
IMPACT OF THE NATIONAL AUDIT OFFICE ON INCREASING THE QUALITY OF PUBLIC FINANCIAL MANAGEMENT

Abdulla Prebreza

AAB College, Kosovo, abdullah_prebreza@hotmail.com

Abstract: Utilizing human or financial resources in accordance with the policies of the organization is an ongoing challenge faced by managers / leaders. At the same time, a complex challenge is the accurate presentation of the Financial Statements of the state of an organization. Audit is a control process which aims to identify weaknesses or inefficient management of resources as well as inaccurate presentation of the financial situation within an institution. There are different types of audits; however, the most applied audits are those of regularity and financial statements. Regularity auditing is very important for an organization. The findings or the regularity audit report present to the management the regularity of the actions as well as the transactions that take place in the organization. This report informs in detail the management about the eventual non-compliance with the policies and regulations / legislation in force. Such staff action can have major consequences for the organization. Non-compliance with the policies and strategies of the organization inevitably results in a chaotic, unstable, and very dangerous situation.

Another very important type of audit is the audit of financial statements. The purpose of auditing financial statements is to investigate and find any possible discrepancies between the actual situation and the reporting in the Financial Statements. Failure to report the situation accurately and correctly can result in the destruction of the organization. Such a situation may be caused by an error or with the intent to increase or decrease the value of the organization. Finally, the primary role of auditing is to add value to the organization, not only by reporting the facts but also by preventing systematic errors, identifying areas for improvement, and promoting better management policies. The role of auditing in any organization is vital to its future. Through the audit process of various types, the organization can notice in time the weaknesses in terms of regularity, accuracy of financial statements, performance, etc. After analyzing the audit report, if there is will the management can minimize or eliminate the weaknesses or without the identified irregularities.

The use of large amounts of public funds requires higher and broader competencies for both management and auditing professionals. It requires that in addition to continuous professional growth, professionals also expand their audit scope, extending it to risk assessment and economic assessment, to ensure the most effective use and in the best possible way the scarce resources. Advancement of technology nowadays is a tool that enables fast and accurate data and in a very short time, leaving the necessary time for risk management, as errors and deviations can be caught and recorded at a time much faster. On the basis of the rapid global developments of recent years, this profession is also receiving due importance and appreciation.

Keywords: Audit, Organization, Reporting, Management, Efficiency, Public Sector Governance

1. INTRODUCTION

The democratic system today requires, among other things, that governments be effective in using public funds. They must provide effective services, efficiently and for the benefit of the economic development of the countries. To guarantee this, many actors and authorities such as regulators, media, etc. must be introduced and played on the stage. Of course, a special role belongs to monitoring and evaluation, which cannot be done without proper procedures and standards and without the role of auditors. At the same time, the economic and social progress of humanity today is closely linked to developments in information technology, which enables the design and use of complex systems, the monitoring and evaluation of which requires a very high professional training of experts in the field of auditing.

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financial statements also involves forming an overview of the health and soundness of an organization's governance and management systems. Republic of the Kosovo, ZKA⁴⁵ is the basic unit of the national system of external financial control - as an independent body - which has these jurisdictions over all public entities, audits legality, and regularity of revenues, public expenditures and financial assessment of management, while having the authority to determine financial responsibilities.

Governments need to implement the necessary institutional measures to increase the public sector in financial management transparency and accountability. An integral and essential part of these agreements is the application of the current principle of accounting through the adoption and Implementation of International Public Sector Accounting Standards (IPSAS) which promotes greater transparency and accountability in public sector finances and allows debt monitoring and liabilities for their real economic implications of government.

2. IMPACT OF THE NATIONAL AUDIT OFFICE ON THE ELIMINATION OF IRREGULARITIES

2.1 The dimension of corruption in Kosovo

The current state of the corruption dimension in Kosovo is not evidenced at the level which would suggest more precisely the priority areas in which the short and medium term anti-corruption strategy should be focused. There is generally a lack of data on which to assess the volume and intensity of corruption in Kosovo.

As of early 2004, the total number of criminal investigations into corruption/ fraud/ financial crime was between 10 and 15 cases per year. During 2005, only 15 corruption cases were handled in the courts. This data should be understood as an indication of the lack of institutional investigations and revelations rather than as an indicator of the true dimension of corruption. More information on the structure, extent and extent of corruption in Kosovo is provided by the surveys, which have been conducted so far and which have fully or partially aimed at researching the perceptions of respondents of different categories on corruption in Kosovo.

"During the debates within the National Council for the fight against corruption, it was said that all studies show that citizens see corruption as the main obstacle to the development of the country." Kosovo is ranked among the countries with a high level of corruption in the international indicators of the scale of this phenomenon. But despite the high rate of unemployment and poverty, corruption in Public Institutions is flourishing.

Today in the world all states are or claim to be democratic states, which as a form of government also has its negative side, so in addition to new goods and opportunities for society brings various problems in society. One of the problems brought by democracy is corruption, which is usually expressed as a phenomenon in all countries of the world. Corruption as a phenomenon enriches rich leaders and those who are corrupted, while directly harming the state and indirectly the middle and lower strata of society.

Depending on the degree of democracy and economic growth, the presence of corruption also varies. There are many countries in the world with a high degree of democracy d.m.th with a developed economy, where the level of corruption is at the lowest possible level. Whereas countries in transition that are underdeveloped and evolving, has been expressed in its most fragile form, and has caused and continues to cause many problems in the implementation of democracy. Based on various studies and personal evidence, we will present what is the role of the ZKA for this phenomenon. How much are they able to face (fight) this phenomenon, which brings many problems and how to reduce the ⁴⁶level of corruption in a country, with special emphasis on Kosovo, and the steps that need to be taken by the Government and citizens in order to reduce and possibly eliminate this phenomenon. Therefore, based on the practices of countries that have fought corruption quickly, we must fight in the same way if we want to build a successful state. We usually encounter it as a phenomenon in all countries of the world, but to varying degrees. There are many definitions of what corruption really is. The very diversity and non-existence of a clear definition of what corruption is, made the fight against it even more difficult.

We will single out some definitions. "Corruption is any breach of duty by officials or responsible persons, as well as any activity of initiators or beneficiaries who behave in this way, caused directly or indirectly as a result of the reward promised, offered, given, demanded or waiting for himself or for another person".

⁴⁵ <http://www.zka-rks.org/per-ne/>

⁴⁶ Anti-corruption Action Plan, p.12,

³ Several opinion polls have been conducted in Kosovo: Corruption in Kosovo - Observations and Implications for USAID (MIS, 2003); Corruption and its impact on Kosovo economy (Riinvest, 2003); Fighting Corruption in Kosovo (UNDP, 2004); Kosovo Mosaic - Perception of Municipal Government and Public Services in Kosovo (UNDP, 2003); Early Warning Reports (Riinvest, 2002-2005); IFES: Assessing and Improving Citizens' Awareness of the Legal System - Kosovo Public Opinion Survey 2005 (USAID, 2006).

"Corruption is the misuse of trust and duty in a function in the administration, the economy or politics, to realize a material or immaterial benefit, for which there is no right based on law". Corruption is a multidimensional issue. Defined as abuse of public services for private purposes. Bribery and money laundering are some examples of corrupt behavior in the public sector. Corruption affects post-war states, ex-socialist states, states that have emerged from long dictatorships, but generally those states that have a low degree of democracy or no democracy at all are affected. We encounter corruption in almost all public enterprises. For example, in health, judiciary, customs, politics, etc. The first step that helps the fight against corruption is to make projects for economic growth.

This also enables unequal competition. When we know that corruption has the worst impact on countries and the lower strata of society, then we remember that according to the World Bank study about 50% of the population of Kosovo live in poverty, while 12% live in extreme poverty, this is very painful. Kosovo today faces fundamental elections. Corruption remains a common phenomenon in the daily lives of Kosovars. To a large extent, this is also a consequence of the legacy of the socialist state, which has created a culture in which corruption is tolerated, as well as the current economic conditions which create a corrupt behavior necessary for the fulfillment of wages.

As a result of the lack of trust in institutions, in March 2015 the Code of Ethics for civil servants was approved, thus contributing to positive developments despite the lack of results on the ground⁴⁷. Another factor hindering the rule of law is the government's continued disregard for the recommendations of the Auditor General and the Ombudsman. Therefore, based on the practices of countries that have successfully fought corruption, and ZKA tries to make concrete projects to fight corruption and put them into use:

Tolerance to zero for corruption if we want to build a strong state and join the EU and other organizations.

Simplification of government procedures should be done in order to enable better operation of the business and to minimize the areas and spaces where corruption can be highlighted.

Creating an appropriate legal and institutional environment for the prevention of corruption.

The issue of corruption should be defined by law, and the gaps in the existing legislation should be eliminated, i.e. laws should be created that clearly define what is now called corruption.

Make clear the consequences that await an institution which is corrupt and those who are corrupted what consequences await

But fighting corruption cannot be done by the corrupt. So, the first step that should be done in the fight against corruption is to find ways to reduce corruption within public institutions, therefore the Auditor General should not be a person with party affiliation so that auditors do not interfere in the work and have the necessary space especially during the examination of the field work, require additional information from the relevant parties as well as make the assessment of possible anomalies.

Given that the fight against corruption is difficult even more so if we have a high poverty and an average wage what is today in Kosovo and to facilitate the fight against corruption should be done:

Strategy for economic development,

Creating new jobs for young people, and

Increasing the salaries of employees of public institutions.

We should all learn to obey the rules of society and avoid giving bribes or kickbacks to get things done faster.

Building strong institutions is a major development challenge and is a key to controlling corruption. Kosovo has the opportunity to learn from the mistakes⁴⁸ of its neighbors and succeed in fighting corruption. Most successful anti-corruption programs are characterized by these three key elements:

Effective prosecution and punishment of corrupt phenomena,

Prevention, for example, the adoption of sound laws,

Social education in the broadest sense of the word.

Among public institutions, Senior Audit Institutions play an important role, as they help promote sound financial management and government in this accountable and transparent manner it is clear that corruption is a complex issue. Citizens should report cases where they have been forced to pay bribes on a more frequent basis. In the same way, they should develop the awareness that by being victims of corruption, ie by paying bribes, they also contribute

⁴ <https://www.president-ksgov.net/sq/keshilli-kombetar-kunder-korrupsion>

⁷ [Anti-Corruption Action Plan, October 2006, p.26](#)

⁸ [Anti-Corruption Action Plan, October 2006, p.32](#)

⁴⁸ Riinvest Institute in the study Assessment of Corruption in Kosovo, p.25

⁵ Corruption in Kosovo - forms of presentation and the way to fight it', Mr. Sabri Kiqmari, Koha Ditore, 23 May 2006, p. 11

⁶ <https://www.transparency.org/what-is-corruption#define>

badly to the already terrible situation greater accountability among citizens can be an effective means of counteracting the phenomenon.

The reports of the Office of the Auditor General and the People's Advocate should be taken seriously by the Government and deepen the cooperation between the independent agencies and the Government.

2. CONCLUSION

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