

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG)**

**Independent's Audit Report**

and

**Statement of Funds and Uses of Funds**

for the period from December 1, 2017 to February 28, 2021

Project: "Support for Stronger and Sustainable Municipalities (SSSM)

Funded by Norwegian Embassy in Kosovo

March 2021

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## SPECIAL PURPOSE INDEPENDENT AUDITOR'S REPORT

**To: KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

### **Opinion**

We have audited the Statement of Funds and Uses of Funds of the Kosova Local Government Institute (the organization) for the project "Support for Stronger and Sustainable Municipalities" (SSSM) financed by Norwegian Embassy in Kosovo for the period December 1, 2017 to February 28, 2021 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report presents fairly, in all material respects, the cash receipts and disbursements of the project for the period December 1, 2017 to February 28, 2021 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.2.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Expenditure Specification section of our report*. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the Expenditure Specification in Kosovo, and we fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 2.2 to the Statement of Funds and uses of Funds which describes the basis of accounting. The Statement of Funds and Uses of Funds is prepared to provide information to KLG I and the Norwegian Embassy in Kosovo (the donor). As a result, the Statement may not be suitable for another purpose and should not be distributed to parties other than the Organization and the Donor. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Expenditure Specification**

The management is responsible for the preparation and fair presentation of the Expenditure Specification in accordance with the cash receipts and disbursements basis of accounting; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the statement of receipts and disbursements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of expenditure specification that is free from material misstatement, whether due to fraud or error.

In preparing the statement of receipts and disbursements, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Expenditure Specification**

Our objectives are to obtain reasonable assurance about whether the expenditure specification as a whole is 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these the expenditure specification.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the expenditure specification, 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.
- 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 Organization internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the expenditure specification or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the expenditure specification, including the disclosures, and whether the expenditure specification represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lekë Musa  
Statutory Auditor

A handwritten signature in blue ink, appearing to read "Lekë Musa", with a horizontal line underneath.

Baker Tilly Kosovo  
15 March 2021

The Baker Tilly logo in blue, with the text "Baker Tilly Kosovo L.L.C. Prishtinë" below it.

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**  
**Project title: Support for Stronger and Sustainable Municipalities (SSSM)**

Statement of Funds and uses of Funds for the period December 1, 2017 to February 28, 2021  
*(All amounts expressed in EUR)*

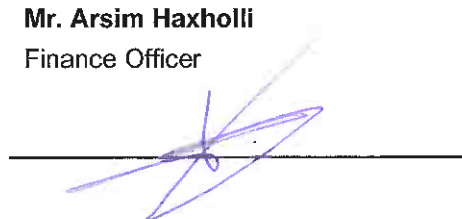
		Budgeted Cost	Actual Cost
<b>FINANCING</b>	Notes		
Donor Funding	3	273,918	272,432
<b>TOTAL</b>		<b>273,918</b>	<b>272,432</b>
<b>EXPENDITURE</b>			
Direct Personnel Costs	4	161,604	172,853
Travel	5	5,601	3,096
Specific project-related costs	6	59,330	40,391
Operating costs	7	42,483	42,302
Purchase of equipment	8	2,500	2,480
Audit	9	2,400	1,450
<b>TOTAL</b>		<b>273,918</b>	<b>262,572</b>
<b>Surplus / (Deficit) of funds received over expenditure</b>		-	<b>9,860</b>

This Statement has been approved and signed on behalf of the management on March 12, 2021

**Mr. Valmir Gashi**  
 Executive Director



**Mr. Arsim Haxholli**  
 Finance Officer



## **KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Notes to financial report for the period December 1, 2017 to February 28, 2021

*(All amounts expressed in EUR)*

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### **1. Introduction**

KLGI is a non-profit organization with the registration number 51117816, fiscal number 600402101 and address Str. Egnatia, E-9 FI-3, Nr. 17 Prishtinë Kosovo..

The organization was established with the purpose of: Increase the efficiency of local government, Increasing participation and impact of young Kosovar professionals on issues related to public administration, policy making and decentralization process, Supporting municipalities in building local government capacity for service barriers, and also understanding new legislation alongside the competencies gained from the new statute and reforming local government and Advising on the development of programs in relation to local government. To accomplish its goals, the organization will undertake the following activities: Capacity building in municipalities, Public education regarding decentralization and local governance, Seminars for organizations and institutions related to local government and Training for organizations and relevant subjects.

#### **1.1. The Project**

Support for Stronger and Sustainable Municipalities (SSSM) programme aims to improve the functionality, sustainability, and performance of municipalities through a set of interventions resulting with ongoing reduction of legislation and policy ambiguities. Cooperation and community inclusion among, and/or within municipalities will be achieved. Programme support to inter/intra-institutional cooperation and coordination will result with greater policy formulation capacities and local ownership. A fundamental part of this programme is capacity building and increasing the transparency and accountability through active participation of community, inter-community cooperation, active involvement of civil society and network of organizations and professionals.

The overall objective of SSSM is to strengthen the functionality, sustainability, and ownership in relation to local government competencies and capacity development. This will be achieved by strengthening intra/inter-institutional coordination and cooperation, by increasing professional and institutional capacities accompanied by inter-community cooperation, including civil society and active participation of citizens and professionals.

The target group/s of this project are: 1.

Local Government Officials; 2. Central Government Officials; 3. Civil Society and Local Media representatives; 4. And, when necessary particular community, influential representatives, likewise field experts, grassroots community representatives, non-majority representatives.

#### **SSSM will contribute to the following two objectives/outcomes:**

- **Outcome I:** A well-informed and inclusive process of consultation with the necessary expertise for the development of policies/legislation takes place;
- **Outcome II:** Intra/inter municipal, inter-community, as well as local-central consultations, coordination and cooperation is increased and leading to a better coordination and cooperation between all levels of governance that ultimately reflect the genuine ownership of municipalities in regard to fulfilling their mandate and serving to community needs.
- **Outcome III:** Capacities and extended practices in making sustainable municipal planning an integral part of local governance are increased, enabling municipalities to achieve significant progress in regard to their functionality.
- **Outcome IV:** Inclusion of community groups, young professionals and non-majority groups in policy and decision making processes is enhanced
- **Outcome V:** Overall, the impact of SSSM programme leads to a local governance that is efficient, democratic, inclusive and development oriented.

## KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Notes to financial report for the period December 1, 2017 to February 28, 2021

(All amounts expressed in EUR)

### 2. Basis Of Preparation of The Statement And Accounting Conventions

#### 2.1. General

The accompanying Statement respectively the statement of source and use of funds present the activity of the project funded by Norwegian Embassy in Kosovo for the project port for Stronger and Sustainable Municipalities - SSSM and not the activity of the organization as a whole.

#### 2.2. Accounting Conventions

The Statement of Funds and uses of Funds (the "Statement") has been prepared in accordance with the General Terms and Conditions of the donor. On this basis revenue, being grant funding, is recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

#### 2.3. Functional currency

The Kosova Local Government Institute books and records are maintained in Euro, the legal currency of the Republic of Kosovo.

#### 2.4. Income Taxes

The organization is a Non-Governmental organization (NGO) whose received donations in the reporting year have been implemented for the humanitarian purposes. According to law no 06/L- 105 on Corporate Income Tax, NGO's whose total income was used for their public benefit purposes are tax exempted.

### 3. Donor Funding

	Budget	Actual
<b>Date transferred</b>		
<i>KLGI Contribution</i>	9,490	9,490
28/12/2017	41,127	50,769
08/03/2018	50,617	41,145
12/07/2018	44,259	42,748
15/07/2019	44,259	40,786
12/10/2019	42,083	35,519
10/05/2020	42,083	51,975
<b>TOTAL</b>	<b>273,918</b>	<b>272,432</b>

### 4. Direct Personnel Costs

	Budgeted Cost	Actual
1.1 Executive Director	44,800	40,815
1.2 Program Manager	29,300	35,675
1.3 Program Coordinator	20,604	22,724
1.4 Project Officer	17,700	19,125
1.5 Project Assistant	14,100	14,239
1.6 Project Assistant	14,100	15,225
1.7 Logistic Staff	14,100	15,225
1.8 Accountant	6,900	9,825
<b>TOTAL</b>	<b>161,604</b>	<b>172,853</b>



**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Notes to financial report for the period December 1, 2017 to February 28, 2021

*(All amounts expressed in EUR)***5. Travel Costs**

	<b>Budgeted Cost</b>	<b>Actual</b>
2.1 Local Travel	2,646	1,341
2.2 International Travel	2,955	1,755
<b>TOTAL</b>	<b>5,601</b>	<b>3,096</b>

**6. Specific Project – Related Costs**

	<b>Budgeted Cost</b>	<b>Actual</b>
3.1 Accommodation	8,400	6,033
3.2 Lecturers	3,900	2,647
3.3 Trainers	1,650	450
3.4 Facilitators	2,550	1,350
3.6 Experts	2,800	2,200
3.7 Researcher	2,400	1,200
3.8 Simultaneous translation	1,800	1,340
3.9 Printing/Design working materials	1,302	425
3.11 Working Halls/Drink and meals	15,230	11,200
3.12 Materials translation	1,500	0
3.13 Development of curricula	1,500	533
3.14 Technical equipment's	2,198	1,337
3.15 Public Relations/media	14,100	11,676
<b>TOTAL</b>	<b>59,330</b>	<b>40,391</b>

**7. Operating Costs**

	<b>Budgeted Cost</b>	<b>Actual</b>
4.1 Rent office	30,465	32,898
4.2 Utilities cost	2,700	2,115
4.3 Heat/Gasoline cost	4,260	3,138
4.4 Internet/Telephone cost	1,440	918
4.6 Office supplies	3,618	3,233
<b>TOTAL</b>	<b>42,483</b>	<b>42,302</b>

**8. Prurchase of Equipments**

	<b>Budgeted Cost</b>	<b>Actual</b>
5.1 Photocopy	1,000	980
5.2 Computers	1,500	1,500
<b>TOTAL</b>	<b>2,500</b>	<b>2,480</b>



**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Notes to financial report for the period December 1, 2017 to February 28, 2021

*(All amounts expressed in EUR)***9. Audit Costs**

	<b>Budgeted Cost</b>	<b>Actual</b>
7.1 Audit	2400	1450
<b>TOTAL</b>	<b>2,400</b>	<b>1,450</b>

**10. Cash and Cash equivalents**

	<b>Budget</b>	<b>Actual</b>
Cash at Bank	-	9,860
Petty Cash	-	-
<b>TOTAL</b>	<b>-</b>	<b>9,860</b>

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Overall Financial Report for the period December 1, 2017 to February 28, 2021

**Budget**

Non profit Organisation:

Kosovo Local Governmet Institute (KLG I)

Name of the project:

Support for Stronger and Sustainable Municipalities (SSSM)

<b>Name of the project: Support for Stronger and Sustainable Municipalities (SSSM)</b>	
<b>Project period: 12/2017-12/2020</b>	
<b>All amounts in [currency] 273,918 EUR</b>	[1 EUR = 9.86373 NOK]

Budget item	[Year 1]			[Year 2]			[Year 3]			Total Budget (A)	Expenditure (B)	Difference (B-A)			
	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost	Number				Unit	Unit cost	Cost
Grant applicant, total				101,234				88,518				84,166	273,918	262,571	11,347
1 Personnel costs				55,704				54,000				51,900	161,604	172,852	11,248
1.1 Executive Director	12	1	1,533	18,400	12	1	1,100	13,200	12	1	1,100	13,200	44,800	40,815	3,985
1.2 Program Manager	12	1	667	8,000	12	1	900	10,800	12	1	875	10,500	29,300	35,675	6,375
1.3 Program Coordinator	12	1	542	6,504	12	1	600	7,200	12	1	575	6,900	20,604	22,724	2,120
1.4 Project Officer	12	1	500	6,000	12	1	500	6,000	12	1	475	5,700	17,700	19,125	1,425
1.5 Project Assistant	12	1	400	4,800	12	1	400	4,800	12	1	375	4,500	14,100	14,239	139
1.6 Project Assistant	12	1	400	4,800	12	1	400	4,800	12	1	375	4,500	14,100	15,225	1,125

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**  
**Project title: Support for Stronger and Sustainable Municipalities (SSSM)**

Overall Financial Report for the period December 1, 2017 to February 28, 2021

Budget item	[Year 1]				[Year 2]				[Year 3]				Total Budget (A)	Expenditure (B)	Difference (B-A)
	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost			
1.7	12	1	400	4,800	12	1	400	4,800	12	1	375	4,500	14,100	15,225	1,125
1.8	12	1	200	2,400	12	1	200	2,400	12	1	175	2,100	6,900	9,825	2,925
<b>Budget item</b>				<b>[Year 1]</b>				<b>[Year 2]</b>				<b>[Year 3]</b>	<b>Total Budget (A)</b>	<b>Expenditure (B)</b>	<b>Difference (B-A)</b>
<b>2</b>				<b>2,001</b>				<b>2,250</b>				<b>1,350</b>	<b>5,601</b>	<b>3,096</b>	<b>2,505</b>
2.1	12	12	71	846	12	12	75	900	12	12	75	900	2,646	1,341	1,305
2.2	1	1	1,155	1,155	3	3	450	1,350	1	1	450	450	2,955	1,755	1,200
<b>3</b>				<b>22,682</b>				<b>19,000</b>				<b>17,648</b>	<b>59,330</b>	<b>40,391</b>	<b>18,939</b>
3.1.1	60	1	60	3,600	50	3	60	3,000	30	1	60	1,800	8,400	6,033	2,367
3.1.2	8	3	150	1,200	12	2	150	1,800	6	1	150	900	3,900	2,647	1,253
3.1.3	2	2	150	300	3	3	150	450	6	6	150	900	1,650	450	1,200
3.1.4	4	4	150	600	7	7	150	1,050	6	6	150	900	2,550	1,350	1,200
3.1.6	2	1	400	800	2	1	400	800	1	3	120	1,200	2,800	2,200	600
3.1.7	2	1	300	600	2	1	300	600	2	1	600	1,200	2,400	1,200	1,200
3.1.8	8		100	800	5		100	500	5		100	500	1,800	1,340	460

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**  
 Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Overall Financial Report for the period December 1, 2017 to February 28, 2021

Budget item	[Year 1]						[Year 2]						[Year 3]						Total Budget (A)	Expenditure (B)	Difference (B-A)
3.1.9	67		6	402	75	6	450	75	6	450	6	450	425	1,302	425	-	877				
3.1.11	26	26	230	5,980	19	250	4,750	18	18	4,500	250	4,500	11,200	15,230	11,200	-	4,030				
3.1.12	100		5	500	100	5	500	0	10	500	5	500	533	1,500	533	-	967				
3.1.13	1	1	1,500	1,500			0						0	1,500	0	-	1,500				
3.1.14	8		200	1,600	2	150	300	2	149	298	149	298	1,337	2,198	1,337	-	861				
3.1.15	12	1	400	4,800	12	400	4,800	12	1	4,500	375	4,500	11,676	14,100	11,676	-	2,424				
<b>4</b>				<b>17,547</b>			<b>12,468</b>					<b>12,468</b>	<b>42,302</b>	<b>42,483</b>	<b>42,302</b>	-	<b>181</b>				
4.1	12	12	1,011	12,129	12	764	9,168	12	764	9,168	764	9,168	32,898	30,465	32,898	-	2,433				
4.2	12	12	85	1,020	12	70	840	12	70	840	70	840	2,115	2,700	2,115	-	585				
4.3	5	12	540	2,700	6	130	780	6	6	780	130	780	3,138	4,260	3,138	-	1,122				
4.4	12	12	40	480	12	40	480	12	40	480	40	480	918	1,440	918	-	522				
4.6	12	12	102	1,218	12	100	1,200	12	100	1,200	100	1,200	3,233	3,618	3,233	-	385				
<b>Budget item</b>				<b>[Year 1]</b>			<b>[Year 2]</b>			<b>[Year 3]</b>			<b>Total Budget (A)</b>	<b>Expenditure (B)</b>	<b>Difference (B-A)</b>						

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**  
 Project title: Support for Stronger and Sustainable Municipalities (SSSM)

Overall Financial Report for the period December 1, 2017 to February 28, 2021

Budget item	[Year 1]				[Year 2]				[Year 3]				Total Budget (A)	Expenditure (B)	Difference (B-A)	
	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost	Unit cost	Unit	Cost	Number				
<b>5</b>																
Purchase of equipment				2,500										2,480		-
5.1 Photocopy	1	1	1,000	1,000										980		-
5.2 Computers	3		500	1,500										1,500		20
				0										0		-
<b>6</b>				0										0		-
Evaluation/Monitoring/Risk Managing				0										0		-
6.1																
<b>7</b>				800										1,450		950
Audit				800										1,450		-
7.1	1	1	800	800	1	1	800	800	1	1	800	800	800	1,450		950
Direct operating costs, total				101,234										262,571		11,347
Indirect operating costs [0 %]				0										0		-
Project costs total				101,234										62,571		11,347
														2		-
														273,918		11,347
														62,571		11,347

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

For the period December 1, 2017 to February 28, 2021

**APPENDIX II - Management Letter**

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**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

**MANAGEMENT LETTER**

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

For the period December 1, 2017 to February 28, 2021

**APPENDIX II - Management Letter**

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March 22, 2021

**MANAGEMENT LETTER**

To: Management of Kosova Local Government Institute (KLG)

We have audited the Statement of Funds and Use of Funds of the Project Support for Stronger and Sustainable Municipalities (SSSM) for the period December 1, 2017 to February 28, 2021. In planning and performing our audit, we considered its internal control over financial reporting as basis for designing our auditing procedures, obtained an understanding of the design effectiveness of internal controls, determined whether internal controls have been placed in operation, assesses control risk, and performed tests of the project's internal controls for the purpose of expressing our opinion on the financial report, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting.

During our audit we did not find any deviation which would be considered material deviation and reportable to the management of KLG.

This report is intended solely for the information and use of the Management of Kosova Local Government Institute (KLG) management and the donor, and is not intended to be and should not be used by anyone other than these specified parties.

Yours sincerely

Lekë Musa  
Statutory Auditor



Baker Tilly Kosovo  
15 March 2021





**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

For the period December 1, 2017 to February 28, 2021

APPENDIX II - Management Letter

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**Content and scope of the audit**

During our audit of the Statement of Funds and use of Funds we have also performed audit procedures to address following matters:

**Material findings**

No findings

**Recommendations**

N/A

**Management response**

N/A

- Priority:
- A Urgent action required: High business risk to be brought to the attention of the management and to be addressed as matter of urgency.
  - B Financial statements, accounting procedures or control weakness exists with medium risk of financial loss or incorrect accounting treatment being applied.
  - C Financial statements, accounting procedures or control weakness exists with low risk of financial loss or incorrect accounting treatment being applied.

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

For the period December 1, 2017 to February 28, 2021

APPENDIX II - Management Representation Letter

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**MANAGEMENT REPRESENTATION LETTER**

**To: Baker Tilly Kosovo**

Sejdi Kryeziu 15, Kati 3, Lagja Pejton

10000 Prishtina Kosovo

Dear Sirs,

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of Statement of Funds and uses of Funds of the Kosova Local Government Institute (KIGI) for the project 'Support for Stronger and Sustainable Municipalities' (SSSM) for the period December 2017 to February 28, 2021 financed by Norwegian Embassy in Kosovo. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

**GENERAL**

We have fulfilled our responsibilities as directors, as set out in the terms of your engagement letter, for preparing financial statements in accordance with in accordance with the requirements for reporting to Norwegian Embassy in Kosovo and applicable laws and regulations in Kosovo, for being satisfied that they present fairly in all material respects and for making accurate representations to you.

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the company, and with all other records and related information requested.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements are immaterial both individually and in total.

**INTERNAL CONTROL AND FRAUD**

We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

**ASSETS AND LIABILITIES**

The company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those that are disclosed in the notes to the financial statements.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

**ACCOUNTING ESTIMATES**

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**KOSOVA LOCAL GOVERNMENT INSTITUTE (KLG I)**

Project title: Support for Stronger and Sustainable Municipalities (SSSM)

For the period December 1, 2017 to February 28, 2021

APPENDIX II - Management Representation Letter

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**LOANS AND ARRANGEMENTS**

The company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

**LEGAL CLAIMS**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

**LAWS AND REGULATIONS**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

**RELATED PARTIES**

Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of laws and regulations or accounting standards.

**SUBSEQUENT EVENTS**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Yours faithfully

.....  
Signed on behalf of the management

**Mr. Valmir Gashi**  
**Executive Director**

15 March 2021



## **APPENDIX IV – Minutes of the Closing Meeting**

### **Minutes of the Closing Meeting**

#### ***Audit of Statement of Funds and uses of Funds of Kosova Local Government Institute (KLG) related to grant “ Support for Stronger and Sustainable Municipalities (SSSM)”***

March 15, 2021 in Prishtina

Present:

#### **Representatives of the KLG:**

Valmir Gashi – Executive Director

Arsim Haxholli – Finance Officer

#### **Representatives Baker Tilly Kosova:**

Leke Musa

Ylli Loncari

#### ***Agenda***

Draft audit review report.