



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
MINISTRY OF EDUCATION, SCIENCE, TECHNOLOGY AND
INNOVATION FOR YEAR 2024

Pristina, June 2025

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1 Audit Opinion

We have completed the audit of the financial statements of the Ministry of Education, Science, Technology and Innovation for the year ended on 31 December 2024 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.

Qualified Opinion on Annual Financial Statements

We have audited the annual financial statements of the Ministry of Education, Science, Technology and Innovation (MESTI) which comprise the statement of cash receipts and payments; budget execution report; and explanatory notes to financial statements, including a summary of significant accounting policies and other reports², for the year ended as of 31 December 2024.

In our opinion, except for the matter/s described in the paragraph for Basis for Qualified Opinion, the annual financial statements of the Ministry of Education, Science, Technology and Innovation give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards under cash-based accounting, the Law no.03/L-048 on Public Finance Management and Accountability and MoF Regulation no.01/2017 on Annual Financial Reporting of Budget Organisations.

Basis for Qualified Opinion

- B1 MESTI in 2024 (based on budget planning) paid and recorded expenses worth €3,734,357 in inadequate economic categories.
- B2 Contingent liabilities were overstated by €3,898,234 as their register included six cases where the legal obligation for the Ministry had ended.
- B3 The capital assets value presented in the AFS was understated by €1,232,643, as a result of failure to record the year's purchases for schools.

For more details, see sub-chapter 2.1 Issues with impact on the audit opinion

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

² Other reports are required under Article 8 of Regulation no.01/2017 on Annual Financial Report

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.

Conclusion on Compliance

We have also audited whether the processes and underlying transactions are in compliance with the established audit criteria arising from the legislation applicable for the auditee as regards making use of financial resources.

In our conclusion, transactions carried out in the process of execution of the Ministry of Education, Science, Technology and Innovation's budget have been, in all material respects, in compliance with the established audit criteria arising from the legislation applicable for the auditee related to the use of financial resources.

Basis for Conclusion

- A1 Within MESTI, there are 22 positions that are covered by acting/deputy staff for a period longer than allowed by law.
- A2 In five (5) cases amounting to €75,264, there were delays in the delivery of goods beyond the deadline specified in the contract, the delays ranged from five (5) to 129 days.
- A3 There were shortcomings in the subsidy for the purchase of books for grades 1-9, resulting in cases where beneficiaries did not qualify for the subsidy amounting to €60,780.
- A4 Eight (8) payments in a total amount of €213,483 were delayed by eight (8) to 116 days, after the allowed payment deadline of 30 days.

For more details, see sub-chapter 2.2 Issues with impact on the compliance 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 AFS

The Secretary General 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 Secretary General 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 Minister is responsible to ensure the oversight of the Ministry of Education, Science, Technology and Innovation's financial reporting process.

The Management's Responsibility for Compliance

The management of the Ministry of Education, Science, Technology and Innovation is also responsible for the use of the Ministry of Education, Science, Technology and Innovation'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 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 opinion on compliance of respective Ministry of Education, Science, Technology and Innovation's authorities with the applicable policies,

³ Collectively referred to as compliance with authorities

rules and regulations as regards making use of financial resources of the audited organisation

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 Ministry of Education, Science, Technology and Innovation's 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.

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 shortcomings 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 recommendations⁴

During the audit, we found areas for potential improvement, including internal control, which are presented below for your consideration in the form of findings and recommendations.

In 2024, the Ministry spent 81% of the final budget, a decrease of 6% compared to 2023. The identified issues that have impacted the opinion on the financial statements are: inadequate classification of expenses, overstatement of contingent liabilities and understatement of capital assets.

The compliance conclusion was impacted by issues such as: delays in the delivery of goods, financing of textbooks for grades 1-9 and delays in the payment of invoices.

Other issues related to financial management and compliance are: job positions covered by acting employees; shortcomings in the tender evaluation process and management of procurement processes; unclosed advances for capital projects; contracts management not through e-procurement, lack of prior notice, delays in the implementation of capital projects, termination of contracts for capital projects; lack of evidence for payments based on court rulings; management of non-financial assets; payments processing; as well as the non-functioning of the audit committee.

In addition, as a team we have provided advice on improving the 2024 draft annual financial statements of MESTI, which after our recommendations have been rectified.

The report resulted in a total of 15 recommendations, of which 10 recommendations are new and 5 (five) repeated. We will follow up these recommendations during next year's audit.

For the status of the previous year's recommendations and the level of their implementation, see chapter 4.

⁴ Issue A and Recommendation A - means new issue and recommendation

Issue B and Recommendation B - means repeated issue and recommendation

Issue C and Recommendation C - means partly repeated issue and recommendation

2.1 Issues with impact on the audit opinion

Issue B1 – Inadequate classification of expenditures

Finding

According to Financial Rule no.01/2013 Expenditure of Public Money, Article 18.3 expenditures should have the adequate codes, as defined under the Administrative Instruction on the Chart of Accounts. In addition, the AI 19/2009 on the Chart of Accounts, Article 11, requires the CAO and the CFO to ensure that all transactions are recorded in the KFMIS according to the structure of the Chart of Accounts and the classifications determined by this AI.

In 2024, MESTI paid and recorded expenses worth €3,734,357 under inadequate economic categories.

18 payments of €2,367,808 were made from the capital investment category, which, based on the individual value of the equipment and their nature, belong to the goods and services category, as follows:

- Supply with equipment for pre-university education schools, laboratory packages, inventory for nurseries, sanitary equipment in the amount of €2,268,075;
- Supply of computers and mobile phones to the University of Gjakova in the amount of €1,730;
- Supply of IT equipment to the University of Mitrovica €89,460; and
- Supply of office furniture from the University of Gjilan in the amount of €8,543

Meanwhile, 12 payments made from the category of Goods and Services that should have been classified as Capital Investments and Wages and Salaries were in the amount of €1,366,549:

- Nine (9) payments of €1,145,416 which belonged to the category of Capital Investments, mainly related to the design and supervision of projects and the development of software modules; and
- Three (3) payments of €221,133 which were made under Article 40 of the LPFMA, belonged to the category of wages and salaries

This occurred as a result of the funds appropriated with by the Law on Budget in the category of capital investments, despite the MESTI's request to have the funds for these projects budgeted in the respective categories. In addition, the misclassification from goods and services was a result of incorrect budgeting as well as due to the withdrawal of funds by Treasury as a result of executions and court rulings.

Impact Payments made from inadequate economic categories lead to misstatement of expenditures, thus providing untrue information. Incorrect reporting or classification of data in the financial statements creates a misunderstanding on the Ministry's financial activities, thus overstating/understating the respective economic categories.

Recommendation B1 The Minister should ensure that further actions are taken in coordination with the Ministry of Finance so that expenses are planned in the appropriate budget allocations and that the payment and recording of expenses is done under the appropriate economic categories, to enable their fair reporting in the AFS in accordance with the Chart of Accounts.

Management's Response: Disagree

In more detail, see Appendix I

Issue B2 – Overstatement of Contingent Liabilities

Finding MF Regulation no. 01/2017 for Annual Financial Reporting by Budget Organisations, Article 6, stipulates that BOs shall keep accurate, complete, updated accounting records and in compliance with the legislation in force, for all financial information and other non-financial information.

During our testing, we found deficiencies in the reporting of contingent liabilities, amounting to €3,898,234:

- One (1) case in the amount of €3,586,000 - the plaintiff withdrew from the lawsuit;
- Four (4) cases amounting to €267,504 - were paid during the year; and
- One (1) liability was disclosed as €49,700 instead of €4,970.

This happened due to the lack of proper communication between the legal office and finance office within MESTI, as well as poor controls over keeping of complete records and their true reporting in the AFS.

Impact Incomplete and incorrect disclosure of contingent liabilities prevents stakeholders or users of the AFS from obtaining true and fair information, thus hindering the decision-making.

Recommendation B2 The Minister should ensure proper coordination and communication between the legal offices of all subordinate units with the finance office in order to ensure that records on contingent liabilities are kept accurately and up to date with new information, so that the notes in the AFS are presented correctly.

Management's Response: Agree

Issue B3 – Understatement of capital assets**Finding**

According to Regulation no. 02/2013 on the Management of Non-financial Assets, article 16, the non-financial asset officer shall be responsible for registration, supervision and maintenance of General Assets Register containing all information required under provisions of this Regulation and other applicable laws. Non - Financial Assets Officer shall duly register all assets in the Assets Register and accounting registers based on documents confirming that assets are in ownership and supervision of the budget organisation.

During the audit of the 2024 AFS, we found that MESTI had understated assets by €1,232,643, due to failure to record assets in its registers, for the following issues:

- Equipment ready for maintenance for subject areas purchased for primary and secondary schools in various municipalities of Kosovo, worth €448,057;
- Supply with laboratory kits for various schools, worth €537,652; and
- Supply with sanitary equipment in primary and secondary schools, worth €246,934.

For these assets, MESTI had not secured the agreements signed by the respective municipalities for the transfer of their ownership. Therefore, the Ministry should have recorded them as part of its assets until the agreements for their delivery/transfer were signed.

This issue was also addressed in the previous year's report and the Ministry's management had not taken any action to address it, despite the commitment made in the action plan on implementation of recommendations.

Impact

MESTI's failure to register assets distributed to schools and the failure to secure agreements for their transfer to the schools' registers (in the respective municipalities) which they control and own, as well as the failure to register assets, have resulted in untrue value and understatement of the Ministry's assets.

Recommendation B3 The Minister should take concrete actions so that all assets purchased for the respective schools are registered in or transferred to the Municipal registers following all formal procedures. In addition, assets (various equipment) purchased for the respective schools should be registered directly in the registers of schools-municipalities after securing agreements signed by both parties.

Management's Response: Disagree

In more detail, see Appendix I

2.2 Issues with impact on the compliance conclusion

Issue A1 – Job positions covered with acting staff

Finding Law No. 08/L-197 on Public Officials, Article 35 Acting Appointment, paragraph 3, stipulates that a public official cannot be appointed as an acting officer for longer than six (6) months. When the position cannot be filled within the six (6) month deadline, this deadline can be extended for a maximum of six (6) more months.

MESTI has 22 positions that are covered by acting/deputy staff for a period longer than stipulated by the law. These are as follows.

- The position of Head of the Innovation Division and Head of the Policy Coordination Division has been covered by acting/deputy since 2018, exceeding the established deadline;
- 19 positions in the MESTI administration are covered by acting/deputy staff, exceeding the established deadline from 2 months to 5 years;
- Three (3) other positions in the Education Inspectorate, Haxhi Zeka University and the Agency for Vocational Education and Training exceeding the allowed terms from 1 month to 6 years.

According to MESTI officials, this occurred due to the fact that the regulation on the systematization of job positions came into effect in November 2024.

Impact Having important positions covered with acting officials for longer than the permitted period creates obscurities in decision-making and about the responsibilities of key functions. At the same time, this runs afoul of legal requirements and has an adverse impact on the effectiveness of the administration and subordinate institutions.

Recommendation A1 The Minister should ensure that recruitment procedures are carried out within a reasonable timeframe, in accordance with legal requirements for filling positions held by acting officials.

Management's Response: Disagree

In more detail, see Appendix I

Issue A2 – Delayed delivery of goods

Finding Article 2 of the contract as well as the special conditions of the contract, clearly define the delivery date of the goods, established in days.

While testing the payments, we found that in five (5) payments in a total of €75,264, delivery of goods was delayed beyond the deadline specified in the contract, from 38 to 129 days late. These delays were found in the contract "Supply with raw materials and equipment for hairdressing and aesthetics for carrying out professional practice" and the contract "Supply with technical materials and machinist".

The reason behind the delays was the poor management of requests for supply and the phenomenon of non-compliance with the rules for processing purchase orders in a timely manner.

Impact Long delays in the delivery of goods by not adhering to the deadlines set by the contract, as well as failure to comply with the rules for processing purchase orders on time, leads to the failure to implement the ministry's activities or projects and make it impossible to apply penalties for days of delay.

Recommendation A2 The Minister should ensure additional monitoring controls so that all goods and services are received according to contractual terms and in cases of unjustified delays in delivery, penalties specified in the contract are applied.

Management's Response: Agree

Issue A3 – Financing of textbooks for grades 1-9

Finding

According to Law No. 04/L-032 on Pre-University Education in the Republic of Kosovo, Article 5 Duties of the Ministry, paragraph 13, the Ministry shall issue a bylaw on the distribution and maintenance of free of charge textbooks authorised under the provisions of Articles 26 and 27 of this Law. By decision of the Government of the Republic of Kosovo, funds were allocated in the Category of Subsidies and Transfers for the purchase of textbooks and learning materials. This process was managed through the e-Kosova platform.

Considering that the subsidy amount for the purchase of textbooks and learning materials for this year amounts to €20,417,460 and to ensure that the allocated funds have been transferred to the right beneficiary, we analysed the largest differences, comparing the number of students in the MESTI software EMIS and applications in e-Kosova, at the municipal levels, respectively the schools with the largest difference.

From the 22 schools selected in five (5) municipalities of Kosovo out of 878 schools and separate parallels of 1-9 levels registered in the EMIS and after confirmations from the Municipal Directorates of Education of the respective municipalities, we found cases where the beneficiaries did not qualify for the subsidy in question. The total amount of these cases reached to 60,780€.

- 308 pre-primary beneficiaries, in a total of €24,640;
- 183 beneficiaries of secondary education, in a total of €20,130;
- 154 beneficiaries who were abroad, in a total of €14,150; and
- 18 cases were school dropouts, in the amount of €1,860.

During the confirmations, we also found 942 cases amounting to €78,090 where the schools from which the application was made were unidentifiable. For clarification, in these cases it is likely that individuals who have incorrectly selected the school during the application or those who belong to the four categories above to be qualified.

This was as a result of the fact that when switching to the new form of financing, no restrictions were foreseen for persons who do not qualify for benefits and the e-Kosova platform enabled them to apply for such a thing, whilst the amount disclosed as debt in the AFS for students who have not yet received the funds reached to €44,920.

Additionally, according to MESTI officials, this has also been a result of poor cooperation from the municipalities regarding the verification of beneficiaries.

Impact The failure to apply restrictive criteria on the platform, as well as the lack of supervision and monitoring during the allocation of subsidies for textbooks, has led to the subsidies being awarded to ineligible beneficiaries. This also may lead to the situation of no subsidies being awarded to the eligible beneficiaries.

Recommendation A3 The Minister should strengthen controls and oversight mechanisms to ensure that public funds are allocated in accordance with the Government decision and criteria, ensuring that all necessary measures are taken to prevent ineligible individuals from benefiting.

Management's Response: Disagree

In more detail, see Appendix I

Issue A4 – Delayed payment of invoices

Finding LPFMA, Article 39.1, stipulates that the CFO of a budget organization shall be responsible for ensuring that every valid invoice and demand for payment for goods, services and/or works supplied to the budget organization is paid within thirty (30) calendar days after the budget organization receives such an invoice or demand for payment.

During the audit, we encountered eight (8) payments in a total amount of €213,483 in which there were delays in payments from eight (8) to 116 days, after the allowed payment deadline of 30 days.

The reasons for the delays were due to inadequate controls in the execution of payments, such as failure to timely forward invoices to the finance office.

Impact Delays in payments to suppliers increase the risk that the Ministry will face legal/executive lawsuits in the future, which may result in additional expenses, burdening the Ministry's budget.

Recommendation A4 The Minister should provide for the establishment of an effective system wherefrom all invoices are timely processed for payment, in order to eliminate unreasonable delays.

Management's Response: Agree

2.3 Findings on financial management and compliance issues

2.3.1 Capital Investments

The final budget for capital investments was €26,412,567, of which €16,606,490 was spent. They relate to expenses for the construction of educational facilities, information technology equipment, software, purchase of inventory and laboratory equipment, as well as equipment for sports halls.

Issue A5 – Contract management not recorded in the e-procurement platform

Finding According to the Regulation 001/2022 on Public Procurement, paragraph 70.24. point (f), one of the functions of the Project Manager is to ensure that, for each contract, all the records of contract management are prepared, kept and archived in the contract management module in the e-procurement system.

Impact The contract management process was not fully compliant with legal requirements as the contracts examined were not managed through the electronic platform. Based on the audited samples, we found that for this part, contract managers had not entered any information into the e-procurement module even though they continued to be contract managers. The e-procurement module was not applied to any of the contracts and by any subordinate units.

This occurred as a result of the lack of knowledge of contract managers regarding the use of the e-procurement module as well as the lack of proper training for them.

Impact The lack of knowledge of contract managers on the use of the e-procurement module for contract management affects the inability of management to receive sufficient, timely information regarding the progress and performance of contracts.

Recommendation A5 The Minister should provide for training the contract managers so that contract management is done through the e-procurement module, with the aim of easier oversight by management or other potential users.

Management's Response: Agree

Issue A6 - Lack of prior notice**Finding**

According to LPP, Article 39, when a contracting authority has the intention of awarding, over a future 12- month period, one or more supply, services or works contracts having an estimated value, alone or in the aggregate, of five hundred thousand (500,000) Euros regarding each of the mentioned categories of contracts, the contracting authority shall prepare an indicative notice. An indicative notice is an aid to transparency and is in the interest of EOs to prepare and be informed about potential procurements that the CA will carry out. It also enables CAs to implement shortened deadlines without the need for approval of accelerated procedures.

MESTI had planned two large contracts such as “Construction of the Faculty of Medicine Building on the University Campus of Gjakova” in the amount of €3,470,074 and “Construction of the Prizren League primary school in Deçan” in the amount of €1,522,583 and for which it had not prepared and published the prior notice.

This occurred as a result of the large amount of work, which resulted in the failure to prepare and publish a prior notice for these contracts.

Impact

The lack of prior notice is runs afoul of public procurement rules and at the same time reduces transparency for EOs to be notified and prepared in real time for potential procurements. It also prevents the Ministry from applying shortened bidding deadlines without the need for approval.

Recommendation A6 The Minister should ensure that all public procurement procedures, for contracts with an estimated contract value over €500,000, prepare and publish a prior notice, to ensure transparency for EOs and the ability of CAs to implement shortened deadlines without the need for approval of accelerated procedures.

Management’s Response: Agree

Issue A7 – Delayed implementation of projects due to lack of an executive plan

Finding Regulation No. 001/2022 on Public Procurement in Article 10, point (b) specifies that the Requesting Unit, which is the initiator of the request for procurement, for each procurement activity, has the responsibility to prepare/propose the project, technical specifications, Terms of References, and Bill of Quantities. Also, according to the special conditions of the contract, the deadline for completion of the works is foreseen.

During the audit, we found that for the contract "Construction of the kindergarten facility in Koretin, Kamenica" which was signed in 2022, MESTI failed to complete the works by 2024, as specified in the contract. Furthermore, on 26.11.2024, it had signed an annex to the contract, changing the extension of the works execution deadline until 30.09.2025.

The reason was that the company had failed to adhere to the dynamic plan due to the lack of an executive plan and bill of quantities, creating the need to extend the contract completion deadline for another (1) year and causing delays in the project finalization.

Impact The lack of an executive plan directly affects the projects implementation, causing unforeseen expenses, delays, and the need for annex contracts. As a result, the Ministry risks not meeting its objectives and failing to implement planned projects.

Recommendation A7 The Minister should ensure that for each capital project, an executive plan is drafted and implemented before implementation begins, in order to avoid the need for annex contracts and additional work, as well as to guarantee the implementation of projects according to the planned budget.

Management's Response: Disagree

In more detail, see Appendix I

Issue A8 – Termination of contracts for capital projects

Finding

According to Article 81 of the Public Procurement Law and the Rules and Operational Guidelines for Public Procurement, according to 61.6, 61.19 and 61.20 contract managers are responsible for managing the contract and must ensure that the EO performs the contract in accordance with the terms and conditions specified in the contract. Each public framework contract has a defined implementation timeframe.

During 2024, the Ministry terminated four (4) capital project contracts with economic operators who failed to complete the works according to the dynamic plan set out in the contract. These contracts were:

- "Construction of Fan Noli Primary and Lower Secondary School in Kamenica" - the contract was signed on 20.02.2023 for 36 months, in the amount of €1,697,453.
- "Construction of facilities for preschool institutions in Istog" - the contract was signed on 11.06.2019, for 36 months, in the amount of €669,639.
- "Construction of a kindergarten in the Arbëria neighbourhood, Klina" - contract signed on 20.06.2019 for 36 months, in the amount of €560,330.
- "Construction of SS in Ferizaj", contract signed on 03.11.2020 for 36 months, in the amount of €767,153.

In the first three contracts terminated by MESTI, the EOs did not adhere to the dynamic plan and unilaterally stopped the works. For this reason, the contract manager proposed and it was decided to terminate the contract. Whereas, in the last contract, the termination was due to the lack of a construction permit.

The contracts termination occurred as a result of failure to complete projects on time, the low dynamics in execution of works and in one case the EO request for amicable termination of the contract.

Impact

The termination of contracts for capital projects leads to delays in the implementation of capital projects, financial losses, poor implementation of the capital investment budget, and failure to achieve the objectives of the Ministry.

Recommendation A8 The Minister should provide for adequate mechanisms to strengthen controls in supervising the implementation of projects in order to ensure the fulfilment of deadlines, contractual obligations and the implementation of projects within the planned dynamics. Whilst for open advance payments, the Minister should ensure that the EO has fulfilled all obligations towards the Ministry.

Management's Response: Disagree

In more detail, see Appendix I

Issue B4 - Open advance payments for capital projects

Finding Regulation MF-No. 01/2017 on Annual Financial Statements of BOs in Article 20 emphasizes the reporting of unjustified advances. Law no. 08/L-260 on Budget Allocations for the Budget of the Republic of Kosovo for 2024, Article 13-Advance Payments, paragraph 5 stipulates that advances related to projects and activities on defence and security of the Republic of Kosovo shall be allowed to remain open for subsequent years for those projects for which the delivery of equipment cannot be done within a regular fiscal year.

In the 2024 AFS, in Article 20, MESTI had disclosed eight (8) unfinished capital projects, for the advance payments of which, in the amount of €424,073, had remain unclosed. These projects were for the construction of educational facilities for kindergartens and schools and did not relate to projects related to protection and security, for which advances are allowed to remain open.

Advances or prepayments for these projects had remained open over the years (2019-2022) and the Ministry had not taken any concrete action to ensure that EOs justify the funds received in advance with the completion of the works, despite our recommendation from last year.

This occurred as a result of ineffective management and controls of the Ministry over the closing of advance payments at the right time.

Impact Long delays in the implementation of capital projects and failure to close advance payments in time results in advance funds remaining with contractual operators, thus not achieving objectives.

Recommendation B4 The Minister should ensure that advance payments for capital projects are closed within the fiscal year as provided for by legal regulations and the process of advances given for certain projects is monitored. Also, clearly specify their justification for completed works that cover advances until the end of the fiscal year, so that they do not remain open for subsequent years.

Management's Response: Disagree

In more detail, see Appendix I

2.3.2 Capital and non-capital assets

The value presented in the AFS of capital assets is €159,159,672 of non-capital assets is €3,102,049, as well as of stocks €1,021,842.

Issue B5 – Failure to transfer ownership of the constructed schools to the respective municipalities

Finding According to Article 13, points 1 and 2 of Regulation No. 02/2013 for the Management of non-financial assets, all transactions created during the construction of non-financial assets for other budgetary organizations must be registered in the registers of the financing organization in the ongoing investment category and at the moment when the non-financial assets have gone through all rules and procedures of handover, the budget financing organization will close the ongoing investment account.

Even during 2024, the ownership of schools and educational facilities that had been completed had not been transferred to the respective municipalities, even though these facilities met the criteria for developing handover procedures and for being registered as facilities in use. However, the transfer of ownership had not occurred and they were still kept in the MESTI registers as ongoing investments.

This delay in transferring ownership of assets from MESTI to the respective municipalities is a phenomenon that has continued for years. Although the transfer process was initiated in 2023, during 2024 there was no evidence that any school or facility was registered with the respective municipalities. According to them, the lack of human resources was the cause that affected this process.

Impact Failure to transfer full ownership of educational facilities has a negative effect on their management by the organization that actually has control over them.

Recommendation B5 The Minister should consider establishing a commission to handle all educational facilities financed by the Ministry that have met the conditions for transfer of ownership to the respective Municipalities. Also, in cooperation with the Treasury, their registration as assets in use should be transferred to the Municipalities' registers.

Management's Response: Disagree

In more detail, see Appendix I

Issue A9 - Shortcomings in the management of non-financial assets**Finding**

According to the Regulation MF-No. 02/2013 on Management of Non-Financial Assets by Budgetary Organizations, Article 24, point 1, after reconciliation of condition with inventory and assessment with the condition of non-financial assets registers, the condition of non-financial assets should be part of annual financial statements in accordance with the Financial Regulation on Annual Financial Statements. Whereas, according to Article 18, Stocktaking of Non-Financial Assets, point 3, budget organizations must check at least once a year the non-financial assets to verify and assess the factual situation of non-financial assets.

During the audit we found that:

- The National Qualifications Authority, as a subordinate unit (program) of MESTI, had failed to generate the non-financial asset report from the e-asset system, failing to report on the balance of its assets.
- There was a discrepancy of non-financial assets in the reports of all subordinate units and the reporting in the AFS, in the amount of €5,372.
- On the other hand, the University of Gjilan had established a committee for the stocktaking of non-financial assets, but had not managed to complete and report on the real balance of the assets. Meanwhile, the Public College IBCM and the National Qualifications Authority had not established a committee for stocktaking, and consequently have not prepared the stocktaking report, creating uncertainty regarding the real balance and value of non-financial assets.

This occurred as a result of incomplete stocktaking, poor maintenance, and lack of coordination during asset reporting by the responsible personnel of subordinate units (programs).

Impact

Incomplete and incorrect reporting of the balance of assets presented in the AFS, as a result of not including assets from all subordinate units within MESTI, has resulted in understatement of assets. In addition, failure to complete the inventory process cannot confirm whether non-financial assets have been recorded and maintained in accordance with legal requirements in the asset registers.

Recommendation A9 The Minister should implement a regular and documented process of stocktaking non-financial assets, effective coordination and cooperation between all subordinate units (programs) during reporting on the AFS, ensuring that the changes observed accurately reflect the real situation of non-capital assets, and that their value presented in the AFS is complete and accurate.

Management's Response: Agree

2.3.3 Internal Audit Function

Issue A10 – Dysfunctional Audit Committee

Finding MoF Administrative Instruction no.01/2019 on the Establishment and Functioning of the Audit Committee (AC), Article 6, specifies that the Audit Committee is appointed by the head of public sector entity and is composed by three (3) to five (5) members. Head of Audit Committee shouldn't be in leading position, two third (2/3) of members should be external, and other part from the internal staff of public sector entity. Also, Article 8 of this instruction stipulates that the meetings of Audit Committee shall be held at least four (4) times per year and shall be invited by the Head of Audit Committee. The meeting shall take place if majority of Audit Committee members participates. The meeting discusses issues in this Administrative Instruction, and meeting minutes shall be kept.

The Audit Committee (AC) during 2024 did not have a sufficient number of its members, as one member who was part of the internal staff of the public sector entity was transferred to the Ministry of Internal Affairs (MIA) through an agreement with MESTI. As a result, the composition of the Audit Committee was composed only of external members until November 2024. Also, after the resignation of another member in November, the committee remained non-functional.

During 2024, the AC held only three (3) meetings, reviewing three (3) out of seven (7) IAU reports. Also, the AC Chair did not sign the annual internal audit plan.

This was as a result of the lack of actions taken by the Ministry to staff the current committee positions with new members as required by legal provisions.

Impact The absence of an AC may lead to insufficient oversight of the financial and operational activities of the ministry, making it more difficult to ensure a high level of transparency and accountability. Its absence may also negatively affect the functioning of the internal audit process.

Recommendation A10 The Minister should ensure that appropriate actions are taken to ensure that the Internal Audit Committee is complete and functional, and that its composition complies with legal requirements, in order to implement oversight and support the IAU, thus ensuring the independence of this unit.

Management's Response: Agree

3 Summary on budget planning and execution

This chapter gives a summarised information on the sources of budget funds, spending of funds and revenues collected, by economic categories. This is highlighted in the following tables:

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

Description	Initial budget	Final budget ⁵	2024 Expenditures	2023 Expenditures	2022 Expenditures
Sources of funds	100,120,951	101,716,383	82,149,554	68,013,651	69,875,116
Government Grants – Budget	97,751,226	96,953,909	79,743,417	65,920,068	68,084,878
Carried forward from previous year	0	1,449,527	1,130,059	968,848	526,369
Own source revenues	2,369,725	2,369,725	896,081	625,955	522,320
Domestic Donations	0	25,821	0	7,220	64,595
External donations	0	917,401	379,997	491,561	676,955

The final budget was higher than the initial budget by €1,595,432. This increase was due to Government Decision No. 23/2016 of 18.08.2024 on budgetary allocations for the implementation of measure 4.2 education support, for the economic recovery package of subsidizing textbooks and school materials.

In 2024, MESTI spent 81% of the final budget or €82,149,554, with a decrease of 6% compared to 2023.

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

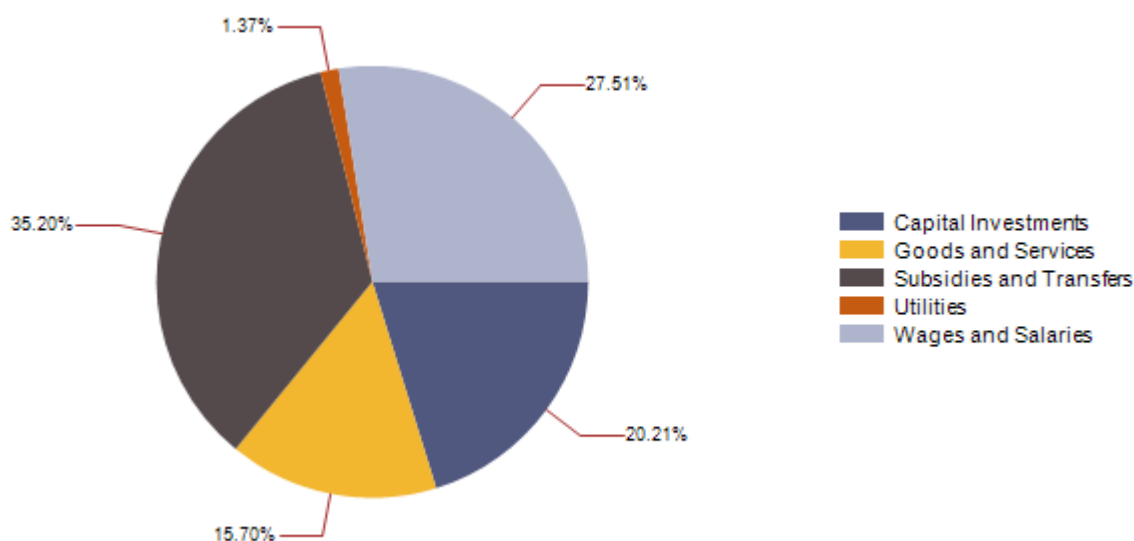
Description	Initial budget	Final budget	2023 Expenditures	2022 Expenditures	2021 Expenditures
Spending of funds by economic categories	100,120,951	101,716,383	82,149,554	68,013,651	69,875,116
Wages and Salaries	23,448,078	22,755,113	22,596,897	21,293,577	20,851,630
Goods and Services	23,250,000	21,020,441	12,901,360	10,828,658	28,161,093
Utilities	1,640,459	1,838,462	1,127,131	1,160,090	1,088,348
Subsidies and Transfers	8,770,360	29,689,800	28,917,676	18,945,381	6,211,841
Capital Investments	43,012,054	26,412,567	16,606,490	15,785,945	13,562,204

⁵ The final budget approved by the Assembly and subsequently adjusted by the Ministry of Finance

The explanations for the changes in the budget categories are given below:

- The final budget for Wages and Salaries compared to the initial budget was reduced by €692,965. This reduction was due to Government decisions to withdraw unspent funds from this category. The final budget for this category was spent at 99%;
- The budget for Goods and Services was reduced by €2,229,559 by Government decisions, for the transfer of funds to the category of subsidies and transfers for the subsidy of textbooks and school materials. The budget for this category was spent at 61%;
- The final budget for Utilities was increased by €198,003. The budget for this category was spent at 61%;
- The budget for the Subsidies and Transfers category was increased by €20,919,440, of which 97% was spent. The increase in the budget in this category was related to the subsidy for the purchase of textbooks and other school equipment. Student scholarships and NGOs were also subsidised from this category; and
- The final budget for Capital Investments compared to the initial budget was reduced by €16,559,487, as a result of non-spending of funds. Expenditures compared to the final budget were 63%. The budget execution at this level was as a result of improper contract management and delays in the fulfilment of contracts during the implementation of planned projects.

Chart 1. Expenditures by economic categories for year 2024



The revenues executed by MESTI in 2024 totalled to €2,729,550. They are related to co-payments, accreditation fees, taxes for the verification of various documents, etc.

Table 3. Revenues (in €)

Description	Initial budget	Final budget	2024 Receipts	2023 Receipts	2022 Receipts
Total of revenues	2,975,807	2,975,807	2,729,550	2,364,692	2,736,910
Non-tax revenues	2,975,807	2,975,807	2,707,017	2,352,586	2,699,268
Other revenues	0	0	22,533	12,107	37,642

4 Progress in implementing recommendations

Our audit report on MESTI's AFS for 2023 resulted in nine (9) recommendations. The Ministry had prepared an Action Plan stating how it will implement the recommendations given.

By the end of our 2024 audit, three (3) recommendations have been implemented, one (1) was no longer applicable, and five (5) have not yet been implemented, as shown in Chart 2, below.

For a more complete description of the recommendations and how they have been addressed, see Table 4 (or the Table of Recommendations).).

Chart 2. Progress in implementing prior year's recommendations

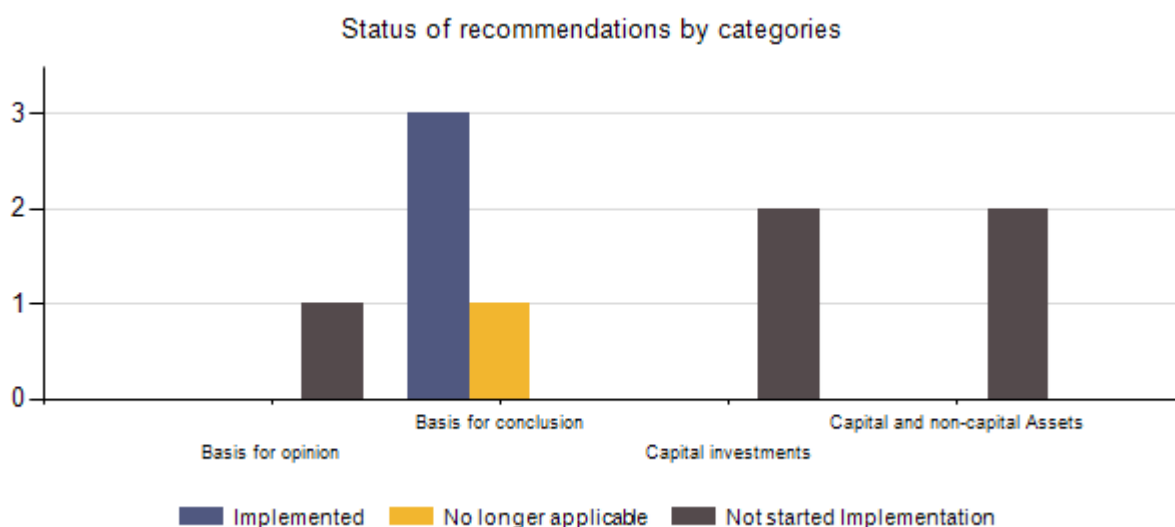


Table 4 Summary of the previous year's recommendations

No.	Audit area	Recommendations of 2023	Actions undertaken	Status
1.	Basis for the opinion	The Minister should ensure proper coordination and communication between the legal offices of all subordinate units and the finance office in order to keep the registers of contingent liabilities accurate and up to date with new information, so that the entries in the AFS are presented correctly.	The register of contingent liabilities had deficiencies this year as well.	Implementation has not started
2.	Basis for conclusion	The Minister should strengthen internal controls and require the responsible officials to fully implement the procedures, starting from the initiation of expenses to the final payment.	Even during 2024 we encountered similar cases, but their value does not affect the compliance opinion. The finding with recommendation of the DD has been merged with the finding "Delay in delivery of goods"	No longer applicable
3.	Basis for conclusion	The Minister should ensure effective monitoring through the procurement manager that the evaluation of tenders is completed within the established deadlines enabling supplies to be received on time. In addition, the evaluations of bids must be carried out in full accordance with the criteria for technical and professional capacities required in the tender dossier	During the testing, it was observed that all legal requirements were complied with during the procurement procedures.	Implemented
4.	Basis for conclusion	The Minister should ensure through contract managers that payments are made only after providing sufficient evidence for the performance of contracted supplies. Also, for the other schools where the supplies have been made according to these contracts, visits by the Ministry (contract	In the examination of two schools in the Lipjan region, we did not encounter a lack of equipment for	Implemented

		manager) must be made to ensure that all the supplies have been made according to the contract	supplies of the same nature.	
5.	Basis for conclusion	The Minister should exercise effective controls in the Institute of Albanology in order for all contractual services to be developed through procurement procedures and to be transparent	During our testing, we did not encounter any samples that were paid without procurement procedures.	Implemented
6.	Capital Investments	The Minister should ensure that further actions are taken in coordination with the Ministry of Finance so that expenditures are planned in the respective budget appropriations and that the payments and recording of expenses is done under the adequate economic categories, to enable their correct reporting in the PFV in accordance with the Chart of Accounts.	Despite requests from MESTI for budget allocation in the appropriate category, it is noticeable that this was not done by the Assembly of Kosovo. Even during 2024, we encountered cases of misclassification.	Implementation has not started
7.	Capital Investments	The Minister should make sure that the advances for capital projects are closed within the fiscal year as provided by legal rules and monitor the process of advances given for certain projects. Likewise, clearly specify their reasoning for the completed works that cover the advances until the end of the fiscal year, so that they do not remain open for the following years	No measures were taken during 2024, but this will be verified during 2025.	Implementation has not started
8.		The Minister should take concrete actions to ensure the registration of assets and that all assets that have been purchased for the respective schools are transferred with all formal procedures to the municipal registers. Likewise, ready assets (various equipment) that are purchased for the	Even during 2024, we encountered assets that were not transferred to the respective municipalities, as well as purchases made during the year that were not	Implementation has not started

		respective schools should be registered directly in the school-municipality registers	included in the asset register.	
9.		The Minister should consider the possibility of establishing a commission to deal with all educational facilities financed by the Ministry which have met the conditions for handover to the respective Municipalities. Likewise, the formal transfer procedures should be carried out and in cooperation with the Treasury, their registration as property in use should be transferred to the registers of the Municipalities.	Implementation has not started.	Implementation has not started

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

Vlora Spanca, Auditor General

Shkelqim Xhema, Head of Audit

Kreshnike Haziri-Bublica, Team leader

Mirlinda Beqiri, Team member

Albana Kadriu, Team member

Besa Morina, Team member

Annex I: Letter of confirmation / Comments of BO regarding the audit report (if any)

Issue	Comments from the BO	KNAO View
<p>Issue B1 – Inadequate classification of expenditures</p>	<p>We do not agree for the following reasons:</p> <p>MESTI has continuously requested from the Ministry of Finance the review of budget allocations and categorization in line with NAO recommendations. However, this request was not reflected in the final budget allocations approved by the Budget Law and respective budget circulars. A package of equipment supplied to a school exceeds the value of €1,000, and the projects as a whole involve large amounts; therefore, the Budget Law categorizes them under “capital investments.”</p> <p>In practice, when during procurement the unit value resulted below the €1,000 threshold due to winning offers, shifting funds to the “Goods and Services” category was not possible due to prior categorization as “Capital Investments” and budgetary limitations according to the MFPT circulars. A concrete example is the IT equipment supply for the University of Mitrovica, contracted as a capital investment and impossible to reclassify.</p> <p>The University of Gjakova in 2024 made a payment for IT equipment for the IT office based on required specifications and the signed contract. The €1,250 payment exceeded the €1,000 threshold and was thus categorized as a capital investment, meaning the finding is inaccurate as the classification was correct.</p> <p>Meanwhile, the Student Center made payments for new modules of the online application system for dormitory housing and food, developed as add-ons to the existing system and improving its functionality. These were categorized as “Goods and Services” expenditures, based on Article 7, point 2 of the MF AI 04/2019 and the appropriate economic code 13471, in accordance with the requests of the Housing and Canteen Directorate.</p>	<p>The finding remains, as in the report we have acknowledged MESTI’s efforts to finance/budget some projects under “goods and services.” However, since this did not happen and the misclassifications remain part of MESTI’s AFS, according to audit standards they must be presented in the audited institution’s report. This issue will also be addressed in the Annual Government Budget Report.</p> <p>In the University of Gjakova, the payment was €2,980, of which €1,250 qualified as capital investment, while €1,730 were goods and services (equipment under €1,000).</p> <p>Point 2 of the MF AI No. 04/2019 relates to repeated project activities or corrections—not the development of new modules as in this case.</p> <p>As for the new modules for online application for housing and food in student dormitories, this expense should be treated under point 1 of Article 7: main expenses related to an existing asset. Point 1.1 states: “Will increase the capacity of an asset.” The indicative value of the contract is €78,949.06, a significant and meaningful expense to advance the existing system.</p>

	<p>MESTI has made payments responsibly, avoiding financial and enforcement implications in compliance with public contracts and final enforcement orders.</p> <p>In cases of final court decisions and enforcement orders, the Treasury executed payments in available economic categories, even when those did not match the appropriate category, such as in the case of meal payments totaling €221,133.00.</p> <p>Evidence for this issue is attached.</p>	<p>The documents provided do not demonstrate a change in the presented situation.</p>
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<p>Issue B3 – Understatement of Capital Assets</p>	<p>We do not agree for the following reasons:</p> <p>The Ministry of Education, Science, Technology and Innovation (MESTI) has prepared and submitted Memoranda of Understanding (MoUs) to the respective municipalities that were supplied with various equipment (including laboratory, maintenance, and sanitary equipment).</p> <p>However, due to the end of the 2024 fiscal year and the very short timeframe for completing internal procedures, it was not possible to register these assets in the Asset Module (KFMIS) on time.</p> <p>At the beginning of 2025, municipalities began to submit the MoUs signed by their mayors. Meanwhile, MESTI has remained in ongoing communication with relevant municipal officers to ensure the registration of the assets in the municipal asset registers.</p> <p>The evidence for this issue is attached.</p>	<p>The finding remains, for the reason that MESTI itself confirmed in the second paragraph of the comment that due to the end of the 2024 fiscal year and the short deadline for completing internal procedures, it was not possible to register the assets in the Asset Module (KFMIS) in a timely manner.</p> <p>As long as the Memoranda of Understanding are not finalized and MESTI does not possess them, the Ministry is obligated to keep the purchased assets in its own records until they are transferred, in accordance with Financial Rule 02/2013 on the Management of Non-Financial Assets in Budget Organizations.</p> <p>The documents provided do not demonstrate a change in the presented situation.</p>
<p>Issue A1 – Job positions covered with acting staff</p>	<p>We do not agree with the finding in the draft audit report regarding the 19 acting positions in MESTI’s central administration.</p> <p>During 2024, within the central administration, MESTI finalized the restructuring and reorganization of the ministry in accordance with the legislation on state administration organization, following the entry into force of Regulation (OPM)-No.09/2024 on Internal Organization and Job Classification.</p> <p>In accordance with the decisions of the Department for Civil Service Management (DCSM), all civil servants have been reassigned to their respective positions created after the regulation entered into force.</p> <p>Considering the completion of the restructuring and job classification process, which resulted in the creation of new vacant managerial positions, and</p>	<p>The Law on Public Officials specifies that no position may be filled by an acting officer for more than six months, and when the position cannot be filled within this six-month period, it may be extended for an additional six months at most.</p> <p>Changing the acting appointment decision after the entry into force of Regulation (OPM)-No.09/2024 on Internal Organization and Job Classification does not mean that MESTI has not exceeded the legally permitted term (6 + 6 months). Therefore, the finding remains unchanged, and the recommendation stays the same.</p>

	<p>based on the provisions of Article 35, paragraphs 1, 2, and 3 of Law No. 08/L-197 on Public Officials, acting officers have been appointed for all vacant positions for a six-month period.</p> <p>Simultaneously, following the approval of job descriptions by DCSM, the Ministry began publishing recruitment procedures for all vacant positions within the central administration starting from July 2024. So far, 16 of these procedures have been successfully completed, while the remaining are still ongoing.</p> <p>In conclusion, no acting officer in MESTI’s central administration holds a decision that exceeds the six-month legal period, which means the appointments are fully compliant with applicable legal provisions.</p> <p>The evidence for this issue is attached.</p>	<p>The documents provided do not demonstrate a change in the presented situation.</p>
<p>Issue A3 – Financing of school textbooks for grades 1–9</p>	<p>We do not agree for the following reasons:</p> <p>Based on Government Decision No. 05/87, the Ministry of Education, Science, Technology and Innovation (MESTI) began implementing the scheme of school textbook distribution through a model of direct financial subsidies to parents/legal guardians. This shift was implemented via the state digital platform e-Kosova, transitioning from physical supply to a more sustainable and financially efficient model.</p> <p>The e-Kosova platform is administered by the Agency for Information Society (AIS), in accordance with the provisions of Law No. 04/L-145. As such, MESTI did not have the competence to impose technical limitations on the functionalities of this platform. Nevertheless, to ensure the integrity and transparency of the scheme, MESTI undertook several actions:</p> <ul style="list-style-type: none"> • Legal responsibility declarations by applicants: During the application process, each applicant was required to declare under legal responsibility that they met the conditions for receiving the subsidy. This mechanism was implemented to strengthen individual accountability and reduce the risk of false declarations. 	<p>The finding remains, because the financing of school textbooks for grades 1–9 was made available to all citizens who are parents or legal guardians of children aged 5–15, without any other exclusion. Based on our analysis and tests, we observed that beneficiaries included children aged 5 who had not started schooling, and children aged 15 who had completed lower secondary school and are now attending upper secondary school. The platform allowed these cases to receive subsidies even though they were ineligible. Additionally, this group included children who had left Kosovo and were no longer resident.</p> <p>Our analysis was aimed solely at confirming that the platform allows access to ineligible beneficiaries—not only in the 22 tested schools but in all schools of the Republic of Kosovo. We emphasize that it is MESTI’s responsibility to identify and clarify the</p>

	<ul style="list-style-type: none"> • Establishment of a Working Group for Application Verification: By Decision No. 01B-162, MESTI formed a working group to verify applications immediately after the public call for applications was opened. The purpose of this group was to ensure that public funds were distributed only to eligible beneficiaries. • Verification process, temporary suspension, and alignment with personal data protection legislation: During the verification phase, by Decision No. 215/2024, the Agency for Information and Privacy (AIP) requested the temporary suspension of the process to ensure that the processing and storage of personal data by MESTI would be in line with Law No. 06/L-132 on Personal Data Protection. MESTI complied with this decision and took the necessary steps to align with the relevant legislation, after which the verification process resumed. • Procedure for fund recovery in cases of unjustified benefit: As a result of the verification process, cases were identified where individuals benefited without meeting the legal criteria. MESTI initiated procedures to recover the funds to the state budget, in accordance with Law No. 03/L-048 on Public Financial Management and the relevant Treasury Guidelines for returning funds to the Single Treasury Account (STA). <p>Despite the potential for future technical improvements, MESTI considers that the actions taken so far reflect a responsible and controlled approach to managing public funds and safeguarding the integrity of the subsidy scheme.</p> <p>The supporting documentation of MESTI’s actions is attached for further review by the audit office.</p>	<p>data of all beneficiaries to ensure an accurate reflection of reality.</p> <p>The documents provided do not demonstrate a change in the presented situation.</p>
<p>Issue A7 – Delays in project implementation due to lack of executive plan</p>	<p>We do not agree for the following reasons:</p> <p>The requesting unit submitted all documentation as specified in Article 10, point (b) of Regulation No. 001/2022 on Public Procurement, and all these documents were an integral part of the contract.</p> <p>The contract management plan is the legal document required and included in the implementation file of</p>	<p>The finding remains because, according to the contract and the contract management plan, the contract was valid from 28.09.2022 for a two-year period. However, it was not finalized, and a new annex contract was signed until 30.09.2025. This delay in contract finalization was due to the lack of a project and cost estimate at the time the</p>

	<p>the project. However, the request for an executive plan is unclear, since such a document does not exist in legal or procedural terms.</p>	<p>procurement procedure was conducted and the contract was signed.</p> <p>Moreover, the “Guideline for Norms and Standards of School Buildings” by MESTI emphasizes the importance of preparing a detailed technical project for every school construction or renovation. This guideline serves as a reference for all professionals involved in the planning, design, and construction of educational facilities.</p> <p>The documents provided do not demonstrate a change in the presented situation; therefore, the finding remains unchanged.</p>
<p>Issue A8 – Termination of contracts for capital projects</p>	<p>We do not agree for the following reasons:</p> <p>Regarding the audit finding that highlights the termination of several contracts for capital projects, we believe that this measure should not be considered a negative element of project management or implementation.</p> <p>The termination of contracts is a legitimate action foreseen by the contract terms, which provide the possibility of contract termination in cases where the economic operator fails to comply with the defined obligations, including unjustified delays or lack of progress in work execution. In all cases of termination, the responsible managers acted in accordance with the contractual provisions.</p> <p>As such, the termination of contracts does not reflect a shortcoming in project management, but rather a responsible and legally grounded approach aimed at preventing further institutional and budgetary damages.</p>	<p>The finding stands, because the terminated contracts date from previous years, specifically from 2019–2023, and they were not executed/managed in accordance with contractual terms.</p> <p>In the first three contracts terminated by MESTI, the economic operators failed to comply with the dynamic plan and had unilaterally stopped the work. For this reason, the contract manager proposed and it was decided that the contracts be terminated. In the last contract, the termination occurred due to the lack of a construction permit.</p> <p>MESTI should ensure that for the advances paid under these terminated contracts, the economic operators have fulfilled all obligations toward the Ministry.</p>

	<p>In the past, we have received recommendations for inaction specifically due to failure to terminate contracts when necessary.</p>	<p>The documents provided do not demonstrate a change in the presented situation.</p>
<p>Issue B4 – Open advance payments for capital projects</p>	<p>We do not agree for the following reasons:</p> <p>Regulation MF-No. 01/2017, Article 20, relates to petty cash, official travel, and funds given in cash to embassies, not to capital projects.</p> <p>Article 13, point 5 of the Budget Law No. 08/L-260 concerns projects related to protection and security, and does not pertain to capital projects.</p> <p>As for capital projects, advance payments are actions foreseen under Law No. 08/L-260, Article 13, points 2 and 4, and are carried out in accordance with the provisions of Article 26, points 1, 2, and 3 in the respective contracts. These provisions state that advances must be covered by a bank guarantee; that advances are made to pay for equipment, materials, and other necessary expenses, particularly in work contracts; and that the deduction of the advance is made proportionally through invoices for completed work during the contract implementation period.</p> <p>Therefore, the advance is recorded as a budget expenditure in the fiscal year in which the payment is made, and there is no legal provision requiring that the entire advance for multi-year capital projects be deducted or closed within the same fiscal year.</p> <p>This can also be confirmed through the audit report of the Ministry of Culture, Youth and Sports (MCYS) for 2022, where in Issue A4, the auditor recommended the proportional deduction of the advance payment for capital investments according to Article 26.3 of the contract.</p> <p>This means that by applying Article 26.3 of the contract, it is not possible to deduct the advance within the same fiscal year for multi-year projects.</p>	<p>The finding stands. This issue is a repetition from the previous year, for which MESTI had agreed to address the same matter last year—yet now it is being contested.</p> <p>The advance payments for these projects remained open over the years (2019–2022), and the Ministry did not take any concrete action to ensure that the economic operators justify the advance payments through the completion of work, despite our recommendation from the previous year.</p> <p>The reference to the 2022 MCYS report is not comparable to the MESTI case, because in MESTI’s situation we are not dealing with proportional deductions, but with advances that were disbursed and for which no work was completed, considering the time elapsed since the advances were issued (2019–2022).</p> <p>The documents provided do not demonstrate a change in the presented situation.</p>

	The evidence for this issue is attached.	
Issue B5 – Failure to transfer ownership of the constructed schools to the respective municipalities	<p>We do not agree for the following reasons:</p> <p>MESTI has completed the construction of several educational facilities, which have been included in Memoranda of Understanding (MoUs) with the respective municipalities of the Republic of Kosovo.</p> <p>According to the established procedures, the registration of these facilities as assets in municipal records must be carried out by the municipalities, which are then obliged to send the asset ID numbers to MESTI so that these facilities can be removed from MESTI’s accounting records.</p> <p>In the end-of-year 2024 Memoranda, three completed school facilities were included:</p> <ul style="list-style-type: none"> • One in the Municipality of Gjilan, and • Two in the Municipality of Junik, <p>with a total value of €1,878,370.02.</p> <p>We are currently awaiting official confirmation from the respective municipalities regarding the registration of these facilities as assets in their records, so that the formal process of ownership transfer can be completed.</p> <p>Procedural clarification:</p> <p>The write-off or change in status of assets from MESTI’s accounting records is carried out by the Treasury Department at the MFPT, in accordance with:</p> <ul style="list-style-type: none"> • Regulation No. 02/2013 on the Management of Non-Financial Assets in Budget Organizations, and • Based on requests and documentation submitted by MESTI, harmonized with information collected by the responsible asset officers. <p>The evidence for this issue is attached.</p>	<p>The finding remains, because last year MESTI agreed and committed to take actions to address this recommendation.</p> <p>However, the delay in transferring ownership of assets from MESTI to the respective municipalities has been a recurring issue for years. Although the transfer process was initiated during 2023, there is no evidence that any school or facility was registered in the respective municipalities during 2024.</p> <p>Based on this, the transfer of ownership has not taken place, and the facilities are still listed in MESTI’s records as ongoing investments.</p> <p>The documents provided do not demonstrate a change in the presented situation.</p>

REPUBLIKA E KOSOVËS-REPUBLIKA KOSOVA-REPUBLIC OF KOSOVO ZYRA KOMBËTARE E AUDITIMIT NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE			
DATE/PRANUAR/DREZUAR: DATUM/PRILJE/DOSTAVLJEN:		29-05-2025	
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REPUBLIKA E KOSOVËS-REPUBLIKA KOSOVA-REPUBLIC OF KOSOVO ZYRA KOMBËTARE E AUDITIMIT NACIONALNA KANCELARIJA REVIZIJE / NATIONAL AUDIT OFFICE	
No. B. No. 01/2047	DALJE Data Datum Dat. 28.05.2025
No. Klas. B. Str. Stranica 1	
Prishtine Prishtina Prishtina	

Republika e Kosovës
 Republika Kosova-Republic of Kosovo
 Qeveria –Vlada-Government

Ministria e Arsimit, Shkencës, Teknologjisë dhe Inovacionit/Ministarstvo Obrazovanja, Nauke, Tehnologije i Inovacija/Ministry of Education, Science, Technology and Innovation

LETËR E KONFIRMIMIT

Për pajtueshmërinë me gjetjet e Auditorit të Përgjithshëm për vitin 2024 dhe për zbatimin e rekomandimeve

Për: Zyrën e 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 **Ministrisë së Arsimit, shkencës, teknologjisë dhe inovacionit**, për vitin 2024;
- pajtohem pjesërisht me gjetjet dhe rekomandimet, ndërsa komentet dhe dëshmitë i gjeni të bashkangjitur;
- 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 zbatimin e tyre.

Arbërie Nagavci, Ministre në detyrë



Data: 28.05.2025

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 statements⁶ 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 authorities⁷. 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).

⁶ Financial statements in the public sector include also the statement(s) of budget execution

⁷ 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.

Endnotes

- ⁵ The invoice disclosed in the AFS as a liability of €3,441 for "Cleaning Supplies" as of 31.12 was 96 days past due.