

A u d i t o o n

-LEPOSAVIC MUNICIPALITY-

National Audit Office, as institution authorized by law for control of work and management of the local government units, performing job periodically along one business year, for around five weeks in total. Basic goal of this institution is work transparency of local government, spending of budgetary resources and leading of public finances, but also calling for accountability of the subjects responsible for leading and managing of above mentioned.

Person responsible for finance department in Leposavic municipality, or director of the finance directorate is Natasa Nastic. She is also a key person for cooperation with National Audit Office. Her viewpoint is that since the last two years, that she is in the function, cooperation with this institution is very correct and on satisfactory level. National Audit Office provided an enormous help to Leposavic municipality, especially if we take in consideration existence of the huge problems connected to work of this department and huge debts inherited from previous municipal structure. The Audit Report for 2018. couldn't be more favorable, because of above mentioned problems, however the actions performed resulted with not so high number of Audit's recommendations, but the consequence of that was obligation to fulfill all recommendations in year 2019.

However, work of National Audit Office in the past years have enormous consequences for Leposavic municipality budget. After signing of three years framework agreement between municipality and performer of tender procedures, the enormous debts are formed and those debts led to compulsory court collection to the detriment of municipality Leposavic and there was no appropriate reaction of Audit. They made an objection about the agreement but they omitted to process timely reaction and that is the right and obligation of National Audit Office. The adequate reaction of Audit, came after the change of government and after the new government performed legal procedures to protect rights Leposavic municipality citizens, by initiating criminal charges against persons responsible for unintended use of budgetary resources. However, that didn't prevent huge consequences suffered by Leposavic municipality in terms of budget, that concerns all citizens, and in terms of forced collections. Let's have in mind that the main role of Audit institution is preserving interests of taxpayers and high level of public responsibility.

Having in mind above mentioned facts, performed forced collection for the whole 2018 budget and big part of budget for 2019, reports of Audit office were not having much influence on budgeting for the next year. So those forced collections had biggest influence on budgeting and directly decided budget execution in previous and current year. All that produced and still produces huge problems to Leposavic municipality regardless the enormous help and recommendations provided by National Audit Office.

However, the overall situation of Leposavic municipality contributed that National Audit Office accepted and adopted numerous objections of Leposavic municipality Department of Finance. The director and officers of this department had a numerous meetings with management and those in charge of National Audit Office, where they made their remarks and suggestions. Mutual affords and cooperation brought and adopted the report for 2018, hat is later agreed and presented to public. One

of the main remarks, that was not accepted, was about the fact that private Audit Company made Leposavic municipality audition for 2018, although that needed to be taken in consideration as extremely aggravated circumstance. This private Audit Company haven't had access in problems faced by Leposavic municipality in the prior time period, so in spite of the good cooperation, results were bad and audit report was unrealistic. Not taking in consideration complaint made by Leposavic municipality about the situation and their request that competent institution, not private company, performs audition, National Audit Office didn't accept the meeting, although that was repeatedly requested from them.

Absence of one real and adequate audit reaction presented finance situation as remarkably good and without problems in management but in fact that was unreal and unfounded in reality and facts. Enormous debts made by unintentional spending and unconscious care for public finances of Leposavic municipality, brought to forced collection and budget damage of 4.6 million euro.

One of the paradox is that because of language differences and mistakes in translation to Albanian and Serbian language we have a lot of problems in communication with institutions in Pristina, with Audit office to. Institutions and competent ministries are strict in their requests that all documents should be made only in Albanian language, and then they complain that translation is not good and that there are many spelling mistakes. Department of Finance from Leposavic municipality made a request for engaging private company for professional translation to Albanian and Serbian but Ministry of Finance and Ministry for Local Government responded negative to that request. The explanation was that there is a translator employed by municipal administration. So conditions and possibilities for engaging private company for translations are unclear. In spite of constant potentiation on all meetings with institutions in Pristina, as well as with Audit institution, for resolving this problem, it remains unresolved.

In regards to obligations and deadlines for fulfilling Audit recommendations, Leposavic municipality made efforts along year to fulfill most of it and eliminate flaws spotted by budget revision. Precise deadlines for fulfilling do not exist. They do not exist neither in other Serbian municipalities in Kosovo. The reason is that primary problem with property and ownership of public real estate, is not solved. Most of the recommendations made by National Audit Office are about these problems but having in mind that we are waiting for political solution, possibilities for fulfilling these recommendations are not realistic.

Audit reports are realistic and founded in facts only if 2019 report is taken in consideration, while for 2018 report, that cannot be said because of above mentioned reasons. Report for 2019 is realistic in general and have forced collection mentioned in only one finding and we all know what kind of ballast that present for budget. About the other findings, those are pretty much realistic. Some findings in the report for 2019 are suggested from Finance Department of Leposavic municipality. This Department can be considered as best versed in financial problems of municipality but still not able to find solution without help of competent ministries. National Audit Office accepted suggestion to include these findings in the Audit report.

Considering all previously mentioned, there are certain expectations and possibilities that final report for 2019 can be much better than the one for 2018, because debts are paid and part of funds for 2019 has left and used for municipality to function again and stand on its own feet. Missing documentation was completed, so there are much better conditions for future work. In accordance with

action plan made for recommendations from 2017 report, 12 recommendations were listed in total, 67% was fulfilled and that presents a huge progress. 10 recommendations were listed in the 2018 report and 5 were completely realized, 3 were partially done because of lack of cooperation from competent ministries and two recommendations were not, or cannot be realized because they are directly connected to Leposavic municipality real estate and it is mentioned previously that there is no agreement for managing those.

Basic objections of Finance Department of Leposavic municipality on performance of National Audit Office are mostly related to increasing their involvement in work of local government along year, as well as providing more help to department officers in realization of set tasks and goals. For now everything comes to mere control in three short time intervals along fiscal year, where officers of NAO collect documents, do their part of the job and go without letting some space for close cooperation. Close cooperation is necessary just because municipal structures and leaderships are changing so it is necessary to have constant pointing toward work flaws and mistakes, so that performance and managing finances could be effective but also for improved transparency of public finances.

National Audit Office must be more effective in the future. To act in order to prevent situations like those experienced by Leposavic municipality, where unconscious acts of responsible subjects resulted with forced collection of more than 4.600.000 euro, that belongs to taxpayers, and for that no one found responsible yet in spite of raised criminal charges.

In the future, cooperation between Leposavic municipality and National Audit Office must be practiced in the full capacity for the purpose of preventing public finances and optimal functionality of local government.