



Republika e Kosovës  
Republika Kosova  
Republic of Kosovo



Zyra Kombëtare e Auditimit  
Nacionalna Kancelarija Revizije  
National Audit Office

**AUDIT REPORT ON THE  
ANNUAL FINANCIAL STATEMENTS OF THE  
INFORMATION AND PRIVACY AGENCY FOR  
THE YEAR 2019**

**Prishtina, June 2020**

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.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers' of individual budget organisations to account. We 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.

This audit is carried out in line with the International Standards of Supreme Audit Institutions, and good European practices.

"ETIKA Co" Shpk. has conducted the audit of the Annual Financial Statements of the Information and Privacy Agency, for the year ended December 31, 2019, on behalf of the Office of the Auditor General.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Information and Privacy Agency in consultation with the contract manager, Mujë Gashi, who supervised the audit.

The report issued is a result of the audit carried out by ETIKA Co shpk, Ymer Mehmeti, team leader, and Burim Selmani, team member.

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## Executive Summary

This report summarises the key issues arising from our audit of Information and Privacy Agency for 2019, which includes the Opinion of the Auditor General on Annual Financial Statements. Examination of 2019 financial statements was undertaken in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

Our audit focus has been on:



### Conclusions

The process of preparing the Annual Financial Statements was managed in accordance with legislation in force.

Financial Management and Control in IPAs shows that controls and efforts are needed in establishing into function the e-assets system.

As far as the last year's implementation of recommendation, it still remains unimplemented and has to do with non-functioning of the E-assets.

### Opinion of the Auditor General<sup>1</sup>

#### Unmodified opiniuon

The Annual Financial Statements for the year ended December 31, 2019, present a fair and true view in all material aspects.

For more details, see Chapter 1 of this report.

#### Management's Response on 2019 audit

The Director General has agreed with the findings and conclusions of the audit, and as well as he committed that will address all of the given recommendations.

The National Audit Office appreciates the cooperation from the management and personnel of the Information and Privacy Agency during the audit process.

<sup>1</sup> Annex I explains different types of Opinions in line with ISSAIs.

## Audit Scope and Methodology

The Audit involves examination and evaluation of Financial Statements and other financial records in regard to as the following:

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

The audit was based on risk assessment. We have analysed the Information and Privacy Agency (hereafter IPA) operations, the extent the management controls could be relied to in order to determine the level of in-depth testing required to obtain evidence supporting the Auditor General's opinion.

Our procedures have included a review of internal controls, accounting systems and interrelated substantive tests, as well as related governance arrangements to the extent considered necessary for the effective conduct of audit. Audit findings should not be regarded as representing a comprehensive overview of all the weaknesses that may exist, or of all improvements that could be made to the systems and procedures operated.

The following chapters provide in detail our audit findings and recommendations in each audited area. Management's responses to audit outcomes can be found in Annex II.

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# 1 Audit Opinion on Annual Financial Statements

We have audited the AFS of the Information and Privacy Agency for the year ended on 31 December 2019 in accordance with the Law on NAO and the International Standards of Supreme Audit Institutions (ISSAIs). Audit examinations were carried out in order to allow expressing opinions on AFS which comprise the Statement of Cash Receipts and Payments, and Budget Execution Statement, provided further in detail.

## **Unmodified Opinion**

In our opinion, the Annual Financial Statements for the year ended on 31 December 2019 give a true and fair view in all material respects, in accordance with International Public Sector Accounting Standards according to cash based accounting.

## **Basis for the Opinion**

The audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the section 'Auditor's responsibilities for the audit of the Annual Financial Statements' of our report. In compliance with ISSAI 10 and 30, and other relevant requirements for audit of budget organisations' AFSs, the NAO is independent from the IPA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibility of Management for AFS**

The Director General of the IPA and Chief Financial Officer are responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Cash based Accounting. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law No. 03/L-048 on Public Financial Management and Accountability (as amended and supplemented) and Regulation No. 01/2017 on Annual Financial Statements of Budget Organisations.

The Director General is responsible to ensure the oversight of the IPA financial reporting process.

## **Auditor General's Responsibility for the audit of the AFS**

Our responsibility is to express an opinion on the AFS based on our audit conducted in accordance with ISSAIs. These standards require that we obtain reasonable assurance about whether the financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will detect every material misstatement that might exist. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

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The audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements.

We communicate with the management of the audited entity regarding the audit scope, planned time and significant findings including any significant shortcoming in internal control that we have identified during the audit.

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 Financial Management and Control

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, we have handled budget management, procurement, human resources and assets and liabilities as well as the internal audit function.

### Financial Management and Control Conclusion

Financial management and effective control in IPA require review processes and the establishment of mechanisms that ensure the full implementation of procedures and other control processes. Tests have shown that improvements are needed to put the e-assets system in place.

#### 2.1 Budget Planning and Execution

We have considered the sources of budget funds, spending of funds and revenues collected by economic categories. This is highlighted in the tables below:

**Table 1. Sources of budgetary Funds (in €)**

Description	Initial Budget	Final Budget <sup>2</sup>	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Sources of Funds</b>	<b>365,203</b>	<b>258,779</b>	<b>215,616</b>	<b>83%</b>	<b>220,757</b>	<b>212,288</b>
Government Grant - Budget	365,203	258,779	215,616	83%	220,757	212,288

The final budget is lower than the initial budget by €106,424. This decrease is a result of Government decisions on budget savings.

In 2019, the IPA has spent 83% of the final budget or €215,616, with a decrease of 13% compared to 2018. However, how the budget was realized by categories explanations are given in the following table.

<sup>2</sup> Final budget - the budget approved by the Assembly subsequently adjusted by the Ministry of Finance.



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

Description	Initial Budget	Final Budget	2019 Outturn	% of 2019 Outturn	2018 Outturn	2017 Outturn
<b>Spending of funds by economic categories</b>	<b>365,203</b>	<b>258,779</b>	<b>215,616</b>	<b>83%</b>	<b>220,757</b>	<b>212,288</b>
Wages and Salaries	228,305	125,881	125,881	100%	120,139	117,811
Goods and Services	130,448	130,448	88,130	68%	99,286	94,056
Utilities	6,450	2,450	1,605	66%	1,332	421

Explanations on changes in budget categories including reasons and the impact they had are given below:

- The final budget for Wages and Salaries compared to the initial budget was reduced by €102,424, following the decision of the Government for budgetary savings. Expenditures for this category were at 100% of the budget;
- The final budget compared to the initial one for the category of Goods and Services has not changed. For this category expenditures were at 68% of the budget; and
- The final budget for the Utilities compared to the initial one was reduced by €4,000, as a result of Government decision for budget savings. Expenditures in this category were only €1,605 or 66, due to the fact that all other expenditures were carried out by MPA, excluding the expenditures for mobile telephony.

### 2.1.1 Wages and Salaries

The final budget for wages and salaries was €125,881, which was spent entirely (100%). The number of employees by budget was 24, whereas by the end of the year the number of employees was 19. During 2019 there were 3 new employees recruited. We have tested 35 samples for substantial testing in €323,855, and 7 samples for compliance testing.

In this regard, we tested the compliance of payroll lists with the payroll system and from our tests we did not identify any issues to be reported. From the tested samples, we did not find any significant shortcomings to report.

### 2.1.2 Goods and Services, and as well as utilities

The final budget for Goods and Services including the utilities for the year 2019 was €130,449, out of which €88,129 were spent. Expenditures for this category relate to training expenses, travel expenses, expenses for mobile telephony, maintenance expenditures and other expenditures.

We have tested 36 samples for substantial testing in the amount of €37,203, and as well as 3 samples for compliance testing. From the tested samples, we did not find any significant shortcomings to report

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## 2.2 Capital and non-capital assets

Capital assets over €1,000 presented in the AFS were in the amount of €20,616, non-capital assets under €1,000 were €7,835, and the value of stocks was zero.

We have tested 5 sample for substantial testing and as well as 5 samples for compliance testing. In relation to our testing's, we have identified issues as the following.

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### Issue B1 - Non-functioning of the e-assets system

**Finding** Regulation no. 02/2013 states that capital assets should be registered in accounting register – KFMIS, while non-capital assets and stocks should be registered in the e-assets system.

Despite last year's recommendation on assets, the Agency have not put into function the e-Asset system and the reporting of assets under €1,000 in the AFS is carried out through the Excel format.

Concerning this, the Agency had certified the official in January 2020 and committed that would place this system into function in April 2020.

**Impact** Failure to functionalize the e-assets system and reporting of assets under €1,000 in the AFS not from e-assets register is in violation with the Regulation no. 02/2013 on Management of Non-Financial Assets, and poses a risk of inaccurate and incomplete disclosure of assets under €1,000 in the AFS.

**Recommendation B1** The Director General should ensure functionalisation of e-assets system in a way that the disclosing of assets under €1,000 in AFS is done by the E-assets system

## 2.3 Liabilities

### 2.3.1 Outstanding liabilities

The statement of liabilities not paid to suppliers at the end of 2019 was €1,345. These liabilities are carried forward to be paid in 2020. The reason for not paying was the receipt of bills after the deadline for commitment

### 2.3.2 Contingent liabilities

The statement of contingent liabilities at the end of 2019 was € zero.

### 2.3.3 Contractual obligations

The statement of contractual liabilities at the end of 2019 was €<sup>3</sup>. We did not find any significant shortcomings to report for this area.

## 2.4 Internal audit function

Based on legal requirements, the IPA does not meet the criteria for establishing a IAU. We encourage the management to review the needs of internal audit and consider the possibility of reaching an agreement with another public sector organization to utilize internal audit services. We did not find any significant shortcomings to report for this area.

## 3 Progress in Implementing Recommendations

Our Audit Report on the 2019 AFS resulted in one recommendation. The IPA prepared an Action Plan stating how the recommendation will be implemented, however this recommendation is not yet implemented. For a full description of the recommendation and the method of its treatment, see the table below:

Table 3 Summary of prior year recommendations and of 2019

No	Audit area	Recommendations of 2018	Actions taken	Status
1	Capital and non-Capital Assets	The Director General should ensure the functioning of e-assets system and the training of the asset officer by the MPA	The management has committed that it will place the E-assets system into function in April.	Unimplemented
No	Audit area	Recommendations of 2019		
1	Capital and non-Capital Assets	The Director General must ensure the functionalisation of the E-assets system in way that the asset disclosing under €1,000 is done by the E-assets system.		

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

<sup>3</sup> This amount is presented by the audited entity

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## Annex I: Explanation of the Different Types of Opinion Applied by NAO

(extract from ISSAI 200)

### Form of opinion

147. 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.

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or 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 modify the opinion in the auditor's report in accordance with the section on "Determining the type of modification to the auditor's opinion".

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

### Modifications to the opinion in the auditor's report

151. 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, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

### Determining the type of modification to the auditor's opinion

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express a **qualified opinion** if: (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

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154. The auditor should express **an adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should **disclaim an opinion if**, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 170519 provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

*Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report*

157. 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.

158. 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.

159. 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.

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## Annex II: Confirmation letter



**Republika e Kosovës**  
Republika Kosova-Republic of Kosovo  
**AGJENCIA PËR INFORMIM DHE PRIVATËSI**  
**AGENCIJA ZA INFORMACIJE I PRIVATNOST**  
**INFORMATION AND PRIVACY AGENCY**



### LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit për vitin 2019 dhe për implementimin e rekomandimeve

Për: "Etika - Co" SHPK

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Auditorit për auditimin e Pasqyrave Financiare të Agjencisë për Informim dhe Privatësi (ish Agjencisë Shtetërore për Mbrojtjen e të Dhënave Personale), për vitin 2019 (në tekstin e mëtejme "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për implementimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

Z. Bujar Sadiku,



Drejtor i Përgjithshëm i Agjencisë për Informim dhe Privatësi (ish Agjencisë Shtetërore për Mbrojtjen e të Dhënave Personale)

Data: 26 Maj 2020, Prishtinë,