees with the need for managerial stability; however, it requires a revision of the number and inclusion of the identified positions. Based on appointment acts, transfer decisions, and job descriptions, not all included positions have a managerial role in property administration, and some are not held under acting status. Therefore, it is required that the finding be reformulated based on positions that are directly related to property administration. Since the establishment of predecessor institutions up to 2026, the organizational structure responsible for property administration–namely the Division for Property Administration and Lease Scheme–has continuously and without interruption been led by appointed officials, and there have never been acting officials. According to the organizational structure, KPCVA has a total of seven (7) managerial positions dealing with property administration: the Head of the Department for Regional Coordination, the heads of five (5) regional offices, and the Head of the Division for Property Administration. Of these, five (5) positions are permanent, while two (2) are held on an acting basis (pending recruitment/IOBCS). Details are attached in the HR email.	Finding remains valid. The audit reviewed the additional clarifications and supporting documentation provided by KPCVA regarding the status and functions of certain positions included in the finding. However, despite these explanations, a significant number of managerial, coordination, and supervisory positions remain covered by acting appointments. The finding does not address only the formal status of positions, but also their impact on the functioning of property administration. The identified positions are part of the organisational structure responsible for directing, coordinating, and overseeing processes related to property management. Maintaining these positions under acting arrangements for extended periods limits managerial stability and accountability, thereby affecting the effectiveness of property administration.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Finding 1[9] High number of managerial positions covered with acting staff	Partly	Regarding the positions of Ms. Albina Reçica – Director of the Department for Informality and Comparison of Cadastral Documents, and Mr. Pal Bala – Head of the Division for Informality, it is emphasised that these positions were created within the framework of KPCVA's new mandate for addressing informality issues. Their functions and responsibilities are not related to the structures that manage, coordinate, or supervise key property administration processes, as evidenced by the respective job descriptions For the following positions: **Mr. Sami Ymeri –** Head of the Regional Operational Division; **Ms. Saranda Cina –** Head of the Division for Case Closure, Files and Requests; **Ms. Valdete Halimaj –** Head of the Division for Implementation of Decisions and Appeals Processes; and **Mr. Visar Krasniqi –** Head of the Division for Evictions,	

9 Serial number may vary in the final audit report

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
		we consider that, based on the job descriptions, these positions do not have a direct role in strategic management, coordination, or supervision of key property administration processes; therefore, their inclusion in the finding does not accurately reflect the impact on the effectiveness of property administration. The Division for Evictions has been included twice in the report/email. Furthermore, regarding Ms Shadije Behluli– Senior Regional Coordination Officer, we clarify that this position is not classified as a managerial position, as confirmed by Decision No. 01465/25. Therefore, its inclusion in the number of managerial positions held under acting status is not justified.	
Finding 2 Identified Weaknesses in the Regulatory Framework Governing the Treatment of Demolished or	NO	KPCVA does not agree with the conclusion that Regulation No. 19/2023 contains deficiencies on the grounds that it does not provide for the removal or termination of administration in every case where a property is damaged, demolished, burned, or otherwise uninhabitable. Properties under KPCVA administration are assets with a sensitive legal status. If removal from administration were allowed for other cases of demolition or damage without strict limitations, there would be a real risk that properties could be intentionally damaged or demolished, subsequently removed from KPCVA administration, and then exposed to illegal occupation, transfer, or unlawful benefit.	Finding remains valid. The finding does not question the need for legal protection of properties under administration, nor does it suggest in any way that damaged, demolished, or uninhabitable properties should be automatically removed from administration. The issue raised by the audit relates to the absence of clear provisions for the handling of such cases.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Uninhabitable Properties		Therefore, the fact that Regulation No. 19/2023 limits removal from administration only to cases where demolition is carried out by public institutions may be considered a control and legal safeguard mechanism, as demolitions carried out by public institutions are typically documented, procedurally regulated, and verifiable, thereby minimizing the risk of manipulation. Regulation No. 19/2023 was drafted in cooperation with all relevant institutions, including the Office of the Prime Minister, the Ministry of Finance, OSCE, and the KPCVA Governing Board. All necessary procedures were followed, and all stakeholders contributed to the drafting of the Regulation through their comments during public hearings; therefore, it is considered that the Regulation clearly defines the manner in which a property may be removed from administration. In other cases where a building has been damaged or no longer exists for reasons not explicitly covered by the Regulation, KPCVA must continue the administration, inspection, and monitoring of the property/site, including the land, until a clear legal basis for alternative action is established. Therefore, the issue does not lie in the absence of a regulatory framework for removal from administration, but rather in its implementation.	The Regulation defines the procedure for cases where demolition is carried out by public institutions; however, it does not specify how to proceed in situations where a property has been demolished, burned, destroyed by natural disasters, or has become uninhabitable for other reasons. For these situations, there is no clear procedure to guide decision-making by the responsible structures. It is precisely this lack of a clear normative framework for such cases that creates room for different interpretations and inconsistent decision-making in property administration. Therefore, the audit considers that the Regulation does not fully address all situations that may arise in practice during property management.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Finding 3 Proposals for Removal of Properties from Administration Not in Compliance with Legal Requirements	No	The conclusion that "internal controls were weak" is not valid, as the very fact that the NAO identified the case, an internal commission was established, non-compliance with applicable provisions was determined, and the properties were returned to administration demonstrates that control mechanisms functioned and prevented further consequences. Furthermore, for the case in question, the competent authorities were also contacted with a request to investigate the matter, as further actions fall outside the Agency's authorisations and competencies. Therefore, this indicates that the control mechanisms were effective and prevented any damage to the Agency. Certain situations arose due to non-compliance with the applicable law, exceeding of competencies, and failure to respect the reporting hierarchy.	Finding remains valid. Although the highest level of control identified the issue, the lower levels of control did not detect the same problem at the earlier stages of the process. As a result, the procedure passed through several levels of review until the non-compliance was identified, indicating the need to strengthen controls at both operational and managerial levels. The return of the properties following the intervention of the commission confirms that corrective actions were taken; however, it also indicates that the existing controls were not sufficiently effective to prevent the processing of cases that were not in compliance with legal requirements.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Finding 4 The Electronic Property Administration System not fully operational	Partly	KPCVA currently uses an electronic property management system that has been inherited, and, taking into account the technical limitations and risks arising from the use of an outdated platform, the institution has undertaken concrete measures for the modernization of its application infrastructure and is in the process of developing a new system supported financially by the World Bank. The new system aims to eliminate existing technical limitations, increase the level of automation, reduce manual interventions, enhance institutional reporting, and improve transparency, traceability, and operational efficiency in property administration. KPCVA comments relate to the finding concerning the non-functionality of the revenue and finance modules. However, we clarify that the current electronic system is not entirely non-functional in the financial aspect, as may be implied in the audit report. Specifically, the only component currently not functioning relates to the API/ technical integration for the automatic receipt of payment confirmations from the Treasury system. Furthermore, it should be emphasized that the main property management module has been fully functional throughout the entire period of system use and has served as the operational basis for the registration, management, and monitoring of properties under administration, both at central and regional office levels of the Agency.	Finding remains valid. KPCVA agrees that the revenue and finance modules are not functional. However, the reasons presented by KPCVA (interruption of mandate, inherited system, and development of a new system) do not change the fact that the electronic system (database) has not been properly maintained and fully functional over a prolonged period. Furthermore, given that the Agency continued to use this system, it should have planned for sustainable maintenance capacity, which did not occur, indicating weaknesses in system planning and management. This has resulted in the continued use of manual processes and an increased risk of data inaccuracies..

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Finding 5 The Property Register Does Not Contain Complete Data	Agree		
Finding 6 The Property Register Does Not Contain Standardized Nomenclature	Agree		
Finding 7 The Electronic System Does Not Fully Support the Operational Needs of Regional Offices	Partly	KPCVA clarifies that the system has supported the core functions of property administration, as the property management module has been fully functional and has served as the main platform for managing and monitoring properties at all levels. However, it acknowledges that for certain operational needs of the regional offices, auxiliary records have been used to support practical coordination. The main property management module has been operational throughout the entire period of system use and has served as the core operational basis for the registration, management, and monitoring of properties under administration, both at central and regional levels of the Agency.	Finding remains valid. KPCVA acknowledges that for certain operational needs of the regional offices, auxiliary records outside the electronic system have been used. However, the finding does not concern whether the property management module has been operational; rather, it specifically highlights that the electronic system does not fully meet the operational needs of the regional offices. This is further evidenced by the maintenance of parallel records by Agency officials.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
		Nevertheless, KPCVA agrees that the new system should enable more comprehensive recording, standardization, and improved traceability of data at both central and regional levels.	
Finding 8 Inspection Reports Are Not Uploaded into the Electronic Property Management System	Agree		
Finding 9 Lack of a Detailed Annual Property Inspection Plan	Partly	The statement that "the existence of automated notifications does not replace a detailed annual inspection plan" is clarified by KPCVA, which notes that the obligation to conduct regular inspections twice a year for each property is defined by the legal framework itself, which constitutes the basis for inspection planning. In this regard, the system is not intended to replace the legal plan, but to ensure its implementation through automated notifications and operational process management. The system automatically notifies users of the next scheduled property inspection in accordance with the law, except in cases where properties have been manually adjusted in the system to exclude inspections for extended periods.	Finding remains valid. The existence of automated notifications in the system does not replace a detailed annual inspection plan. The finding does not contest the system's functionality in generating notifications, but rather the absence of a structured planning approach that defines priorities, resource allocation, and a risk-based approach for conducting inspections.

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
		However, KPCVA does not agree with the conclusion that inspections remain dependent on a system vulnerable to unauthorized interventions, as the property management system operates with authorised user access and full traceability of all actions performed, where every intervention is identifiable and verifiable.	Furthermore, KPCVA itself acknowledges that in certain cases the system has been manually adjusted to postpone inspections for extended periods, which indicates a lack of adequate control and centralized oversight over inspection planning.
Finding 10 Significant Delays in Property Inspections	Agree		
Finding 11 Unsigned Property Inspection Forms	Agree		
Finding 12 Property Inspections Not Approved by the Head of the Regional Office	Agree		

Findings	Agree yes/no	Auditee's comments when not agreed	View of the NAO
Finding 13 Inspections Considered Completed Without Verification of the Inspection Report	Agree		
Finding 14 Absence of Enforcement Measures in Notifications Issued to Unknown Users of Agricultural Properties	Partly	The green notice has an informational character, which the Agency uses to inform the general public that the property is under the administration of KPCVA, and that interested parties may apply at one of its offices to lease the property. Regarding the blue notice, which includes punitive measures, this is used in cases where there are interested parties who express interest in leasing the property. It is intended to notify illegal occupants of the legal consequences under the Criminal Code of Kosovo in cases of unlawful occupation of properties under the Agency's administration. KPCVA clarifies that the purpose of using the two different notices is that the green notice serves an informational purpose for the public and potential tenants regarding the opportunity to enter into a contractual relationship with KPCVA, while the blue notice serves to inform about legal consequences in cases of unlawful use of the property. However, KPCVA agrees that the practice of using notices in the field should be reviewed.	Finding remains valid. KPCVA agrees that the practice of using field notices should be reviewed. During the audit period, it was confirmed by the regional offices that, in practice, only the informational notice (green notice) is used. This notice has a purely informative character and does not contain binding measures or specific deadlines for action. It is placed on agricultural properties and does not provide a sufficient effect for the identification or termination of unauthorized use. Regarding the other notice (blue notice), to which the Agency refers in its comments, this was not part of the practice verified during the audit and was presented only during the comment phase.



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