



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

**AUDIT REPORT**  
**ON THE ANNUAL FINANCIAL STATEMENTS OF THE MINISTRY**  
**OF EDUCATION, SCIENCE AND TECHNOLOGY FOR**  
**THE YEAR 2019**

**Prishtina, July 2020**

The National Audit Office of the Republic of Kosovo is the highest institution of financial control, which for its work is accountable to the Assembly of Kosovo.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers' of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

This audit is carried out in line with the International Standards of Supreme Audit Institutions, and good European practices.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Ministry of Education, Science and Technology in consultation with the Assistant Auditor General, Emine Fazliu, who supervised the audit.

The report issued is a result of the audit carried out by Blerina Krasniqi - Team Leader, and Laureta Matoshi and Veton Misiri - team members, under the management of the Head of Audit Department, Faruk Rrahmani.

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## Executive Summary

This report summarises the key issues arising from our audit of Ministry of Education, Science and Technology for 2019, which includes the Opinion of the Auditor General on Annual Financial Statements. Examination of 2019 financial statements was undertaken in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

Our audit focus has been on:



### Conclusions

The Annual Financial Statements were well prepared and managed, with the exception of some issues in misstatement of expenditures and asset disclosures, which we have highlighted below in the relevant categories.

In general, the ministry has established effective controls for revenue management while additional actions are needed for a proper financial management and control of expenditures.

Expenditure and asset management processes were followed with numerous shortcomings. The most significant shortcomings were in the management of procurement, personnel, subsidies, and payments by court decisions. Asset management was not at the required level, as assets were not recorded as required and the e-asset system in some of the units was not functional.

Implementing the recommendations remains a challenge for the ministry. Of the 13 prior year recommendations, four (4) recommendations have been implemented, three (3) have been partly implemented, three (3) have not yet been implemented and three (3) have been closed. As a result of the repetition of the recommendations, many shortcomings in the significant systems of the ministry remain unaddressed.

### Opinion of the Auditor General<sup>1</sup>

#### Unmodified Opinion with Emphasis of Matter

For more details, see Chapter 1 of this report.

<sup>1</sup> Annex I explains different types of Opinions in line with ISSAIs.

### **Management's Response on 2019 audit**

Management of the Ministry of Education, Science and Technology has agreed with audit findings and conclusions and has committed to address all given recommendations.

The National Audit Office acknowledges the co-operation of the management and staff of the municipality during the audit process.

## Audit Scope and Methodology

The Audit involves examination and evaluation of Financial Statements and other financial records in regard to as the following:

- Whether the financial statements give a true and fair view of the accounts and financial matters for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- Whether the internal controls and internal audit functions are appropriate and efficient; and
- Whether appropriate actions for implementation of audit recommendations have been undertaken.

The audit was based on risk assessment. We have analysed the Ministry's operations, the extent the management controls could be relied to in order to determine the level of in-depth testing required to obtain evidence supporting the Auditor General's opinion.

Our procedures have included a review of internal controls, accounting systems and interrelated substantive tests, as well as related governance arrangements to the extent considered necessary for the effective conduct of audit. Audit findings should not be regarded as representing a comprehensive overview of all the weaknesses that may exist, or of all improvements that could be made to the systems and procedures operated.

The following chapters provide in detail our audit findings and recommendations in each audited area.

# 1 Audit Opinion on Annual Financial Statements

We have audited the AFS of the Ministry of Education, Science and Technology (MEST) for the year ended on 31 December 2019 in accordance with the Law on NAO and the International Standards of Supreme Audit Institutions (ISSAIs). Audit examinations were carried out in order to allow expressing opinions on AFS which comprise the Statement of Cash Receipts and Payments, and Budget Execution Statement, provided further in detail.

## **Unmodified Opinion with Emphasis of Matter**

In our opinion, the Annual Financial Statements for the year ended on 31 December 2019 give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards according to cash based accounting.

## **Basis for the Opinion**

The audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the section 'Auditor's responsibilities for the audit of the Annual Financial Statements' of our report. In compliance with ISSAI 10 and 30, and other relevant requirements for audit of budget organisations' AFSs, the NAO is independent from the MEST. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Emphasis of Matter**

We would like to draw your attention to the fact that, through budget planning, MEST has paid and recorded expenditures in the amount of €1,191,332 under inadequate economic categories. For more details, refer to subchapter 2.1 Budget Planning and Execution. Our opinion has not been modified on this issue.

## **Responsibility of Management for AFS**

The Secretary General of MEST is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Cash based Accounting. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law No. 03/L-048 on Public Financial Management and Accountability (as amended and supplemented) and Regulation No. 01/2017 on Annual Financial Statements of Budget Organisations.

The Minister is responsible to ensure the oversight of the Ministry's financial reporting process.

### **Auditor General's Responsibility for the audit of the AFS**

Our responsibility is to express an opinion on the AFS based on our audit conducted in accordance with ISSAIs. These standards require that we obtain reasonable assurance about whether the financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will detect every material misstatement that might exist. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

The audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements.

We communicate with the management of the audited entity regarding the audit scope, planned time and significant findings including any significant shortcoming in internal control that we have identified during the audit.

The audit report is published on the NAO's website, except for information classified (as sensitive) or other legal or administrative prohibitions in accordance with applicable legislation.

## 2 Financial Management and Control

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, we have handled budget management, procurement, human resources and assets and liabilities as well as the internal audit function.

### Financial Management and Control Conclusion

The ministry spent 86% of the final budget for 2019. In the context of financial systems, controls over revenues are generally appropriate and being implemented effectively, while controls established in the area of expenditures require indispensable improvements through concrete actions.

Areas with significant issues in expenditures are related to the management of finances regarding inadequate classification of expenditures, incompliance with procurement rules and procedures, bid evaluation process and the management of granting of subsidies. Furthermore, the assets were not registered as required and the e-assets system in some of the units was not functional, while the level of payments by court decisions has increased costs due to the payments of court and enforcement costs.

Personnel management has significant shortcomings that as a result has yielded the doubling of staff for the same job positions, engagement of employees with SSA without complying with the procedures, lack of monitoring of employee work attendance, and irregular staff payments in Universities for participation in commissions.

Internal control systems, the establishment of clear reporting in the segregation and monitoring of staff responsibilities and duties need improvement.

## 2.1 Budget Planning and Execution

We have considered the sources of budget funds, and spending of funds by economic categories. This is highlighted in the tables below:

**Table 1. Sources of budgetary Funds (in €)**

Description	Initial Budget	Final Budget <sup>2</sup>	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Sources of Funds</b>	<b>73,238,320</b>	<b>72,595,556</b>	<b>62,770,301</b>	<b>86%</b>	<b>49,447,601</b>	<b>41,528,363</b>
Government Grant - Budget	60,801,974	59,324,861	54,136,376	91%	44,820,362	39,295,443
Financing by borrowing <sup>3-</sup>	3,280,843	2,618,586	947,534	36%	727,023	384,861
Carried forward from previous year <sup>4-</sup>	-	1,296,189	873,166	67%	669,512	681,354
Own Source Revenues <sup>5</sup>	2,655,503	2,655,503	1,130,159	43%	1,018,084	1,032,422
Revenues from PAK <sup>6</sup>	6,500,000	6,000,000	5,329,825	89%	1,999,677	-
Domestic Donations	-	40,250	23,824	59%	1,465	-
External Donations	-	660,166	329,417	50%	211,478	134,283

The final budget is lower than the initial budget by €642,764. This decrease is a result of budget cuts with government decision €1,977,113, transfer of funds to municipalities for projects financed from borrowing €662,256, increase from revenues carried forward from the previous year €1,296,189, as well as domestic and external donations €700,416.

In 2019, MEST spent 86% of the final budget or €62,770,301, with an decrease of 2% compared to 2018. The explanations for the current position of budget execution are detailed below.

<sup>2</sup> Final budget - the budget approved by the Assembly subsequently adjusted by the Ministry of Finance.

<sup>3</sup> Municipal Own Source Revenues unspent in previous year carried forward into the current year.

<sup>4</sup> Municipal Own Source Revenues unspent in previous year carried forward into the current year.

<sup>5</sup> Receipts used by the entity for financing its own activities.

<sup>6</sup> Revenues from Privatisation Agency of Kosovo allocated by budget law

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

Description	Initial Budget	Final Budget	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Spending of funds by economic categories</b>	<b>73,238,320</b>	<b>72,595,556</b>	<b>62,770,301</b>	<b>86%</b>	<b>49,447,601</b>	<b>41,528,363</b>
Wages and Salaries	19,815,991	20,143,227	18,641,975	93%	17,950,176	16,958,240
Goods and Services	17,756,888	23,269,996	20,994,126	90%	9,072,901	8,421,900
Utilities	1,616,459	1,531,041	1,005,814	66%	987,151	1,022,455
Subsidies and Transfers	6,278,497	3,122,689	2,564,236	82%	2,761,002	4,079,161
Capital Investments	27,770,485	24,528,603	19,564,150	80%	18,676,371	11,046,607

Explanations for changes in budget categories are given below:

The final budget for Wages and Salaries compared to the initial budget was increased by €327,236, this budget was executed by 93%. This level of execution was due to the fact that the current number of employees was lower than the budgeted number and this year there were no new recruitments;

The final budget for Goods and Services compared to the initial budget was increased by €5,513,108 or 31%. The increase comes from government decisions and revenues carried forward - grants to cover the increased costs of purchasing books for grades 0-9;

The final budget for Subsidies and Transfers compared to the initial budget was decreased by €3,155,808 or 50%. The decrease was mainly a result of budget cuts at the end of the year, due to the non-implementation of some important activities foreseen such as; science activities, "ERASMUS +" programme which has to do with the co-financing for scholarships in higher education; competition for student scholarships for the academic year 2019/20; non-implementation of the "International Agreement on the financing of the International Business College" - Mitrovicë; and

The final budget for Capital Investments compared to the initial budget was decreased by €3,241,882 or 12%. The decrease was caused by budget savings in the amount of €2,735,544 due to non-implementation of capital projects; the decrease by €538,880 comes from the transfer of budget fund allocations - financing from borrowing from MEST to municipalities due to the delegation/transfer of responsibility for the implementation of projects legally to these organizations; as well as the increase from donations by €32,542. Despite the budget decrease, the execution was at the level of 80%.

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**Issue C1 – Inadequate classification of expenditures****Finding**

According to Article 18, para 3 of Financial Rule no. 01/2013, expenditures must be in adequate codes, determined by the chart of accounts. Article 11 of AI 19/2009 on the chart of accounts requires the CAO and CFO ensure that all transactions are recorded in KFMIS according to the structure of the chart of accounts and classifications defined by this AI. In 2019 through budget planning, MEST paid and recorded expenditures in amount of €1,191,332 under inadequate economic categories, such as:

- Payments in amount of €1,118,209 for the purchase of inventory for educational facilities were budgeted and then spent from the category of Capital Investments, which, according to the rules and nature of spending, had to be paid from Goods and Services;
- Payments in amount of €50,000 for Kosovo's membership in the Erasmus<sup>7</sup> programme were budgeted and then spent from the category of Subsidies and Transfers, while, according to the chart of accounts, memberships are expenses that belong to Goods and Services, namely the code - services for membership (13470); and
- The roof repair of the Faculty of Economics at the University of Prizren, in amount of €23,123 was paid and recorded from Goods and Services, while it should be classified as capital expenditure. This expenditure resulted from the need for appropriate repairs due to damage to facility.

According to the management, these payments were a consequence of the limited budget in the respective categories, which caused misclassification of expenditures.

**Impact**

The classification and payment of expenditures from inadequate economic category affects the overstatement/understatement of the respective categories of expenditures and the overstatement of assets. As a result, it affects the incorrect presentation of the Annual Financial Statements.

**Recommendation C1** The Minister should ensure that the necessary actions are taken to plan expenditures under adequate budget allocations and that payments are made according to adequate economic categories, to enable their fair reporting to the AFS according to accounting standards in accordance with the chart of accounts. An effective co-operation with the Minister of Finance would facilitate finding solutions in order to avoid these deviations.

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<sup>7</sup> Programme for education, training, youth and sports based on the agreement between the Minister of MEST and the European Commission. All higher education institutions in Kosovo will benefit in international projects by participating in this programme.

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## 2.1.1 Revenues

Revenues generated by MEST in 2019 totalled €2,935,178. From these revenues, MEST was allowed to spend the amount of €2,655,503, while it spent €1,130,159.

Revenues collected are related to student participation, accreditation of academic programmes, rent, etc. From the testing of 25 samples as part of substantive testing and five (5) samples as part of compliance testing, we did not notice any issues to report.

**Table 3. Revenues (in €)**

Description	Initial Budget	Final Budget	2019 Receipts	% of 2019 Receipts	2018 Receipts	2017 Receipts
<b>Revenues</b>	<b>2,000,000<sup>8</sup></b>	<b>2,000,000</b>	<b>2,935,178</b>	<b>147%</b>	<b>2,674,598</b>	<b>3,125,718</b>

## 2.1.2 Wages and Salaries

The final budget for Wages and Salaries was €20,143,227, which was executed by 93%. The number of employees by budget was 2,267, whereas by the end of the year the number of employees was 2,150. During 2019 there was no new staff employed. We have tested 100 samples of €223,458 as part of substantive testing, and six (6) samples as part of compliance testing.

<sup>8</sup> The amount of planned budget was obtained from the data of the Ministry of Finance.

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**Issue B1 - Compensation of internal commission in conflict with legal requirements****Finding**

According to Article 80 of the Law on Public Financial Management and Accountability, no additional compensation is allowed if an employee, civil servant or official of a public authority or public undertaking is required by an act of the Government to serve on any commission, board or other public body or authority. Such service shall instead be deemed to be part of the mandatory duties of the current position held by such employee, civil servant or official.

Four of the six Universities within the MEST<sup>9</sup> with the approval of the steering councils have included additional compensation in the regulations for participation in some types of commissions that are deemed non-statutory.

Such commissions were for participation in the opening and evaluation of procurement bids, registration and evaluation of assets, budget planning, admission of new students, for complaints and submissions, staff recruitment, granting of scholarship, drafting supportive strategies and regulations etc. These commissions were appointed by rectors of these Universities and were paid. The value of such compensations for 2019 was €42,750.

This happened because the bodies of these universities<sup>10</sup>, when drafting the relevant regulations, did not take into account the legal prohibitions for these types of compensations.

**Impact**

Additional compensations for services that are part of the mandatory duties of the position held by the employee are not legally supported and, as such, may damage the budget of the respective Universities - the ministry for the value spent.

**Recommendation B1** The Minister should, through the relevant legal mechanisms available<sup>11</sup>, initiate the review of university regulations on compensation of committees for an effective management of their budget.

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<sup>9</sup> Ukshin Hoti University - Prizren, value €27,650, Fehmi Agani University - Gjakova, value €2,845, University of Applied Sciences - Ferizaj, amount €3,010, and "Kadri Zeka" University - Gjilan, amount €9,245.

<sup>10</sup> The University of Gjakova had taken a decision on 17.07.2020 for the temporary suspension of the regulation for compensations, until the harmonization of the regulation with the applicable legislation

<sup>11</sup> Members appointed to the steering councils of the respective Universities by the MEST.

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**Issue B2 – Lack of evidence for work attendance****Finding**

According to the Brussels Agreement, namely Law no. 04/L-199 on Ratification of the First International Agreement on Principles Governing the Normalization of Relations between the Republic of Kosovo and the Republic of Serbia, the Government of Kosovo with decision no. 06/39, dated 22.07.2015, approved the agreed conclusions for the Dissolution of the so-called "Civil Protection", which operated in the northern municipalities of Kosovo, and supports the commitments set out in these conclusions. Through this decision, the relevant ministries and agencies are obliged to implement the conclusions according to their legal responsibility.

In MEST, after a recruitment process, 32 employees of the Serbian community, former members of the "Civil Protection" were integrated with appointment acts. These employees were planned to be systematised in municipalities in the northern part of Kosovo. However, in their appointment acts, employees are systemised in certain positions within the relevant departments in the ministry.

For these employees, MEST has no evidence to confirm their attendance to the workplace in order to perform the tasks for which they are tasked by contracts, while the regular payment of their salaries was made. The financial value for salary expenditures for 2019, for these 32 officials was €134,657.

This has happened because no management controls have been implemented to ensure that all employees are present at the workplace during the working hours and for other reasons, including political circumstances.

**Impact**

Payment of salaries without work attendance causes budget damage and failure to achieve the objectives set by the agreement, i.e., the integration of this community in the system of the Republic of Kosovo.

**Recommendation B2** The Minister should take all actions to ensure the regular attendance of these employees by conducting continuous monitoring as provided by legal acts. Due to the complexity of this issue, the Minister should address it with the Government as well.

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**Issue A1 – Shortcomings in the implementation of regulation for workplace systemisation****Finding**

On 26.09.2018, MEST approved in the government the Regulation (CRK) no. 14/2018 on Internal Organisation and Systematisation of Workplaces. The regulation foresees that MEST has five departments or three less than the existed ones. Based on the new regulation, the process of internal reorganization has begun and on 04.10.2018, by the decision of Secretary General, three directors were appointed as Acting Directors who were appointed with appointments acts and two new directors as acting directors, while five current directors were not systemised in such positions.

Following the complaints made by the directors holding these positions, the Independent Oversight Board for Civil Service (IOBCS), on 21.12.2018, issued a decision to cancel the vacancy because, we quote: “MEST has not taken all actions as provided for in Article 32 paragraph 1 and 2 of Law no. 03/L-149 on Civil Service and has not taken any action to find equivalent position to the complainants, as required by Article 4 under paragraph 1.3 of Regulation no. 08/2012 - on Surplus Civil Servants”. Therefore, MEST on 04.01.2019 took a decision to cancel the competition. Because of these shortcomings, we found that:

- During 2019, 10 persons were paid for the acting directors positions instead of five (5), as provided for by the new regulation; and
- It was the same situation with the heads of divisions, where four (4) heads of division were not systemised in managing positions, but other employees were appointed in their place with decisions as Acting. It is worth mentioning that no recruitment process has been initiated for the positions of heads of divisions.

**Impact**

The payment of two persons for the same position and the same duties not only is in contrary to the regulation but also damages the public budget.

**Recommendation A1** The Minister should take specific actions to solve the issue of systematisation and reorganisation of staff in accordance with the legal requirements. Two employees cannot exercise the same function, therefore, all possibilities for solutions through competitions should be seriously considered in order to eliminate additional disputes and costs.

### 2.1.3 Goods and Services, and Utilities

The final budget for Goods and Services (including Utilities) in 2019 was €24,801,037, of which €21,999,940 or 89% was spent. Those mainly relate to the purchase of books and works of art, expenses for food supply for the Students’ Centre, supply of official material, oil for central heating, contracting services, utilities, official travel, maintenance services, etc. We have tested 100

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samples of €9,719,496 as part of substantive testing, and five (5) samples as part of compliance testing.

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### **Issue A2 – Special Service Agreements without recruitment procedures**

**Finding** According to Law No. 03 / L-149 on Civil Service (Article 12 para 4), fixed-term appointments of less than six (6) months shall be governed by contracts called Special Service Agreements and shall be regulated by the Law on Obligations and a simplified recruitment procedure shall be applied.

During 2019, MEST had 167 ( 28 administraciju) employees engaged with special services agreements (SSAs). We analysed five cases of engagements through SSAs, and identified that they were executed without developing simplified recruitment procedures. The staff was mainly engaged for regular job positions and the contracts were for the same persons from 2018 onwards for 6 months, so these contracts were only extended.

This was because the legal requirements regarding the simplified recruitment procedures were not taken in consideration, which are required upon such engagements.

**Impact** Employee engagement under SSA without simplified recruitment procedures limits competition and increases the risk that staff selection will be non-meritorious and non-transparent and, consequently, the services received do not correspond with the needs.

**Recommendation A2** The Minister should ensure that simplified recruitment procedures are conducted for engagement of staff under special services, so that the process is transparent.

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**Issue A3 - Application of annex contracts with no legal ground****Finding**

According to Article 38, para 2 of Law 04/L-042 on Public Procurement, no public framework contract shall have duration of more than 36 months. A public framework contract shall not be extendable or renewable and its terms may not otherwise be changed.

On 15.04.2018, the University of Prizren signed an annex contract for cleaning services based on the Framework Contract<sup>12</sup>. The conclusion of annex contracts is not allowed for framework contracts. As a result of this unlawful annex contract for these services, in 2019 only there were made payments in the amount of €82,488, while such payments have been made since April 2018<sup>13</sup>.

This occurred because the management did not take into account the rules set by law, and justified the action based on the written notice addressed to the PPRC.

**Impact**

The application of this procedure is a deviation from the procurement rules and the payments made based on this represent irregular payments. This deviation also affects the principles of transparency and competition and, consequently, it is disputed whether the value for money spent has been achieved as a result of changes in market prices since 2015.

**Recommendation A3** The Minister and the Rector of the University of Prizren should end the practice of concluding annex contracts and making irregular payments, and consider the possibility for training the procurement officers by competent institutions as such errors indicate lack of knowledge in procurement area.

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<sup>12</sup> Framework contract was concluded for 36 months (15.04.2015 and its expiration was on 15.04.2018)

<sup>13</sup> Payments for 2018 were in amount of €61,866.

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**Issue B3 – Shortcomings in payments processing**

**Finding** Financial Rule no. 01/2013/MoF on Public Funds Expenditure stipulates that first the commitment of funds should be processed, a purchase order is issued, and the acceptance report is made after the receipt of goods, as well as the invoice is accepted.

In 16 payments for goods and services, we identified that the commitment and purchase order was made upon the acceptance of the invoice. Such a practice has been repeated year after year due to weaknesses in internal controls.

**Impact** Failure to apply proper control procedures during the payment process may affect the ministry not to fulfil the invoiced liabilities on time, consequently the outstanding liabilities may increase, which will be a burden to the budget for next year.

**Recommendation B3** The Minister should strengthen internal controls and request from the officers in charge to implement the procedures, starting from the initiation of expenditures until the final payment.

## 2.1.4 Subsidies and Transfers

The final budget for Subsidies and Transfers was €3,122,689, of which €2,564,237 or 82% were spent in 2019.

These expenses are mainly related to the payments made by MEST to support studies and education at different levels according to the co-operation agreements with various institutions such as, Sheffield, USAID, Fulbright, as well as for the support of scientific projects. We have tested 24 samples of €935,212 as part of substantive testing, and five (5) samples as part of compliance testing.

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**Issue A4 – Shortcoming in the procedures for subsidising NGOs****Finding**

Article 6 of Regulation 04/2017<sup>14</sup> requires that BO prepare the annual plan of financial support for NGOs at the latest 30 days after the approval of the annual budget and send it to respective office for good governance at the Prime Minister’s Office. MEST has not prepared an annual plan and has not sent it to the Prime Minister’s Office.

Eight agreements for financial support, according to the public call “Providing public financial support for financing NGO projects/programmes”, have been signed after the deadline<sup>15</sup> set in Article 22, which requires the financial support provider to enter into a contract with the beneficiary within 90 days from the day of closing of the public call.

The engaged staff did not take into account the requirements of the relevant regulation by justifying it with the large number of applications and the late appointment of the commission for evaluation of applications.

**Impact**

Failure to report the plan to the OPM increases the risk that NGOs are not informed in a timely manner about the possibilities of benefiting subsidies from the relevant ministry. While the delays of procedures within the institution affect the failure to timely achieve the objectives of the ministry and the beneficiaries lose the opportunity to conduct activities in a timely manner.

**Recommendation A4** The Minister should ensure that the annual plan for funding of NGOs is reported to the OPM according to the legal requirements, and delays in signing subsidy agreements are eliminated.

### 2.1.5 Capital Investments

The final budget for Capital Investments was €24,528,603, of which €19,564,150 or 80% were spent in 2019. Those relate to construction of schools, the supply of equipment for physical education halls, the supply of school inventory, etc. We have tested 100 samples of €9,780,093 as part of substantive testing, and six (6) samples as part of compliance testing.

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<sup>14</sup> MoF Regulation No – 04/2017 on Criteria, Standards and Procedures for Public Funding of NGOs

<sup>15</sup> The deadline for signature was 10.07.2019, while agreements were signed on 30.07.2019

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**Issue A5 – Shortcomings in the project – Albanian Language and Computer****Finding**

On 05.09.2019, MEST concluded a three-year contract through a negotiated procedure without publication for “Purchase of Licenses for unlimited time use of software for the Albanian language and computer” in amount of €4,392,000. The ministry prepared the conceptual plan of this project, but it is not known which officers prepared and drafted this plan and whether as such it was approved by the management of the ministry. The managing process of this project was followed by shortcomings from the beginning:

- MEST, in accordance with Article 6, para 3 of Regulation no. 06/2018<sup>16</sup>, addressed the Information Society Agency (ISA) to obtain consent for the initiation of the project. The ISA commission assessed that it was not competent and suggested that this assessment be taken in the Government. In the response of ISA, MEST was also informed that the Albanian language corrector is purchased (MPA) together with Microsoft licenses as a package in Office 2016, and should not be included in the terms of reference and paid once again. MEST established a working group<sup>17</sup> composed of government institutions, but the Albanian language corrector remained in terms of reference under item no. 16, as an item to be purchased;
- The management in the decision dated 10.09.2019 appointed the project manager and the supervisory body of the project (which would consist of engineers of adequate profiles from the division for project implementation). We have not found evidence that this body has been operational and whether it has been supervising the project implementation;
- On 23.09.2019, MEST paid €1.5 million according to the works acceptance report, where a value was set for three types of applications (Licenses), while such a value was not specified in the contract or contract management plan<sup>18</sup>. Hence, there is no reference (contract, contract management plan) how these values were assigned to these positions;

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<sup>16</sup> Regulation (GRK) No. 06/2018 on project management in the field of Information and Communication Technology.

<sup>17</sup> The working group consisted of the Chair and member from the MoF and a member from the University of Gjilan.

<sup>18</sup> The contract management plan is signed on 11.09.2019

- Beneficiaries and users of these applications, according to the project, are the citizens of the country. For this purpose, it is required that they should be informed about the existence and possibility of benefit and consequently require informing them about this opportunity. The ministry has not taken an information activity regarding this opportunity for the benefit of citizens.

**Impact**

The shortcomings identified from the beginning to the first part of the project implementation show that this project has not been managed properly and, consequently, increases the risk that the value for money spent will not be achieved.

**Recommendation A5** The Minister should establish a commission of experts in the field of project to evaluate the progress of this project, including the evaluation of the acceptances made so far. The Minister should ensure that payments are made in accordance with the objective of the project, in line with the regulatory framework and that the project products are received qualitatively in line with the terms of reference and the contract.

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**Issue A6 – Weaknesses in bid evaluation process****Finding**

According to Article 56, para 3 of the LPP, a tenderer shall not be disqualified, excluded or eliminated from such procedures on the basis of any requirement or criterion not specified in the tender dossier.

In the tender dossier, for the contract “Construction of the primary school Ibrahim Mazreku-Malishevë”<sup>19</sup>, within the technical capacities it was requested that the EO should prove the ownership of vehicles (for a truck and two excavators) through notarisation of vehicle registration documents. During the bid evaluation, we noticed that one bid was eliminated<sup>20</sup> by the commission on the grounds that the truck registration documents had expired. The vehicle registration documents were notarised as required in the tender dossier.

The evaluation commission did not make any effort through additional information/clarifications to verify the information presented and to ensure regarding the technical and professional capacity of the bidder.

**Impact**

The application of criteria that were not part of the tender dossier and the lack of clarification information from the cheapest bidders makes that the most economical bid will not be awarded.

**Recommendation A6** The Minister should ensure that when evaluating tenders, the evaluation commission should take into account only the criteria set by the tender dossier, exhausting all legal possibilities for obtaining the cheapest bid so that the budget of the ministry is not damaged. In cases where complete information is lacking, a request for clarification should also be applied with the sole purpose of obtaining the most economical cost bid.

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<sup>19</sup> The contract was signed for €2,152,809,

<sup>20</sup> The disqualified bidder was cheaper than the winning bidder by €376,162.

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**Issue A7 – Non-forfeit of tender security****Finding**

According to Article 57 of the LPP, Tender security shall be forfeited in the event that such tenderer has provided materially false or misleading information to the contracting authority, and if EO withdraws its tender after the deadline for the submission of tenders, but prior to the expiration of the tender validity period. We found that in two procurement procedures, the tender security was not forfeited although the circumstances were created for the same to be withdrawn:

- In the procurement procedure for the contract “Construction of the primary school Ibrahim Mazreku - Malishevë”, one of the EO has offered abnormally low prices. After the request of MEST for the basis or to support this offer and prices, the same through a letter states that he has offered abnormally low prices "erroneously". In doing so, the tenderer has provided CA with materially false or misleading information and, in these cases, the tender security should be forfeited; and
- In the procurement procedure for the contract “Renovation of the primary school Prapaqan-Deçan”, the cheapest bidder was withdrawn from signing the contract on the grounds that, in the meantime, it has been awarded with other contracts. The bidder has withdrawn its tender after the deadline for submission of tenders, but before the expiration of the tender validity period. In bid withdrawal situations, Article 29.8 of ROGPP suggests that CA should forfeit the tender security, which did not happen.

This occurred because MEST did not comply with the legal requirements for forfeiting tender security in cases when required.

**Impact**

The non-forfeit of the tender security, despite the fact that such events or circumstances occurred, shows that MEST did not use the established mechanisms, thus damaging the competition and transparency of the process.

**Recommendation A7** The Minister should, through the procurement manager, ensure that the forfeit of tender security is applied in cases when economic operators meet the criteria for such a thing. This should be applied to eliminate false or misleading information by EOs.

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## 2.2 Capital and non-capital assets

The amount of capital assets presented in AFS is €116,777,480, that of non-capital assets is €2,925,445, and of stock is €756,057. We have tested 100 samples of €29,773,904 as part of substantive testing, and the assets inventorying process as part of compliance testing.

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### Issue C2 - Weaknesses in capital and non-capital assets management

#### Finding

Regulation no. 02/2013 on Management of Non-financial Assets by Budget Organizations, Article 6, para 3 stipulates that capital assets must be registered in KFMIS, while non-capital assets and stocks must be registered in the "e-assets" system. Article 19 para 4.7 on Asset Management states that inventory report should be carried out before the preparation of the AFS so that the inventory commission has the opportunity to compare the inventory situation with the situation in the of non-financial asset registers.

Regarding asset management, we have noticed the following:

- During 2019, capital assets purchased in amount of €989,745, and non-capital assets purchased in amount of €97,826 were not recorded in the respective registers and, consequently, the 2019 AFS were understated by €1,087,572. It should be noted that these assets were recorded in 2020 following our discussion with relevant officials;
- Assets in amount of €706,350 were not classified under the adequate accounting asset registers, while instead of being classified in the e-assets register, they were incorrectly classified in the KFMIS register. This had no effect on the total value of the assets;
- The e-assets system was not used in eight<sup>21</sup> sub-programmes of MEST and that assets under €1,000 are recorded in registers in Excel format, which poses a risk to the assurance of this information, given that that they can be erased and the system does not allow any tracking. The total value of these assets is €2,241,267; and
- The Inventory Commission of the Central Administration of MEST did not compare the inventory situation with the situation in the registers of non-financial assets as required before the preparation of the AFS.

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<sup>21</sup> Kosovo Accreditation Agency; Kosovo Pedagogical Institute; National Qualifications Authority; Kosovo Albanology Institute; Agency for Vocational Education and Adult Education; Students' Centre; University of Mitrovica "Isa Boletini"; University of Gjilan "Kadri Zeka"

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Weaknesses identified were reflected due to negligence and inadequate internal controls regarding asset management.

**Impact**

Insufficient engagement to complete timely and accurate registration of assets and incomplete functioning of the e-assets system, including non-harmonisation of the asset register with inventory, reflects the overestimation/underestimation of information on the situation of assets. This increases the risk that the assets will be misused, lost, or alienated and, at the same time, affects the incorrect presentation of their situation in the AFS.

**Recommendation C2** The Minister should ensure effective controls over the registration and management of assets in order to have a complete asset register at all times. Furthermore, the Minister should ensure that the commission, after the completion of the inventory report, harmonises it with the asset registers, before preparing the AFS so that data in the AFS reflect the real situation of the assets the organization owns.

## 2.3 Receivables

MEST in the 2019 AFS disclosed receivables in the amount of €43,902 and compared to a year ago, there is a decrease of €6,160. These are related to uncollected rental revenues and the accreditation of some programmes.

## 2.4 Liabilities

### 2.4.1 Outstanding liabilities

The statement of liabilities at the end of 2019 was €403,911. Compared to 2018, there is a decrease of these liabilities by €524,759<sup>22</sup>. These liabilities are carried forward to be paid in 2020. Unpaid liabilities are mainly related to the category of goods and services. The reasons for non-payment of these liabilities are lack of budget, late receipt of invoices, closing of the fiscal year, etc.

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<sup>22</sup> In 2018, the outstanding liabilities were €928,760

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**Issue A8 – Delays in the payment of liabilities and payments through court decisions****Finding**

Article 39 of the LPFMA assigns the CFO of a budget organization to be responsible for ensuring that every valid invoice and demand for payment for goods, services and/or works supplied to the budget organization is paid within thirty (30) calendar days after the budget organization receives such an invoice or demand for payment.

Of the five (5) samples reviewed in the outstanding liabilities, in three (3) of them the ministry has exceeded the legal deadline for making the payment for the respective invoices. Delays in payments were from 1-15 months.

The amount of payments made by the Treasury based on court decisions was €92,166. Of these, the principal debt was €78,692, while €13,474 were interest and court (enforcement) procedural expenses. The payments were mainly related to the payments of three accompanying salaries and the jubilee salary upon the retirement of teachers and non-timely payment of liabilities. The reasons for non-timely payment of liabilities were mainly lack of budget and, in some cases, late receipt of invoices in the finance office.

This is because, by collective agreement, the employees of education are entitled to the jubilee salary and also upon retirement, while the budget did not allocate funds for this purpose, so the same were executed through the enforcement agent based on the collective contracts for education in Kosovo.

**Impact**

Exceeding the statutory deadline for the payment of liabilities may result in increased payments through court decisions, which in turn increase the cost. The ministry will not receive any goods/services in exchange for these additional costs.

**Recommendation A8** The Minister should ensure that the liabilities arising from the collective agreement are planned/budgeted and paid on time and all received invoices are paid within the deadlines in order to avoid additional costs.

## 2.4.2 Contingent liabilities

The statement of contingent liabilities at the end of 2019 was €4,860,174 with a slight increase of 361,511 compared to last year (2018 - €4,498,663). This increase is a result of the increased number of lawsuits against MEST, with 12 new lawsuits from 36 that were a year ago.

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### 2.4.3 Contractual obligations

The statement of contractual obligations at the end of 2019 was €33,504,185. These are ongoing contracts with MEST and co-financing contracts with municipalities (2019-2022), which have been budgeted and concluded for a period of more than one year and expected to be implemented within the next three years.

## 2.5 Internal audit function

MEST has established the Internal Audit Unit (IAU), which operates with two staff members - the head of IAU and one auditor.

For 2019, this unit has drafted the annual work plan based on the strategic plan, where it had planned nine regular audits and one on demand audit. The IAU has managed to carry out the nine audits foreseen in the annual plan, while there was no request for special audits by the management.

Most of the organisational units of MEST were included in the audits performed, with priority given to higher risk systems, such as, budget planning and execution and recruitment procedures. The period covered in the IAU reports mainly included the previous year until the time of completion of the respective audit. The number of recommendations was 57 in these reports. Of these recommendations, 30 have been implemented, 19 are in process and eight (8) have not yet been implemented.

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### Issue A9 - Non-functioning of the Audit Committee

**Finding** Administrative Instruction MoF No. 01/2019 on the Establishment and Functioning of the Audit Committee, Article 4, requires that every public sector entity that has established the IAU at the level of the main body according to applicable law, must also establish the Audit Committee (AC).

In May, the members of the previous Audit Committee resigned, and management has taken no action to select the new committee. During 2019, AC has managed to hold only one meeting. It is worth mentioning that MEST on 23.06.2020 had taken the decision to establish the AC.

**Impact** Incomplete functioning of the AC may jeopardise the quality of the IAU's work and, consequently, the assurance provided to management regarding the effectiveness of key financial controls. There will also be a lack of activity in encouraging management to implement the recommendations.

**Recommendation A9** The Minister should take actions for the establishment and effective functioning of the AC to ensure that the role and mission of the AC in the ministry is being accomplished and the internal audit function is well monitored.

### 3 Progress in Implementing Recommendations

Our Audit Report on the 2018 AFS resulted in 13 recommendations. MEST prepared an Action Plan stating how all recommendations will be implemented.

The ministry submitted the Progress report on implementation of recommendations (30 September 2019, while the report dated 15 March 2020 was not sent due to the pandemics) under requests deriving from the Rules of Procedure on implementation of audit and action plans.

At the end of our 2019 audit, four (4) recommendations were implemented, three (3) were partly addressed, three (3) were not addressed yet and three (3) were closed. For a more thorough description of the recommendations and the way they have been addressed, see Table 4 (or Table of recommendations).

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

Table 4 Summary of prior year recommendations and of 2019

No	Audit area	Recommendations of 2018	Actions undertaken	Status
1	AFS	The Minister should take concrete actions regarding the transfer of ownership of the schools built by MEST to respective Municipalities, while these assets should be removed from the Ministry's assets register. The controls should further be strengthened to ensure that all programmes within MEST will use the e-asset system to ensure that the non-capital assets presented in the AFS, present a true and fair view. The Minister should also ensure that projects, which by nature belong to Goods and Services, should not be planned in the category of Capital Investments, but in the appropriate category.	The transfer of ownership to schools and the planning in adequate codes of a part of the recommended expenditures have been done. However, there are still costs belonging to goods that are planned in the capitals. Furthermore, eight MEST programmes have not used the e-assets system. (C1 & C2)	Recommendation partly implemented
2	Poor Planning of Capital Projects	The Minister should ensure that when preparing the annual budget, the responsible officials will carry out proper analyses of the budget requests for the category of Capital Investments so that only capital projects are included in the relevant table.	The recommendation has been implemented for a part of these expenses related to the purchase of books, while the purchase of inventory is still wrongly budgeted but is handled in C1.	Recommendation partly implemented
3	Poor Performance in Budget Execution	The Minister should systematically oversee the budget progress of the Ministry and timely schedule all the activities to be financed from the allocated budget funds during the current year.		Recommendation closed
4	Wages and Salaries	The Minister should address this issue and ensure that no compensation will be paid to internal staff engaged within	Similar commissions are paid by Universities within their working	Recommendation unimplemented

		regular working hours. Funds paid for staff compensation should be returned to the Ministry's budget.	hours.	
5		The Minister, together with the Rector, should ensure that payments are made only for hours worked over the norm, and payments made without teaching evidence should be returned to the Ministry's budget.	The funds have not been returned to the ministry's budget, as professors in question are no longer part of UPZ.	Recommendation closed unimplemented
6		The Minister, together with the Rector, should ensure that all unjustified compensation payments to members of Senate are returned to Kosovo's budget and in the future should ensure implementation of the respective regulation.	The funds were returned and we have not encountered similar payments during 2019.	Recommendation implemented
7		The Minister, together with the Rectors of Universities, should ensure more monitoring of the academic staff so that the engagements are in line with the regulation, and for all such cases as mentioned above, the possibility of returning funds and the status of the future engagement of this staff should be considered.	No necessary actions have been taken to implement this recommendation.	Recommendation closed unimplemented
8		The Minister should undertake all actions to ensure regular work attendance of these employees, while conducting ongoing monitoring as foreseen by legal acts. Due to the complexity of this problem, the Minister should address this issue to the Government as well.	No necessary actions have been taken to implement this recommendation. (B2)	Recommendation unimplemented

9	Goods and Services	The Minister should strengthen internal controls and request from responsible officials implementation of procedures, starting from the initiation of expenditures to the performance of final payments.	No necessary actions have been taken to implement this recommendation. Similar cases have been identified this year as well. (B3)	Recommendation unimplemented
10	Capital Investments	The Minister should ensure more effective oversight of projects so that execution of works is carried out in accordance with the terms of the contract and payments are made only for the completed works.	In 2019, from the samples examined we did not encounter such payments.	Recommendation implemented
11	Capital Investments	The Minister should apply controls and ensure that when signing contracts, the procurement office should strictly comply with the requirements that performance security covers the entire period of performance of contracts.	In 2019, from the samples examined we did not encounter similar cases.	Recommendation implemented
12	Capital and Non-capital Assets	The Minister should ensure that at the end of each year competent commissions for asset inventory are established within all Ministry programmes, and the inventory results are reflected in the situation presented in the financial statements. In addition, in case of need, special training is organised for the members of the commissions, so that the inventory process is carried out with competence and in a timely manner.	The recommendation was implemented for the conducting inventory of programmes within MEST, but no harmonisation was done with the asset register. See recommendation C2.	Recommendation partly implemented
13	Outstanding Liabilities	The Minister should ensure that all unpaid liabilities are	In 2019, from the samples examined we	Recommendation implemented

		reported fully and accurately in the AFS, and then, they should be paid with priority during the first months of the following year.	did not encounter similar cases.	
No	Audit area	Recommendations of 2019		
1	Budget Planning and Execution	The Minister should ensure that the necessary actions are taken to plan expenditures under adequate budget allocations and that payments are made according to adequate economic categories, to enable their fair reporting to the AFS according to accounting standards in accordance with the chart of accounts. An effective co-operation with the Minister of Finance would facilitate finding solutions in order to avoid these deviations.		
2	Wages and Salaries	The Minister should, through the relevant legal mechanisms available <sup>23</sup> , initiate the review of university regulations on compensation of committees for an effective management of their budget.		
3	Wages and Salaries	The Minister should take all actions to ensure the regular attendance of these employees by conducting continuous monitoring as provided by legal acts. Due to the complexity of this issue, the Minister should address it with the Government as well.		
4	Wages and Salaries	The Minister should take specific actions to solve the issue of systematisation and reorganisation of staff in accordance with the legal requirements. Two employees cannot exercise the same function, therefore, all possibilities for solutions through competitions should be seriously considered in order to eliminate additional disputes and costs.		
5	Goods and Services	The Minister should ensure that simplified recruitment procedures are conducted for engagement of staff under special services, so that the process is transparent.		
6	Goods and Services	The Minister and the Rector of the University of Prizren should end the practice of concluding annex contracts and making irregular payments, and consider the possibility for training the procurement officers by competent institutions as such errors indicate lack of knowledge in procurement area.		
7	Goods and Services	The Minister should strengthen internal controls and request from the officers in charge to implement the procedures, starting from the initiation of		

<sup>23</sup> Members appointed to the steering councils of the respective Universities by the MEST.

		expenditures until the final payment.
8	Subsidies and Transfers	The Minister should ensure that the annual plan for funding of NGOs is reported to the OPM according to the legal requirements, and delays in signing subsidy agreements are eliminated.
9	Capital Investments	The Minister should establish a commission of experts in the field of project to evaluate the progress of this project, including the evaluation of the acceptances made so far. The Minister should ensure that payments are made in accordance with the objective of the project, in line with the regulatory framework and that the project products are received qualitatively in line with the terms of reference and the contract.
10	Capital Investments	The Minister should ensure that when evaluating tenders, the evaluation commission should take into account only the criteria set by the tender dossier, exhausting all legal possibilities for obtaining the cheapest bid so that the budget of the ministry is not damaged. In cases where complete information is lacking, a request for clarification should also be applied with the sole purpose of obtaining the most economical cost bid.
11	Capital Investments	The Minister should, through the procurement manager, ensure that the forfeit of tender security is applied in cases when economic operators meet the criteria for such a thing. This should be applied to eliminate false or misleading information by Eos.
12	Capital and Non-capital Assets	The Minister should ensure effective controls over the registration and management of assets in order to have a complete asset register at all times. Furthermore, the Minister should ensure that the commission, after the completion of the inventory report, harmonises it with the asset registers, before preparing the AFS so that data in the AFS reflect the real situation of the assets the organization owns.
13	Outstanding Liabilities	The Minister should ensure that the liabilities arising from the collective agreement are planned/budgeted and paid on time and all received invoices are paid within the deadlines in order to avoid additional costs.
14	Internal Audit	The Minister should take actions for the establishment and effective functioning of the AC to ensure that the role and mission of the AC in the ministry is being accomplished and the internal audit function is well monitored.

## Annex I: Explanation of the Different Types of Opinion Applied by NAO

(extract from ISSAI 200)

### Form of opinion

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

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor should modify the opinion in the auditor's report in accordance with the section on "Determining the type of modification to the auditor's opinion".

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

### Modifications to the opinion in the auditor's report

151. The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

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*Determining the type of modification to the auditor's opinion*

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express **a qualified opinion if**: (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

154. The auditor should express **an adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should **disclaim an opinion if**, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 170519 provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

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

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

158. An Emphasis of Matter paragraph should:

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

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

## Annex II: Letter of confirmation



*Ministria e Arsimit dhe Shkencës / Ministarstvo Obrazovanja i Nauke / Ministry of Education and Science*

### LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm në Raportin e auditimit për vitin 2019 dhe për zbatimin e rekomandimeve

**Për: Zyrën Kombëtare të Auditimit**

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Ministrisë së Arsimit, Shkencës dhe Teknologjies, për vitin e përfunduar më 31 dhjetor 2019 (në tekstin e mëtejshëm "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

z. Agim Bërdyna për   
u.d. Sekretar i Përgjithshëm MASH

Data: 24 Korrik 2020, Prishtinë,