



Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE KOSOVO PROSECUTORIAL COUNCIL FOR YEAR 2020

Prishtina, June 2021

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To: Jetish Maloku, Chairman of Kosovo Prosecutorial Council
Address: Rr. Luan Haradinaj, Prishtinë, Republika e Kosovës

1 Audit Opinion

We have completed the audit of the financial statements of Kosovo Prosecutorial Council 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 the financial statements and conclusion on compliance with authorities¹.

Unmodified opinion on annual financial statements

We have audited the annual financial statements of Kosovo Prosecutorial Council (KPC) which comprise the Statement of cash receipts and payments, Budget execution report, and Explanatory notes to financial statements, including a summary of important accounting policies and other reports² for the year ended as at 31 December 2020.

In our opinion, the annual financial statements of Kosovo Prosecutorial Council give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting.

Basis for opinion

We conducted our audit 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. NAO is independent from the auditee in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Conclusion on compliance

We have also audited the Kosovo Prosecutorial Council's management compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

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

² Other reports as required in Regulation no.01/2017 on Annual Financial Report, Article 8

In our conclusion, transactions carried out in the process of execution of KPC budget have been, in all material respects, in compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

Basis for Conclusion

We conducted our audit 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. NAO is independent from the auditee in accordance with INTOSAI-P-10, ISSAI 130, NAO Code of Ethics, and other requirements relevant to our audit of the budget organisations' AFS. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

Director of Secretariat 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, Director of Secretariat 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 and Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

The Chairman is responsible to ensure the oversight of the Kosovo Prosecutorial Council's financial reporting process.

Management's Responsibility for Compliance

Kosovo Prosecutorial Council's management is also responsible for the use of Kosovo Prosecutorial Council's financial resources in compliance with the Law on Public Financial Management and Accountability, and all other applicable rules and regulations.³

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

³ Collectively referred to as compliance with authorities

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 Kosovo Prosecutorial Council's authorities with the established audit criteria arising from the applicable legislation as regards making use of financial resources of the auditee.

As part of an audit in accordance with the Law on NAO and ISSAIs, we exercise professional judgment and maintain professional scepticism 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 Kosovo Prosecutorial Council's internal control.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements give a true and fair view of the underlying transactions and events.

We communicate with management and those charged with governance regarding, among other matters, the planned audit scope and timing 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 Summary on budget planning and execution

This chapter gives a summary on the sources of budgetary funds, spending of funds, and collection of revenues by economic categories. It is illustrated in the following tables and charts:

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

Description	Initial Budget	Final Budget ⁴	2020 Outturn	2019 Outturn	2018 Outturn
Sources of Funds	15,021,836	13,672,569	13,298,647	13,715,048	12,237,184
Government Grant -Budget	15,021,836	13,672,561	13,298,647	13,396,353	12,234,268
Revenues from PAK	0	0	0	318,695	0
External Donations	0	7	0	0	2,916

The final budget is lower than the initial budget by €1,349,267. This increase or change in budget is a result of: budget review by €1,294,547; Government's decisions on budget allocation and savings by €54,727; increase by €7 from the remaining value of the German donation from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

In 2020, KPK spent 97% of the final budget, or €13,298,647. However, explanations for the current position are detailed below.

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

Description	Initial Budget	Final Budget	2020 Outturn	2019 Outturn	2018 Outturn
Spending of funds by economic categories	15,021,836	13,672,569	13,298,647	13,715,048	12,237,184
Wages and Salaries	10,469,797	10,622,010	10,622,010	10,410,291	9,578,163
Goods and Services	2,516,859	1,974,866	1,887,106	2,243,322	2,239,618
Utilities	200,680	141,461	124,082	131,386	114,755
Capital Investments	1,834,500	934,232	665,450	930,049	304,649

KPC had budget movements between in categories. However, all transfer/changes were supported with relevant decisions made by the Ministry of Finance and the Government. Explanations for changes in budget categories are given below:

⁴ Final budget – the budget approved by the Assembly and subsequently adjusted for by the Ministry of Finance

- The initial budget for Wages and Salaries was €10,469,797, whilst the final budget was €10,622,010. The difference between the initial and final budget was as a result of Decision no.09/50 dated 21.12.2020 to increase it by €152,213;
- The initial budget for Goods and Services was €2,516,859, whilst the final budget was €1,974,866, a difference of €541,993. Upon entry into force of the Law no. 07/L-014 amending and supplementing the Law no. 04/L-001 on 2020 Budget Appropriations, the Council's budget for Goods and Services was cut by €555,000. Based on Government's Decision 09/50 dated 21 December 2020 the budget was also cut by €17,000 in two programs (Special Prosecution by €10,000 and the Economic Crimes Unit by €7,000), whilst based on the same decision, the budget was increased by €30,000 and by of €7 donations to the Prosecutions and Administration Program;
- The initial budget for Utilities was €200,680, whilst the final budget was €141,460, a difference of €59,219. Following the budget review, it was initially reduced by €67,129, whilst upon Government's decision it was increased by €7,917; and
- The initial budget for Capital Investments was €1,834,500, whilst the final budget was €934,232, a difference of €900,268. The budget change (cut) was a result of entry into force of Law no.07/L-014 amending and supplementing Law no.07/L-001 on 2020 Budget Appropriations wherewith the budget of this category was reduced by €672,418. Moreover, based on Government's decision no.01/46 on budget savings and allocation, dated 25 November 2020, the budget was saved by €247,850, whilst based on Decision no.09/50 dated 21 December 2020 the budget increased by €20,000.

It is worth mentioning that KPC spent €6,998 from the budget of Goods and Services for protection against the pandemic. Those mainly relate to obtaining the license for Zoom, disinfection of the Kosovo Prosecutorial System premises, and supply with materials for protection against the virus.

Chart 1. Expenditures by economic categories over the years 2018-2020

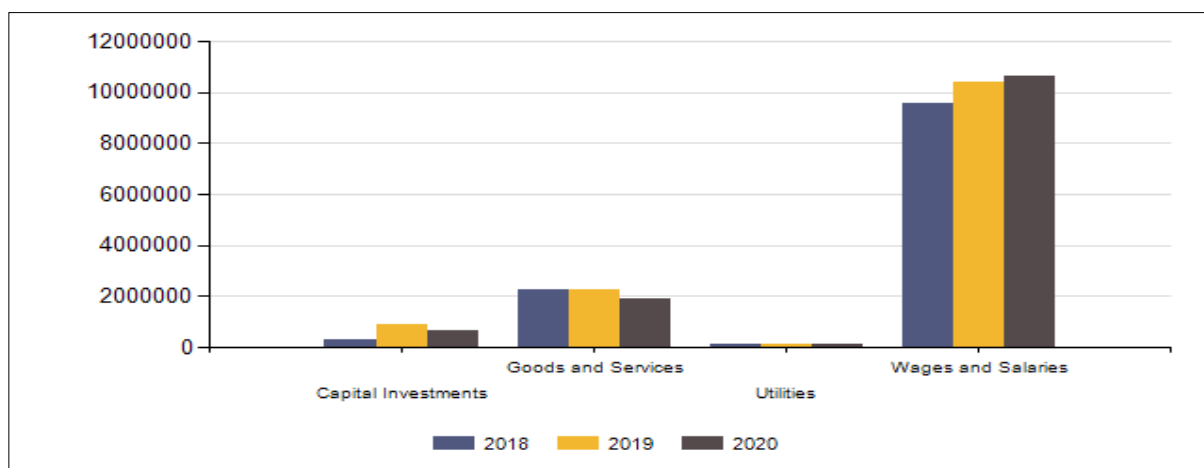
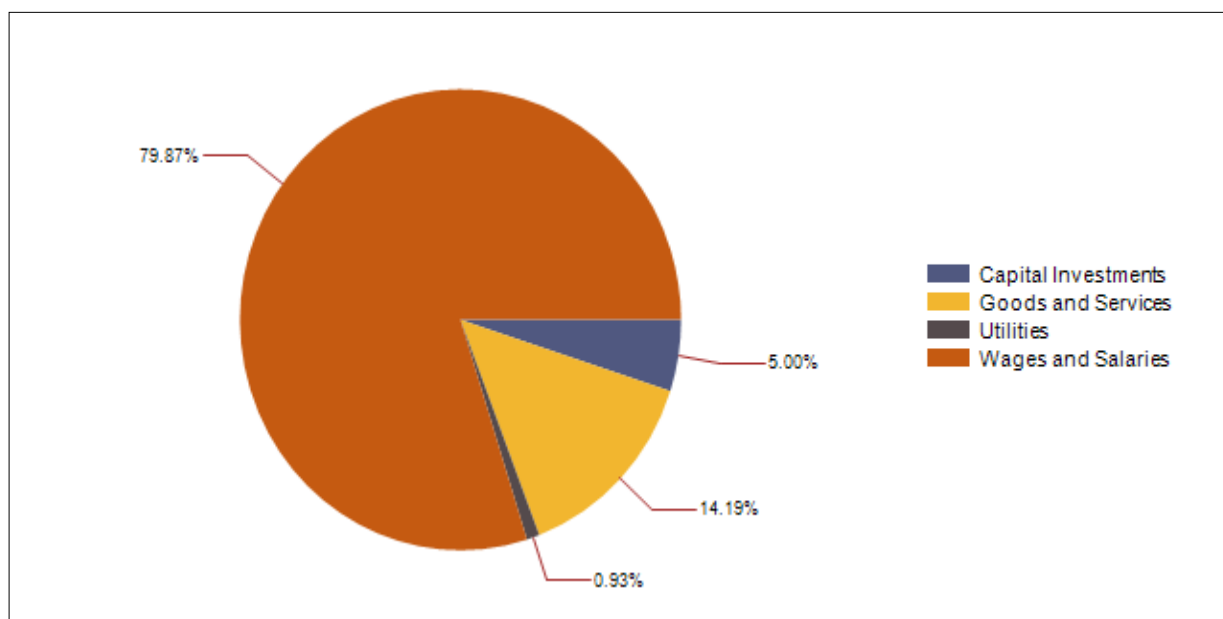


Chart 2. Expenditures by economic categories for year 2020



Revenues generated by KPC in 2020 were in the amount of €18,700. They are collected for the fund for compensation of criminal offense victims.

Table 3. Revenues (in €)

Description	Initial Budget	Final Budget	2020 Receipts	2019 Receipts	2018 Receipts
Total of revenues	21,242	17,074	18,700	42,013	47,413
Non-tax revenues	21,242	17,074	18,700	42,013	47,413

3 Progress in implementing recommendations

Our audit report on 2019 AFS of KPC resulted in one key recommendation. KPC prepared an Action Plan stating how the recommendation will be implemented.

For a more thorough description of the recommendations and how they are addressed, see Table 4 (or Table of recommendations).

Table 4 Summary of prior year's recommendations and of 2020

No	Audit area	Recommendations of 20XX-1	Actions taken	Status
1	Annual Financial Statements	The Chairman of KPC should ensure that reconciliation of basic register (KFMIS) of capital assets with the Annual Financial Report is carried out in order to present in AFR the accurate value of assets.	KPC reconciled the KFMIS basic register of capital assets with the annual financial report and the value presented in the AFS was true.	Implemented

Besnik Osmani, Auditor i Përgjithshëm

Qerkin Morina, Ndihmës Auditor i Përgjithshëm

Shkelqim Xhema, Udhëheqës i Auditimit

Arta Kryeziu, Udhëheqëse e ekipit

Shefkije Beka, Anëtare e ekipit

Flora Berisha, Anëtare e ekipit

Annex I: Letter of confirmation



Republika e Kosovës
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Këshilli Prokurorial i Kosovës / Tužilaški Savet Kosova / Kosovo Prosecutorial Council

LETËR E KONFIRMIMIT

Për pajtueshmërinë me draft raportin Auditorit të Përgjithshëm për vitin 2020

Për: Zyrën e Kombëtare të Auditimit

REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO ZYRA KOMBËTARE E AUDITIMIT NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
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05	47	714	1

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Pasqyrave Financiare të Këshillit Prokurorial të Kosovës, për vitin 2020 (në tekstin e mëtejme "Raporti"); dhe
- pajtohem me përmbajtjen e Raportit.



Kryesues i Këshillit Prokurorial të Kosovës

Data: 26 maj 2021, Prishtinë,

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 statements⁵ 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 authorities⁶. 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).

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.

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

⁶ Compliance with authorities: compliance with laws, rules, regulations, standards, or good practices.

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.