



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT
ON THE CENTRAL ELECTION COMMISSION
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 Central Election Commission 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 Enver Ramadani (Team Leader) and Refiqe 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 Central Election Commission 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 Central Election Commission.

Opinion of the Auditor General

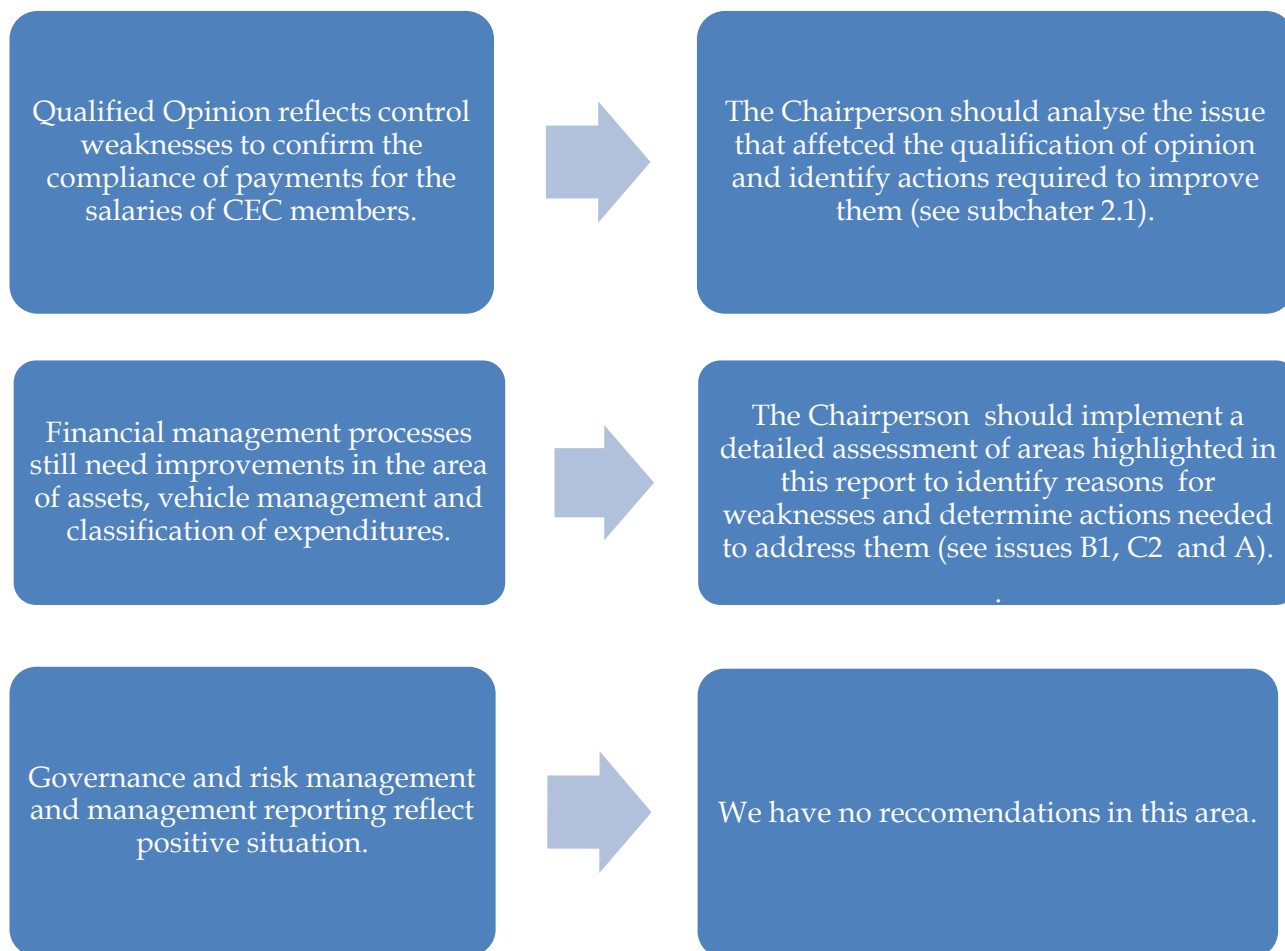
Qualified Opinion

The Annual Financial Statements for 2018 *present a true and fair view* in all material aspects, except the payment in the amount of €113,199 for the salaries of CEC members to whom the mandate had expired.

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



The Chairperson of Central Election Commission 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 the Central Election Commission 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 ECAP'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. 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 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

Qualified Opinion

We have audited the AFS of Central Election Commission for the year ended on 31st of December 2018 which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement, Disclosure and other accompanying reports.

In our opinion, except for the effects of the issue described in the paragraph Basis for Qualified 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 (according to cash based accounting), Law no.03/L-048 on Public Financial Management and Accountability and Regulation MoF no.01/2017 on Annual Financial Reporting by Budget Organisations.

Basis for Qualified Opinion

The President of Kosovo is obliged to appoint the members of the CEC, in accordance with Article 139 of the Constitution of the Republic of Kosovo and Articles 61 and 62 of Law no. 03/L-073 on General Elections in the Republic of Kosovo (Official Gazette No. 31, 15 June 2008) and Law no. 03/L - 256 on Amending and Supplementing the Law no. 03/L-073 on General Elections in the Republic of Kosovo (Official Gazette, No. 87, 16 November 2010).

From 27 March 2018, CEC has not been operational since the mandate of its members had expired.

However, despite this, the CEC has continued to pay salaries to its members from April until the end of 2018. The value of these irregular payments was €113,199, and along with this, members of the CEC had used all the benefits.

Our audit is 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 qualified opinion.

Responsibility of Management for AFS

Chief Executive 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 Chairperson of the CEC is responsible to ensure the oversight of CEC'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 every material misstatement that might exist. Misstatements may 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 the Management, as well as evaluating the presentation of the financial statements.

2.2 Compliance with AFS and other reporting requirements

The Central Election Commission 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;
 - Final procurement plan;
 - Requirements of Financial Management and Control (FMC) procedures; and
 - Report on outstanding liabilities.
-

In the context of the AFS, we have identified the following deficiency:

- *Article 16, Report on receivables* - it is noted that in the AFS were disclosed only fines imposed against political entities during 2018 in the amount of €6,349, rather than fines imposed from earlier years in the amount of €21,693. Accounts receivable not disclosed belong to 2014-2017.

2.3 Recommendations related to Annual Financial Statements

Recommendation A1 The Chairperson of CEC and the Chief Executive Officer should ensure that upon termination of the mandate of the CEC members and because of non-extension of this mandate, members should be removed from the payroll list and should not benefit other benefits.

Recommendation C1 The Chairperson of CEC should ensure that during the presentation of accounts receivable in the 2019 AFS includes the accumulated value over the years of accounts receivable.

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

In general, CEC had good controls in relation to its statutory obligations. However, there are some weaknesses that need to be addressed. A challenge for the institution is irregular payments, vehicle fleet management, misclassification of expenditures and asset management. This reflects lack of proper oversight by management in these areas.

3.1 Budget Planning and Execution

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

Table 1. Sources of budgetary Funds (in €)

Description	Initial Budget	Final Budget ¹	2018 Outturn	2017 Outturn	2016 Outturn
Sources of Funds	5,594,092	5,373,356	5,249,927	16,062,781	5,369,043
Government Grant -Budget	5,594,092	5,371,779	5,249,927	16,062,781	5,369,043
External Donations		1,577			

The final budget is lower than the initial budget by €220,737. This decrease is a result of the decisions of the Government of Kosovo².

In 2018, the CEC spent 98% of the final budget or €5,249,927, with an improvement of 1% compared to 2017. The budget execution remains at a satisfactory level and explanations for the current position are given below.

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	5,594,092	5,373,356	5,249,927	16,062,781	5,369,043
Wages and Salaries	787,913	682,032	682,032	1,026,967	756,384
Goods and Services	436,269	437,846	330,014	10,689,403	381,570
Utilities	70,710	37,729	23,019	34,900	22,644
Subsidies and Transfers	4,200,000	4,190,749	4,190,721	4,196,859	4,198,550
Capital Investments	99,200	25,000	24,141	114,652	9,895

Explanations for changes in budget categories including reasons and impact are given below:

- The final budget for wages and salaries compared to the initial budget was decreased by €105,881 as a result of savings with Government decision. The budget for this category was spent 100%;
- The final budget for goods and services in relation to the initial budget was increased by €1,577 as a result of the donation granted by the Italian Government. The budget for goods and services was spent 76%, the failure to use the budget was the result of non-functioning of the CEC;
- The final budget for Utilities in relation to the initial budget was decreased by €32,982 as a result of savings with the Government decision. The budget for utilities was spent 61%, the

¹ Final budget – the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance.

² Government decision no. 02/70, 04/74 dated 19.10.2018 and no. 07/80 dated 18.12.2018

failure to use the budget was due to the fact that in the second half of 2018, the municipal expenditures for CEC building were paid by the MPA;

- The final budget for subsidies and transfers in relation to the initial budget was decreased by €9,251, as a result of savings with Government decision. The final budget for subsidies and transfers was spent 100%; and

The final budget for capital investments in relation to the initial budget was decreased by €74,200, as a result of savings with the Government decision. The budget for capital investments was spent 97%.

Issue B1³ - Inadequate classification of expenditures

Finding According to Article 18 (3) (Initiation of Expenses) of the Financial Rule no. 01/2013 MoF Public Funds Expenditures- expenditures should be in adequate codes, as defined in the Administrative Instruction on the chart of accounts. Also, Article 3 of the Financial Rule on Management of Non-financial Assets stipulates that - capital assets should include all assets that have a term of use longer than one year and are intended to be used continuously, have a financial value of €1,000 or more and ownership and control of benefits remain with the BO.

IT equipment (33 laptops) purchased in the amount of €24,141 was budgeted and paid incorrectly from capital investments. As part of this payment it is noticed that the IT equipment was assets under €1,000. This equipment should be budgeted and paid from the category of goods and services.

Risk Classification and payment of expenditures from inadequate economic category affects overestimation/underestimation of the respective categories of expenditure. As a result, their presentation in the financial statements was not fair.

Recommendation B1 The Chairperson of CEC should ensure that budgeting and expenditures are carried out in accordance with the adequate economic categories to enable their fair reporting according to the public sector accounting standards in accordance with the chart of accounts.

3.1.1 Revenues

Revenues generated by CEC in 2018 were €26,900. These revenues were collected from the deposits paid by political entities that have not won the competition in the elections of 2017 and revenues from political entity registration.

³ Issue A and Recommendation A – means issues and new recommendations,
Issue B and Recommendation B – means issues and recommendations repeated,
Issue C and Recommendation C – means issues and recommendations partially repeated.

Table 3. Own Source Revenues (in €)

Description	2018 Receipts	2017 Receipts	2016 Receipts
Revenues from political entity deposits	€26,400	€30,687	€2,500
Revenues from political entity registration	€500	0	0
Total	€26,900	€30,687	€2,500

These revenues are transferred directly to the Kosovo Budget.

Recommendations

We have no recommendations in this area.

3.1.2 Wages and Salaries

Wages and salaries are paid through a centralised payroll system managed by MPA and MoF. Key controls confirming the accuracy and completeness of payments are the payroll lists signed by the heads of the organisational units.

The final budget of 2018 for the category of wages and salaries was €682,032 which was spent in full (100%). The approved number of employees at CEC was 88, while the number of employees at the end of the year was 76. Payments to CEC Board Members are presented in subchapter 2.1 Audit Opinion.

3.1.3 Goods and Services and Utilities

The final budget for goods and services and utilities was €475,575, out of which €353,033 or 74% of the final budget was spent. They mainly relate to the expenses for official travel, municipal services, contractual services, office supplies, rent per building, etc.

Recommendations

We have no recommendations in this area.

3.1.4 Subsidies and Transfers

The final budget for subsidies and transfers was €4,190,749 which was spent in full (100%). They relate to the support of political parties for financing the regular activities of political parties, the work of parliamentary groups and pre-election and electoral activities. Funds are allocated to political parties based on the number of seats in the Assembly at the amount of 90% of the budget allocated for these purposes without any special procedure, while 10% is allocated to the parliamentary groups of the respective political parties which are paid based on the invoices received by parliamentary groups of these entities.

Recommendations

We have no recommendations in this area.

3.1.5 Capital Investments

The final budget for capital investments was €25,000, out of which €24,141 were spent in 2018, these costs relate to the purchase of 33 laptops. On the way how they were purchased we have dealt with in subchapter 3.1 Budget Planning and Execution.

3.2 Capital and non-capital assets

Capital assets over €1,000 presented in the AFS were in the amount of €223,012, assets under €1,000 were €341,963, while stocks €5,113. We have reviewed whether the registration process and the manner of keeping records is in compliance with the requirements of the Financial Rule No. 02/2013, on the Management of Non-financial Assets within Budget Organisations, inventory process, depreciation and physical existence of assets.

During the audit, we identified the following deficiencies:

Issue C2 - Weaknesses in asset management

Finding According to Article 6, par. 4 of the Reg. MoF no. 02/2013 on the Management of Non-Financial Assets of Budget Organizations - The Chief Administrative Officer should establish an accounting register of non-financial assets where besides the information required by the LPFMA, the category and depreciation of the current and the accumulated year will also be included.

No depreciation was applied at all to the e-asset system for 2017 and 2018. This was observed during the testing of 11 samples, of which six belonging to 2017 and five to 2018.

Article 19 of the Regulation No. 02/2013 stipulates that the assets inventory commission should compile a comprehensive report on inventory of assets and compare the state of inventory with the state of the non-financial assets register.

The commission has made timely inventory, but did not reconcile the state of inventory with the non-financial assets registers.

Risk Failure to apply depreciation of assets through e-assets system impacts on these being overstated and they do not present their accurate value in the AFS. Also, the failure to harmonize registers with the state shown by inventory reflects weaknesses in asset management.

Recommendation C2 The Chairperson of the CEC should ensure that the assets are depreciated in the e-assets system. Also, the inventory report should be compared with the state of assets registers.

Issue A 2 - Poor management of evidences for official vehicles

Finding Administrative Instruction No. 04/2015 on the use of official CEC vehicles sets out how to use them. According to the AI No. 04/2015, Article 2, and par. 7 the user of the vehicle shall fill in the form for the use of the vehicle and par. 8 a driver of the official vehicle is obliged to record, in the vehicle's order for the use of the official vehicle for official work, the ordinal number of the records, the name and surname of the user, the time of departure and return, the number of kilometres covered with the vehicle.

While testing the orders for the Use of Official Vehicles, we have identified that for vehicles 5Z-003-03, 5Z-004-03, 5Z-005-03 and 5Z-006-03, there was no completed form for using the vehicle and the time of departure and return, the destination of the trip, the kilometres covered and the signature of the user of the vehicle was not filled in the travel sheet.

Risk Failure to observe the procedures for the management and use of vehicles increases the risk for their irrational use and prevents their systematic monitoring.

Recommendation A2 The Chairperson of CEC should review the causes of non-compliance with AI No. 4/2015 and ensure that users of official vehicles comply with the instructions on filling in forms and travel sheets for each official trip.

3.3 Receivables

In the AFS were presented only accounts receivable of 2018 in the amount of €6,349. For the receivables of previous years that were not disclosed in the AFS, we have dealt with under subchapter 2.2. The main receivables belong to the previous years, and their non-collection was the result of the cessation to exist of political parties. The CEC as a mechanism for their collection uses the moment when political entities fill in a request to certify for election, by not certifying them without preliminary settling the debt. There was no case in CEC in collecting debts through courts or private enforcement agents.

3.4 Outstanding liabilities

The statement of liabilities not paid to suppliers at the end of 2018 was €2,750. These obligations were carried forward to be paid in 2019. In general, the CEC has good controls on the management of liabilities. While contingent liabilities were presented in nine cases in the total amount of €224,705, which were in court procedures.

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, and submitted 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

In general, CEC has good controls in relation to its legal obligations. Financial management and control has proved a good process of review and assurance in the implementation of legislation and other control processes.

Governance in the CEC in the field of management reporting and accountability as well as risk management reflects a positive situation. The CEC management has taken concrete actions in implementing the recommendations given by the NAO and has prepared the risk register with all measures, identifying all significant risks that could have an impact on the organisation in achieving its objectives.

4.1 Internal Audit System

The Internal Audit Unit (IAU) operates with one (1) auditor. IAU, in accordance with the strategic plan, prepared an annual plan for 2018, planning and carrying out four (4) regular audits and one (1) for monitoring the implementation of prior year IAU recommendations. Audits were conducted in accordance with planning. Through audit reports, management was provided with information on the financial system and assessments of the functioning and efficiency of internal controls.

During 2018, only one meeting of the Audit Committee was held, as a result of the CEC's failure to function since April 2018.

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.

The internal reporting process in the CEC functions according to the accountability chain and the law and organisational structure. In this regard, the management holds regular informal meetings with all heads of department, discussing reports and other issues related to all of its activities.

The CEC Strategic Plan 2015-2018 itself contains the vision, mission and clear principles, and a series of strategic objectives that CEC aims to achieve. Under the FMC rules, CEC has established formal and documented risk assessment and management procedures.

Recommendations

We have no recommendations in this area.

5 Progress in implementing recommendations

Our Audit Report on the 2017 AFS of the CEC resulted in 10 recommendations. CEC prepared an Action Plan stating how all recommendations will be implemented.

At the end of our 2018 audit, seven recommendations have been implemented; two partly implemented and one is considered as closed. For a more thorough description of the recommendations and how they are addressed, see Table 4.

Table 4 Summary of prior year recommendations and of 2018

No	Audit area	Recommendations of 2017	Actions taken	Status
1	Annual Financial Statements	The CEC Chairperson should ensure that a detailed analysis is undertaken to determine the causes for Emphasis of Matter, by undertaking specific actions to improve controls in the contracts management. In this aspect, to be taken appropriate actions to strengthen internal controls to prevent receiving's beyond the contracted value and	The Management has taken actions to implement the issues raised for Emphasize of Matter and fair and complete	Partially implemented.

		<p>quantities.</p> <p>The CEC Chairperson should ensure fair and full presentation of information in financial statements including deposits, receivables and assets. Further on, should place effective processes to confirm that the 2018 AFS production plan addresses all issues related to compliance. 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 draft AFS.</p> <p>The CEC Chairperson should ensure that effective processes are in place to confirm that the reported information for Management and other parties of interest are critically reviewed before they are submitted, in order to avoid errors.</p>	<p>presentation of information in the financial statements, except for the issue related to the presentation of accounts receivable from previous years.</p>	
2	Budget Planning and Execution	The CEC Chairperson should ensure that budgeting and expenses are executed in accordance with adequate economic categories, to enable their fair reporting according to the public sector accounting standards in compliance with the chart of accounts.	From our tests we have not identified misclassification of expenditures.	Implemented.
3	Personnel Management	The CEC Chairperson should ensure that advancements in managerial positions are done with internal competition as the promotion procedures are foreseen in accordance with Regulation no.21/2012.	Carrier promotions have been made in accordance with the promotion rules.	Implemented.
4		The CEC Chairperson should ensure that when engaging staff for special services procedures for their selection have been developed, in order that the process is transparent and all of them who meet the criteria have the opportunity to apply.	There were no employees recruited with special services contracts during 2018.	Implemented.
5	Goods and Service and	The CEC Chairperson should ensure that segregation of duties is made in accordance with the operational guideline and to analyse why this	Management had respected the procurement regulation	Implemented.

	Utilities	request has not been implemented in line the procurement rule, and prevent such cases.	related to the structure of the evaluation commissions.	
6		The CEC Chairperson should ensure the application of procedures that provide competition and gives the opportunity of bidding to all interested operators with the purpose that services/supplies with lower cost are taken and obtain the value for the money spent.	We have not identified negotiated procedure as a phenomenon.	Implemented.
7		The CEC Chairperson should ensure that procurement processes are managed in accordance with legislation and specific actions are undertaken in preventing the creation of purchase-orders and annex contracts beyond the allowed limits. A continuous monitoring of the management of procurement processes it is necessary by Management.	From our testing we have not identified that there were higher purchase orders r than the signed contracts.	Implemented.
8	Capital and non - Capital Assets	The CEC Chairperson should ensure active supervision within the personnel who in one way or another handle assets management for elimination of deficiencies both in the recording of assets and in their depreciation, for the purpose of accurate reporting of the value of assets. Further on, the inventory report should include a comparison of physical situation with the situation of registers. If the difference is ascertained they should be reflected in the assets register and in the account register.	The management recorded the assets, but even this year, the depreciation rate in the e-assets system has not been calculated for the assets below 1,000. Also, it did not compare the inventory report with the state of the asset register.	Partially implemented.
9	Progress in implementing recommendations	The CEC Chairperson should review and analyse causes of unimplemented recommendations, and to set out a new timetable with accountable staff for their implementation, initially focusing on the most significant areas. The Management should take proactive actions toward barriers presented and the implementation should be continuously monitored.	The management had managed to implement most of the recommendations given in 2017.	Closed.
10	Management	The CEC Chairperson should ensure the	Under the FMC	Implemented.

	Reporting, Accountability and Risk Management	acceleration of the process in finalizing the risks register and to start their management. Further on, after drafting the risks, delegation of direct responsibility for risks management through respective sectors should be ensured, and to ensure the effective monitoring for the implementation of requirements in this area.	rules, the CEC has established formal and documented risk assessment and management procedures.	
No	Audit Area	Recommendations given in 2018.		
1	Financial Statements	The Chairperson of CEC and the Chief Executive Officer should ensure that upon termination of the mandate of the CEC members and because of non-extension of this mandate, members should be removed from the payroll list and should not benefit other benefits.		
2	Financial Statements	The Chairperson of CEC should ensure that during the presentation of accounts receivable in the 2019 AFS includes the accumulated value over the years of accounts receivable.		
3	Budget Planning and Execution	The Chairperson of CEC should ensure that budgeting and expenditures are carried out in accordance with the adequate economic categories to enable their fair reporting according to the public sector accounting standards in accordance with the chart of accounts.		
4	Capital and non-capital assets	The Chairperson of the CEC should ensure that the assets are depreciated in the e-assets system. Also, the inventory report should be compared with the state of assets registers.		
5	Vehicle Management	The Chairperson of CEC should review the causes of non-compliance with AI No. 4/2015 and ensure that users of official vehicles comply with the instructions on filling in forms and travel sheets for each official trip.		

**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 Kosovës
Republika Kosova - Republic of Kosovo
Komisioni Qendror i Zgjedhjeve
Centralna Izborna Komisija
Central Election Commission



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 Komisionit Qendror të Zgjedhjeve 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.

Valdete Daka



Kryetare - Komisioni Qendror i Zgjedhjeve

Data: 21 qershor.2019, Prishtinë,