



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

**AUDIT REPORT ON THE TRUST FUNDS
FOR THE FINANCIAL YEAR ENDED ON 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 internationally recognized public sector auditing standards and good European practices.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Trust Funds, 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 Kreshnike Haziri (Team Leader) and Shqiponja Krasniqi (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 Trust Fund 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 20.11.2018.

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 Privatisation Agency of Kosovo for the financial statements of the Trust Funds.

Opinion of the Auditor General

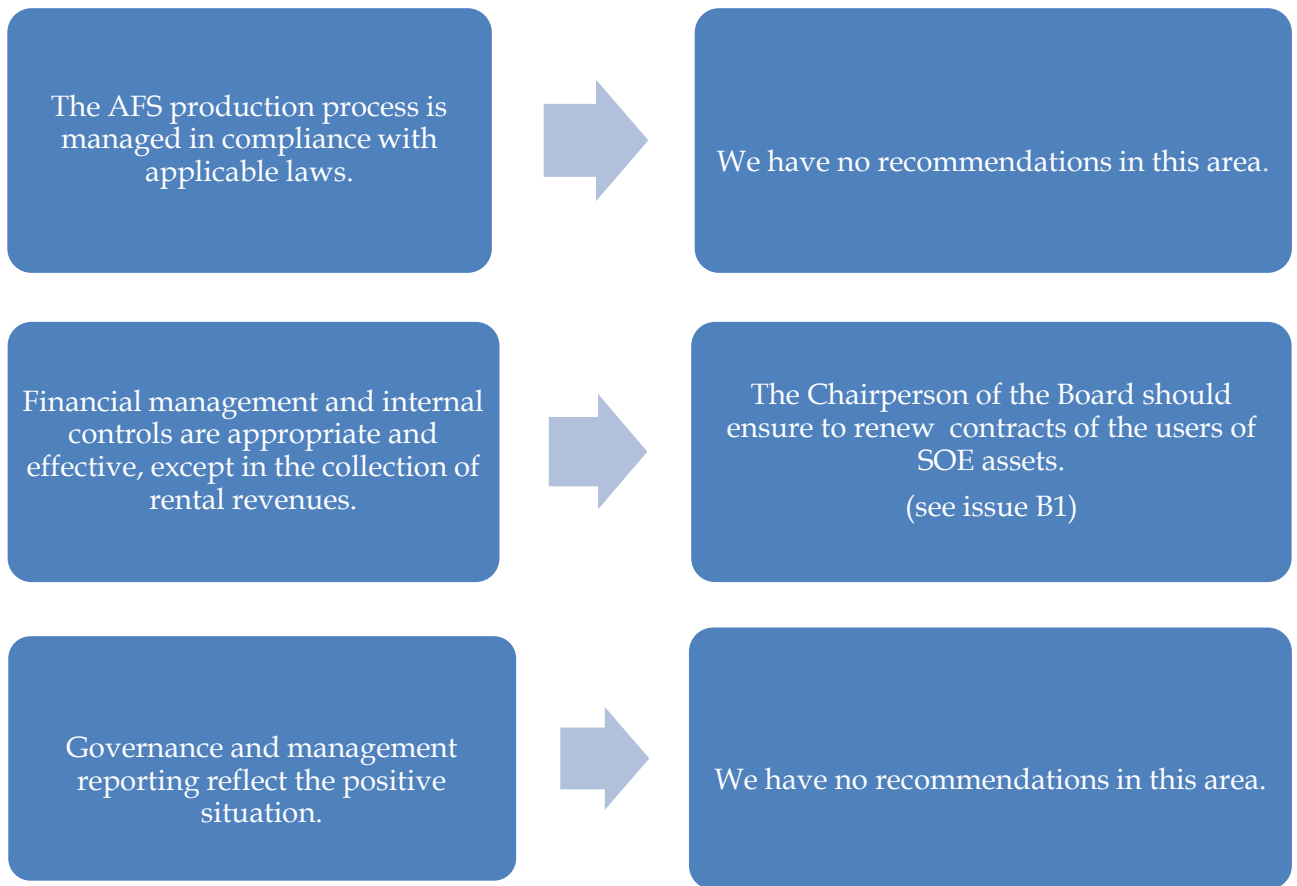
Unmodified Opinion

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

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 to audit 2018

Management has agreed on audit findings and conclusions and committed to address all the recommendations given.

The National Audit Office appreciates the cooperation of the management and staff of the PAK 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 Ministry's 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.

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 Trust Funds 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.

Responsibility of Management for AFS

The Managing Director and Chief Financial Officer are 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 no. 03/L-048 on Public Financial Management and Accountability (as amended and supplemented).

The Board of Directors and Managing Director are responsible to ensure the oversight of the Trust Funds' 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 PAK for the trust funds 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);
- Requirements of Law no. 04/L-034 on Privatisation Agency of Kosovo;
- Compliance with reporting framework of the financial statements of the Trust Funds; and
- Action Plan on implementation of recommendations;

In the context of the AFS and 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.

2.3 Recommendations related to Annual Financial Statements

We have no recommendations related to the AFSs.

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 management of Trust Funds, receipts in the bank accounts, payments and allocations to bank accounts of Socially-Owned Enterprises under the management and administration of the Agency in the Central Bank of Kosovo and liabilities/receivables.

Financial Management and Control Conclusion

Regarding financial management and control, the PAK has designed a reporting system to be made from the department directors to the management, to support the effective management of the activities of the Agency for the management of Trust Funds.

3.1 Receipts and Payments of Trust Funds

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

Table 1. Statement of bank accounts of Trust Funds (in €)

Description	Balance of accounts on 31 December 2017	Receipts/payments Jan -Dec 2017	Receipts/payments Jan - Dec 2018	Balance of accounts on 31 December 2018
	Receipts			
Total of receipts	782,717,786	39,866,192	23,706,457	806,424,243
Revenues from sales	697,169,916	31,087,867	18,138,724	715,308,640
Rental income	32,562,651	6,528,207	6,268,014	38,830,665
Interest gained	34,844,700	-	-	34,844,700
Fees for participation in the sale of tenders and confiscations of BID bidders' deposits	8,229,964	652,400	89,900	8,319,864
BID bidders' deposits	2,030,820	1,438,500	(1,187,620)	843,200
Other revenues	6,866,535	159,218	397,439	7,263,974
Agency's stock capital	1,013,200	0	-	1,013,200
	Payments/allocations			
Total payments / allocations	311,418,904	29,528,661	106,889,402	418,308,306
20% of employees transferred to UITUK	119,257,304	9,283,737	6,970,480	126,227,784
Professional services provider s(Liquidation authority)	15,419,930	996,000	581,000	16,000,930
Goods and services	14,381,184	2,194,849	1,941,882	16,323,066
Public services	1,994,309	731,503	412,063	2,406,372
Taxes	5,011,966	1,723,361	1,122,325	6,134,291
Court/enforcement agent's decisions	1,808,211	33,405	707,711	2,515,922
Transfer of funds 5% for covering PAK activities	38,248,000	6,100,000	6,493,706	44,741,706
Other expenses	749,541	34,286	37,650	787,191
Payments to creditors of SOEs	23,977,884	8,105,856	2,476,127	26,454,011
Funds transferred to the Kosovo Budget	90,570,575	325,664	86,146,458	176,717,033

Bank balance	471,298,880	(10,337,531)	(83,182,945)	388,115,937
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From the table it can be noted that revenues/receipts compared to payments allocations for 2018 are lower by €83,182,945. The reason for this change is that the payments table included the value of the funds transferred to the Kosovo Budget by €86,146,458.

Receipts/revenues relate to sales, rents of SOEs assets and other revenues. During 2018, receipts/ revenues were €23,706,457, compared to last year (2017 - €39,866,192) there is a decrease of €16,159,735 in revenue collection. This was affected by the absence of six members of the Board of Directors, the market conditions and the Government decision to suspend strategic sales.

Payments /allocations during the year were €106,889,402, compared to the previous year (2017 - €29,528,661), there is an increase by €77,360,741, this significant increase in payments relates to the funds transferred to the Kosovo budget. Payments include payment of 20% of employees, taxes, 5% financing for PAK activities, payments to creditors and others.

The balance of bank account of Trust Funds at the end of 2018 was €388,115,937.

Explanations about changes in budget categories including the reasons and impacts are explained in the separate chapters below.

3.2 Receipts

3.2.1 Revenues from sales

Revenues generated from the sales represent the entry into the bank accounts of Socially Owned Enterprises (Trust Funds) administered by the Privatisation Agency of Kosovo.

The Trust Fund generates revenues from the sale of assets through privatisation and liquidation rounds executed from customer payments, where in 2018, revenues from sale were executed in the amount of €18,138,724, out of which €16,791,835 are from the sale of assets through rounds of liquidation, €412,945 from the sale of assets from direct negotiation, €924,338 from payments made by the Government for asset expropriations and €9,606 are revenues from the transfer of residential property rights.

Sales through liquidation were conducted in accordance with the legal framework, respectively the Law on Agency and Operational Policies of the Agency, as well as the internal regulation "On sales procedures and general rules of tender" approved by the PAK Board of Directors, on 22 August 2017. Sales through direct negotiation and procedures of application of purchase are based on the PAK Law no. 04/L-034, Article 18 and in the internal regulation "Review of assets of a specific character and their sale by direct negotiation". Revenues from the transfer of the housing right are payments from the transfer of the residential rights of Socially Owned Enterprises, these payments are executed in accordance with Law no. 04/L-061 on Sale of Apartments and Law No. 04/L-247 as amended and supplemented with Law no. 04/L-061.

3.2.2 Rental income

PAK generates revenues from leased out assets of SOEs¹ in liquidation and transition. During 2018, these revenues were in the amount of €6,268,014, with a slight change compared to the previous year (2017 - €6,528,207). The decrease in revenues was affected by SOE 'Pallati' which has been transferred to the competence of the Municipality of Prishtina.

Issue B1² – Execution of revenues from rent with an expired contract

Finding In one case, we noticed that the facility leased out from PAK was used by the lessee even after the expiration of the contract, while PAK had not extended or renewed it. The contract expired in 2014³, while the rent was collected based on the initial contract.

Risk Using the facility without a valid contract increases the risk of failing to collect rent from the lessee. Also, the rental market value may have increased and the failure to renew rental contracts can damage the amount of revenue collected.

Recommendation B1 The Chairperson of the Board should ensure to renew contracts in order to make use of SOE assets in compliance with valid contracts and based on the internal regulations for rents.

3.2.3 Fees for sale of tenders and confiscations of BID deposits

These revenues relate to the fees for the submission of tenders and the confiscations of bidders deposits who have failed to meet the payment terms.

During 2018, these revenues were in the amount of €89,900, compared to the previous year (2017 - €652,400) there is a decrease by €562,500. This decrease is due to the fact that during 2018 there were no bidders who fulfilled the terms of payment.

3.2.4 BID bidders' deposits

BID deposits are revenues that are kept in PAK accounts open for the purpose of the performance of operational and procedural activities. These revenues relate to the deposits of bidders who have participated in the tender and for which the sale process has not been yet completed. Upon completion of the sale, the assets are distributed to the respective SOE accounts for the assets sold. During 2018, these revenues were €1,187,620, while in the previous year these revenues were €1,438,500.

¹ Rents for SOEs relate to facilities, agricultural land, fuel selling points, warehouses and others.

² Issue B and Recommendation B – implies repeated issues and recommendations

³ Company 21, NSH Rilindja Shtypshkronja

3.2.5 Other revenues

During 2018, this account had revenues in the amount of €397,439. These revenues include: collections from financial penalties for Spin offs, daily cash collections from SOEs in liquidation having daily activity, receipts from SOEs debtors, other revenues in SOEs accounts as well as revenues from accounts in commercial banks. During 2017, other revenues were in the amount of €159,218.

3.3 Payments

3.3.1 20% of employees transferred to UITUK

After the sale of SOEs, PAK allocates 20% of the value for transfer of funds to UITUK⁴ to transfer them to eligible employees according to the approved list. In 2018, 11,547 employees benefited €6,970,480 from 73 Socially Owned Enterprises.

PAK allocates only 90% of the value of 20%, while the remaining 10% is distributed after the decision by the SCSCCK for the final list, the assets are held in trust on the open bank accounts for each case of SOEs.

3.3.2 Professional Services Providers

Payments to Professional Service Providers for 2018 were €581,000, while in 2017 these payments were €996,000. Payments for Professional Services Providers for the period January-April in the amount of €332,000 were made by the Trust Fund, in violation of the applicable rules. However, following our repeated recommendations that payments should be paid according to PAK Law 04/L-034 on Professional Services Providers from the Kosovo budget allocated to the Agency or external donor, the Agency has taken steps to address this issue by amending the PAK Law, where the amendments also included Article 16 of this law, according to which, payments for Professional Service Providers are made by the respective Socially Owned Enterprises Liquidation Accounts, for which the previous year opinion was modified. The new law was published in the official gazette on 03.05.2018.

3.3.3 Goods and Services

During 2018, the value of payments for goods and services of SOEs was €1,941,882, while in 2017, €2,194,849. This category includes payments to service providers for Socially Owned Enterprises in Liquidation, salaries of employees of SOEs in transition, rent, advertising expenditures, Utilities, such as: Central heating, water expenditures, waste, and maintenance and safeguarding of assets.

⁴ The Union of Independent Trade Unions of Kosovo.

3.3.4 Public Services

Payments for public services during the year were €412,063, compared to last year, these costs decreased by 56%. Depending on the number of SOEs which are in transition or liquidation, the value of payments varies from year to year. These expenses relate to payments for public services, electricity, water and telephone, payments made to socially owned enterprises in transition and liquidation.

3.3.5 Taxes

Taxes are paid to SOEs which are in transition and liquidation that relate to rental income, pension contributions, property taxes, VAT and withholding of personal income tax.

During 2018, these payments amounted to €1,122,325, which compared to the previous year, were decreased by €601,036 or 54%. All taxes were paid according to legal requirements.

3.3.6 Court taxes/deposits and court/enforcement agent's decisions

Payments for court decisions and payments to private enforcement agents, fees for court taxes and court warranty are made from this account.

Depending on the number of court disputes, the value of these payments varies. During 2018, these payments were €707,711, which is much higher than last year. Payments for 2017 were €33,405. This increase was affected by the payment executed by the private enforcement agent for SOE Pallati.

3.3.7 Transfer of funds 5% for PAK activities

According to the budget law, PAK is funded by two sources of revenues: dedicated revenues and Government grant. To cover planned expenditures according to budget appropriations and cash flow plan submitted to the Treasury, PAK, for the dedicated revenue budget, deposits funds to the Kosovo Trust Fund under the budget law.

This fee includes 5% of the revenue value of all sales, privatizations, liquidations, fees that are part of the agency's dedicated revenue. During 2018, €6,493,706 was transferred to the PAK budget.

3.3.8 Other expenditures

Other expenditures paid from Trust Fund accounts relate to advances for official travel for legal and case officers of SOEs in liquidation related to court representation outside the territory of Kosovo as well as fees for outgoing transactions from accounts bank applied by the CBK. Payments from this category for 2018 were €37,650 (€34,286 - 2017).

3.3.9 Payments to SOEs creditors

Examination of SOE creditors' claims is reviewed by Professional Services Providers, who also serves as liquidating authority for the liquidation of the SOE's portfolio. Liquidation Authorities of SOEs in liquidation prepare final reports and distribution reports for SOEs which should be approved by the Board of Directors. Payments to creditors during 2018 were €2,476,127, while in 2017 the value of these payments was €8,105,856.

3.3.10 Funds transferred to Kosovo Budget

Funds that are transferred to the Kosovo budget relate to remaining funds, surplus funds and temporary funds, which are transferred to the Kosovo budget and are used in investments that affect the economic development of the country.

The funds transferred to the Kosovo budget in 2018 were €86,146,458, while in the previous year they were €325,664. These funds were transferred to the Kosovo budget based on the Board's decisions dated 25.06.2018 and 10.08.2018.

3.4 Receivables

Accounts receivable relate to unpaid portions of privatisation/liquidation rounds and sales through direct negotiation, financial penalties for "spin off special" rounds and rents or other revenues from SOEs assets.

The value of accounts receivable presented in the AFS for 2018 was €65,218,723 out of which €3,427,651 belong to 2018, while the remaining part has been carried forward from previous years. The PAK has taken steps to collect receivables through private enforcement agents, court and financial penalties, but no improvement of situation have been noted so far.

3.5 Outstanding Liabilities

The statement of liabilities not paid to suppliers at the end of 2018 was €323,509 and compared to 2017, there is a decrease of outstanding liabilities in the amount of €53,484. These liabilities were carried forward to be paid in 2019. Unpaid liabilities are mainly from goods and services, utilities and liabilities to creditors' claims.

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 Privatisation Agency of Kosovo has marked progress during 2018 on Trust Funds in the area of governance; improvements are noted in addressing prior year recommendations, except for rent revenues where further engagement is required.

The absence of the Board of Directors at the beginning of 2018 has created gaps in decision-making and in sales/liquidation processes. The Board of Directors consists of eight members and has been operational since May 2018.

4.1 Internal Audit System

The Internal Audit Unit (IAU) operates with four members of staff - the Head of IAU, two auditors and one administrative officer. Audits are carried out according to the strategic annual plan and include areas with more sensitivity and risk. In addition to the Strategic Plan, IAU has also prepared an annual work plan setting out some audit areas for 2018. The IAU for 2018 carried out 10 audits as planned (four audits for the PAK, four for Trust Fund, one on request and an audit for following-up the implementation of recommendations).

5 Progress in implementing recommendations

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

At the end of our 2018 audit, two (2) recommendations have been implemented; one (1) was not addressed; and one (1) is considered as closed. For a more thorough description of the recommendations and how they are addressed, see Table 2.

Table 2 Summary of prior year recommendations and of 2018

No	Audit area	Recommendations of 2017	Actions taken	Status
1	AFS	The Chairman of the Board should ensure that all expenditures are budgeted, executed and reported in accordance with the applicable legislation. The Chairman of the Board should ensure fair and complete presentation of information into the financial statements including the disclosures of contingent liabilities. Further on, effective processes should be in place to confirm that 2018 AFS production plan formally addresses all compliance related issues. The Declaration made by the Chief Administrative Officer and Chief Financial Officer should not be signed unless all necessary checks have been applied.	Amended and supplemented of the Law No. 06 / L-023 was carried out for amending and supplementing of the Law No. 04 / L-115 and No. 05 / L-080, which specifies the manner of compensation of Professional Services Providers.	Implemented.
2	Revenues	The Chairman of the Board should ensure that after the relevant complaints procedures are completed, a full distribution of 20% to employees is made after each sale of SOE assets.	No actions have been taken for RTV 21 because the rent continues to be collected. While, the building that was used by PCB, as of last year it have not been used.	Not implemented.
3	Payments/ Distributions 20%	The Chairman of the Board should ensure that after the relevant complaints procedures are completed, a full distribution of 20% to employees is made after each sale of SOE assets.	From tested samples we have noticed a commitment to improve the finding from last year, we have not	Implemented.

			identified delays in distribution of 10% on attested cases for all eligible workers and full distribution of 20%.	
4	Progress in implementing recommendations	The Chairman of the Board should review and analyse the causes behind recommendations that are in process of implementation, and set a new deadline for implementing the remaining recommendations, including staff accountable. Implementation should be continuously monitored.	The PAK management has taken action to implement the recommendations.	Closed.
	Audit area	Recommendations of 2018		
1	Rental income	The Chairperson of the Board should ensure to renew contracts in order to make use of SOE assets in compliance with valid contracts and based on the internal regulations for rents.		

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

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 KOSOVES - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO
AGJENCIA KOSOVARE E PRIVATIZIMIT - KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY OF KOSOVO

Nr. **II**
Br. **5992**
No. **1**
Nr. i Fq. **1**
Br. Str. **1**
No. Pg. **1**

Data : **18 JUN 2019**
Datum : **18 JUN 2019**
Date : **18 JUN 2019**

Prishtinë / Pristina

REPUBLIKA E KOSOVES - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO
ZYRA KOMBËTARE E AUDITIMIT
NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE

DATE PRANUAR / DATE RECEIVED: **18.06.2019**
DATE PRANUAR / DATE RECEIVED: **18.06.2019**

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AGJENCIA KOSOVARE E PRIVATIZIMIT
KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY 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, konfirmojmë se:

- kemi pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Fondeve në Mirëbesim për vitin e përfunduar më 31 dhjetor 2018 (në tekstin e mëtejshëm "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kemi ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzojmë një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

Valon Tolaj

Drejtor Menaxhues – Agjencia Kosovare e Privatizimit

Data: 17 qershor 2019, Prishtinë.