



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

AUDIT REPORT ON ANNUAL FINANCIAL STATEMENTS OF THE  
OMBUDSPERSON INSTITUTION  
FOR YEAR 2020

Prishtina, June 2021

## TABLE OF CONTENT

1	Audit opinion .....	3
2	Findings and recommendations.....	6
3	Summary on budget planning and execution.....	7
4	Progress in implementing recommendations.....	9
	Annex I: Letter of confirmation.....	11
	Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor's Report.....	12

For: Naim Qelaj, Ombudsperson

Address: Str. "MIGJENI" No.21, 10000, Prishtinë

# 1 Audit opinion

We have completed the audit of the financial statements of the Ombudsperson Institution for the year ended on 31 December 2020 in accordance with the Law on the National Audit Office of the Republic of Kosovo and International Standards of Supreme Audit Institutions (ISSAIs). The audit was mainly conducted to enable us to express an opinion on the financial statements and conclusion on compliance with authorities<sup>1</sup>.

## Unmodified opinion on financial statements

We have audited the annual financial statements of Ombudsperson Institution (OI), which comprise the Statement of cash receipts and payments, Budget execution report, and Explanatory notes to financial statements, including the Summary of significant accounting and other reports<sup>2</sup>, for the year ended as at 31 December 2020.

In our opinion, the Annual Financial Statements of the Ombudsperson Institution give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting.

## Basis for the Opinion

The audit was carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. In accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. The NAO is independent from the audit subject. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

---

<sup>1</sup> Compliance with authorities – compliance with all the public sector laws, rules, regulations, and relevant standards and good practices

<sup>2</sup> Other reports are a requirement of the article 8 of the Regulation 01/2017 on Annual Financial Reporting.

## Audit Conclusion on compliance

We have also audited the compliance of the OI management with the defined audit criteria deriving from the applicable legislation for the audited subject in the usage context of financial resources.

In our conclusion, transactions carried out in the process of execution of the OI budget have been, in all material respects, in compliance with the determined audit criteria which derive from the applicable legislation for the audited subject in the usage context of financial resources.

## Basis for the conclusion

The audit was carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). As per these standards, our responsibilities are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. In accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. The NAO is independent from the audit subject. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for conclusion.

### *Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements*

The General Secretary is responsible for the preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards – Financial reporting under the cash basis of accounting. In addition, The General Secretary is responsible for establishing internal controls which he determines are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This includes the fulfilment of requirements of the Law no.03/L-048 on Public Finance Management and Accountability (amended and supplemented) and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Ombudsperson is responsible to ensure the oversight of the Ombudsperson Institution financial reporting process.

## Management's Responsibility for Compliance

The management of Ombudsperson Institution is also responsible for the use of Ombudsperson Institution financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.<sup>3</sup>

---

<sup>3</sup> Collectively referred to as compliance with authorities

## Auditor General's Responsibility for the audit of AFS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our objective is also to express an audit conclusion on compliance of respective Ombudsperson Institution authorities with the determined audit criteria which derive from the applicable legislation for the audited subject in the usage context of financial resources.

As part of an audit in accordance with the Law on NAO and ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of non-compliance with authorities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on compliance with authorities. The risk of not detecting an incidence of non-compliance with authorities resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ombudsperson Institution internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Above other, we communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant

audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The audit report is published on the NAO's website, except for information classified as sensitive or other legal or administrative prohibitions in accordance with applicable legislation.

## 2 Findings and recommendations

During the audit, in the expenditure category we have tested 56 samples in the amount of €97,325, for the substantial and compliance purposes. Our tests have not resulted in any findings.

### 3 Summary on budget planning and execution

In this chapter we have considered a summarized information on the sources of budget funds, spending of funds and revenues collected by economic categories. This is highlighted in the following tables and charts:

**Table 1. Expenditures by sources of budgetary funds (in €)**

Description	Initial Budget	Final Budget <sup>4</sup>	2020 Outturn	2019 Outturn	2018 Outturn
<b>Sources of Funds</b>	<b>1,373,815</b>	<b>1,117,633</b>	<b>1,054,732</b>	<b>1,143,429</b>	<b>1,126,242</b>
Government Grant -Budget	1,373,815	1,104,058	1,054,732	1,124,234	1,101,032
External donations	-	13,575	-	19,194	25,210

The final budget in relation to the initial budget was decreased by €256,182. This decrease is as a result of budget review and the Government decision on savings No. 09/50 dated 21.12.2020.

In 2020, the OI spent 94% of the final budget or €1,054,732, with an increase of 2% in comparison to the 2019. Explanations on how the budget was executed according to the categories are given in the following table.

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

Description	Initial Budget	Final Budget	2020 Outturn	2019 Outturn	2018 Outturn
<b>Spending of funds by economic categories</b>	<b>1,373,815</b>	<b>1,117,633</b>	<b>1,054,732</b>	<b>1,143,429</b>	<b>1,126,242</b>
Wages and Salaries	977,962	918,586	918,586	942,935	857,897
Goods and Services	322,353	154,525	94,308	195,231	211,056
Utilities	15,000	6,172	3,488	5,263	12,473
Capital Investments	58,500	38,350	38,350	-	44,816

<sup>4</sup> Final budget – the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance

Chart 1 Expenditures by economic categories

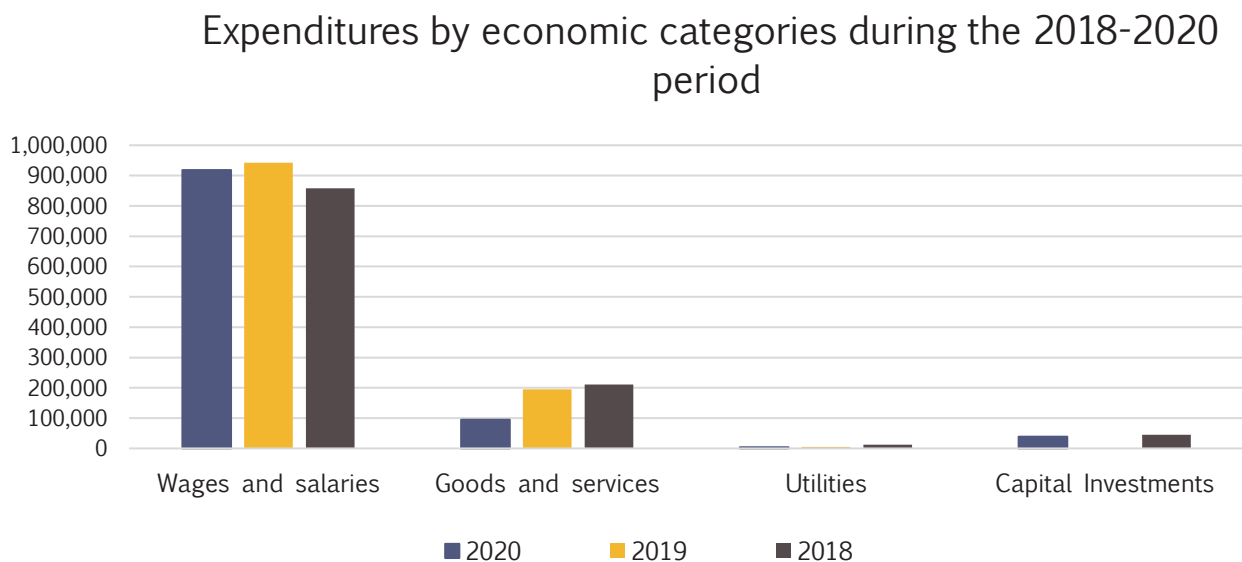
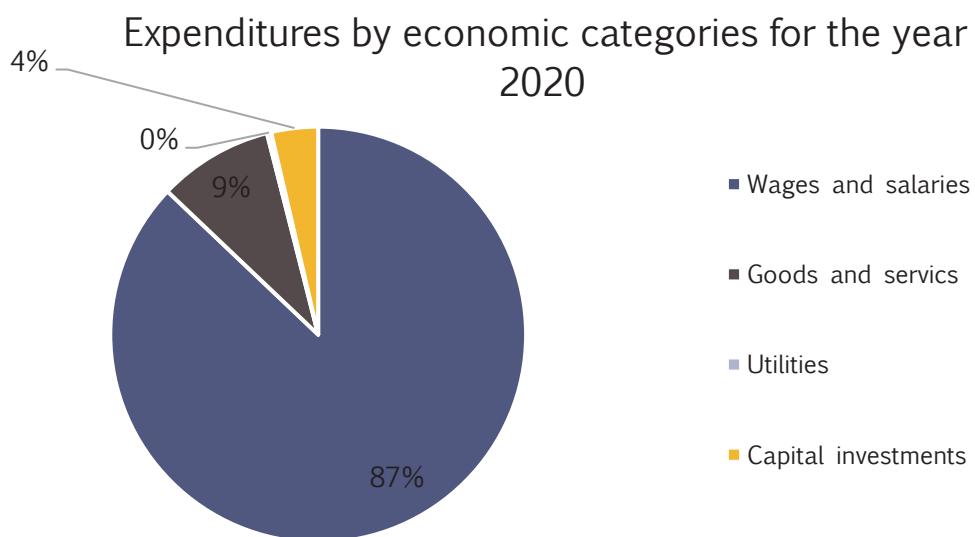


Chart 2 Expenditures by economic categories for the year 2020



Explanations for changes in budget categories are given below:

- The final budget for wages and salaries compared to the initial budget was decreased by €59,376 following the government decision. Expenditures in this category were at 100% of the budget;
- The final budget for goods and services compared to the initial budget was decreased by €167,828. Initially with the budget review for €100,000, then following the government decision for €67,828. In this category expenditures were at 61% of the budget;
- The final budget for utilities compared to the initial one was decreased by €8,828. Initially following the budget review for €6,628, then with the government decision for €2,200. In this category, the budget expenditure was 57%;
- The budget for capital investments compared to the initial budget was decreased for the amount of €20,250. Initially it was decreased following the budget review for the amount €29,250, and later on, it was increased following the government decision for €9,100. In this category, the budget expenditure was 100%.

Regarding the Covid 19 expenditures, OI has spent €5,745, on disinfection and other protective materials.

## 4 Progress in implementing recommendations

Our audit report on the 2019 AFS of OI has resulted with one main recommendation. OI had prepared an Action Plan outlining how it will implement given recommendation.

By the end of the 2020 audit, OI implemented prior year recommendation. For a more complete description of the recommendations and how they have been addressed, see table 3.

**Table 3 Summary of prior year's recommendations and of 2020**

No	Audit area	Recommendations of 2019	Actions taken	Status
1	Capital and Non-capital assets	The Ombudsperson must ensure that the data migration process is carried out in order that the e-asset register is functional and provides accurate information to the AFS.	The management had fixed weaknesses of data in the asset registry	Implemented

Signatures:

Besnik Osmani, Auditor General



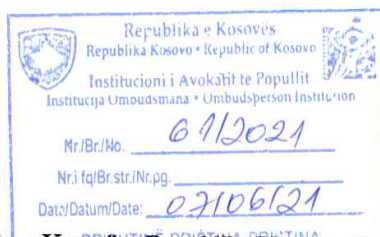
Astrit Bllaca, Head of Audit



Etika Co L.L.C, (Fatmir Mehmeti, authorized person in charge of the company)



## Annex I: Letter of confirmation



**Republika e Kosovës • Republika Kosovo • Republic of Kosovo**  
**Institucioni i Avokatit të Popullit • Institucija Ombudsmana • Ombudsperson Institution**

Prishtinë, më 7 qershor 2021

### LETËR E KONFIRMIMIT

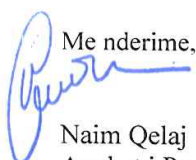
Për pajtueshmërinë me draft raportin Auditorit të Përgjithshëm për vitin 2020

**Për:** z. Besnik Osmani, Auditor i Përgjithshëm, Zyra Kombëtare e Auditimit,  
z. Fatmir Mehmeti, “Etika-Co” SHPK

E/I nderuar,

Përmes kësaj shkrese, ju njoftoj dhe konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Institucionit të Avokatit të Popullit për vitin 2020, (në tekstin e mëtejme “Raporti”),
- pajtohem me përmbajtjen e Raportit.

Me nderime,  


Naim Qelaj  
Avokat i Popullit

## Annex II: Explanation regarding different types of opinion applied by NAO and other parts of the Auditor's Report

Auditor's Report on the financial statements<sup>5</sup> should contain a clear expression of opinion referring to financial statement, based on conclusions drawn from the evidence obtained during the audit. Where the audit is conducted to assess also conformance with legislation and other regulations the auditors have an additional responsibility to report on compliance with authorities<sup>6</sup>. Such opinion should be separated from the opinion whether financial statements are true and fair, i.e. the opinion may be modified with respect to compliance issue(s) but still be unmodified in reference to credibility of the financial statements (or vice versa).

For the purpose of concluding whether an opinion on the financial statements is modified or unmodified an auditor should assure himself/herself whether audit results include or not (a) detected material or pervasive misstatement(s) or potential one(s) presumed in the event of a limitation of scope.

A misstatement is a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

(extract from ISSAI 200)

### Forms of opinion

#### Unmodified opinion

It is formulated when no misstatements or non-compliance were detected or misstatements and/or non-compliance were detected, a single one or aggregate, that do(es) not equal or exceed the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions do(es) not equal or exceed the level of lower materiality established for this class of transactions. It is also formulated if there is no limitation of scope or a limitation of scope may not lead to omission of (a) material misstatement(s) and/or non-compliance).

---

<sup>5</sup> Financial statements in the public sector include also the statement(s) of budget execution

<sup>6</sup> Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.

Limitation of scope occurs when an auditor 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 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.

#### Modifications to the opinion in the auditor's report

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 and/or non-compliance, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement and/or non-compliance, the auditor should modify the opinion in the auditor's report. A modified opinion may be:

- Modified (qualified)
- Adverse, or
- Disclaimer

#### **Qualified opinion**

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that equals or exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions equals or exceeds the level of lower materiality established for this class of transactions. It is also formulated if there is a limitation of scope that may not lead to omission of (a) material misstatement(s).

#### **Adverse opinion**

It is formulated when misstatement and/or non-compliance were detected, a single one or aggregate, that pervasively exceeds the level of materiality for the financial statements as a whole or (a) misstatement(s) and/or non-compliance detected within a certain class of transactions pervasively exceeds the level of lower materiality established for this class of transactions.

“Pervasive is a term used, in the context of misstatements and/or non-compliance, to describe the effects of misstatements and/or non-compliance on the financial statements or the possible effects on the financial statements of misstatements and/or non-compliance, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:

- a) Are not confined to specific elements, accounts or items of the financial statements

- b) If so confined, represent or could represent a substantial proportion of the financial statements; or
- c) In relation to disclosures, are fundamental to users' understanding of the financial statements.

### Disclaimer of opinion

It is formulated when limitation of scope, i.e. inability to obtain sufficient appropriate audit evidence, is material and pervasive.

### *Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report*

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.

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.

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.