

AUDIT - LEPOSAVIĆ MUNICIPALITY- 2020-2

1. How does the work of the municipality of Leposavić result?

The work and results of the municipality of Leposavić are recorded in the Report of the National Audit Office for 2019. Regarding the report of the NAO, the municipality of Leposavić had 5 recommendations from the NAO for 2019.

If we look back at previous years and the problems faced by the municipality of Leposavić, we have made remarkable progress. I have to look back at previous years when the current leadership of the municipality of Leposavić, after taking over the management of the municipality, inherited debts of 4.6 million euros. Then, for 2017, the NAO addressed 17 findings to the municipality of Leposavić and gave a qualified opinion.

Already in 2018, the new management, despite the lack of funds for capital projects, managed to return the work of the municipality of Leposavić as much as possible to the legal framework, so in 2018 the NAO addressed 10 findings to the municipality of Leposavić.

As I mentioned earlier, during 2019, the municipality of Leposavić made even greater progress where the NAO addressed 5 recommendations.

2. How do you assess the cooperation with the NAO?

As for the cooperation between NAO and the municipality of Leposavić, it was exceptional in the previous period. Considering that the municipality of Leposavić had a problem with the lack of documentation, the NAO officials managed to provide us with everything from the documentation that they had, which referred to the work of the municipality of Leposavić. Also, with their advice, they helped the leadership of the municipality of Leposavić a lot in implementing the recommendations.

3. What are your institutional capacities for work?

The municipality of Leposavić has the institutional capacity to work and function normally. We have formed in addition to the mayor's office and 12 directorates.

4. Have you adopted anti-fraud and risk plans?

In 2019, the Municipality of Leposavić drafted the Rulebook, and based on it, the risk management plan is adhered to and adhered to.

5. Is there a court epilogue against people for whom there is a reasonable suspicion that they have violated the Budget Law in previous years and abused their position?

After the forced collection by the private executor, when the municipality of Leposavić from the economic category Capital costs was forced to collect the entire amount provided for the Capital projects. The Mayor, Mr. Zoran Todić, formed a commission composed of professional staff that determined the percentage of realization of each capital project for which forced collection was made. Besides, a private construction audit company was hired and also provided its report.



Advocacy Center For Democratic Culture
Address: Ćika Jovina 3, North City Center
40 000 North Mitrovica, Kosovo
office@acdc-kosovo.org
www.acdc-kosovo.org

Based on all relevant data, the municipality of Leposavić filed a criminal complaint against the responsible persons in 2018. The Department for Economic Crime has been dealing with this problem for more than a year, after which in 2019 the case was transferred to the special prosecutor's office for organized crime in Pristina. As far as we know, the indictments against the responsible persons have not been filed yet. Unfortunately, the entire investigation did not prevent the private executor from collecting the entire amount of funds provided for capital projects in 2019 from the account of the municipality of Leposavić, as well as to try to force the collection of some more travel routes and default interest.

6. What are the estimates of the audit on the execution of the budget for 2019?

As for the execution of the budget of the municipality of Leposavić, I cannot talk about the execution of capital projects because the largest part of the budget provided for their realization has just been forcibly collected by a private executor. As for other funds, the municipality of Leposavić had an extremely high percentage of budget execution. I mean the amount of over 90%.

7. Can you make a parallel between Budget 2019 and previous years and whether the implementation was difficult?

Of course, I can make a parallel. I will return to 2018 when we did not have absolutely a single cent for the realization of capital projects, and the expectations of the citizens of the municipality of Leposavić are high. I must mention that the municipality of Leposavić is the third-largest municipality in Kosovo, and then you come to the situation that you do not have the funds to build one street, which is, for example. it took away the rain. We had to enter into debts knowingly, even in some situations to knowingly violate legal procedures to succeed as much as possible to meet the needs of our citizens. Already during 2019, we managed to receive certain funds through a Memorandum with the relevant Ministries, as well as a huge amount of funds from the Government of the Republic of Serbia and the Office for Kosovo and Metohija, so we managed to meet our citizens. The population of the municipality of Leposavić was familiar with the problems of the municipal leadership, so they had understanding for them. Although this refers to the work of the municipality of Leposavić for 2019, I must mention that the municipality of Leposavić did not have debts in 2020 and that this year the budget execution is exceptional, which can be seen in the implementation of projects on the ground.

8. Are the translations into Serbian of better quality and is the communication with the institutions in Pristina at a better level compared to last year?

Is there an understanding and adjustment of institutions to the needs of your municipality?

As for the translation into Serbian by the NAO, they have always been professional in this regard. We have a bigger problem with the Ministry of Finance and other Ministries with which we cooperate. I can talk here about the problems that I and my service are facing. Whatever the problem, we send the letter in two languages. We usually get the answer exclusively in Albanian. I do not want to



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underestimate anyone this way, but a large number of officials working at auxiliary desks in the Ministry of Finance do not know any language other than Albanian. Another problem that our municipality is facing, as well as the municipalities of Zvečan and Zubin Potok, is the lack of seals. As you know, the Brussels agreement defines that our municipalities do not use the seal and that the mayor's signature is sufficient. However, very often we encounter the problem of refusing to process our documentation and Requests precisely because we do not have a stamp. It is a political issue, when I come as a Chief Financial Officer to a department in Pristina, I need our request to be processed, and not to deal with politics and who signed and agreed on that at the time. And believe me, our problems happen at the highest peak, with those who know the agreement very well.

9. Does the NAO report have an impact on the budget for the next year and in what percentage do you manage to fulfill all the recommendations?

As I mentioned to you in the first point, the municipality came to 5 recommendations and an unqualified opinion in 2 years with 17 recommendations and a qualified opinion. The 5 recommendations that our municipality has are recommendations that mainly refer to political problems that cannot be solved so quickly and so easily. The problem of collecting property tax is a problem that has been going on for years and which is not easily realized in one, two, or even three years. It is necessary to go short by step to be able to eliminate some recommendations. Despite that, the municipality still managed to implement two recommendations in 2020 and the third in part. Unfortunately, the NAO report does not affect next year's budgeting. The only thing the NAO report can contribute to is that the municipality has a better chance of applying for donations from international institutions.

10. We know that the budget for 2021 has been significantly reduced. The epidemic of the Covid-19 virus was cited as the reason. Is the reason for the budget reduction only that or maybe the reasons are hidden in the non-fulfillment of the auditor's recommendations?

As for the budget for 2021, it is smaller by the amount of more than 500,000 euros. That is a very large amount for one municipality. The MoF simply withdrew that amount and made us fit in the impossible. In 2021, our municipality will find it very difficult to pay salaries to all workers, I don't even want to talk about severance pay upon retirement or possible payments of jubilee awards.

This is not the first time that the municipality of Leposavić has been damaged in terms of budget. You know that the budget is calculated according to the formula, the number of inhabitants, the size of the territory, the number of minorities, etc. According to this formula, the municipality of Leposavić was allocated a budget for 13,000 inhabitants, and only in the Ministry of Interior were issued ID cards for adult citizens over 13,000. We have tried for years to correct this injustice, but we do not find understanding from institutions in Pristina. The MoF is reportedly guided by data obtained from the statistics agency, which is not doing its job well. How can three years be exactly the same population? This is not even feasible in theory.



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In addition to all the above problems, I can say that the municipality of Leposavić has excellent management and a professional team that works, which is why we are in the rank of municipalities that function very well. And we are proving that with the reports that the NAO publishes towards our municipality. It is not easy to start from 4.6 million euros below zero and get to the position we are in right now.