

AUDIT

ZVEČAN MUNICIPALITY - 2020

The National Audit Office (NAO) of the Republic of Kosovo is the highest institution that conducts economic and financial control and is accountable for its work to the Assembly of Kosovo.

The reports of the National Audit Office directly promote the accountability of public institutions, bearing in mind that they provide a sustainable basis for demanding accountability from the heads of each budget organization. In this way, the National Office of the Auditor strengthens confidence in the spending of public funds and plays an active role in ensuring the interests of taxpayers and other stakeholders in increasing public accountability.

The audit process in the municipality of Zvečan was performed following the International Standards of Supreme Audit Institutions as well as with the best European practices. The Auditor-General decided on the audit opinion on the Annual Financial Statements of the Municipality of Zvečan in consultation with the Assistant Auditor General Mr. Naser Arllati who oversaw the audit. The audit report was prepared by the team leader Xhevat Seferi and the team members Stana Dančetović and Nebojša Ristić, under the direct supervision of the Head of the Audit Department Shkëlqim Xhema.

In the municipality of Zvečan, the National Office of Auditors performed an audit for 2019 and submitted a report on 07.07.2020. on the financial statements of the municipality of Zvečan for the fiscal year ended 31.12.2019. The NAO report identified some shortcomings and made recommendations to increase public accountability and the effective operation of the budget and finance department. During the reporting period, a coronavirus pandemic was declared in Kosovo and the municipality of Zvečan operated in capacities approved and proposed by crisis staff and central level recommendations.

During the process of conducting an external audit by the NAO, the Municipality of Zvečan assessed that the cooperation between the OAG and the Municipality of Zvečan is at an enviable level, taking several aspects (business relationship, interpersonal relationship, professionalism, effectiveness, and efficiency) during the audit. Representatives of the NAO suggest the financial service activities to increase the effectiveness and implementation of the Law, both in annual and daily activities. This is extremely important because the municipality of Zvečan still does not have an internal

audit officer. The OAG is the only body that provides advisory support for better performance and implementation of the Law on Finance. Bearing in mind that the municipality of Zvečan does not have an employed internal auditor, and one of the recommendations of the NAO during the 2018/2019 audit. For years, the municipality had its internal auditor; the finance service submitted a request to the Ministry of Finance and requested that the internal audit be done by the internal audit service of the Ministry of Finance. The Ministry of Finance assisted in this process and the audit was conducted, while the Administrative Instruction on Financial Management states that Municipalities with a budget of less than EUR 3,000,000 are not required to have their internal audit.

The report prepared by the NAO for 2019 was prepared very professionally. The NAO team consisted of experts who best-suggested recommendations to the Municipality of Zvečan to improve the implementation of financial reforms and the implementation of the Law on Finance, and the NAO report was accepted by the Municipality of Zvečan. The Municipality of Zvečan suggested in several cases regarding certain problems, but in one of the mentioned cases, the NAO did not take into account the suggestion of the representatives of the Municipality of Zvečan.

By the Law on the Use of Official Languages, the NAO has so far complied with the Law, sending the report and all accompanying documentation in both official languages (Serbian and Albanian). This is extremely important having in mind that bilingualism in official work is of great importance as well as the implementation of the Law on the Use of Official Languages. The teams sent by the NAO are representatives of the Office who speak both official languages in Kosovo, which has greatly facilitated the entire audit process and the receipt of accurate data and instructions by the NAO representatives. It can be concluded that the cooperation with the municipality of Zvečan and NAO has not suffered any language barriers.

As a result of its work in cooperation with the Municipality of Zvečan, the OAG creates realistic reports, which reflect the real situation in finances in the Municipality of Zvečan. Officials of the Municipality of Zvečan, from the Department of Finance, had the opportunity to comment on the opinion of the Department of Finance of the Municipality of Zvečan, but in one of the cases, the NAO did not include it in the Report.

The work of the financial service in 2020 can be assessed as more effective and efficient than in 2019, bearing in mind that the Action Plan for the implementation of recommendations by the NAO is in force. In this regard, the Department of Finance in close cooperation with the Mayor and other departments provided for in the plan coordinate to implement the recommendations of the Action Plan, and out of a total of 15 recommendations, the municipality of Zvečan fully implemented 4 recommendations,

partially implemented 1 recommendation, seven recommendations were repeated and three concluded. On the other side. Also, 2020 was marked by a coronavirus pandemic. Since March 2020, the municipality of Zvečan has been working in capacities approved by the central government, the financial management process has been extremely effective and there have been no crucial changes in financial management such as (postponement of invoices and overdue costs, etc.). Also, as a result of the lockdown, it was not possible to complete tasks that required physical presence, but the municipality of Zvečan constantly coordinated with crisis staff and central institutions through online communication.

Coordination with central institutions during the coronavirus pandemic could be assessed as extremely high, given that the municipality of Zvečan was in constant communication with representatives of ministries at the central level, primarily the Ministry of Health.

Many years of experience of financial officers of the municipality of Zvečan, the NAO, and other parties involved in the audit process, contributed to the creation of realistic reports, good institutional cooperation, and interpersonal relations, which will continue every year. There are no objections to the work of the OAG by the Municipality of Zvečan because the cooperation is assessed as very satisfactory.

The Municipality of Zvečan can boast of excellent cooperation and highlights as the most important advisory role of the OAG to the local level, as an important integrated approach that provides an overview of the facts as well as a perspective focused on improving good governance, creating a strong financial system, implementing processes and corrective measure. Clear and concise recommendations in audit reports are key elements that ensure the improvement of the work and sound financial management of the municipality of Zvečan.

The municipality of Zvečan expects to continue excellent cooperation during 2021, despite the coronavirus pandemic. What is needed is a modification of the current action plan to implement the recommendations because the coronavirus pandemic was unpredictable for both central and local authorities as a global threat.

As a potential idea, there is an opportunity to improve cooperation between the Municipality of Zvečan and the Audit Office in creating universal recommendations and action plans that will enable effective financial management of municipal finances and in the event of a coronavirus pandemic without consequences for municipal impact.