



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT
ON THE AGENCY FOR MANAGEMENT OF MEMORIAL
COMPLEXES IN KOSOVO
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Prishtina, June 2019

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.

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

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 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 Agency for the Management of Memorial Complexes in Kosovo, 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 Senver Morina (team leader) and Besa Morina (team member), under the management of the Head of Audit Department Astrit Bllaca.

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Executive Summary

This report summarises the key issues arising from our audit of the Agency for Management of the Memorial Complexes in Kosovo for 2018, which includes the Opinion of the Auditor General on Annual Financial Statements. Examination of 2018 financial statements was undertaken in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our approach included tests and procedures that were necessary to arrive at an opinion on the financial statements. The applied audit approach is set out in the External Audit Plan dated 31.10.2018.

Our audit focus has been on:



The level of work undertaken to carry out the audit was determined depending on the quality of internal controls implemented by the Management of the Agency for Management of the Memorial Complexes in Kosovo.

Opinion of the Auditor General

Unmodified Opinion with Emphasis of Matter

The Annual Financial Statements for 2018 *present a true and fair view* in all material aspects.

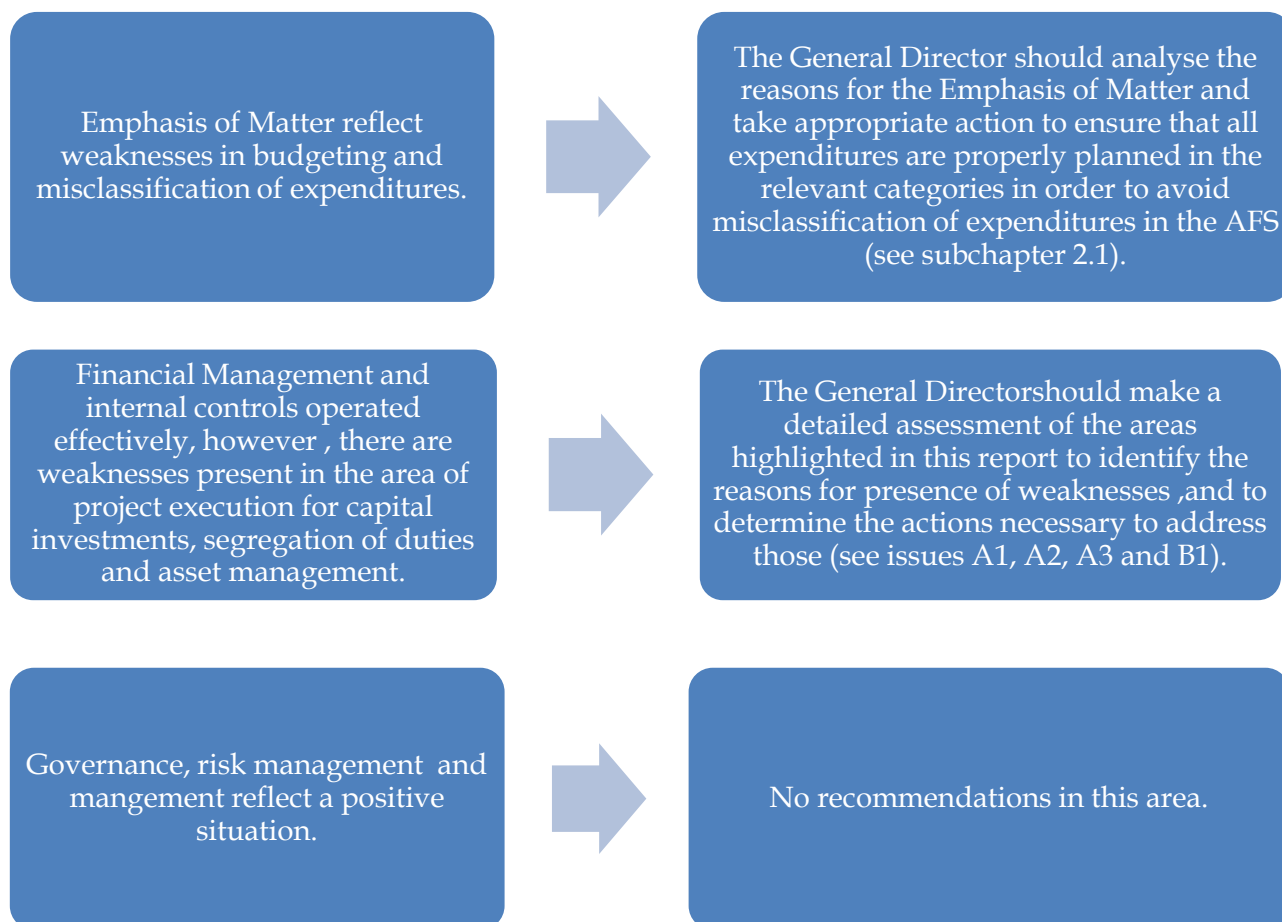
Emphasis of Matter

However, we draw your attention to the fact that the expenditures for maintenance of memorial complexes in the amount of €226,235 have been budgeted and incorrectly paid by capital investments. Also, from capital investments, €201,945 was paid based on court decisions on utilities.

For more details, refer to Section 2.1 of this report.

Annex I explains different types of Opinions in line with ISSAIs.

Key Conclusions and Recommendations



Management's Response on 2018 audit

The Director of the Agencies for Management of the Memorial Complexes has agreed with audit findings and conclusions and has committed to address a given recommendation.

The National Audit Office appreciates the cooperation of the management and personnel of AMMK during the audit process.

1 Audit Scope and Methodology

The Audit involves examination and evaluation of Financial Statements and other financial records, as follows:

- 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;
- Whether the internal controls and internal audit functions are appropriate and efficient; and
- Whether have been taken appropriate actions for implementation of audit recommendations.

Audit work undertaken is based on risk assessment. We have analysed the Agency for Management of the Memorial Complexes in Kosovo business, the level of reliance on management controls, in order to determine the level of detailed testing required to provide the necessary evidence and that support the opinion of the AG.

Our procedures have included a review of internal controls, accounting systems and related substantive tests, as well as 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 may exist, or of all improvements that could be made to the systems and procedures operated.

The following sections provide a detailed summary of our audit findings and recommendations in each area of review.

2 Annual Financial Statements and other External Reporting Obligations

Our audit of the Annual Financial Statements (AFS) considers both compliance with the reporting framework and the quality and accuracy of information presented in the AFS, including the declaration made by the Chief Administrative Officer and Chief Financial Officer.

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

2.1 Audit Opinion

Unmodified Opinion with Emphasis of Matter

We have audited the AFS of the Agency for Management of the Memorial Complexes in for the year ended on 31st of December 2018, 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 31st of December 2018 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 no.01/2017 on Annual Financial Reporting by Budget Organisations.

Basis for the opinion

Our audit was conducted 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.

Emphasis of Matter

According to article 18 paragraph 3 (Initiation of expenditures) of the Financial Rule no. 01/2013 MoF – on Public Funds Expenditure – states that -expenditures should be made by adequate codes, as defined in the Administrative Instruction on the Accounting Plan. We identified the following cases:

- Expenditures for maintenance of the Memorial¹ complexes, in the amount of €226,235€ which by nature belonged to the category of goods and services, were budgeted and spent incorrectly from the category of capital investments; and
- The Treasury had executed the payment in the amount of €201,945€ from capital investment category for water consumption expenditures for M.C 'A.Jashari' in Prekaz, which belonged to the period before 2012. These payments were made on the basis of court decisions.

As a result, the category of capital investments is overstated, to the detriment of the category of goods and services and utilities. Our opinion has not been modified for this issue.

Responsibility of Management for AFS

The General Director and Chief Financial Officer 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 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 General Directors is responsible to ensure the oversight the MMMCK'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

¹ Maintenance of M.C "Adem Jashari"- Prekaz; M.C. "Kulla e Zahir Pajazitit"- Orllan; M.C. "Baza e Parë e UÇK-së"- Lladovc, M.C in Penuhë, M.C in Likovc and maintenance of the martyrs cemetery in Kleçkë.

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 Agency 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 on Public Funds Expenditure, and 02/2013 on Management of non-Financial Assets;
- Action Plan on implementation of recommendations; and
- Requirements of Financial Management and Control (FMC) procedures.
- Final Procurement Plan; and
- Compliance with Financial Rule 02/2013 on Reporting of Arears.

The above findings indicate that the AFS production process was poorly managed.

In the context of other external reporting requirements, we have no issues to raise.

Given the above - 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, except for the issues mentioned in the Emphasis of Matter.

2.3 Recommendations related to Annual Financial Statements

The following recommendations are given in relation to the following issues:

Recommendation C1 The General Director should ensure that an analysis is undertaken to determine the causes of Emphasis of Matter, by undertaking specific actions to eliminate errors in classification of expenditures. In this regard, appropriate actions should be undertaken to ensure that all expenditures are properly planned, recorded and reported in their respective categories in accordance with the accounting plan.

3 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 as well as assets and liabilities.

Financial Management and Control Conclusion

The Agency in 2018 had a good budget performance. In financial system disputes, spending controls are generally good, except for some issues that require greater attention. The key areas where further improvements are needed are related to the implementation of approved projects, the assignment of tasks and the functioning of the e-wealth system.

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:

Table 1. Sources of budgetary Funds (in €)

Description	Initial Budget	Final Budget ²	2018 Outturn	2017 Outturn	2016 Outturn
Sources of Funds	5,246,216	5,102,903	4,522,064	3,175,882	1,940,711
Government Grant -Budget	5,246,216	5,102,903	4,522,064	3,175,882	1,940,711

The final budget in relation to the initial budget was reduced by €143,313. This reduction is a result of Government decisions³.

In 2018, the Agency spent 89% of the final budget or €4,522,064, or 9% less than in the previous year. However, the budget implementation remains at an unsatisfactory level and explanations for the current position are detailed below.

² Final budget – the budget approved by the assembly, which was subsequently adjusted for by the Ministry of Finance.

³ Government Decisions, no. 08/76 dated 21.11.2018 and no. 07/80 dated 18.12.2018.

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

Description	Initial Budget	Final Budget	2018 Outturn	2017 Outturn	2016 Outturn
Spending of funds by economic categories	5,246,216	5,102,903	4,522,064	3,175,882	1,940,711
Wages and Salaries	91,345	91,912	91,912	86,600	81,340
Goods and Services	74,871	74,871	55,736	53,351	34,650
Utilities	30,000	39,630	35,017	30,000	29,169
Capital Investments	5,050,000	4,896,490	4,339,399	3,005,931	1,795,552

Explanations for changes in budget categories are given below:

- The final budget for salaries and wages compared to the initial budget was increased by €567 as a result of the Government decision. The budget for this category was spent 100%;
- The final budget for goods and services had not changed from the initial one, and it was spent at the rate of 75%. Low budget execution for this category was due to the reduction of expenditures for official travel and other services;
- The final budget in relation to the initial budget for utilities was increased by €9,630 as a result of the Government decision. The budget for this category was spent at the rate of 88%; and
- The final budget in relation to the initial budget for capital investments was reduced by €153,510 with Government decisions. The budget for this category was spent at the rate of 89%.

Recommendations

We have no recommendations in this area.

3.1.1 Wages and Salaries

Wages and Salaries are paid through a centralized payment system managed by MAP and MoF. Key controls confirming the accuracy and completeness of the payments are payroll lists signed by the leaders of the Agency.

Expenditures for wages and salaries during 2018 were €91,912, or at the rate of 100%. The approved number of employees was 12, with the same number of employees at the end of the year.

Recommendations

We have no recommendations in this area

3.1.2 Goods and Services and Utilities

The final budget for goods and services including utilities in 2018 was €114,501. Out of them, €90,753 were spent, mainly related to expenditures for official travel and contractual services, purchase of assets under €1,000, and utilities.

Recommendations

We have no recommendations in this area.

3.1.3 Capital Investments

The final budget for capital investments was €4,896,490. Out of them, €4,339,399 were spent in 2018. They relate to investments in existing and new capital projects.

Our tests have highlighted the following shortcomings:

Issue A 1⁴ - Failure to make written justification for non- completion of the project

Finding

The eighth item in the list of technical specifications of the Contract for the project "Execution of works on repairing the damage and installation of the Memorial plaques in the Martyrs' Cemetery in Klecka" in the amount of €64,873, requires engraving of martyr portraits on the granite plaque.

The AMMCK had decided not to execute the eighth item in the amount of €1,792 due to some technical errors during the design. This decision was agreed by the economic operator, but the project manager or the commission for acceptance of the works did not justify in writing the failure to execute the item in question.

According to the project manager who at the same time acted as the chairman of the commission for acceptance of works, there was not enough space to place photos.

⁴ Issue A and Recommendation A – implies issues and new recommendations,
Issue B and Recommendation B – implies issues and recommendations repeated,
Issue C and Recommendation C – implies issues and recommendations partially repeated.

Risk Errors during projects and contract management shortcomings increase the risk that the contracts are not being implemented in accordance with the foreseen terms and specifications to achieve the final goal.

Recommendation A1 The General Director should ensure that projects are drafted based on compliance with the requirements for achieving the final goal. Further on, should ensure that any changes to the project are justified in writing.

Issue A 2 – Budget expenditures for the project not approved by the law on budget

Finding According to Law on Budget for 2018, Article 16, paragraph 1, “Funds may only be allocated to capital projects listed in the Table 3.2”. According to the Table 3.2, the AMMCK had planned the project “Fixing and Maintenance of Square Adem Jashari” in Malisheva, while during the physical examination it was established that the works were carried out for “Construction of the Martyrs' Monument at the KLA Martyrs cemetery in Malisheva”. In the register of assets over €1,000, this project was registered under the name of “Adem Jashari” Square in Malisheva, in the amount of €49,022.

The reason for the change of the project was because the Assembly of Kosovo had approved the project under the name Building of A.Jashari Square in Malisheva, but the AMMCK during consultation with the municipality for implementation, has resulted that this project has to do with the Construction of Monument at the Martyrs Cemetery in Malisheva.

Risk Budget expenditures for projects that are not approved by the law on budget hamper decision-making in relation to capital investments, and delivers incorrect reflection of projects carried out within the category of capital investment.

Recommendation A2 The General Director should ensure that all projects are implemented according to the Table 3.2 of the budget.

3.1.4 Common Issues on Goods and Services and Capital Investments

The following common issues relate to Goods and Services and Capital Investments:

Issue A 3 – Weaknesses in separation of duties in procurement processes**Finding**

According to the Operational Guidelines for Public Procurement, Section 62.1 “Separation of Duties” means that the authority of a person(s) to approve and sign approval in one area of responsibility does not also include those of another area of responsibility. The specialist disciplines of contract preparation (legal and technical), contract implementation and payments (invoices) must be kept as separate activities with separate signatory approvals. The Chief Financial Officer, the Procurement officer and the receiving Unit/Project manager may not sign any documentation outside their area of responsibility.

In all contracts (especially in Capital Investment Contracts) the contracting authority had appointed the same officer as a member of the Tender Evaluation Commission, as the head of the unit for acceptance of works, and as the Project Manager.

This was because of the small number of staff to complete projects that require procurement procedures.

Risk

Performing more tasks by the same officer, since the initiation of procurement procedures up to the acceptance of work carried out outside its scope of responsibility, in addition to being in contravention with the principles of separation of duties, compromises the objectivity throughout the process of procurement. This can also result in selection of the winning operator not on real basis.

Recommendation A3 The General Director should ensure controls during separation of duties in order to comply with the requirements of the operational guidelines on procurement, to prevent the occurrence of such cases.

3.2 Capital and non-capital assets

Capital assets over €1,000 presented in the AFS were in the amount of €9,983,323, assets under €1,000 were €74,572, while stocks €2,659. The AMMCK had established a commission for inventory and valuation of non-financial assets. From our testing we identified the following non-compliances:

Issue B1 - Failure to put e-asset system into function

Finding Article 6 of regulation no.02/2013 on Management of non- Financial Assets defines that capital assets should be recorded in the accounting register - KFMIS and non-capital assets and stocks should be recorded in the “E-Asset” system.

The Agency did not put the E-Asset government program into function, despite submitting official requests to the MPA for this issue. In the absence of this system, the register of assets under €1,000 is maintained in an Excel format, which allows to make changes at any time and without any trace.

This has happened because the Agency during 2018 did not have access on registration of non-capital assets in the system.

Risk Failure to put the E-Asset system into function complicates the proper management of assets and increases the risk of errors in asset identification, as well as in manual calculation of depreciation. Further on, this may result in failure to meet the requirements of accounting and financial reporting of assets.

Recommendation B1 The General Director should undertake the necessary actions to apply the asset management system (E-Asset), so that asset management and reporting is done in accordance with the requirements of the Regulation on management of non- financial assets. Further on, to provide the appropriate training for the staff of the Agency who will be assigned as responsible staff for implementation of this system.

3.3 Outstanding liabilities and Contingent Liabilities

The statement of liabilities not paid to suppliers at the end of 2018 was €36,057. These obligations were carried forward to be paid in 2019. In general, the AMMCK has put in place good controls in management of liabilities. While the value of €754,828 was presented as contingent liability during 2018. This case is still standing in the Pristina Basic Court for Economic Affairs.

Recommendations

We have no recommendations in this area.

4 Good Governance

Good Governance implies basic principles of accountability, effectiveness of controls, risk management, independence of internal audit, and 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

The Agency in general has put in place sound controls in relation to its statutory obligations. The Financial Management and Control has proven a good review process and assurance in the implementation of the legislation and other control processes.

The Agency has drafted a strategic plan and has prepared the risk register with all the measures, identifying all significant risks that may impact the organization in achieving its objectives. It had also prepared the plan for implementing the recommendations in time.

4.1 Internal Audit System

According to AI no. 23/2009 on establishment and functioning of the Internal Audit Unit, the Agency meets the criteria for establishment of this unit, but, due to the small number of staff approved by the budget law this unit could not be established.

Recommendations

We have no recommendations in this area.

4.2 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.

Although, a range of internal controls are applied by Management to ensure that systems and operate as intended, we have noticed that the measures applied are effective. The Agency has drafted a strategic plan and has prepared the risk register with all the measures, identifying all significant risks that may affect the organization in achieving its objectives.

5 Progress in implementing recommendations

Our Audit Report on the 2017 AFS of AMMCK resulted in five recommendations. The Management of the Agency prepared an Action Plan stating how all recommendations will be implemented.

At the end of our 2018 audit, one recommendation have been addressed; one was partially addressed, one was not addressed, and two recommendations are considered closed. For a more thorough description of the recommendations and how they are addressed, see Table 3.

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

Table 3 Summary of prior year recommendations and of 2018

No	Audit area	Recommendations of 2017	Actions taken	Status
1	AFS	The General Director should ensure that an analysis is undertaken to determine the causes of Emphasis of Matter, by undertaking specific actions to eliminate errors in classification of expenditures. In this regard, appropriate actions are undertaken to ensure that all expenditures are properly planned, recorded and reported in their respective categories in accordance with the accounting plan; and Further on, the General Director should ensure that effective processes are in place to confirm that the 2018 AFS production plan addresses all compliance related issues. This should also include the Management review of the AFS with specific focus on high risk areas or areas where errors have been identified in previous years. The Declaration made by the Chief Administrative Officer and Chief Financial Officer should not be signed unless all necessary checks have been applied to the AFS.	The Management managed to eliminate errors during the drafting of the AFS, but errors related to misclassifications have not been eliminated yet.	Partially implemented.
2	Capital Investments	The General Director should ensure that all planned projects are well-designed and detailed. Prior to drafting projects, it is necessary for the project designers to visit the construction site, in order to perform necessary assessments in accordance with the specific standards of these constructions. This would prevent launching of non-quality projects and would avoid the need for additional work.	Signed contracts for additional work were approved and there was not exceeding of deadlines.	Closed.
3	Capital and non-Capital Assets	The General Director should undertake the necessary actions to apply the asset management system (E-Asset) so that asset management and reporting is done in accordance with the requirements of the Regulation on management of non- financial assets. Further on, to provide the appropriate training for the staff of the Agency who will be assigned as responsible staff for implementation of this system.	The management has managed to apply e-asset system.	Not implemented.

4	Progress in implementing recommendations	The General Director should review and analyse the causes for failure to implement the recommendations by ensuring that the implementation of the action plan is monitored on a regular basis and reported on a regular monthly or quarterly basis in relation to the progress achieved in this regard. Recommendations that were not implemented should be reviewed as soon as possible and proactive actions are undertaken to overcome obstacles that may arise during implementation.	The management has managed to implement only one recommendation.	Closed.
5	Management Reporting, Accountability and Risk Management	The General Director should ensure the drafting of the strategic plan and ensure effective updating and quarterly reporting of risks for the implementation of requirements in this area.	The management has drafted the strategic plan and updated the list of risks.	Implemented.
No	Audit area	Recommendations of 2018		
1	Financial Statements	The General Director should ensure that an analysis is undertaken to determine the causes of Emphasis of Matter, by undertaking specific actions to eliminate errors in classification of expenditures. In this regard, appropriate actions should be undertaken to ensure that all expenditures are properly planned, recorded and reported in their respective categories in accordance with the accounting plan.		
2	Capital Investments	The General Director should ensure that projects are drafted based on compliance with the requirements for achieving the final goal. Further on, should ensure that any changes to the project are justified in writing.		
3	Capital Investments	The General Director should ensure that all projects are implemented according to the Table 3.2 of the budget.		
4	Common Issues related to Goods and Services and Capital Investments	The General Director should ensure controls during separation of duties in order to comply with the requirements of the operational guidelines on procurement, to prevent the occurrence of such cases.		
5	Capital and non-Capital Assets	The General Director should undertake the necessary actions to apply the asset management system (E-Asset), so that asset management and reporting is done in accordance with the requirements of the Regulation on management of non-financial assets. Further on, to provide the appropriate training for the staff of the Agency who will be assigned as responsible staff for implementation of this system.		

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 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



REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO			
ZYRA KOMBËTARE E AUDITIMIT NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
DATA E SHËNIMIT: 19.05.2019			
Prokuroria e Org. Judim. Org. Llogar.	Shifri i Klasit Klasif. Kod Class. Code	Nr. Prot. Br. Prot. Prot. No.	Nr. i Fajësve Br. Stranica No. Pages
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Republika e Kosovës

Republika Kosova-Republic of Kosovo

AGJENCIA PËR MENAXHIMIN E
KOMPLEKSEVE MEMORIALE TË KOSOVËS

Agjencia për Menaxhimin e Komplekseve Memoriale të Kosovës
 Agencija sa Upravljanje Memorialni Kompleksa Kosova
 Agency on Management of Memorial of the Complexes of Kosovo

LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm në Raportin e auditimit
 për vitin 2018 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 Agjencisë për Menaxhimin e Komplekseve Memoriale të Kosovës për vitin e përfunduar më 31 dhjetor 2018 (në tekstin e mëtejme "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. Bislim Zogaj

Drejtor i Përgjithshëm – Agjencia për Menaxhimin e Komplekseve Memoriale të Kosovës

Data: 19 qershor 2019, Prishtinë,

REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO	
Agjencia për Menaxhimin e Komplekseve Memoriale të Kosovës Agencija sa Upravljanje Memorialni Kompleksa Kosova Agency on Management of Memorial of the Complexes of Kosovo	
Nr. Brute	74/06/19
Data e Shënimit	19.06.2019
PRISHTINE - PRISTINA - PRISTINE	