

## A U D I T

### **-LEPOSAVIC MUNICIPALITY-**

Institution for control of work and operations of local self-governments, National Auditor's Office, performed check of work transparency, budget expenditure and leading public finances of Leposavic local self-government for business year 2019.

The control was made in three occasions. First one was one-day control in September 2019, with prior sending of extensive dossier by Leposavic municipality for preparation of control. Second control was performed in November and last for nine days and the third Auditor's control was in March and also lasted for nine days.

The Auditor's report assessment of budget for 2019 is marked as "unqualified opinion", that is, that the execution of the budget was in accordance with the law, except few minor findings that weren't influenced Auditor's report in whole. It was assessed that there is evident progress in budgeting, given the existence of a large number of recommendations in the previous period that were adopted by the municipality of Leposavic, and then fully implemented. It is necessary to point out here the huge help that the Office of the Auditor provided to the local self-government, which referred to the work of the finance department itself and the huge debts inherited from the previous municipal structure. It can be concluded that in this regard, consolidation and stability have been achieved in the budgeting and public finances of Leposavic municipality, with the settlement of all previous debts, taking into account that most of the budget for 2019 was under forced collection. Therefore, a high degree of public responsibility and ensuring the interests of taxpayers has been achieved

If the parallel between the budget from previous years and this one for 2019 is drawn, the improvement in budget execution is certainly noticeable, so that citizens will be able to see the realization of capital projects predicted by the budget and thus feel the improvement of quality of life in Leposavic municipality. This is already felt in the current year, where the realization of the entire budget in full has been ensured. Tender procedures are underway, as well as works on the implementation of individual projects. There are also some small delays in the execution and implementation of the projects, which were caused by political instability of institutions and delay in forming the government, as well as the Corona virus pandemic, but also by long tender procedures for high-value projects.

Regarding the difficulties related to the quality of documentation translation and cooperation with institutions in Pristina, we can talk about even worse situation than in



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the previous period. The translation into Serbian is at much worse level, especially after entering the situation with the pandemic. Communication with institutions is at a very low level. People in the ministries work from home, but with all the understanding towards them, there is not even a minimum of effort and understanding on their part. Therefore, the officials do not try to maintain even the minimum working conditions, despite the protests sent to the competent ministries, so that the work of the local self-government suffers and encounters great problems in functioning. Of course, the Office of the Auditor was informed about that, several meetings were held on that topic, and a meeting with the Minister of Local Self-Government is expected in the coming days all in order to solve and overcome the mentioned difficulties. The paradox is that the greatest difficulties in communication between the ministry and the local self-government, occur due to the most banal problem with translation, and that problem has not been solved. On the contrary, it is even greater.

The report of the National Auditor's Office will also have an impact on budgeting for next year. We need to take in consideration that from 10 recommendations made in previous period, 5 were fulfilled in full, 3 were repeated and 2 were closed. So, with 3 repeated and two new findings in 2019, budgeting for next year will be significantly more favorable and better. Of course, the fact remains that some recommendations have not been fulfilled, because they require some political influence. These are the collection of property taxes, property registration and similar. There is also a recommendation concerning the Internal Auditor, but that is not the fault of Leposavic municipality. Municipality carried out the complete procedure for its admission. The Ministry of Internal Affairs and before that was the Ministry of Local Administration, failed to approve advertised position of Internal Auditor, without which it was not possible to implement the recommendation.

The recommendations of the Auditor's Office have deadlines for fulfillment and are set in the way to be realistically possible for local governments. We already talk about them, but there are also those that are not realistically feasible and we mentioned them too, which means that they do not depend on the local self-government itself, but on some higher political instances. From those that the municipality can remove independently, one has already been removed at the beginning of July and the others are being worked on. The readiness of the Auditor's Office to provide the necessary assistance in the implementation of set of recommendations is quite certain, but it does not depend entirely on them.

There are possibilities for the Budget Audit Report for 2019 to be better. That improvement already exists, considering that the Report has already been received, unlike most other municipalities that are still waiting for it. The recommendations have been fulfilled or are fulfilling, and there are a number of opportunities for progress in budgeting for the current year. Realistically, there are real resources and capacities to respond to all challenges related to budgeting, management and transparency of



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public finances in the municipality of Leposavic. Having in mind all above mentioned, the final Report for 2019 is much better than the one for 2018 and 2017, because the debts have been repaid and there is still a part of the funds for 2019 that served for the municipality to function again and get back on its feet. The missing documentation was also completed, so that there are much better working conditions in the future. Based on the action plan made for the recommendations from the Report for 2019, 80% has been fulfilled, which is a huge progress.

The National Auditor's Office has no objections this time. On the contrary, the municipality of Leposavic expresses great gratitude for the huge help received from this institution, where its representation in the work of local self-government is at a very high level, unlike in the previous period. Only real things were pointed out, and the findings were extremely correct. The Office of the Auditor had full understanding of the remarks and suggestions made by the Department of Finance of Leposavic Municipality. Meetings were held all the time, regardless of the pandemic situation and all solutions to budgeting problems were found even before the final Budget Audit Report was issued.

In Leposavic

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