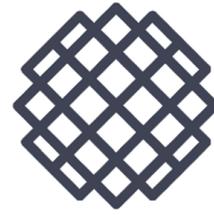




Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT ON ANNUAL FINANCIAL STATEMENTS OF
MUNICIPALITY OF LEPOSAVIC FOR YEAR 2021

Prishtina, Jun 2022

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1 Audit Opinion

We have completed the audit of the financial statements of Municipality of Leposavic for the year ended on 31 December 2021 in accordance with the Law on the National Audit Office of the Republic of Kosovo and International Standards of Supreme Audit Institutions (ISSAIs). The audit was mainly conducted to enable us to express an opinion the financial statements and conclusion on compliance with authorities¹.

Qualified opinion on annual financial statements

We have audited the annual financial statements of Municipality of Leposavic, which comprise the statement of cash receipts and payments; budget execution report; and explanatory notes to financial statements, including a summary of significant accounting policies and other reports², for the year ended as at 31 December 2021.

In our opinion, beside to the impacts of the issue described in the Basis for Qualified Opinion on annual financial statements of Municipality of Leposavic, give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting.

Basis for the opinion

B1. Despite the recommendation from last year, the municipality has not registered assets over €1,000 in the FMISK and has not put in place the e-assets system. The presented value of assets over €1,000 in the AFS of the municipality was zero, while the value of the register disclosed in excel was €4,393,588, which did not include all assets and had applied their depreciation. Also, four payments in the amount of €811,772 were not registered in the Excel register at all.

Similarly for assets under €1,000, the value presented in the PFV was zero while disclosed in the excel register was in the amount of €224,644, depreciation was not applied fort hese as well.

For more details see subchapter 2.1 Issues that impact the audit opinion.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

NAO is independent from the auditee, in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe

¹ Compliance with authorities – compliance with all the public sector laws, rules, regulations, and relevant standards and good practices

² Other reports are required under Article 8 of Regulation no.01/2017 on Annual Financial Report

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion on compliance

In our opinion, beside to the impacts of the issue described in the Basis for Compliance Conclusion, transactions carried out in the process of execution of Municipality of Leposavic budget have been, in all material respects, in compliance with the established audit criteria arising from the legislation applicable for the auditee related to the use of financial resources.

Basis for the conclusion

During our engagement we found that the Municipality has not acted in accordance with the authorities such as:

B2.Does not apply the law no.06/L-005 on immovable property tax, which clearly stipulates that each budget organization must collect immovable property tax revenues;

Does not apply law no. 04/L-110 on constructions in articles 16 and 27 has determined the purpose of issuing construction permits;

Does not apply the law Law no. 04/L-144 on granting for use and exchange of immovable property of the Municipality; and

Has not issued internal regulations on taxes, fees and charges of citizens for public services.

For more details see subchapter 2.2 Issues that impact the Conclusion of Compliance.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. NAO is independent from the auditee in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

The Mayor of Municipality of Leposavic is responsible for the preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards – Financial reporting under the cash basis of accounting. In addition, The Mayor of Municipality of Leposavic is responsible for establishing internal controls which he determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This includes the fulfilment of requirements of the Law no.03/L-048 on Public Finance Management and Accountability (amended and supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Mayor of Municipality is responsible to ensure the oversight of the Municipality of Leposavic's financial reporting process.

Management's Responsibility for Compliance

The Municipality of Leposavic management is also responsible for the use of Municipality of Leposavic financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.³

Auditor General's Responsibility for the audit of AFS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our objective is also to express an audit opinion on compliance of respective Municipality of Leposavic authorities with all applicable policies, rules and regulations as regards making use of financial resources of the audited Organisation

As part of an audit in accordance with the Law on NAO and ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of non-compliance with authorities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on compliance with authorities. The risk of not detecting an incidence of non-compliance with authorities resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

³ Collectively referred to as compliance with authorities

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Leposavic internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The audit report is published on the NAO's website, except for information classified as sensitive or other legal or administrative prohibitions in accordance with applicable legislation.

2 Findings and recommendations

During the audit, we have identified areas of possible improvement, including internal control, that are presented for your consideration below in the form of findings and recommendations.

These finding and recommendations have to do shortcomings in management of capital and non-capital assets, non-application of the laws in collection of revenues, issuing of purchase orders with delay and not establishing of the internal audit unit. We will follow up (review) these recommendations during next year's audit.

This report has resulted in four recommendations, of which one is new ones and three are repeated. For the status of the previous year's recommendations and the level of their implementation, see Chapter 4.

2.1 Issues with impact on audit opinion

Issue B1 – Shortcoming in the management of capital and non-capital assets

Finding

Following the article 6 of the Reg. 02/2013 on the Management of Non-Financial Assets in Budget Organizations, each budget organisation must establish and update the non-financial ledger that has under its management. This ledger must include capital assets over €1,000, that have to be registered into the KFMIS, whereas non-financial assets under €1,000 and stocks in the e-assets system.

Despite last year's recommendation, the municipality has not yet established accurate ledgers for assets over €1,000 and has not put in place the e-assets system. The Municipality keeps two registries in Excel where it has registered assets above and below €1,000. The identified weaknesses are as the following:

- The Municipality does not have assets registered in FMISK, therefore it is impossible to verify the values presented by the Municipality. The Municipality keeps assets over €1,000 in an Excel ledger in the amount of €4,393,588 while presented in the AFS is the amount of zero, however disclosed it is the amount of €4,393,588. If we sum up only the capital expenditures for the last 4 years, the value of the registered assets should've been €7,319,972, not including potential donations. Furthermore, the land owned by the municipality is not registered.
- Also, four payments in the amount of €811,772, assets over €1,000 were not registered in the Excel ledger (payments €51,541.55; €388,078.50; €285,310; and €86,841.50); and
- The municipality has not established the e-assets system, whereas the registry of assets over €1,000 is kept in Excel. The presented amount in AFS is zero, while it disclosed amount of €224,644, an amount which did not deduct the depreciation expenditures for 2021.

This shows that the values disclosed in the AFS are not accurate and complete, this is due to the reasons that Certifying Officer of the municipality of Leposavic at the end of the year 2020 had no access to the system to be able to register property.

Impact

Shortcomings identified in asset management related to non-establishment of the asset register, impact on reporting of inaccurate information on municipal assets and their value in the AFS which have affected the audit opinion. At the same time, it increases the risk of misuse and mismanagement.

Recommendation B1 The Mayor should take measures to establish asset registers above and under €1,000 by registering all assets under his possession so that the presentation of information in the AFS is accurate and complete.

Auditee Management's response: Agree

2.2 Issues with impact on compliance conclusion

Issue B2 – Failure to implement legislation in collection of revenues (property tax, construction permits, and allocation for the use of public property)

Finding Article 25 of Law no. 06/L-005 on Immovable Property Tax clearly stipulates that each budget organization must collect revenues from immovable property tax. Furthermore, the Law no. 04/L-110 on construction in articles 16 and 27 has determined the purpose of issuing construction permits. Whereas, the Law no. 04/L-144 on allocation for use and exchange of immovable property of the municipality, regulates the manner and determines the procedures and forms for the allocation for the use of property.

During the year 2020, the Municipality did not collect revenues from property tax, construction permits, and properties allocated for use and did not issue internal regulations on taxes, fees and charges for citizens from the utilization of public services. Therefore, the level of own source revenue collection is very low.

This has occurred, because the Municipality has not yet established law enforcement policies and has not undertaken concrete actions in collection of revenues from these activities that have a significant impact on the level of the municipal budget and improve services to citizens. Also, based on the AFS this is affecting due to complications related to cadastral books.

Impact Failure to implement laws and regulations on the collection of property taxes, construction permit fees and other taxes and fees by the municipality, reflects a frivolous approach to apply legal requirements in this area. This increases the risk of non-compliance with applicable laws and reduces the level of own source revenues, as well as the possibility of financing projects from this source of revenue.

Recommendation B2 The mayor should ensure the implementation of the laws on collection of revenues, which aim primarily to implement legal requirements and increase the quality of services for the citizens of the municipality. At the same time, must initiate without delay the drafting of an internal regulation on taxes, fees and charges for citizens from the utilization of public services.

Auditee Management's response: Agree

2.3 Findings on issues of financial management and compliance

2.3.1 Goods and services

The final budget for goods and services and municipalities in the year 2021 was €426,758, out of which €393,047 were spent. They are mainly related to road constructions, sewerage, cultural facilities, other equipment, etc. We tested 9 samples for substantial and compliance tests in the amount of €126,538.

Issue A1 – Issuing of purchase orders with delay**Finding**

The financial Rule No. 01/2013, article 22, defines the steps for processing of payments, where, the purchase request must be made (commitment of funds) initially, then to carry out with the processing of purchase order, then the goods must be received, then after receiving the invoice the payment must be executed.

During the testing in 3 payments in the amount of €113,987 at the category of goods and services, we have noticed that the purchase order were issued after receiving the invoices.

This has occurred as a result of inefficient internal controls in the payment management and execution process.

Impact

Processing of purchase orders with delays complicates the proper implementation of contracts and creates uncertainty about orders for supply, services or commencement of works.

Recommendation A1

The Mayor should ensure the improvement of internal controls so that the process of execution of payments is done in accordance with the financial rules for the public funds expenditure.

Auditee Management's response: Agree

2.3.2 Internal audit function

In order to carry out an effective audit, a comprehensive work program reflecting the financial and other risks of the audited entity is needed ensuring sufficient effective internal control. We have further identified that the Municipality has not established the IAU

Issue B3 –Non establishment of Internal Audit Unit

Finding The Law No. 06/L-021 on Public Internal Financial Control and Regulation GRK – No.01/2019 on Establishment and Implementation of Internal Audit Function at the Public Sector Entity have set the function and form of establishment of the IAU.

Despite our repeated recommendations, the Municipality has neither managed to ensure internal audit services within the Municipality nor to cover them through any other organization. According to the management of the municipality, this happened as a result of the impossibility to develop recruitment procedures for the position of internal auditor due to the non-approval of the development of recruitment procedures by the Ministry of Internal Affairs.

Impact The lack of internal audit activities may affect the recurrence of shortcomings in key internal control systems. Furthermore, management may not be able to identify shortcomings of controls and react on time to avoid their elimination.

Recommendation B3 The Mayor should obtain the approval for positions and undertake measures for establishment and operation of the IAU in order to provide support in managing risk areas and improve control systems.

Auditee Management's response: Agree

3 Summary on budget planning and execution

We have taken into consideration sources of budget funds, spending of funds and revenues collected, by economic categories. This is highlighted in the following tables:

Table 1. Expenditures by sources of budgetary funds (in €)

Description	Initial Budget	Final Budget ⁴	2021 Outturn	2020 Outturn	2019 Outturn

⁴ Final budget – the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance

Sources of Funds	4,313,184	4,640,634	4,053,949	4,947,369	4,290,990
Government Grant -Budget	4,271,394	4,322,547	3,980,880	4,823,614	4,254,335
Funding through borrowing	-	13,651	13,651	1,890	-
Carried forward from previous year ⁵	-	50,954	10,450	84,755	12,655
Own Source Revenues ⁶	41,790	41,790	34,300	29,425	24,000
Development Trust Fund	-	117,098	-	-	-
External Donations	-	94,593	14,668	7,685	-

The final budget is lower than the initial budget by €221,066. This increase is a result of the budget review for €51,153, the transfer of funds from the Development Trust Fund for €117,098, the revenues carried forward from the previous year €50,954, funding through borrowing €13,651, and the donations for €94,593.

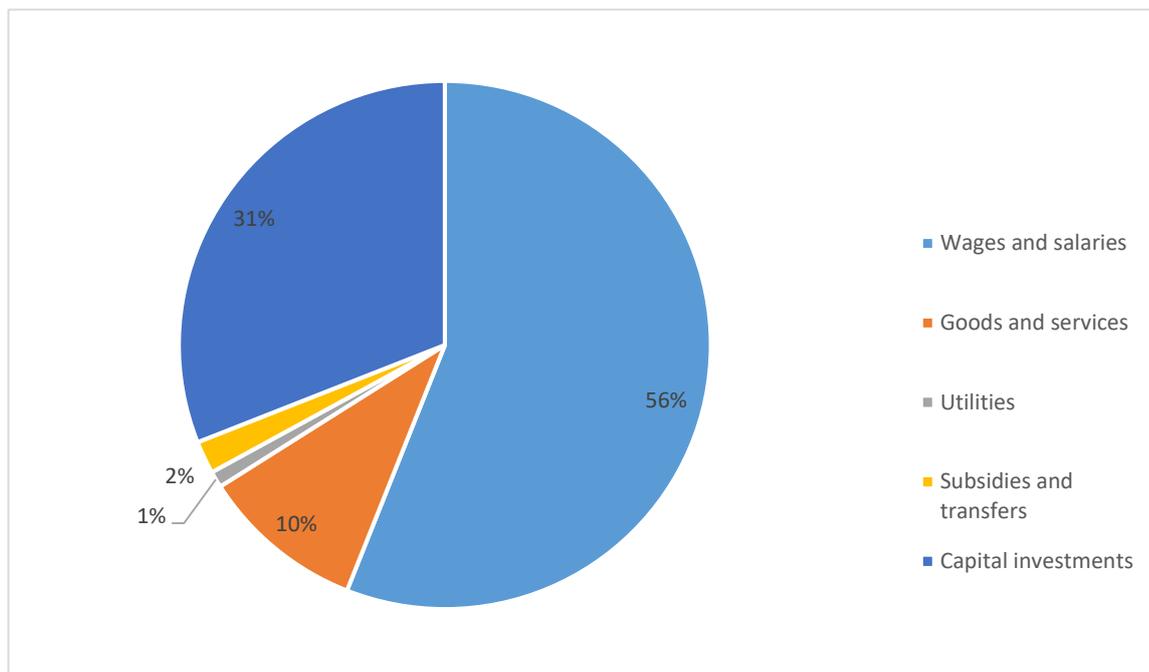
In 2021, the Municipality of Leposavic spent 87% of the final budget or €4,053,949, with a decrease of 8% in comparison to 2020. However, budget execution remains at an unsatisfactory level and explanations for the current position are detailed below.

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

Description	Initial Budget	Final Budget	2021 Outturn	2020 Outturn	2019 Outturn
Spending of funds by economic categories	4,313,184	4,640,634	4,053,949	4,947,369	4,290,990
Wages and Salaries	2,206,175	2,276,453	2,270,980	2,210,804	2,010,506
Goods and Services	425,770	426,758	393,047	554,385	382,402
Utilities	64,000	64,000	63,996	64,000	63,969
Subsidies and Transfers	70,000	80,575	72,950	328,113	70,000
Capital Investments	530,342	1,792,847	1,252,977	1,790,067	1,764,133
Reserves	1,016,897	-	-	-	-

⁵ Own Source Revenues unspent in previous year carried forward into the current year.

⁶ Receipts used by the entity for financing its own budget.

Chart 1. Expenditures by economic categories for year 2021

Explanations for changes in budget categories are given below:

- In relation to the initial budget, the category of wages and salaries was increased for the amount of €70,278. This increase was from the government grant in the amount of €51,153, from borrowing €13,651 and donations €5,474. Expenditures were at 100%;
- In relation to the initial budget, the category of goods and services was increased for the amount of €988. This increase was through the own source revenues for €15 and donations €973. Expenditures were at 92%;
- The budget for utilities had no budgetary changes. The budget was spent at 100%;
- The final budget for subsidies was increased in comparison to the initial budget for the amount €10,575. This increase occurred revenues carried forward from previous year; Expenditures were at 91%; and
- The final budget at the Capital Investments category in relation to the initial one, was increased for the amount €1,262,505. This increase was from reserves for €1,016,897, from the development trust fund €117,098, own source revenues from last year €40,364 and donations €88,146.. Expenditures in this category were at 70%.

Revenues generated by municipality in 2021 were in the amount of €2,247, they relate to administrative fees and fees from certificates on civil status

Table 3. Revenues (in €)

Description	Initial budget	Final Budget	2021 Receipts	2020 Receipts	2019 Receipts

Non-tax revenues	41,790	41,790	2,247	1,664	1,646
Total	41,790	41,790	2,247	1,664	1,646

In respect to revenue collection plan, the municipality envisaged to collect €41,790 while only €2,247, were collected from administrative fees. As it is seen, the execution of revenues plan is very low, or 5%, with a similar proportion to the previous year.

4 Progress in implementing recommendations

Our audit report on 2020 AFS of has resulted in five key recommendations. The Municipality prepared an Action Plan stating how all recommendations will be implemented.

By the end of our 2021 audit, two recommendations have been implemented, whereas 3 recommendations have not been implemented yet, as shown in the following Chart 2. For a more thorough description of the recommendations and how they are addressed, see Table 3 (or Table of recommendations).

Chart 2. Progress in implementing prior year's recommendations

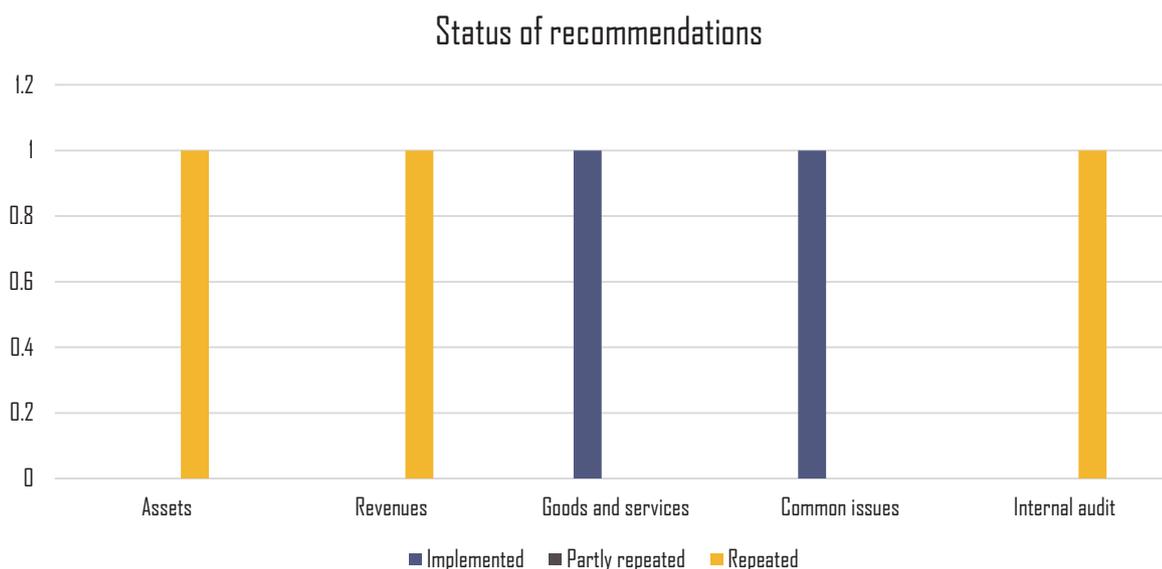


Table 4 Summary of prior year's recommendations

No	Audit area	Recommendations of 2020	Actions taken	Status

1	The income	The mayor must ensure the implementation of the laws for the collection of revenues, which are aimed primarily at the implementation of legal requirements as well as increasing the quality of services for the citizens of the municipality. At once I must initiate without delay the drafting of an internal regulation for taxes, fees and citizens' charges for public services.	Even this year, the Municipality did not take any measures for revenues, nor did it draft the regulation.	Implementation did not start
2	Goods and services and utilities	The President must ensure that all the necessary actions are taken so that the expenses are planned in the appropriate divisions of the budget or that funds are reallocated and that the payment and registration of expenses is done according to the appropriate economic codes	We have not noticed such cases.	Implemented
3	Goods and services	The chairman must ensure that all invoices received bear the number recorded in the protocol book.	We have not noticed such cases.	Implemented
4	Assets	The mayor must take measures to create asset registers above and below €1,000 by registering all the assets in his possession so that the presentation of information in the PFV is accurate and complete.	This year also, we have similar issues.	Implementation did not start
5	Internal audit function	The Mayor should obtain the approval for positions and undertake measures for establishment and operation of the IAU in order to provide support in managing risk areas and improve control systems.	The IAU has not been established yet.	Implementation did not start

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

Signatures:

Vlora Spanca, Auditor General

Blerim Kabashi, Head of Audit

Etika Co L.L.C, (Fatmir Mehmeti authorized person in charge of the company)

Annex I: Letter of confirmation

OPŠTINA LEPOSAVIĆ

POTVRDNO PISMO

O saglasnosti sa nalazima Generalnog Revizora na Izveštaj revizije za 2021. godinu kao i za sprovođenje preporuka

Za: Nacionalnu Kancelariju Revizije:

Poštovani,

Preko ovog pisma, potvrđujem da:

- sam primio nacrt izveštaja Nacionalne Kancelarije Revizije o Reviziji Finansijskih Izveštaja Opštine Leposavić za godinu završno sa 31. decembrom 2021. (u daljem tekstu "Izveštaj");
- slažem se sa nalazima i preporukama i nemam komentare u vezi sa sadržajem izveštaja; i da ću
- u roku od 30 dana od prijema Završnog izveštaja, dostaviti Akcioni plan za sprovođenje preporuka, koji će uključiti vremenske rokove i osoblje koje je odgovorno za njihovo sprovođenje.

g. ZORAN TODIĆ

Gradočelnik Opštine Leposavić,

Datum: 24.05.2022. godine,

Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor's Report

Auditor's Report on the financial statements⁷ should contain a clear expression of opinion referring to financial statement, based on conclusions drawn from the evidence obtained during the audit. Where the audit is conducted to assess also conformance with legislation and other regulations the auditors have an additional responsibility to report on compliance with authorities⁸. Such opinion should be separated from the opinion whether financial statements are true and fair, i.e. the opinion may be modified with respect to compliance issue(s) but still be unmodified in reference to credibility of the financial statements (or vice versa).

For the purpose of concluding whether an opinion on the financial statements is modified or unmodified an auditor should assure himself/herself whether audit results include or not (a) detected material or pervasive misstatement(s) or potential one(s) presumed in the event of a limitation of scope.

A misstatement is a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

(extract from ISSAI 200)

Forms of opinion t

Unmodified opinion

It is formulated when no misstatements or non-compliance were detected or misstatements and/or non-compliance were detected, a single one or aggregate, that do(es) not equal or exceed the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions do(es) not equal or exceed the level of lower materiality established for this class of transactions. It is also formulated if there is no limitation of scope or a limitation of scope may not lead to omission of (a) material misstatement(s) and/or non-compliance).

Limitation of scope occurs when an auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

⁷ Financial statements in the public sector include also the statement(s) of budget execution

⁸ Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.

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

Modifications to the opinion in the auditor's report

The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement and/or non-compliance, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement and/or non-compliance, the auditor should modify the opinion in the auditor's report. A modified opinion may be:

- Modified (qualified)
- Adverse, or
- Disclaimer

Qualified opinion

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that equals or exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions equals or exceeds the level of lower materiality established for this class of transactions. It is also formulated if there is a limitation of scope that may not lead to omission of (a) material misstatement(s).

Adverse opinion

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that pervasively exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions pervasively exceeds the level of lower materiality established for this class of transactions.

"Pervasive is a term used, in the context of misstatements and/or non-compliance, to describe the effects of misstatements and/or non-compliance on the financial statements or the possible effects on the financial statements of misstatements and/or non-compliance, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:

- a) Are not confined to specific elements, accounts or items of the financial statements
- b) If so confined, represent or could represent a substantial proportion of the financial statements; or
- c) In relation to disclosures, are fundamental to users' understanding of the financial statements.

Disclaimer of opinion

It is formulated when limitation of scope, i.e. inability to obtain sufficient appropriate audit evidence, is material and pervasive.

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

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

An Emphasis of Matter paragraph should:

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

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