

Audit report

North Mitrovica

In this section is described the way of functioning of municipal bodies of the Republic of Kosovo towards fulfilling their legal obligations deriving from the Law on Local Self Government and other laws that regulate the competences of local government. The National Audit Office of the Republic of Kosovo is the highest institution of financial control, which for its work is accountable to the Assembly of Kosovo.

They are specifically monitors the main elements of the functioning of the assemblies, whose content guarantees sustainability of municipal bodies, respecting of legal procedures, respecting of legality, efficiency, transparency, cooperation, supervision and control.

The Mission of National Audit Office is through quality audits to strengthen accountability in public administration for an effective, efficient and economic use of national resources, promoting accountability of Municipality of North Mitrovica as they provide a base for holding managers' of individual budget organizations to account.

They are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability. They are carried out in line with internationally recognized public sector auditing standards and good European practices. The Auditor General has decided on the audit opinion on the Annual Financial Statements of Mitrovica North in consultation with the Assistant Auditor General.

The level of work undertaken by the National Audit Office which was successfully completed by audit is a direct reflection of the quality of internal controls implemented by the Management of the Municipality.

The National Audit Office highly appreciates the cooperation of the Management and personnel of the Municipality during the audit process.

The Audit involves examination and evaluation of Financial Statements and other financial records, as follows:

- the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- the financial records, systems and transactions comply with applicable laws and regulations;
- the internal controls and internal audit functions are appropriate and efficient;
- Municipality of North Mitrovica have been taken appropriate actions for implementation of audit recommendations.

Cooperation between auditors and municipal representatives:

According to the last audit report, communication and cooperation with departments in charge, was satisfactory and very transparent. Municipal documents and data base was offered to be analyzed and proceed.

The auditor was satisfied in all material respects that:

- The financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied;
- The statements comply with statutory requirements and relevant regulations;
- The view presented by the financial statements is consistent with the auditor's knowledge of the audited entity;
- There is adequate disclosure of all material matters relevant to the financial statements.

Based on the last audit report North Mitrovica is multi-community civil service, they have at least one or more civil servants belonging to a non-majority community in the respective municipality. Civil servants feel comfortable using any of the official languages in contacts with colleagues at work, which include the facts that:

- They are willing to use both languages according to their linguistic proficiency;
- They want to abide by the Law;
- There is an institutional tradition of multi-lingual communication, which was maintained even during the most tensed periods;
- Senior officials give the example and communicate with the public in both official languages.

Audit work undertaken is based on risk assessment.

During the analysis done by the Audit on Municipality's business, the level of reliance on management controls is satisfied, in order to determine the level of detailed testing, it was required from the Municipality to provide the necessary evidence and that support the opinion of the National Audit.

Their procedures have included a review of internal controls, accounting systems and related substantive tests, as well as related governance arrangements to the extent considered necessary for the effective performance of the audit.

Audit findings should not be regarded as representing a comprehensive statement of all the weaknesses that may exist, or of all improvements that could be made to the systems and procedures operated.

The following sections provide a detailed summary of our audit findings and recommendations in each area of review.

The economic development remains one of the top priorities at the country level. Economic policies constitute the essence of the program of almost all state administration mechanisms, including municipalities that have an indisputable role in this regard. In 2018, the Government has approved the Strategy on Local Economic Development, while amendments to the law on local government finances, were made. These structural changes involve the respective options affecting the financial sustainability of municipalities, creation of conditions for business development, increasing capital investments, balancing investment according to real assessments, efficient use of municipal property for the external investments, as well as in many other influence sectors.

Recommendations adopted by the municipal representatives:

- Municipality adopt regulations on languages, regulate the functioning of translation units and develop a systematic professional development curriculum for translation units;
- Language Commission is able the effective participation and representation of all linguistic communities, and empower the Commission to operate effectively and independently through adequate resources and logistic support;
- Municipality is obliged to put into function different standards of consultation with citizens, such as: through direct meetings, public information, active involvement of citizens, groups of interests, mutual roundtables, usage of electronic information systems, as well as any other method through which the transparency will affect the advancement of local self-government
- One of the main fields that is part of the political criteria is also the functioning of the local public administration. During 2019 several activities were undertaken to provide the necessary capacities for the local government administration:
 - Increasing the quality of public services for citizens,
 - Increasing the efficiency and transparency,
 - Building more effective accountability mechanisms for the approach to citizens.

The report also includes the data on municipal activities from the political field, while focusing on: strengthening the local public administration, cooperation with the civil society, fighting corruption, fighting for human rights and non-majority communities, gender equality, children's rights, property rights, protection and promotion of Cultural Heritage as well as other fields.

Key Conclusions and Recommendations which will be adopted and implement in the further period are following:

The AFS production process was generally managed in accordance with legal requirements, except for the, emphasis of matter that reflect weaknesses in controls to confirm fair asset disclosure.

Although internal controls operated effectively in several areas - evident management weaknesses were noticed in the area of budget management and control of goods and services, wages and salaries, revenue collection and asset management.

Despite the actions for drafting the action plan, key recommendations are not being addressed as required to ensure organizational development.

The main challenge in North Mitrovica is still problem with the annual budget allocation. This refers to the dissatisfaction of all northern Kosovo municipalities with the amount of yearly budgets designated by the Government in Pristina, since these local authorities claim that they are entitled to significantly larger budgets from those they have been given. This was particularly an issue in 2014, when these municipalities did not want to accept assigned budgetary means for a long period of time.

Note: The last census was made in 1991, at a time when the municipalities of South and North Mitrovica were one municipality. According to this census, 104,022 people lived in Kosovska Mitrovica, of which 78% were Albanians, 10.2% Serbs, 4.96% Bosniaks, 4.63% Roma and 0.41% Turks. In the same period, 116,500 people lived in Mitrovica, according to the OSCE.

The census was never made for the municipality of North Mitrovica, but according to various estimates, there are between 20,000 and 29,460 inhabitants in North Mitrovica. The OSCE estimates that there are currently 29,460 inhabitants in North Mitrovica, while the Kosovo Agency for Statistics has a population of 12,326. According to the data available to the municipality, the city has a population of about 26,160.

Population fluctuates throughout the year, as North Mitrovica is a university town with 8,000 - 10,000 students.¹

Based on the above mentioned analysis done by the National Audit, Municipality of North Mitrovica organized the evaluation meeting composed by the several sessions, which gathered assembly members, directors of municipal directorates and civil servants, with the main topic, how to improve further work based on the audit report which was submitted in May 2019.

¹ <https://www.osce.org/mission-in-kosovo/122119?download=true>