



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

**Document No: 21.21.1-2017- 08**

**AUDIT REPORT**  
**ON THE ANNUAL FINANCIAL STATEMENTS OF THE MINISTRY**  
**OF EUROPEAN INTEGRATION FOR**  
**THE YEAR ENDED 31 DECEMBER 2017**

**Prishtina, June 2018**

The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control which, according to the Constitution and domestic laws, enjoys functional, financial and operational independence. The National Audit Office undertakes regularity and performance audits and is accountable to the Assembly of Kosovo.

Our Mission is through quality audits strengthen accountability in public administration for an effective, efficient and economic use of national resources.

We perform audits in line with internationally recognized public sector auditing standards and good European practices.

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.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Ministry of European Integration 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 (Fjolla Bakalli (Team Leader) and Pleurat Isufi and Albana Kadriu-Zogjani (team members) under the management of the Head of Audit Department Bujar Bajraktari.

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## Executive Summary

### Introduction

This report summarises the key issues arising from our audit of the 2017 Annual Financial Statements of Ministry of European Integration, which determines the Opinion given by the Auditor General. The examination of the 2017 financial statements was undertaken in accordance with the International Standards on Supreme Audit Institutions (ISSAIs). Our approach included such tests and procedures as we deemed necessary to arrive at an opinion on the financial statements. The applied audit approach is set out in our External Audit Plan dated 24/11/2017.

Our audit focus has been on:



The level of work undertaken by the National Audit Office to complete the 2017 audit is determined depending of the quality of internal controls implemented by the Management of the Ministry of European Integration.

The National Audit Office acknowledges Ministry's Senior Management and the Staff for cooperation during the audit process.

### Opinion of the Auditor General

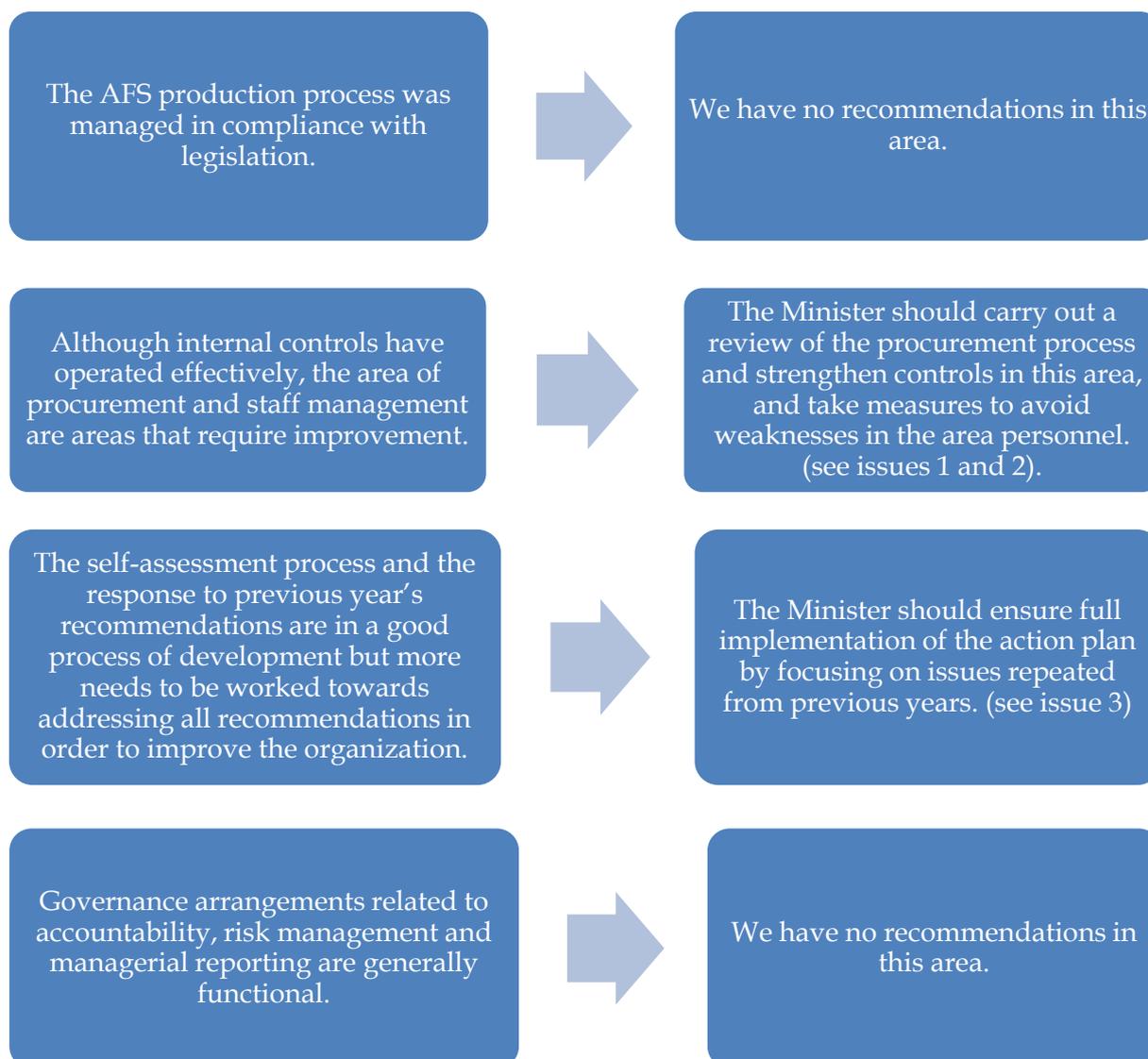
#### **Unmodified Opinion**

The Annual Financial Statements for 2017 *present a true and fair view* in all material aspects.

For more, please refer to Section 1.2 of this report.

Annex I explains the different types of Opinions applied by the National Audit Office.

**Key Conclusions and Recommendations:**



**Management response - audit 2017**

The Minister has considered and agreed on detailed audit findings and conclusions and committed to implement the recommendations given.

# 1 Audit Scope and Methodology

## Introduction

The National Audit Office (NAO) is responsible for carrying out a Regularity Audit which involves the examination and evaluation of Financial Statements and other financial records and expression of opinions on:

- Whether the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- The appropriateness of internal controls and internal audit functions; and
- All matters arising from or relating to the audit.

Audit work undertaken reflected our audit risk assessment for Ministry of European Integration. We have analysed the Ministry's business to the extent to which management controls can be relied upon when determining the overall testing required to provide the necessary level of evidence to support the AG's opinion.

The following sections provide a more detailed summary of our audit finding with emphasis on observations and recommendations in each area of review.

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

## 2 Annual Financial Statements and other External Reporting Obligations

### Introduction

Our audit of the Annual Financial Statements (AFS) considers both compliance with the reporting framework and the quality and accuracy of information recorded in the AFS. We also consider the Declaration made by the Chief Administrative Officer and Chief Financial Officer when the draft AFS are submitted to the Ministry of Finance.

The declaration regarding presentation of the AFS incorporates a number of assertions relating to compliance with the reporting framework and the quality of information within the AFS. These assertions are intended to provide the Government with the assurance that all relevant information has been provided to ensure that an audit process can be undertaken.

### 2.1 Audit Opinion

#### **Unmodified Opinion**

We have audited the AFS of the Ministry of Ministry of European Integration for the year ended on 31st of December 2016 which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement and the Explanatory Notes of the Financial Statements.

In our opinion, the Annual Financial Statements for the year ended on 31<sup>st</sup> of December 2017 present a true and fair view in all material respects in accordance with International Public Sector Accounting Standards (cash based Accounting), Law no.03/L-048 on Public Finance Management and Accountability (as amended and supplemented) and Regulation MoF no.01/2017 on Annual Financial Reporting by Budget Organisations.

#### **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 Auditor's responsibilities for the audit of the AFS section of our report. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for the opinion.

#### **Responsibility of Management and Persons Charged with Governance for AFS**

The Secretary General of the Ministry of European Integration is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Modified Cash based Accounting and for such internal control as management determines is necessary to enable the preparation of financial

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statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law number 03/L-048 on Public Finance Management and Accountability (as amended and supplemented).

The Minister is responsible to ensure the oversight of 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. We conducted our audit in accordance with ISSAIs. These standards require that we comply with ethical requirements and plan and perform the audit to 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 any material misstatement that might exist. Misstatements can 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.

An 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.

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

## 2.2 Compliance with AFS and other reporting requirements

The Ministry of European Integration is required to comply with a specified reporting framework and other reporting requirements. We considered:

- Compliance with MoF Regulation no.01/2017 on the Annual Financial Reporting of Budget Organisations;
- Requirements of LPFMA no. 03/ L-048, (as amended and supplemented);
- Compliance with Financial Rule no.01/2013 and 02/2013;
- Action Plan on implementation of recommendations; and
- Requirements of Financial Management and Control (FMC) procedures.

In the context of AFS we have identified that:

- Article 14 - Budget Execution Report, there was an overestimation of the final budget for goods and services by €13,792 compared to the information in the KFMIS, whereby the overall budget was overestimated for this amount. This has taken place due to lack of information on budget reduction under the Government decision, at the end of the year.

The Declaration made by the Chief Administrative Officer and Chief Financial Officer when the draft AFS are submitted to the Ministry of Finance can be considered to be correct given that errors identified are not of material nature.

In the context of other reporting requirements we have not issues to raise.

## 2.3 Recommendations related to Annual Financial Statements

**Recommendation 1** The Minister should ensure that finance officials continuously follow Government's actions regarding budget changes, and those changes are to be reflected in the AFS so that is presented accurate information.

## 3 Financial Management and Control

### Introduction

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, the focus of the audit was Budget management, Procurement issues, Human Resources as well as Assets and Liabilities.

### Financial Management and Control Conclusion

In the context of financial systems, controls over a number of expenditure areas are adequate and operate effectively. The procurement area had some weaknesses that remain to be addressed in the future. Furthermore, MEI continues to cover positions with Acting for long periods of time by exceeding permitted limits. This occurrence should be avoided and remains an area that requires improvement.

#### 3.1 Budget Planning and Execution

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

**Table1. Sources of budgetary Funds (in €)**

Description	Initial Budget	Final Budget <sup>1</sup>	2017 Outturn	2016 Outturn	2015 Outturn
<b>Sources of Funds</b>	20,959,053	22,733,193	20,430,293	19,213,681	18,243,748
<b>Government Grant -Budget</b>	20,959,053	22,662,539	20,410,343	19,183,401	18,200,658

The final budget is lower than the initial budget by €244,255. This decrease is a result of budget savings applied after the budget review under the Government decisions.

MIE in 2017 had spent €1,337,782 or 93% of the final budget. Budget execution was at the same level compared to 2016. Below are given explanations on the current position.

<sup>1</sup> Final budget - the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance.

**Table2. Spending of funds by economic categories - (in €)**

Description	Initial Budget	Final Budget	2017 Outturn	2016 Outturn	2015 Outturn
<b>Spending of funds by economic categories</b>	<b>1,679,904</b>	<b>1,435,649</b>	<b>1,337,782</b>	<b>1,511,753</b>	<b>1,617,905</b>
Wages and Salaries	643,242	613,242	584,749	582,852	669,779
Goods and Services	770,962	762,708	693,414	763,434	859,056
Utilities	10,500	5,500	5,442	5,740	7,028
Subsidies and Transfers	250,000	50,000	49,987	159,727	82,042
Capital Investments	5,200	4,200	4,190	-	-

Explanations for changes in budget categories are given below:

- The budget for wages and salaries compared to the initial budget had decreased by €30,000. This decrease resulted after the budget review. Budget execution for this category was at 95%;
- The final budget for goods and services compared to the initial budget had decreased by €8,254, as a result of budget review based on Government decisions. The level of execution of the final budget was at 90%;
- The final budget for utilities had decreased by €5,000, compared to the initial budget as a result of budget review. The level of execution of the final budget was at 98%;
- The final budget for subsidies and transfers was reduced by €200,000 compared to the initial budget as a result of budget review, where funds in the amount of €20,000 were transferred to the category of goods and services, while the rest were declared as budget savings. The level of execution of the final budget was at 100%; and
- The final budget for capital investments compared to the initial budget was reduced by €1,000 as a result of budget review. The level of execution of the final budget was at 99%;

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## 3.2 Wages and Salaries

Wages and Salaries are paid through a centralised system managed by MPA and MoF. However, there are a number of controls that operate within the MIE, which relate to authorisation of payroll list, verifications of changes, budget review for this category, reconciliations with the Treasury etc. According to the KFMIS data, the final budget for the category of Wages and Salaries was €613,242, while incurring of expenses was €584,749 or 100%. The number of planned staff was 86 while the actual number of employees at the end of 2017 was 84.

### Recommendations

We have no recommendations in this area.

## 3.3 Personnel Management

Below have been presented some of the identified issues that relate to managing weaknesses and organization of personnel.

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### Issue 2 – Covering positions with Acting

<b>Finding</b>	Regulation No. 06/2010 on appointment procedures in civil service determines that senior management positions cannot be held with Acting for more than three months. By the end of 2017 in the MIE, three leading positions were held with Acting beyond the legal limit. One of them was appointed as Acting in 2015, and the other since May 2017, because the officials who held these two positions were on unpaid leave for the purpose of professional advancement.
<b>Risk</b>	Covering positions with acting for long periods of time by exceeding legal deadlines affects the quality of operational performance of the officials and consequently of the Ministry.
<b>Recommendation 2</b>	The Minister should ensure that all leading positions are exercised with regular employment contracts. This has to be preceded by a public competition developed in accordance with the applicable rules.

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## 3.4 Goods and Services and Utilities

The final budget for goods and services and utilities in 2017 was €768,208, out of which were spent €698,856. These expenses include office supplies, furniture, fuel, official travel, official luncheons, rent etc. Our tests have resulted in the following findings:

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### Issue 3 – Signing of contract in disagreement with requirements of the Tender Dossier

**Finding** The contract signed for "Supply with inventory for the needs of MEI", in the amount of €7,025, according to the requirement of the tender dossier was foreseen supplying of 14 items. All procedures and evaluation of bids has been done in line with these requirements. However, the contract signed with the winning economic operator had specified that the Ministry would only be supplied with six items from the list of items to be provided. This is in disagreement with requirements presented by the entity in the tender dossier and requirements of the Operational Guidelines for Public Procurement A01 (Article 47.40). Moreover, had the request been made only for the articles that were contracted, the bid of the winning EO results to be €320 higher than the second bid.

**Risk** Failure to comply with requirements of the tender dossier is in disagreement with the public procurement, and may result in unfair selection, breach of the principle of equal treatment of tenderers, and poor value for money in procurement practices.

**Recommendation 3** The Minister should ensure that upon announcement of notices for supply, more detailed analysis should be done of requests submitted by requesting units and are approved only justified requests. In addition, contracts should be signed according to requirements foreseen in the tender dossier.

## 3.5 Subsidies and Transfers

The final budget for subsidies and transfers was €50,000, out of which were spent €49,988. They relate to subsidies for projects and activities of natural persons and non-governmental organizations, which aim to promote the European integration process of the Republic of Kosovo. Our tests have not shown any deficiencies in this area.

### Recommendations

We have no recommendations in this area.

### 3.6 Capital Investments

The final budget for capital investments was €4,200, out of which in 2017 were spent €4,190. These expenses relate to the purchase of a digital camera, which was the only planned capital expenditure. We have tested the process of this purchase and we have not identified any deficiencies in the process.

#### **Recommendations**

We have no recommendations in this area.

### 3.7 Capital and Non-Capital Assets

The MEI has presented in the AFS capital assets (over €1,000) in the net value of €8,633 and non-capital assets (under €1,000) in the amount of €62,465. We have tested purchases of the year and the regularity in recording and inventorying of available assets. We have not identified any deficiencies.

#### **Recommendations**

We have no recommendations in this area.

### 3.8 Outstanding Liabilities

The statement of liabilities not paid to suppliers at the end of 2017 was €30,212. These liabilities were carried over to be paid in 2018. We have tested the manner of reporting of outstanding liabilities, starting from recording, reporting and up to payment of liabilities. From our tests we have not identified any deficiencies.

#### **Recommendations**

We have no recommendations in this area.

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## 4 Progress in implementing recommendations

Our Audit Report on the 2016 AFS of Ministry of European Integration resulted in six recommendations. Ministry of European Integration had prepared an Action Plan stating how all recommendations will be implemented.

At the end of our 2017 audit, four recommendations have been implemented, one was in the process, and one was not addressed yet. In addition, from the year 2015, three recommendations were carried forward (unimplemented). Two of these recommendations were implemented in 2017, while one was not.

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### Issue 4 - Implementation of recommendations from previous and earlier year

**Finding** Despite the progress made in implementation of recommendations, much remains to be done to address them fully, in order to avoid recurrence of issues over the years.

**Risk** Due to delays to implement key recommendations can result in continued weaknesses, lack of efficiency and potential financial losses.

**Recommendation 4** The Minister should ensure full implementation of the action plan, by setting out accurately deadlines for full implementation of recommendations. The progress made in implementation of these recommendations should be reported to the Minister and the Secretary General on regular basis.

## 5 Good Governance

### Introduction

Good Governance implies basic principles of accountability, effectiveness of controls, risk management, independence of internal audit, coordination of NAO with internal audit and good governance with public assets.

A key tool supporting effective governance is the implementation of audit recommendations as this demonstrates that Management are seeking to develop existing processes and controls. The level of compliance with FMC requirements by Budget Organizations is monitored by the self-assessment checklists completed by all BOs, which are submitted at the end of the year to the Ministry of Finance.

Specific areas of our governance-related reviews have been the accountability and risk management process, while the other components are handled within the chapters or subchapters above.

## Overall Governance Conclusion

MEI in general has good controls in terms of its liabilities. Financial management and control has proved a relatively good reporting process and assurance over the implementation of legislation and other control processes.

Governance in the MEI in the area of managerial reporting and accountability, as well as risk management reflects a positive situation. MEI had implemented most of recommendations and prepared the risks register which was updated in accordance with FMC requirements. In addition, self-assessment questionnaire was completed and timely submitted to the Ministry of Finance, which reflected the real situation of the budget organization. Internal Audit had provided a clear picture of the level of security of internal controls and provided recommendations for their improvement. It remains to be paid more attention to planning and effective implementation of audit plan of the IA in order to maximize the benefit.

### 5.1 Internal Audit System

The Internal Audit Unit (IAU) in MEI is established which consists of one auditor. In order to carry out an effective audit requires a comprehensive work program that reflects financial and other risks of audited entity, and provides sufficient assurance on the effectiveness of internal controls. The impact of Internal Audit products should be judged by the importance given by the management to the addressing of recommendations, as well as by the support provided by an effective Audit Committee.

The IAU has drafted the annual work plan that was based on the strategic plan and risk assessment. Furthermore, regular reporting was done by the IAU to the Central Harmonization Unit of the Internal Audit. Audit reports contained conclusions on functioning of internal control system and recommendations for resolving the situation where there were findings. However, the annual plan was not fully implemented.

The MEI has established an Audit Committee at the end of September 2017. This Committee had managed to hold two meetings by the end of the year, on which were reviewed audit recommendations and the level of their addressing.

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**Issue 5 - Failure to fully implement the annual audit plan**

**Finding** The IAU for 2017 had planned to carry out four audits, and one audit based on the request of the management. From this plan had managed to complete three regular audits, whereby was not completed the plan. While, there were no requests by the management for any audits.

**Risk** Failure to fulfil the IAU plan may have impact on identification and addressing of potential weaknesses in controls and lose the opportunity for improvement.

**Recommendation 5** The Minister should ensure that IAU's work plan is completed fulfilled and helps on-going operational activities. The Audit Committee should critically review IAU's plans, so that time management is as efficient as possible.

## 5.2 Management Reporting, Accountability and Risk Management

In order to have a proper planning, supervise the activities on a regular basis and allow effective decision-making, the Management needs to have regular reports. Accountability as a process is the acceptance of responsibilities, holding persons into account for their actions and disclosing results in a transparent way. Whereas, risk management is a process related to identification, analysis, evaluation and actions/measures taken by the Management to control and respond to risks threatening the Organization.

The MEI has generally put in place a functional internal control system that includes regular reporting to the management, in order to enable timely information and opportunities to respond to challenges and problems reported in terms of achievement of objectives. Accountability and communication lines were clear and functional through regular reports and meetings.

The risk management process in general was in the right direction of development, in accordance with FMC requirements. MEI had a register of risks that was updated at the end of 2017.

### Recommendations

We have no recommendations in this area.

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

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## 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.

### 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 1705<sup>19</sup> 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.

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## Annex II: Progress in implementation of Prior and Earlier Year Recommendations

Audit Component	Recommendation carried forward from 2015	Implemented during 2017	Under implementation during 2017	Not implemented
3.5.1 Remunerations (Wages and Salaries)	The Minister should ensure that a durable solution is achieved for the position led by Acting in accordance with legal requirements.			Not implemented. Continues having positions covered with Acting beyond the legal deadline.
3.5.2 Subsidies and Transfers	The Minister should ensure that all necessary measures are taken to increase controls at all stages of the subsidy projects.	Implemented. We have not found such cases this year.		
3.6.2 Handling of liabilities	The Minister should ensure that liabilities to suppliers are paid in time and if the debts remain unpaid, they should be reported to the MoF/Treasury.	Implemented. All outstanding liabilities were reported to the MoF/Treasury.		
Audit Component	Recommendation given in 2016	Implemented	Under implementation	Not implemented
2.1 Progress in the Implementation of Prior Year Recommendations	The Minister should ensure that the accountable persons listed in the Action Plan are held into account for full implementation of the AG recommendations, according to the specified timeline.		In the process of implementation. One recommendation from 2015 was not implemented either.	

2.4 Internal Audit System	The Minister should ensure that the Audit Committee is established in the shortest possible time based on legal request. Appointing a competent committee would increase the value of the internal audit and ensure a proper function of the internal control chain.	Implemented. Audit Committee was established in September 2017.		
3.1.1 Wages and Salaries	The Minister should secure additional controls in the management of recruitment procedures. Recruitment procedures should start on time, and the duration of the Acting officer function, is not longer than the period foreseen by legal requirements.			Not implemented. Continues having positions covered with Acting beyond the legal deadline.
3.1.3 Subsidies and Transfers	The Minister should take the required actions to review the regulation on subsidies management to ensure that it includes key points that would facilitate the monitoring process. Then with individual agreements, details of each subsidy should be specified.	Implemented. We have not found such cases this year.		
	The Minister of MEI should ensure that prior to the signing of such agreements, all the procedures foreseen in the legal framework are considered. This would secure a good basis for the MEI to develop its activity by enhancing the value for money.	We have not found such cases this year. MEI had not carried out any joint activities with international organisations.		
3.3 Outstanding Liabilities	The Minister should ensure that liabilities to suppliers are paid within the statutory deadline in order to avoid direct payment execution by the Treasury. If for any reason the liabilities remain unpaid, they should be reported to the Treasury.	Implemented. All outstanding liabilities were reported to the MoF/Treasury.		

## Annex III: Confirmation letter

REPUBLIKA E KOSOVËS / REPUBLIC OF KOSOVA Qeveria e Kosovës / Vlada Kosova / Government of Kosovo Ministria e Integritimit Evropian / Ministarstvo Evropske Integracije Ministry of European Integration			
20. 06. 2018			
03	147	1097	1



REPUBLIKA E KOSOVËS / REPUBLIC OF KOSOVA Qeveria e Kosovës / Vlada Kosova / Government of Kosovo Ministria e Integritimit Evropian / Ministarstvo Evropske Integracije Ministry of European Integration	
SEKTORI I ARKIVËS - SEKTOR ARHIVE - ARCHIVE SECTOR	
Njësia Org. Org. Unit	Nr. Prot. Pr. No.
01	1156-1-2018
Nr. i faqeve Broj stranica No. pages:	Data Datum Date:
/	20, 06, 2018
PRISHTINE/A	

**Republika e Kosovës**  
Republika Kosova-Republic of Kosovo  
Qeveria - Vlada - Government

*Ministria e Integritimit Evropian*  
*Ministrarsvo za Evropsku Integraciju/Ministry of European Integration*

## LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm për vitin 2017  
dhe për implementimin e rekomandimeve

Për: Zyrën Kombëtare të Auditimit

20 Qershor 2018, Prishtinë

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Ministrisë së Integritimit Evropian (MIE), për vitin 2017 (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 implementimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

*Dhurata Hoxha*  
Dhurata Hoxha  
Ministër e Integritimit Evropian

