



PROVISIONAL INSTITUTIONS OF SELF GOVERNMENT

**KUVENDI I KOSOVËS**  
**СКУПШТИНА КОСОВА**  
**ASSEMBLY OF KOSOVO**

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**LAW NO. 2003/2**

**LAW ON PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY**

The Assembly of Kosovo,

On the basis of the authority granted and the responsibilities transferred to the Provisional Institutions of Self-Government (PISG) by United Nations Interim Administration Mission in Kosovo (UNMIK) Regulation No. 2001/9 of 15 May 2001, "On a Constitutional Framework for Provisional Self-Government in Kosovo," especially Section 5.1(a), (b), (o) and (r), Section 5.2(c), (f) and (g), and Sections 5.7, 9.1.1, 9.1.11, 9.1.26(a), 9.3.3, and 11.2 thereof;

In furtherance of the authority granted and the responsibilities transferred to the Executive Branch of the PISG by UNMIK Regulation 2001/19 of 13 September 2001, "On the Executive Branch of the Provisional Institutions of Self-Government in Kosovo," especially Sections 1.6, 1.7, 2.2 and 3.2 thereof, and points (i), (ii), (iii), (iv), (v), (vii), (viii), (x), and (xi) of Annex II attached to such regulation;

Taking into account the powers reserved to the SRSG by UNMIK Regulation 2001/9, especially Section 8.1(c), (e), (f), (r), (w), and (x), and Chapter 12 thereof, and UNMIK Regulation 2001/19, as amended, especially Section 7 thereof;

Also taking into account UNMIK Regulation No. 1999/1 of 25 July 1999, "On the Authority of the Interim Administration in Kosovo," as amended; and UNMIK Regulation No. 1999/24 of 12 December 1999, "On the Law Applicable in Kosovo," as amended; and

Recognizing the need to establish budget, capital and operating expenditure, financial management, accounting, budget accountability, and financial reporting systems for public authorities in Kosovo, to prescribe the powers and duties of the Minister of Finance and Economy relating to these matters, and to establish a framework for regulating the revenues of and grants to municipalities in Kosovo;

Hereby approves the following law:

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## **Part I** **Definitions**

### **Section 1** **Definitions**

1.1 Each of the following terms shall have the indicated meaning unless the context within which such term appears clearly intends another meaning:

*“Allocated funds”* shall have the meaning specified in Section 32.1.

*“Appropriation”* means the identification in an Appropriations Law of the maximum amount that may be made available during a fiscal year for expenditure by a budget organization for a specified purpose or expenditure category.

*“Appropriations Law”* means a law passed by the Assembly granting budget organizations the authority to spend public funds, up to a set limit, for a specified purpose, during a given fiscal year.

*“Assembly”* means the legislative institution of the Provisional Institutions of Self-Government established pursuant to Sections 1.5(a) and 9.1.1 of UNMIK Regulation 2001/9 “On a Constitutional Framework for Provisional Self-Government in Kosovo” and any successor assembly or central legislative authority.

*“Auditor General”* means the Auditor General of Kosovo appointed pursuant to UNMIK Regulation 2002/\_\_\_.

*“BPK”* means the Autoriteti Bankar dhe I Pagesave të Kosovës (Banking and Payments of Kosovo Authority) and any successor institution thereto.

*“Budget Committee”* means the Budget Committee of the Assembly described in Section 9.1.11 of UNMIK Regulation 2001/9 “On a Constitutional Framework for Provisional Self-Government in Kosovo.”

*“Budget Department”* means the department established under Section 4 of the present law.

*“Budget organization”* means any public authority or other person, body or undertaking receiving an appropriation.

*“Budget organization program”* or *“program”* means an activity or group of activities of a budget organization intended to contribute to an identifiable set of public objectives.

*“Certifying Officer”* means the individual within a budget organization who is employed pursuant to Section 11 of the present law.”

“*Chief Financial Officer*” means the individual within a budget organization who has been appointed to such position pursuant to Section 11 of the present law.

“*Dedicated revenue*” means public money:

- (a) granted to a budget organization for a specifically identified purpose or purposes;
- (b) collected pursuant to a law or an UNMIK regulation that stipulates how such money must be spent;
- (c) received by a municipality and described in Section 58; or
- (d) received by a budget organization in the circumstances specified in Section 29.1(i).

“*Designated entity*” means an entity identified in Schedule A to the present law.

“*Director of Treasury*” means the person identified in Section 3.2 of the present law.

“*EFC*” means the *Economic and Fiscal Council* referred to in Sections 8.1(c), (r), and (x) of UNMIK Regulation 2001/9, “On a Constitutional Framework for Provisional Self-Government in Kosovo.”

“*Financial Rules*” means the rules developed by the Director of the Treasury and promulgated by the Minister of Finance and Economy in accordance with the present law.

“*Fiscal year*” means the period from January 1 of a year to December 31 of the same year;

“*General operating grant*” means an amount appropriated for the benefit of a municipality to be spent by the municipality for general public purposes.

“*Government*” means the executive institution of the Provisional Institutions of Self-Government established pursuant to Sections 1.5(c) and 9.3.1 of UNMIK Regulation 2001/9 “On a Constitutional Framework for Provisional Self-Government in Kosovo” and any successor government or central executive authority.

“*Grants Commission*” has the meaning specified in Section 59.

“*Head of a budget organization*” means the individual holding the highest-ranking position in a budget organization.

“*Kosovo Consolidated Budget*” means the overall budget of Kosovo for all budget organizations that has been consolidated in accordance with internationally accepted government finance standards.

“*Kosovo Consolidated Fund*” means the fund that was first established pursuant to UNMIK Regulation 1999/16, as amended, or the account or the consolidated group of accounts defined in the Treasury Accounting Record for the purposes of receiving deposits and making payments of public money; provided however, that this term shall not include any grant or gift from an international organization or a foreign government where such grant or gift is subject to a condition that it shall not be included in the Kosovo Consolidated Fund.

“*Municipality*” means any of the basic territorial units of local self-government in Kosovo operating under the authority of UNMIK Regulation 2000/45 of 11 August 2000, as amended, and any successor unit of local self-government in Kosovo.

“*Official bank account*” means an account or sub-account that has been established by the Director of Treasury at the BPK or other licensed bank in Kosovo for the purpose of receiving deposits of public money.

“*Person*” means any natural person or legal entity.

“*Public authority*” means any of the following: a central, regional, municipal or local authority, public body, ministry, department or other authority that exercises, pursuant to an UNMIK regulation, an administrative direction, a law, or subsidiary normative act implementing a law, executive, legislative, regulatory, public-administrative or judicial powers.

“*Public grant*” means an amount provided by a budget organization to a person, body or undertaking for a purpose that is consistent with and in furtherance of the public mission or objective of the budget organization providing the grant.

“*Public money*” has the meaning specified in Section 10 of the present law.

“*Reserved power budget organization*” means a budget organizations specified in Table B of Schedule 1 of UNMIK Regulation No. 2002/23.

“*Treasury*” means the Treasury referred to in Section 3.1 of the present law.

“*Undertaking*” means any partnership, joint venture, enterprise, legal entity, association or other organization or establishment.

## **Part II** **General Provisions**

### **Section 2** **Enforceability of Claims and Obligations**

All budget organizations, in conducting any activity or accepting any obligation that directly or indirectly involves or affects the use of public funds or public resources, shall strictly comply with the provisions of the present law. No obligation arising out of a document, agreement or arrangement shall be valid or enforceable against a budget organization, public funds or public resources if the document, agreement or arrangement creating or giving rise to such obligation has been created, accepted or concluded in a manner that fails to comply with the provisions of the present law.

### **Section 3** **Treasury**

3.1 A Treasury shall be established within the Ministry of Finance and Economy and shall be responsible for managing the Kosovo Consolidated Fund and for discharging all other responsibilities assigned to the Treasury by the present law.

3.2 The Treasury shall be headed by a Director, who shall be appointed by the SRSG with the advice and consent of the Minister of Finance and Economy. The SRSG, with the advice and consent of the Minister of Finance and Economy, may remove such Director at any time, with or without a stated cause.

3.3 The Director of the Treasury shall be assisted by a Deputy Director, who shall be appointed by the Minister of Finance, with the advice and consent of the Government. The Minister of Finance may, with the advice and consent of the Government, remove such Deputy Director at any time, with or without a stated cause.

3.4 The Director and Deputy Director of the Treasury shall be obligated to report to the SRSG, the Government, and the Ministry of Finance and Economy on all matters relating to the operation of the Treasury and the implementation of the Kosovo Consolidated Budget.

3.5 If the Treasury intends to take an action or issue a decision on a matter of substantive importance, such action or decision must be approved in writing by both the Director and the Deputy Director. (A “decision or action on a matter of substantive importance” within the meaning of this paragraph shall mean a decision or action relating to (i) the establishment or modification of administrative procedures, (ii) the transparency or monitoring of the use of donor funds, (iii) the relationship between the central and local treasuries, or (iv) any other matter so classified by the SRSG, the Government and the Ministry of Finance and Economy.)

#### Section 4 Budget Department

A Budget Department shall be established under the Ministry of Finance and Economy. The Budget Department shall be responsible for (i) developing a proposed Kosovo Consolidated Budget, (ii) implementing the Kosovo Consolidated Budget, and (iii) discharging all responsibilities assigned to the Budget Department by the present law.

#### Section 5 Economic Policy Department

An Economic Policy Department shall be established under the Ministry of Finance and Economy. The Economic Policy Department shall be responsible for macroeconomic and fiscal forecasting and for formulating proposed overall budgetary parameters for the Kosovo Consolidated Budget and medium-term budgetary policy. Once it is performing its forecasting and budgetary functions in a routine and satisfactory manner, the Economic Policy Department may also make fiscal risk analyses and scenario planning under different macro-projections

#### Section 6 Department of Tax Policy and Analysis

6.1 A Department of Tax Policy and Analysis (the “Tax Policy Department”) shall be established under the Ministry of Finance and Economy. The Tax Policy Department shall be responsible for developing and proposing (i) legislation that establish taxes, fees and charges, and (ii) the subsidiary normative acts issued pursuant to such laws.

6.2 The Tax Policy Department shall be responsible for estimating the fiscal impact of (i) existing taxes, fees and charges, (ii) proposed changes to existing taxes, fees and charges, and (iii)

proposed new and taxes, fees and charges. It shall also be responsible for forecasting and monitoring tax and non-tax revenues, and for analyzing other issues connected with tax policy.

Section 7  
Municipal Policy and Budget Department

A Municipal Policy and Budget Department shall be established under the Ministry of Finance and Economy. The Municipal Policy and Budget Department shall, in partial fulfillment of the Government's responsibilities under Section 5.2 of UNMIK Regulation 2001/9, provide support to the municipalities for the purpose of assisting the municipalities fulfill the obligations imposed on them by the present law.

Section 8  
Internal Audit Unit

An Internal Audit Unit shall be established under the Ministry of Finance and Economy. The Internal Audit Unit shall carry out audits of budget organizations in accordance with a workplan to be determined from time to time by the Permanent Secretary of the Ministry of Finance and Economy in consultation with the Minister of Finance and Economy.

Section 9  
Other Departments and Units

The Minister of Finance and Economy shall have the authority to establish other departments or units within the Ministry of Finance as may be reasonably necessary to assist the Ministry in fulfilling the functions and responsibilities assigned to the Ministry under the present law; provided, however, that the responsibilities and functions assigned to any such department or unit shall not be in conflict with a provision of the present law.

Section 10  
Public Money

10.1 In the present law, "public money" means:

- (a) money or financial assets in the custody or under the control of any budget organization, including money that is held by a budget organization for the benefit of a person, body, or undertaking other than a budget organization; and
- (b) money or financial assets in the custody or under the control of any person, body, or undertaking maintaining such custody or exercising such control for or on behalf of a budget organization.

10.2 Items that become public money upon receipt include, but are not limited to, amounts received by a budget organization as:

- (a) taxes, fees, duties or user charges;
- (b) interest;
- (c) dividends or other payments from undertakings;
- (d) proceeds from the sale of any property;
- (e) proceeds from the rental or lease of any property;



- (f) proceeds received from licensing or selling any rights involving a public resource, including – but not limited to - radio spectrum rights, natural resource exploration or exploitation rights, and intellectual property rights;
- (g) rents or royalties;
- (h) revenue of a budget organization;
- (i) fines, regulatory charges, damages from civil actions, and insurance proceeds; and
- (j) grants and gifts from international organizations, foreign governments, or any other source.

#### Section 11

##### Chief Financial Officer and Certifying Officer

11.1 Each budget organization shall have a Chief Financial Officer and a Certifying Officer, who shall be appointed by the budget organization's Permanent Secretary. If the budget organization does not have a Permanent Secretary, the budget organization's Chief Executive Officer shall appoint these officers. No individual may serve in more than one of the aforementioned positions.

11.2 The budget organization's Permanent Secretary or, if the budget organization does not have a Permanent Secretary, the budget organization's Chief Executive Officer shall provide the Ministry of Finance and Economy with a written notice specifying the names of the individuals appointed to serve as the budget organization's Chief Financial Officer and Certifying Officer and the dates of their appointment.

11.3 A budget organization's Permanent Secretary or, as the case may be, Chief Executive Officer, shall employ, in accordance with the guidelines established by UNMIK Regulation No. 2001/36 of 22 December 2001 "On the Kosovo Civil Service," a Chief Financial Officer and a Certifying Officer within thirty (30) days from the effective date of the present law. Such positions must be filled within thirty (30) days from the date on which a vacancy occurs in such a position. If this time limit is not observed, the Permanent Secretary of the Ministry of Finance and Economy shall have the right and authority to appoint an individual to serve in the vacant position.

11.4 The Chief Financial Officer and Certifying Officer of a budget organization shall be accountable to the budget organization's Permanent Secretary or, if the budget organization does not have a Permanent Secretary, the budget organization's Chief Executive Officer.

#### Section 12

##### Eligibility Requirements

12.1 No person shall be eligible to serve as the Director or Deputy Director of the Treasury Department or the Budget Department or as the Chief Financial Officer or Certifying Officer of any budget organization if such person has, in the past ten (10) years:

- a. been determined by a court of competent jurisdiction to have committed a criminal or civil offence involving fraud, misrepresentation, corrupt practices, money laundering, embezzlement, misuse or misappropriation of funds, bribery, kickbacks under the laws or regulations applicable in Kosovo or any country of jurisdiction, or under international treaties or conventions;

- b. been determined to have engaged in unprofessional conduct by a court, body or organization responsible for enforcing standards of professional conduct; or
- c. made material misrepresentations in any affidavit or other sworn, sealed or notarized document.

12.2 All persons holding or applying for such a position shall execute a sworn affidavit truthfully attesting that he or she is not ineligible by reason of Section 12.1.

### **Part III** **Collection and Custody of Public Money**

#### **Section 13** **Receipt of Public Money**

13.1 No budget organization, person or undertaking shall receive public money unless specifically authorized to do so by a law or an UNMIK regulation.

13.2 No person or undertaking may receive public money on behalf of a budget organization or hold public money pending transfer to a budget organization unless such person is specifically authorized to do so by:

- (a) the Director of Treasury in writing; or
- (b) a law or an UNMIK regulation.

13.3 All receipts of a budget organization shall be deposited into an official bank account in accordance with the Financial Rules.

13.4 A person who receives public money (including money that becomes public money upon receipt) shall deposit it into an official bank account within two business days, unless a different period is required or authorized by a law or UNMIK regulation.

13.5 No person shall receive money or property while acting or purporting to be acting in an official capacity unless that person is specifically authorized to do so by a law or an UNMIK regulation.

#### **Section 14** **Investment of Public Money**

14.1 The Minister of Finance and Economy may, with the prior approval of the Assembly and the SRSG:

- (a) establish the terms and conditions governing the investment of public money; and
- (b) authorize the Director of the Treasury to:

- (i) invest public money in financial instruments having a term of no more than one year; and
- (ii) liquidate such investments to implement the budget or other legitimate public purpose.

14.2 All interest and principal received from investments of public money shall be deposited in the Kosovo Consolidated Fund.

Section 15  
Expenditure of Public Money

15.1 Public money shall only be used for approved public purposes. No budget organization, person or undertaking may divert, misapply, improperly dispose of or improperly use public money.

15.2 An expenditure of public money shall only occur from allocated funds and only in conformity with the process that, in accordance with Section 35.2, has been established by the Financial Rules.

Section 16  
Accounts Within the Kosovo Consolidated Fund

16.1 The Director of Treasury shall establish and maintain the following accounts of the Kosovo consolidated Fund:

- (a) an account for funds available for appropriation to municipalities as general operating grants (to be known as the General Operating Grants Account); a sub-account shall be created under this account for each municipality;
- (b) an account for funds available for appropriation to municipalities as specific operating grants (to be known as the Specific Operating Grants Account); a sub-account shall be created under this account for each municipality;
- (c) an account for the dedicated revenue of municipalities arising from (i) the collection of municipal fees, charges and taxes and (ii) general and specific purpose grants from donors, (such account to be known as the Municipalities Dedicated Revenue Account); a sub-account shall be created under this account for each municipality;
- (d) an account for the dedicated revenue of budget organizations other than municipalities,
- (e) trust accounts, as described in Section 16.2; and
- (f) such other accounts as the Director of Treasury may reasonably deem necessary to achieve a legitimate public purpose.

16.2 The trust accounts referred to in Section 16.1(e) shall be used for public money that one or more budget organizations hold in trust for known or unknown beneficiaries.

**Part IV**  
**Preparation and Contents of the Proposed**  
**Kosovo Consolidated Budget**

Section 17  
Preparation of Proposed Budgets and Appropriation Requests  
by Budget Organizations

17.1 By March 15 of each calendar year, the Minister of Finance and Economy shall develop estimates and projections, for each of the next three calendar years, of GDP, price level changes, Government revenues from taxes, duties and other charges, prospective donor funding to the Kosovo Consolidated Fund, and other macroeconomic information and data. In developing such estimates and projections, the Minister shall cooperate and consult with the International Monetary Fund and the International Bank for Reconstruction and Development.

17.2 Using the revenue and prospective donor funding estimates/projections developed pursuant to Section 17.1, the Minister of Finance and Economy, in consultation and cooperation with the EFC, the IMF and the International Bank for Reconstruction and Development, shall, by April 1, of each calendar year, develop a proposed aggregate expenditure ceiling for the Kosovo Consolidated Budget for each of the next three fiscal years. The Minister of Finance and Economy shall, by April 1 of each calendar year, submit such proposed aggregate expenditure ceilings to the SRSG and the EFC. After consulting with the EFC, the SRSG may modify such proposed aggregate expenditure ceilings as the SRSG deems advisable. The SRSG shall then establish such aggregate expenditure ceilings and provide them to the members of the EFC.

17.3 After the SRSG has established the aggregate expenditure ceilings in accordance with Section 17.2, the SRSG shall, by April 30, of each calendar year, divide the aggregate expenditure ceiling for the next calendar year into an aggregate expenditure ceiling for reserved power budget organizations (the “Reserved Power Aggregate Expenditure Ceiling”) and an aggregate expenditure ceiling for all other budget organizations (the “Non-reserved Power Aggregate Expenditure Ceiling”). The SRSG shall make such a division after consulting with the EFC.

17.4 Immediately after the aggregate expenditure ceiling has been divided as required by Section 17.3: (i) the Minister of Finance and Economy shall consult with the Government and, after receiving guidance and direction from the Government, establish sector-specific expenditure ceilings within the Non-Reserved Power Aggregate Expenditure Ceiling, and (ii) the SRSG shall, after receiving advice from the EFC, establish sector-specific expenditure ceilings within the Reserved Power Aggregate Expenditure Ceiling and provide these to the Minister of Finance and Economy.

17.5 The Minister of Finance and Economy shall issue to the Chief Financial Officer of each budget organization by May 15 of each calendar year a budget circular providing information and instructions on the methodology and formats to be used by a budget organization in preparing its proposed budget and its appropriation request for the next fiscal year. Such budget circular shall include:

- (a) the procedures to be used by a budget organization in preparing its proposed budget and its appropriation request;

- (b) the information that must be set forth in a proposed budget and an appropriation request;
- (c) details on the format in which a proposed budget and an appropriation request must be prepared; and
- (d) a time limit specifying the date, which shall be no later than June 15 of the then current calendar year, by which budget organizations must complete and submit to the Ministry of Finance and Economy their proposed budgets and appropriation requests;

17.6 The Chief Financial Officer of each budget organization shall be responsible for (i) preparing the proposed budget and appropriation request of such budget organization in accordance with the information and instructions contained in the budget circular, and (ii) submitting the proposed budget and appropriation request to the Minister of Finance and Economy within the time limit specified in the budget circular.

### Section 18

#### Preparation and Review of Initial Proposed Budgetary Appropriations

18.1 After the expiration of the time limit specified in the budget circular, the Minister of Finance and Economy shall (i) review the proposed budgets and appropriation requests received from budget organizations, (ii) consult, as the Ministry of Finance and Economy deems necessary, with a budget organization about its proposed budget and appropriation request, and (iii) prepare and distribute to each head of a budget organization an initial proposed budgetary appropriation for such budget organization.

18.2 The Minister of Finance and Economy shall, as is reasonably necessary, consult with a head of budget organization to discuss and attempt to resolve any concerns he or she may have with the Ministry of Finance and Economy's initial proposed budgetary appropriation for such budget organization.

18.3 At all times during the preparation of the initial proposed budgetary appropriations, the Minister of Finance and Economy shall comply with the expenditure ceilings established pursuant to Sections 17.3 and 17.4.

### Section 19.

#### Preparation of Budget Documents

19.1 The Minister of Finance and Economy shall, after preparing and distributing the initial proposed budgetary appropriations for budget organizations and consulting with the heads of budget organizations having concerns with such initial proposed budgetary appropriations, prepare the following budget documents for the upcoming fiscal year:

- (a) the Minister of Finance and Economy's budget message; as described in Section 19.3;
- (b) a budget overview, as described in Section 19.4;
- (c) a receipts and expenditure plan, as described in Section 19.5;
- (d) assets and liabilities information, as described in Section 19.6;
- (e) a proposed Law on the Disposition of Designated Entity Profits for the upcoming fiscal year, as described in Section 19.7;

- (f) a proposed annual Appropriations Law for the upcoming fiscal year, as described in Section 19.8;
- (g) a committed and planned future expenditures report, as described in Section 19.9;
- (h) a Mission Statement and Program Performance Plan, as described in Section 19.10;
- (i) a Capital Spending Plan, as described in Section 19.11; and
- (j) any additional information that the Minister of Finance and Economy considers necessary and appropriate.

19.2 The presentation of financial information, such as receipts, expenditures and financing, in the proposed annual Kosovo Consolidated Budget and the format of the documentation therein shall be comprehensive, transparent and consistent with the Government Finance Statistics cash basis classification system published from time-to-time by the International Monetary Fund.

19.3 The Minister of Finance and Economy's budget message for the upcoming fiscal year shall include:

- (a) an outline of the financial policies of Kosovo proposed for the upcoming fiscal year;
- (b) an overview of the more important features of the proposed annual Kosovo Consolidated Budget;
- (c) an explanation of any material changes in expenditure or revenue from the current fiscal year; and
- (d) an explanation of any major changes in financial policy.

19.4 The budget overview shall include:

- (a) an overview of the domestic and international macro-economic environment in which the budget was prepared and recommendations for short and medium term fiscal strategy;
- (b) the objectives and priorities of the budget including important receipt and expenditure estimates;
- (c) a summary of the purpose of budget organization programs for which appropriations are proposed;
- (d) a description of any budget deficit or surplus from the current fiscal year that is expected to be carried forward to the upcoming fiscal year;
- (e) if a budget deficit is expected to be carried forward to the upcoming fiscal year, a detailed description of the method proposed to finance such deficit;
- (f) an explicit statement of the economic and revenue assumptions underlying the budget; and
- (g) any other information considered necessary by the Minister of Finance and Economy.

19.5 The receipts and expenditure plan shall include:

- (a) for the upcoming fiscal year and at least the two following fiscal years, estimates of:
  - (i) the total revenues of budget organizations in Kosovo, indicating the source of such revenues;
  - (ii) total expenditures;

- (iii) the total budget deficit or surplus from the current fiscal year that is expected to be carried forward;
  - (iv) future receipts from grants irrevocably committed by foreign governments or international organizations; and
  - (v) any anticipated borrowings, including details on the expected source(s) of and terms applicable to the funds to be borrowed.
- (b) an estimate of the dedicated revenue that is expected to be received in the upcoming fiscal year;
  - (c) the approved number of permanent and temporary employees of budget organizations to be paid from appropriations in the upcoming fiscal year;
  - (d) estimates of anticipated expenditures in future fiscal years towards the cost of capital acquisitions that took place in prior fiscal years or that are proposed to take place in the upcoming fiscal year;
  - (e) details of all projected user fee receipts for the upcoming fiscal year;
  - (f) detailed projections of all receipts expected from designated entities during the upcoming fiscal year;
  - (g) the estimated cost, in terms of forgone receipts, of each provision of a law or UNMIK regulation establishing a significant tax exemption, reduction or concession; where practicable, the estimated cost of each such provision shall be attributed to the budget organization that is responsible for implementing a program, the purpose of which is intended to be furthered by such provision;
  - (h) the estimated cost, in terms of foregone receipts, of each provision of a rule, order, other subnormative act or contract establishing a significant tax exemption, reduction or concession; the estimated cost of each such provision shall be attributed to the budget organization that is responsible for the promulgation, administration or execution of the concerned rule, order, subnormative act or contract in which such provision appears;
  - (i) the estimated cost, in terms of foregone receipts, of all uncollected tax revenues and tax write-offs;
  - (j) estimates of any monetary amounts that are expected to be provided by international organizations or foreign governments for the benefit of Kosovo that are not to be included in the Kosovo Consolidated Fund;
  - (k) estimates of any in-kind aid provided by international organizations or foreign governments for the benefit of Kosovo; and
  - (l) any other information considered necessary by the Minister of Finance and Economy.

19.6 The assets and liabilities information shall include:

- (a) details of the investment strategy of Kosovo for public money to be invested in the upcoming fiscal year;
- (b) details of any existing borrowings by budget organizations and any borrowings budget organizations propose to make during the upcoming fiscal year;
- (c) details of the estimated amount of all contingent liabilities of budget organizations, with a specific identification of those that have a significant potential to give rise to actual liabilities during the upcoming fiscal year;
- (d) detailed multi-year debt service estimates; and
- (e) other information considered necessary by the Minister of Finance and Economy.

19.7 The proposed annual law on the disposition of designated entity profits shall prescribe the extent to which the profits of each designated entity shall be:

- (a) retained by the entity for use as recurrent funding for its current operations;
- (b) retained by the entity for capital investment by the entity; or
- (c) deposited in the Kosovo Consolidated Fund.

19.8 The proposed annual Appropriations Law shall set out:

- (a) in the case of an appropriation for a budget organization:
  - (i) the budget organization program for which the appropriation is made; and
  - (ii) the category of such expenditure (such categorization shall be made in accordance with the rules governing such categorization, which shall be issued by the Minister of Finance and Economy).
- (b) in the case of an appropriation for payment related to a debt described in Section 46, the amount (if any) appropriated:
  - (i) for the payment of interest, or other amount in the nature of interest, on the debt;
  - (ii) for the repayment of the principal amount of the debt;
  - (iii) for the payment of penalties or other amounts assessed for late payment, if any; and
  - (iv) for the payment of any other amounts in respect of the debt, if any; and
- (c) for contingency expenditures, a proposed appropriation not exceeding five percent (5%) of total expenditures.

19.9 The committed and planned future expenditures report shall provide:

- (a) details of all contractual obligations for the upcoming and future fiscal years described in Section 31.2; and
- (b) details of all non-contractual budget organization program payment obligations described in Section 31.3.



19.10 The Mission Statement and Program Performance Plan shall include:

- (a) a definition of each budget organization's mission;
- (b) a list of the measurable goals that are to be used to evaluate the success of a budget organization in achieving its mission;
- (c) a statement of the program objectives for each major program in a budget organization's proposed budget;
- (d) a statement of each budget organization's strategy for attaining its goals and objectives; and
- (e) for each budget organization, a list of the UNMIK regulations, administrative directions, laws and subsidiary normative acts that such budget organization is responsible for implementing.

19.11 The Capital Spending Plan shall include:

- (a) A statement setting forth a long-range capital investment plan for Kosovo that identifies and includes the highest priority needs within affordable spending levels;
- (b) a capital program consisting of proposed capital projects for the upcoming fiscal year and the two succeeding fiscal years. Inasmuch as is practicable, and recognizing emergent needs, the capital program shall reflect the priorities, projects, and spending levels proposed in previously submitted capital budget documents in order to provide a reliable long-range planning mechanism for the Assembly and budget organizations;
- (c) a statement of the purpose for each project;
- (d) a statement about the proposed site, size, and estimated life of the project;
- (e) estimated total project cost and the cost for each year during which the project is implemented;
- (f) the source and type of funds proposed; and
- (g) estimated ongoing operating budget costs or savings resulting from the project, including staffing and maintenance costs.

#### Section 20

#### Review of the Proposed Annual Kosovo Consolidated Budget

20.1 The Minister of Finance and Economy shall submit to the SRSG and the EFC the proposed annual Kosovo Consolidated Budget prepared pursuant to Section 19 at least twenty-one (21) days prior to the first meeting of the EFC at which such budget is to be considered.

20.2 At the same time that the Minister of Finance and Economy submits the proposed annual Kosovo Consolidated Budget to the SRSG and the EFC, he/she shall also dispatch to the head of each budget organization information regarding the proposed budgetary appropriation for that budget organization.

20.3 If a head of a budget organization objects to the proposed budgetary appropriation for his/her budget organization contained in the proposed annual Kosovo Consolidated Budget, he/she may deliver to the Minister of Finance and Economy a written statement specifying the details of such objection; provided, however, that such statement must be delivered at least fourteen (14) days prior to the first meeting of the EFC at which the proposed annual Kosovo Consolidated Budget is to be considered.

20.4 The Minister of Finance and Economy shall submit to the SRSG and the EFC any statements received from a head of a budget organization pursuant to Section 20.3 together with the Minister of Finance and Economy's written responses, if any, to the objections contained in such statements. The Ministry of Finance and Economy shall deliver such statements and such responses, if any, to the SRSG and the EFC at least seven (7) working days prior to the first meeting of the EFC at which the proposed annual Kosovo Consolidated Budget is to be considered.

20.5 After it has considered the proposed annual Kosovo Consolidated Budget submitted pursuant to Section 20.1 and the statements and responses submitted pursuant to Section 20, the EFC shall provide to the Minister of Finance and Economy a copy of its advice to the SRSG with respect to such proposed budget.

20.6 Acting on the advice of the EFC, the SRSG shall decide on any modifications to the Kosovo Consolidated Budget which he deems necessary and forward them to the Minister of Finance and Economy.

20.7 In accordance with the decisions of the SRSG, the Minister of Finance and Economy shall make such modifications to the proposed annual Kosovo Consolidated Budget, the proposed annual Appropriations Law, the proposed annual law on the disposition of designated entity profits and such other budgetary documents as may be required by such decisions. The Minister of Finance and Economy shall then deliver these modified documents to the Government as well as to the SRSG and the EFC.

20.8 The Government shall then formally transmit to the Assembly the proposed annual Kosovo Consolidated Budget, the proposed annual Appropriations Law and the proposed annual law on the disposition of designated entity profits received from the Ministry of Finance and Economy. The Government shall transmit such documents on or before October 30 of the year preceding the fiscal year to which such documents apply.

#### Section 21

#### Appropriations in the Absence of an Annual Appropriations Law

21.1 Subject to Section 21.2, if an annual Appropriations Law for a fiscal year is not adopted by the Assembly and promulgated by the SRSG prior to the commencement of such fiscal year, the Appropriations Law applicable to the previous fiscal year shall be treated:

- (a) as if it has been extended to cover the first month of such fiscal year; and
- (b) as if it provides an appropriation to each budget organization that is equal to eight and one-third percent (8.33%) of the appropriation provided to such budget organization by such Appropriations Law.

21.2 Any appropriations authorized by Section 21.1 shall cease to have any force or effect on the date on which a new annual Appropriations Law becomes effective; and all expenditures made under the authority of appropriations authorized by Section 21.1 shall be treated as expenditures made under the authority of appropriations authorized by the new Appropriations Law.

**Part V**  
**Revised and Supplementary Appropriations Laws and Budgets**

**Section 22**  
**Revised Appropriations Laws and Budgets**

22.1 The Minister of Finance and Economy may prepare proposed amendments to a Kosovo Consolidated Budget and an Appropriations Law that are in force if he/she has substantial reasons to believe:

- (a) that receipts or expenditures for the fiscal year will be materially less or greater than those anticipated in such budget and Appropriations Law; or
- (b) that the Assembly is likely to amend or repeal an existing law or to adopt a new law, and such action is expected to increase or reduce receipts or expenditures for the current fiscal year.

22.2 The procedure for the preparation of amendments to an Appropriations Law and a Kosovo Consolidated Budget shall be the same as that specified in Part IV of the present law; provided, however, that the provisions in Part IV establishing specific dates by which certain actions must take place shall be ignored; and, provided further, that if such amendments are to apply only to the remaining part of the fiscal year, the amendments shall so provide.

**Section 23**  
**Adoption of New Laws or Regulations Requiring Appropriations**

Where the Government is developing a draft law for submission to the Assembly or UNMIK is developing a draft regulation, and such draft law or regulation will require the expenditure of public money in the the fiscal year during which such regulation or law is adopted, the Government or UNMIK, as the case may be, shall prepare a report indicating the extent to which such expenditures are to be funded from:

- (a) unappropriated public money currently in the Kosovo Consolidated Fund;
- (b) receipts that are expected during the remainder of the fiscal year in which such regulation or law is adopted; and/or
- (c) currently appropriated public money that will become unappropriated following the cancellation of part of an existing appropriation.

**Part VI**  
**Rules On Appropriations**

**Section 24**  
**Appropriations Lapse at the End of the Fiscal Year**

All appropriations for a fiscal year shall lapse at midnight of December 31 of that fiscal year.

Section 25  
Bank Fees and Charges

All bank fees and charges arising in connection with the maintenance or usage of accounts or the making or management of investments of budget organizations shall be paid from the appropriations of the Ministry of Finance and Economy.

Section 26  
Contingent Expenditures

26.1 Subject to Section 26.2, if an event occurs that requires urgent or unforeseen expenditures, a budget organization may apply to the Minister of Finance and Economy for additional funds to cover such expenditures. Upon receipt of such an application, the Minister of Finance and Economy may, where the budget organization has demonstrated compelling reasons for such action, deduct part of the funds appropriated under the then current Appropriations Law for contingent expenditures and add such deducted funds to the relevant appropriation of the concerned budget organization.

26.2 The Minister of Finance and Economy may only authorize expenditures from the contingency appropriation specified in Section 19.8(c) of up to, in the aggregate, 250,000 Euros. If an amount greater than 250,000 Euros is required, the Minister of Finance and Economy shall first obtain the written approval of the Government and the SRSG.

Section 27  
Adjustments to Appropriations of a Budget Organization

27.1 The Minister of Finance and Economy may, if provided with a valid justification by the head of a budget organization, authorize the transfer of part of one appropriation of that budget organization to another appropriation of that budget organization; provided, however, that the part so transferred shall not exceed twenty percent (20%) of the negatively affected appropriation.

27.2 If the head of the budget organization requests the Minister of Finance and Economy to authorize the transfer of an amount greater than twenty percent (20%) but less than forty percent (40%) of the negatively affected appropriation, the Minister of Finance and Economy may authorize such a transfer only after first obtaining the written approval of the Government and the SRSG.

27.3 If the head of the public authority requests the Minister of Finance and Economy to authorize the transfer of an amount equal to forty percent (40%) or more of the negatively affected appropriation, the Minister of Finance and Economy may authorize such a transfer only after first obtaining the written approval of the Assembly and the SRSG.

Section 28  
Adjustment of Appropriations on Change of Budget Organization Responsibility

Where an appropriation relates to a program of a budget organization, and the responsibility for such program or any part of such program is transferred to a different budget organization, the Minister of Finance and Economy may transfer, as may be required under the circumstances, all or part of such appropriation from the former budget organization to the latter.

Section 29  
Supplies From Other Agencies

29.1 Where a budget organization acquires goods or services from another budget organization, the budget organization providing the goods or services may (i) require the budget organization acquiring the goods or services to pay for such goods and services in the same manner as a purchaser that is not a budget organization or (ii) obtain an adjustment, in the manner specified in section 29.3, to the appropriations of the two budget organizations in an amount equal to the fair market value of the concerned goods or services.

29.2 If a payment is made under Section 29.1(i), the receipts will automatically become dedicated revenue of the budget organization providing the goods or services.

29.3 If the budget organization providing the goods or services elects to obtain the adjustment specified in Section 29.1(ii) above, the budget organization shall first notify the Director of Treasury in a manner prescribed by the Financial Rules of such election. In such event, the fair market value of the concerned goods and services shall be treated as a notional expenditure by the acquiring budget organization with the result that: (i) an appropriation previously made to the acquiring budget organization will be reduced by the amount of the notional expenditure, and (ii) an appropriation previously made to the budget organization providing the goods or services will be increased by the amount of the notional expenditure.

Section 30  
Acquisition on Behalf of Another Budget Organization

30.1 Where a budget organization arranges for the acquisition of assets or services that are to be provided for the benefit of another budget organization, the budget organization that arranges for the acquisition shall submit to the Director of Treasury a delegated expenditure notice indicating the budget organization for which the acquisition was made.

30.2 Where payment is made on the basis of a delegated expenditure notice described in Section 30.1, the amount paid shall be treated as a payment from the funds appropriated to the budget organization for which the acquisition was made.

**Part VII**  
**Commitments, Allocated Funds, Committed Funds, Obligated Funds and Expenditures**

Section 31  
Contracts Creating a Liability to Make Payments in the Current or Future Fiscal Years

31.1 The Chief Financial Officer of a budget organization shall inform the Director of Treasury of any contract entered into by the budget organization and any modification to a contract previously entered into by the budget organization if the contract obligates the budget organization to make payments from public money in the current fiscal year or in future fiscal years.

31.2 The Director of Treasury shall maintain records of each budget organization's contractual payment obligations described in Section 31.1 and non-contractual payment obligations described in Section 31.3.

31.3 A non-contractual payment obligation is a payment obligation that a budget organization would be required to fulfill in future years if the existing programs of such budget organization were to be continued and funded in such future years at the same level and to the same extent as in the current fiscal year.

### Section 32 Allocated Funds

32.1 Where an appropriation has been made for a budget organization, the Director of Treasury shall provide the concerned budget organization with the authority to make expenditures under that appropriation by:

- (a) making, from time to time, an allocation of funds from the funds available in the Kosovo Consolidated Fund, which allocated funds are to be expended in respect of such appropriation and known as the "allocated funds" for that appropriation; and
- (b) providing, from time to time, as the amount of allocated funds for the given appropriation changes, a notice to the budget organization specifying the level of funds then allocated for expenditure in respect of the appropriation.

32.2 The reference to "from time-to-time" in Section 32.1 shall mean no more frequently than on a quarterly basis except, in exceptional cases, where economic circumstances require that the Director of the Treasury provide a budget organization with the authority to make certain expenditures on a more accelerated basis.

32.3 As additional funds become available to be expended in respect of the appropriation, the Director of Treasury shall make a commensurate change in the level of the funds allocated for the appropriation and provide a notice of such change to the budget organization.

32.4 An allocated funds notice shall remain in effect until the end of the fiscal year, unless amended earlier by the Director of the Treasury.

### Section 33 Reduction of Allocated Funds

The Director of Treasury may at any time reduce the level of funds allocated in respect of an appropriation if he/she first obtains the approval of the Minister of Finance and Economy. The Minister of Finance and Economy may approve such a reduction only after (i) making a determination that such reduction is in the interest of prudent fiscal management or necessary to ensure the continuation of expenditures throughout the fiscal year, (ii) submitting a statement to the Government and the SRSG setting forth the reasons for such determination and the precise nature of the proposed reduction, and (iii) receiving a written authorization from the Government and the SRSG approving the proposed reduction.

Section 34  
Committed Funds

The Director of Treasury shall designate a part or all of the allocated funds of a budget organization as committed funds where the funds will be required to satisfy an obligation in the current fiscal year to make a payment in respect of a contractual payment obligation described in Section 31.1.

Section 35  
Making Payments

35.1 No money shall be released from the Kosovo Consolidated Fund for the purpose of making a payment in the absence of a currently effective allocated funds notice authorizing the use of such money to make such payment.

35.2 The process to be complied with for the making of payments authorized by an allocated funds notice shall be established by the Financial Rules.

35.3 The process referred to in Section 35.2 shall be developed in a manner that promotes the maximum decentralization of payment authorization procedures consistent with best international practices and the administrative oversight capacity of the concerned budget organizations.

Section 36  
Refunds of Expenditures

36.1 If during the fiscal year, a budget organization receives a refund of an amount that was paid under the authority of an appropriation for the same fiscal year, the original expenditure shall be reduced by the amount refunded.

36.2 If during the fiscal year a public authority receives a repayment of an amount that was paid under the authority of an appropriation for a previous fiscal year, the repayment shall simply be treated as public money.

**Part VIII**  
**Reporting, Accounting and Auditing**

Section 37  
Publication of the Appropriations Law and the Budget

Within thirty (30) days following approval by the Assembly and promulgation by the SRSB of the annual Kosovo Consolidated Budget and the annual Appropriations Law, the Minister of Finance and Economy shall prepare and publish such budget as well as explanatory documents thereon in a comprehensive and publicly understandable form in the languages required for official documents of the Government.

Section 38  
Treasury Budgeting and Accounting Records

38.1 The Minister of Finance and Economy shall establish classification systems for use in budget and accounting records that:

- (a) facilitate the control of spending by budget organizations;
- (b) permit analyses of commitments and expenditures by budget organizations, by program and by economic category in accordance with the cash basis classification system of the Government Finance Statistics established from time to time by the International Monetary Fund; and
- (c) permit such other analyses as the Minister of Finance and Economy deems appropriate.

38.2 The Minister of Finance and Economy shall maintain, at a minimum, accounting records for each budget organization showing aggregate information for each of the following categories:

- (a) the receipts of the budget organization;
- (b) the outstanding liabilities of the budget organization;
- (c) the assets of the budget organization;
- (d) appropriations;
- (e) adjustments to appropriations;
- (f) appropriations that have been made available to the budget organization for expenditure by means of allocated funds notices;
- (g) the extent to which allocated funds of the budget organization have been recorded as committed funds; and
- (h) actual expenditures made.

Section 39  
Budget Organization Accounting Records

39.1 The Chief Financial Officer of a budget organization shall record transactions and maintain accounting records in accordance with the Financial Rules and provide copies of the accounting records to the Minister of Finance and Economy when requested.

39.2 The Chief Financial Officer of a budget organization and the budget organization's Permanent Secretary or (if the public authority has no Permanent Secretary) Chief Executive Officer shall, within thirty (30) days after the conclusion of each fiscal year, provide to the Director of Treasury (i) a copy of the financial accounts of such budget organization for such fiscal year and (ii) a confirmation in writing that the financial accounts of the budget organization for the concerned fiscal year are a true and accurate presentation of the finances and financial transactions of the budget organization for such fiscal year.

39.3 The Director of the Treasury shall, within ninety (90) days after the conclusion of each fiscal year, (i) reconcile the financial accounts received pursuant to Section 39.2 with fiscal accounts and cash balances, and (ii) provide the financial accounts for all budget organizations to the Auditor General for auditing.

39.4 Each budget organization shall also submit to the Minister of Finance and Economy within ninety (90) days after the conclusion of each fiscal year an annual report for such fiscal year. Such report shall include:



- (a) a report on the budget organization's operations, including details of goods or services provided by the budget organization and the extent to which any amount charged for the provision of goods or services was less than, equal to, or greater than the cost involved;
- (b) financial statements for the fiscal year that show:
  - (i) appropriations to the budget organization for the fiscal year;
  - (ii) details of actual capital and operating expenditures by the budget organization for the fiscal year; and
  - (iii) the number of permanent and part-time employees at the beginning and end of the fiscal year; and
- (c) a forward management plan detailing the budget organization's plans for future activities.

39.5 A budget organization shall retain its accounts and financial records for at least seven (7) years after completion of the fiscal year to which they relate.

39.6 The Minister of Finance and Economy shall present a report on each budget organization to the Assembly and the SRSG within thirty days after such report is presented by the concerned budget organization to the Minister of Finance and Economy.

#### Section 40 Interim Budget Reports

40.1 The Minister of Finance and Economy shall prepare and the Government shall review quarterly reports covering the fiscal year through the end of the quarter just ended. Such reports shall be submitted to the Assembly and the SRSG within thirty (30) days from the end of each quarter and then published by the Minister of Finance and Economy.

40.2 Interim reports required under Section 40.1 shall include, to the extent possible, a revenue and expenditure report containing the information set out in Section 41.4 and assets and liabilities information containing the information set out in Section 41.5.

40.3 Where interim reports do not contain all the information required by Section 41.4 and Section 41.5, the reports shall indicate the extent to which they do not contain the concerned information and explain the reasons for such omissions.

40.4 Within thirty (30) days from the end of each month, the Minister of Finance and Economy shall prepare, publish and submit to the SRSG detailed reports on budget expenditures made and public monies received from reserved power budget organizations.

#### Section 41 Final Report on the Budget

41.1 The Minister of Finance and Economy shall prepare, submit to the Assembly and the SRSG, and publish:

- (a) no later than March 31 of every calendar year, a final budget reconciliation report on the budget for the previous fiscal year; and
  - (b) no later than June 30 of every calendar year, a set of financial statements compiled by the Treasury consistent with relevant international accounting standards that have been audited as required by Section 42.
- 41.2 The final budget reconciliation report referred to in Section 41.1 shall include:
- (a) budget overview information, described in Section 41.3;
  - (b) a revenue and expenditure report, described in Section 41.4; and
  - (c) assets and liabilities information, described in Section 41.5.
- 41.3 The budget overview information shall include:
- (a) an overview of important actual receipts and expenditures;
  - (b) details of how a budget deficit was financed or how a surplus was invested; and
  - (c) other information considered necessary by the Minister of Finance and Economy or the SRSG.
- 41.4 The revenue and expenditure report shall provide information on the following:
- (a) the actual receipts, identified by type, of budget organizations compared with the relevant projections contained in the budget;
  - (b) actual dedicated revenue received, identified by type, during the fiscal year;
  - (c) actual expenditures, by classification, from appropriations of dedicated revenue;
  - (d) actual number of permanent and temporary employees of budget organizations paid from appropriations in the fiscal year;
  - (e) actual payments of interest or amounts in the nature of interest on debt described in Section 46 and for repayment of debt principal;
  - (f) actual expenditures in respect of each appropriation category compared with:
    - (i) the budget appropriation for that category; and
    - (ii) the actual expenditure for that category in the previous fiscal year;
  - (g) details of all recipients of public grants made in the fiscal year and the amount they received;
  - (h) details of expenditures for the contingent expenditure appropriations described in Section 26;
  - (i) details of all adjustments to appropriations made pursuant to Section 27 and Section 28;
  - (j) actual user fee receipts for the fiscal year; and
  - (k) other information considered necessary by the Minister of Finance and Economy or the SRSG.
- 41.5 The assets and liabilities information shall include:
- (a) details of investments of public money made during the fiscal year;
  - (b) details of any obligations described in Section 46;
  - (c) a full accounting of assets held by budget organizations at the end of the fiscal year; and
  - (d) other information considered necessary by the Minister of Finance and Economy, the Government or the SRSG.

Section 42  
Audit by the Auditor General

42.1 The Auditor General shall prepare and submit to the Assembly and the SRSG a report on the financial statements of budget organizations for the previous fiscal year. This report shall provide the Auditor General's opinion on whether or not the financial statements give a true and fair view of the finances of such budget organizations.

42.2 The Auditor General shall have unrestricted access to all information and explanations that in his/her judgment are necessary for the purposes of the audit.

42.3 The Auditor General shall submit the report described in Section 42.1 by June 30 following the end of the fiscal year to which the annual report relates.

42.4 Copies of the report of the Auditor General shall be made publicly available.

Section 43  
External Audit of the Kosovo Consolidated Budget

No provision of the present law shall impair or affect, or be interpreted as impairing or affecting, the power reserved to the SRSG by Section 8.1(e) of UNMIK Regulation No. 2001/9 to establish arrangements for the independent external audit of the Kosovo Consolidated Budget.

**Part IX**  
**Restrictions on Borrowing, Guarantees, Loans and Capitalization**

Section 44  
General Restriction on Borrowing, Lending, Issuance of Debt Instruments and Guarantees

44.1 Except as specifically provided for in this Part IX, no budget organization may enter into any contract, agreement or arrangement involving the borrowing of money, the extension of a loan or the establishment of a credit facility.

44.2 No budget organization shall (i) issue any instrument, such as a bond or debenture, imposing a debt obligation on a budget organization, (ii) guarantee or assure the performance or payment of any debt or repayment obligation of any budget organization, person, body, or undertaking, or (iii) engage in any lending activity.

44.3 No budget organization may use public money or any other funds or resources to pay for or acquire, directly or indirectly, an interest in an undertaking, nor may any appropriation be made for such a purpose.

Section 45  
Exceptions

The restriction established by Section 44.1 shall not be interpreted as applying to contracts for the procurement of goods, services and/or works awarded by a budget organization in accordance with the rules and procedures established by or pursuant to the applicable law or UNMIK regulation governing public procurement.

Section 46  
Permitted Borrowings

46.1 If all of the conditions and requirements specified in this Section 46 are strictly complied with, a budget organization may, for the purpose of borrowing money for an approved public purpose, enter into a loan or other credit agreement with (i) a financial institution specified in Schedule B to the present law; (ii) another financial institution if the principal subject matter of such agreement involves the extension of a loan or the establishment of credit facility guaranteed or insured by a financial institution specified in Schedule B, or (iii) a bank licensed to conduct lending activities in Kosovo if the selection of such bank is done in strict compliance with the rules governing public procurement in force in Kosovo.

46.2 A budget organization may only engage in borrowing activity if the purpose and amount of such borrowing has been clearly and specifically (i) proposed in the assets and liabilities information described in Section 19.6(b) of the present law and (ii) provided for in the approved Kosovo Consolidated Budget.

46.3 Before any budget organization may enter into any contract, agreement or arrangement involving the borrowing of money, the Minister of Finance and Economy shall: (i) notify the BPK of the budget organization's intention to borrow and the amount of and material terms reasonably expected to apply to such borrowing, (ii) obtain the views and advice of the BPK on the proposed borrowing, (iii) obtain the views and advice of the Budget Department, the Treasury, and the Economic Policy Department in the Ministry on the proposed borrowing, and (iv) present all such views and advice to the Government and the SRSG.

46.4 The views and advice provided by the Minister to the Government and the SRSG shall, inter alia, provide information on and take full account of the Euro-zone constraints on public borrowing; particularly the requirement that that the total stock of public debt shall not exceed 60% of GDP of the previous year and that the budget deficit shall not exceed 3% of GDP. The views and advice provided by the Minister shall also, inter alia, provide information on and take full account of the effect of any material adverse change that has occurred, since the preparation of the concerned assets and liability information referred to in Sections 46.2 and 19.6(b), in (i) the financial terms and conditions that will likely be applicable to such borrowing and/or (ii) the cost of the goods, works, property, services or use rights that such borrowing is intended to finance.

46.5 After receiving the views and advice required by Sections 46.3 and 46.4, the Government and the SRSG shall approve or disapprove the proposed borrowing. In order for the proposed borrowing to be authorized, the approval of both the Government and the SRSG is required. The Government and the SRSG may, if both agree, approve an amount to be borrowed that is different from the amount proposed and/or impose certain conditions on the basic financial terms that such borrowing shall be subject to.

46.6 A budget organization that desires to engage in any borrowing activity shall utilize the Minister of Finance and Economy as its agent to conduct such activity.

46.7 The Minister of Finance and Economy shall be the sole authorized agent for all borrowing activities of budget organizations in Kosovo and shall: (i) represent all budget organizations in the conduct of their borrowing activities; (ii) conduct all negotiations with the concerned lenders on behalf of the budget organizations; (iii) execute all loan documents as the

authorized agent of the budget organizations; and (iv) maintain original documents and registers of all borrowing activities.

46.8 No budget organization shall have any authority to engage in any borrowing activity except as specified in this Section 46. If a budget organization enters into, accepts or executes any contract, agreement, understanding or document having borrowing as its subject matter, such contract, agreement, arrangement or document shall be void and unenforceable if not authorized by or concluded in accordance with this Section 46. Where a budget organization is authorized, in accordance with Section 46, to engage in borrowing activity, such borrowing activity shall be done in full compliance with the applicable law in Kosovo.

## **Part X** **Accountability of Designated Entities**

### **Section 47** **Definitions**

In this Part:

“Director” means a member of the highest governing body of a designated entity; and

“Responsible Minister” means the minister designated in a law or an UNMIK regulation as the minister responsible for general oversight over the concerned designated entity or, if no minister is so designated, the Minister of Finance and Economy.

### **Section 48** **Grants to Designated Entities**

48.1 Subject to Section 48.2, a budget organization may only provide a grant to a designated entity if an appropriation for the budget organization specifically and explicitly authorizes such grant; and, in such event, the budget organization shall ensure that any conditions imposed by the appropriation on such grant are strictly complied with.

48.2 Prior to a vote by the Assembly on any proposed appropriation authorizing a grant to a designated entity, the Minister of Finance and Economy shall (i) obtain the views and advice of the BPK on the proposed grant, (ii) obtain the views and advice of the Budget Department, the Treasury, and the Economic Policy Department in the Ministry on the proposed grant, and (iii) present all such views and advice to the Assembly. In considering the advisability of making an appropriation authorizing the proposed grant, the Assembly shall, inter alia, take into account:

- (a) if the designated entity or any interest therein might be sold during the fiscal year, (i) the likely availability of new capital investment, and the terms and operating conditions that might be placed on the new owners in order to achieve equity objectives; and
- (b) business plans prepared by the designated public entity showing:
  - (i) proposed user fees to be imposed in the current and following five fiscal years; and

- (ii) contracts or other arrangements for the replacement of management if proposed user fees are not imposed according to the schedule set out in the business plans or are imposed but not enforced.

Section 49  
Accounting Practices

49.1 The fiscal year of a designated entity shall be the calendar year.

49.2 A designated entity shall keep accounts and financial records in accordance with the provisions of UNMIK Regulation No. 2001/30 applicable to business organizations, and such accounts and records shall properly record and explain its transactions and financial position. A designated entity shall keep those accounts and records in a way that:

- (a) enables the preparation of the financial statements required by the present law; and
- (b) allows those financial statements to be conveniently and properly audited in accordance with the present law.

49.3 A designated entity shall retain its accounts and financial records for at least seven (7) years after completion of the transactions to which they relate.

49.4 A designated entity shall make the records available at all reasonable times for inspection by any Director of the designated entity.

Section 50  
Interim Reports

50.1 The Financial Rules may prescribe the form and classifications to be used in the preparation of the interim and final reports of a designated entity.

50.2 Each designated entity shall prepare for the periods set out in Section 50.3 an interim report including:

- (a) a report of operations; and
- (b) financial statements, including a balance sheet, profit and loss statement, statement of available cash and liquid assets, and related statements that present a true and fair view of the financial status of the designated entity.

50.3 Within thirty (30) days from the end of each quarter of a fiscal year, a designated entity shall prepare and submit to the Responsible Minister and the Minister of Finance and Economy an interim report covering the fiscal year through the end of the quarter just ended. The Minister of Finance and Economy may, on the application of the Responsible Minister, grant a designated entity an extension of up to thirty (30) additional days for the submission of an interim report.

50.4 The Responsible Minister must present to the Assembly an interim report of a designated entity within the fifteen (15) day period beginning on the day it is presented to the Responsible Minister.

Section 51  
Annual Reports

51.1 Each designated entity shall prepare an annual report including:

- (a) a report on operations;
- (b) details of any transactions described in Section 53 carried out by the designated entity during the concerned fiscal year;
- (c) independently audited financial statements for the concerned fiscal year, including a balance sheet, profit and loss statement, and related statements, that present a true and fair view of the financial status of the designated entity; and
- (d) a forward management plan detailing the entity's plans for future activities and arrangements.

51.2 The annual report required under Section 51.1 shall be provided to the Responsible Minister and to the Minister of Finance and Economy within ninety (90) days after the end of the fiscal year of the concerned designated entity.

51.3 The Minister of Finance and Economy may, on the application of the Responsible Minister, grant an extension of up to thirty (30) days to the period set out in Section 51.2.

51.4 The Responsible Minister must present to the Assembly an annual report of a designated entity within the fifteen (15) day period beginning on the day it is presented to the Responsible Minister.

Section 52  
Audit by the Auditor General

The accounts, records and financial statements of each designated entity shall be audited by the Auditor General. The Auditor General shall submit a detailed report on the results of such audit to the Assembly by June 30 of the calendar year that immediately follows the concerned fiscal year.

Section 53  
Ministers to be Notified of Significant Events Involving Designated Entities

If the managers or Directors of a designated entity propose to cause the designated entity to take any of the following actions, each Director of the designated entity shall immediately provide to the Responsible Minister and the Minister of Finance and Economy written particulars on the proposed action:

- (a) forming or participating in the formation of a legal entity, company, partnership, trust, unincorporated joint venture or any similar arrangement, or any other business or non-business organization or association;
- (b) acquiring, disposing or significantly modifying the nature or extent of any interest held in any organization or association referred to in point (a) above;
- (c) acquiring or disposing of any operating asset or other significant asset;
- (d) ceasing, expanding or modifying its operations;
- (e) exercising its ownership interest in any organization or association referred to in point (a) above to cause such organization or association to take any action specified in points (a) – (d) above; and

- (f) engaging in any borrowing activity.

Section 54  
Keeping Ministers Informed

54.1 The Directors of a designated entity shall provide the Responsible Minister and the Minister of Finance and Economy with whatever reports, documents and information on the operations and activities of the designated entity requested by either of them.

54.2 Any report, document or information requested under Section 54.1 must be provided as soon as possible after the request is made. No Director may decline to comply with such a request for any reason whatsoever.

**Part XI**  
**Municipalities**

Section 55  
Application of the Present Law to Municipalities

55.1 Each municipality shall appoint a Chief Financial Officer. Each municipality shall also establish a Treasury Department and a Budget Department, which departments shall have and exercise powers and responsibilities over the municipality's budget processes similar to those exercised by the Treasury and the Budget Department of the Ministry of Finance and Economy over the central budget processes.

55.2 A municipality may establish an arrangement in writing with the Minister of Finance and Economy to have the Treasury and the Budget Department of the Ministry of Finance and Economy assume responsibility for any or all of the budgetary functions that a municipality is authorized to carry out under the present law.

55.3 Subject to Section 55.4:

- (a) the budget preparation and implementation procedures set out in Parts IV - VII of the present law and the reporting, accounting and audit procedures set out in Part VIII of the present law shall apply to municipalities, and any references in those Parts to officials, employees or budget organizations shall be read, for the purpose of the application of this Part XII, to cover the corresponding municipal level officials, employees and public authorities; and
- (b) any responsibility, power or authority conferred or imposed by Parts IV – VIII on the Minister of Finance and Economy in respect of the central budget process will be read to confer or impose, as the case may be, a similar responsibility, power or authority on the Chief Financial Officer of a municipality concerning the budget process of such municipality.

55.4 Where the Minister of Finance and Economy considers it appropriate, pursuant to the authority provided by Section 5.2 of UNMIK Regulation 2001/9 and Section 37.3 of UNMIK Regulation 2000/45, the Minister may prescribe (i) rules for the budget preparation and implementation procedures of municipalities that differ from those set out in Parts IV and V of the present law, and (ii) rules for the reporting, accounting and audit procedures of municipalities



that differ from those set out in Part VIII of the present law; provided, however, that rules prescribed under the authority of this section shall become effective only after approval in writing by the Grants Commission.

55.5 The Minister of Finance and Economy may enter into an arrangement with a municipality to provide investment advice or services to such municipality to ensure the efficient investment of the funds in the municipality's sub-account under the Kosovo Consolidated Fund.

#### Section 56

#### Operating Grants Subject to Compliance with the Present Law

A municipality may set and collect fees or taxes or receive general operating grants or specific operating grants if it adopts the budget preparation and implementation procedures and reporting, accounting and audit procedures prescribed by Section 55.

#### Section 57

#### Taxes and Fees Levied by Municipalities

57.1 All revenue received by a municipality in the form of taxes or charges levied by the municipality shall be public money and shall be immediately deposited in the appropriate official bank account under the Kosovo Consolidated Fund. The municipality shall, upon the making of any such deposit, immediately provide the Treasury with a written notice, in the form specified under the Financial Rules, indicating (i) the total amount deposited, (ii) a breakdown, by source, of the funds deposited, and (iii) other information required by the Financial Rules.

57.2 Except for amounts described in Section 57.3 and Section 57.7, fees, taxes or charges received by a municipality shall be dedicated revenue and shall be treated as appropriated to the account of the municipality under the Kosovo Consolidated Fund.

57.3 Any fees, taxes or charges collected by a municipality, the collection of which is not authorised by a law or an UNMIK regulation, shall be public money and shall be deposited by the municipality in the Kosovo Consolidated Fund in accordance with Section 13 of the present law. An amount described in this section shall not become the dedicated revenue of a municipality but shall be segregated by the Director of the Treasury and held in a separate account for the purpose of providing the municipality with a means to satisfy claims for reimbursement brought under Section 57.5. If, after the payment of all timely and valid reimbursement claims, there are still amounts that have been segregated, such funds shall become general revenue.

57.4 If a municipality fails to comply with Section 57.3, the Minister of Finance and Economy shall make a preliminary estimate of the amounts described in Section 57.3 that the municipality has collected. The Minister of Finance and Economy shall provide such preliminary estimate to the Auditor General who shall review such estimate and provide to the Minister a final estimate that, based on the evidence available to the Auditor General, is a reasonable calculation of the amounts so collected by the municipality. The Minister shall then consult with the Grants Commission on the matter and, if the Grants Commission consents, the Minister shall reduce the amount of the general operating grant appropriated to that municipality by the amount of such final estimate.

57.5 Where a person or undertaking who has paid a fee, tax or charge described in Section 57.3 seeks to recover the amount paid, that person or undertaking shall file the concerned claim within two (2) years after the conclusion of the calendar year during which the concerned amount

was paid. The concerned municipality shall bear sole liability and responsibility for the reimbursement of such fee, tax or charge; and no other public authority shall have any liability in connection therewith, whether or not the unauthorised fee, tax or charge has been deposited in the Kosovo Consolidated Fund.

57.6 Any act or ruling by a municipality that has the purpose or effect of frustrating legitimate claims for the recovery of fees, taxes or charges that have been illegally imposed or collected or legitimate claims for interest or damages arising out such illegal impositions or collections shall not be valid or given effect.

57.7 If fees, taxes or charges described in Section 57.1 are collected by a municipality that, in the opinion of both the Minister of Finance and Economy and the Auditor General, has failed to adopt and implement budgetary processes conforming to the requirements of Section 55, the Ministry of Finance and Economy shall ensure that such fees, taxes and charges are not appropriated to the dedicated funds account of the concerned municipality under the Kosovo Consolidated Fund but are instead retained in a trust account, as described in Section 16.2, and deposited in the dedicated funds account of the municipality only when the Minister of Finance and Economy has determined that the municipality has adopted and implemented budgetary processes conforming to Section 55.

57.8 A municipality that has been negatively affected by an action of the Ministry of Finance and Economy taken pursuant to Section 57.7 may file a written request with the Grants Commission to review the facts and circumstances leading to the taking of such action. The Grants Commission may, after receiving such a request, review such matters and reverse or uphold the action of the Ministry of Finance and Economy. If the Grants Commission reverses such action, it shall issue an order directing the Ministry of Finance and Economy to take such measures as are necessary to ensure that the concerned fees, taxes or charges are appropriated to the dedicated revenue account of the concerned municipality under the Kosovo Consolidated Fund.

#### Section 58 Grants Commission

58.1 There shall be established a Grants Commission no later than sixty (60) days after the effective date of the present law. The members of the Grants Commission shall be the Prime Minister, the Minister of Finance and Economy, another Minister appointed by the Government, the Chairman of the Budget Committee of the Assembly, and three representatives of the municipalities nominated by the Association of Kosovo Municipalities and approved by the Government.

58.2 The Grants Commission shall hold regular meetings, to be called by the Minister of Finance and Economy, at least once in every calendar month. Other meetings may be jointly called by any two members, provided that any such non-regular meeting shall be called at least seven days before it is to be held. A meeting of the Grants Commission may be validly convened only if (i) four or more members are present and (ii) the Minister of Finance and Economy or the Prime Minister are among the members present. The Minister of Finance and Economy, or – in his absence – the Prime Minister, shall be responsible for chairing a meeting of the Grants Commission. The Minister of Finance and Economy shall provide a permanent secretariat to support the Grants Commission in the performance of its responsibilities.

58.3 The Grants Commission shall:

- (a) by August 1, recommend to the Minister of Finance and Economy the amounts to be appropriated as general operating grants in the Kosovo Consolidated Budget for the following three fiscal years;
- (b) by August 1, establish a formula, based on objective criteria, for the allocation to the municipalities of funds appropriated as general operating grants;
- (c) from time-to-time, recommend to the Assembly through the Minister of Finance and Economy the nature and scope of the powers that should be granted to municipalities for the purpose of levying and collecting fees, charges, and local taxes;
- (d) by August 31, in collaboration with the central budget organizations responsible for supervising the programs of municipalities for which specific operating grants are to be provided, (i) recommend to the Minister of Finance and Economy the amounts to be appropriated as specific operating grants for those programs, and (ii) establish a formula, based upon objective criteria, for the allocation to the municipalities of funds appropriated as specific operating grants.

58.4 If the Kosovo Consolidated Budget prepared by the Minister of Finance and Economy includes an amount to be appropriated as a general operating grant that is different from the amount recommended under Section 58.3(a), the Minister shall include in the budget papers an explanation for the difference.

#### Section 59 General Operating Grants

59.1 An appropriation for a general operating grant shall be deposited into the dedicated revenue account of the municipality in the Kosovo Consolidated Fund in four equal instalments, to be deposited on the first business day of each quarter of the concerned fiscal year.

59.2 If, in the opinion of both the Minister of Finance and Economy and the Auditor General, a municipality has failed to adopt and implement budgetary processes conforming to the requirements of Section 55, the Ministry of Finance and Economy may deposit all or any portion of the quarterly instalments specified in section 59.1 into a trust account, as described in section 16.2, instead of the dedicated revenue account of the municipality in the Kosovo Consolidated Fund. The Minister of Finance and Economy may transfer such funds from such a trust account to the dedicated funds account of the municipality only when the Minister of Finance and Economy has determined that the municipality has adopted and implemented budgetary processes conforming to Section 55.

59.3 A municipality that has had negative outcome by an action of the Ministry of Finance and Economy taken pursuant to Section 59.2 may file a written request with the Grants Commission to review the facts and circumstances leading to the taking of such action. The Grants Commission may, after receiving such a request, review such matters and reverse or uphold the action of the Ministry of Finance and Economy. If the Grants Commission reverses such action, it shall issue an order directing the Ministry of Finance and Economy to take such measures as are necessary to ensure that the concerned funds are appropriated to the dedicated funds account of the concerned municipality under the Kosovo Consolidated Fund.

Section 60  
Specific Operating Grants

60.1 An appropriation for a specific operating grant shall be deposited into the dedicated revenue account of the municipality in the Kosovo Consolidated Fund in four equal instalments, to be deposited on the first business day of each quarter of the concerned fiscal year.

60.2 If a central budget organization that is responsible for supervising a program of a municipality for which a specific operating grant has been provided obtains information that the municipality is not complying with the conditions governing the use of such grant, it shall immediately notify the Grants Commission. The Grants Commission shall review the matter and, if the Grants Commission finds that the municipality has not complied with the conditions governing the use of a special operating grant, the Grants Commission shall immediately notify the Ministry of Finance and Economy of such finding.

60.3 Upon receiving a notice from the Grants Commission that a municipality has not complied with the conditions governing the use of a specific operating grant, the Ministry of Finance and Economy may deposit into a trust account described in section 16.2: (i) all or any portion of the quarterly instalments specified in section 60.1 and (ii) all or any portion of the quarterly instalments specified in section 59.1, instead of depositing such funds into the dedicated revenue account of the municipality in the Kosovo Consolidated Fund. Provided, however, that, prior to depositing in such trust account any amount from a quarterly instalment specified in Section 59.1, the Minister of Finance and Economy shall estimate the amount of a specific operating grant that has been used in a manner not in conformity with the conditions governing the use thereof; and, provided further, that such estimate shall constitute the maximum limit on the amount of funds that the Ministry of Finance and Economy may, pursuant to clause (ii) of the preceding sentence, deposit into the specified trust account.

60.4 If the central budget organization that is responsible for supervising the program of a municipality that has been affected by an action taken by the Ministry of Finance and Economy under Section 60.3 certifies to the Ministry of Finance and Economy that the municipality has demonstrated the capacity and willingness to comply with the conditions governing the use of the concerned specific operating grant, the Minister of Finance and Economy shall transfer the funds in the concerned trust account to the dedicated funds account of the municipality.

60.5 A municipality that has been negatively affected by an action of the Ministry of Finance and Economy taken pursuant to Section 60.3 may file a written request with the Grants Commission to review the facts and circumstances leading to the taking of such action. The Grants Commission may, after receiving such a request, review such matters and rescind the notification it provided to the Ministry of Finance under Section 60.2. If the Grants Commission rescinds such notice, the Ministry of Finance and Economy shall transfer the funds in the concerned trust account to the dedicated funds account of the municipality.

Section 61  
Ministerial Appointment of Municipal Financial Administrator

61.1 Subject to Section 61.2, where the Ministry of Finance and Economy concludes that a municipality has failed to adopt budgetary processes that conform to the requirements of Section 55, the Minister shall appoint an interim financial administrator within the Ministry of Finance and Economy to manage the financial affairs of the municipality.

- 61.2 An appointment made under the authority of Section 61.1 shall be effective only if:
- (a) the Minister of Finance and Economy has received confirmation in writing from the Auditor General that the budget and finance processes adopted by the municipality do not conform with the requirements of Section 55; and
  - (b) the appointment is ratified by the Budget Committee of the Assembly.

**Part XII**  
**Penalty Provisions And Final Matters**

**Section 62**  
**Illicit Influence**

62.1 It shall be a criminal offence for any person or undertaking to provide, offer, solicit or accept anything of value for the direct or indirect benefit of a current or former employee of a public authority or a current or former public official, or any related or associated person, wholly or partly for the purpose of influencing a decision affecting, the use or expenditure of any public money.

62.2 It shall also be a criminal offence for any person or undertaking to take any action, or to express or indicate a readiness to take any action, for the purpose of intimidating or harming (physically, financially, or otherwise) any person or undertaking, wholly or partly for the purpose of influencing a decision affecting the use or expenditure of any public money.

62.3 Any person or undertaking convicted of an offence specified in Section 62.1 or 62.2 shall be required to pay a penalty equal to 10,000 to 500,000 Euros; the concerned criminal court shall use its reasonable discretion in establishing the exact amount of such penalty, taking into account the exact nature of the concerned offence. Any person or undertaking so convicted shall also be banned for a period of at least five (5) years from participating in any manner, directly or indirectly, in any activity or procedure involving the use, application, disposal or expenditure of public money or other public resources or assets. If a person so convicted is a public official or an employee of a public authority, he or she shall also be dismissed and banned from public employment and service for a period of five (5) years.

62.4 Any person convicted of an offence specified in Section 62.2 shall be imprisoned for a term of one year or a term equal to twice the normal term attaching to such an offence under the general criminal laws and regulations of Kosovo, whichever is longer.

62.5 Where an offence specified in Section 62.1 or Section 62.2 is alleged to have been committed by or on behalf of an undertaking, the natural person or persons actually involved in the events giving rise to such offence shall also be criminally liable therefor. Furthermore, any director or senior executive officer of such undertaking who knew or – in the exercise of reasonable managerial diligence – should have known of the events giving rise to such offence shall also be criminally liable therefor.

**Section 63**  
**Violations By a Public Official or Civil Servant**

63.1 If any public official or civil servant intentionally fails, or more than once negligently fails, to comply with one or more obligations or requirements imposed by the present law or a

subsidiary normative act or order validly issued under the authority of the present law, such public official or employee shall be dismissed and banned from public employment and service for a period of at least three (3) years.

63.2 If any public official or civil servant intentionally fails to comply with one or more obligations or requirements imposed by the present law or a subsidiary normative act or order validly issued under the authority of the present law, such person shall be subject to an administrative fine of up to 10,000 Euros. If such an intentional failure causes damage to a public authority or the loss of public money, such public official or civil servant shall be liable for all such damage and losses. If such intentional failure involves conduct that constitutes a crime under the general criminal laws and regulations of Kosovo, such person shall also be subject to criminal prosecution under such laws and regulations.

63.3 If any public official or civil servant negligently fails to comply with one or more obligations or requirements imposed by the present law or a subsidiary normative act or order validly issued under the authority of the present law, and such failure causes damage to a public authority or the loss of public money, such public official or civil servant shall, where the circumstances involve gross negligence or recklessness, be liable for such damage and losses.

#### Section 64 Suspension of Public Officials and Civil Servants

If a public official or civil servant becomes the subject of a court proceeding involving allegations that such public official or civil servant has been involved in an event of illicit influence as described in Section 62 or has intentionally or negligently failed to comply with one or more obligations or requirements imposed by the present law or a subsidiary normative act or order validly issued under the authority of the present law, the court may issue an order suspending such person from his or her position until the court has the opportunity to conduct a full and fair hearing on the allegations and to make a determination thereon.

#### Section 65 Violations by Other Persons

If any person other than a public official or civil servant violates a provision of the present law or a subsidiary normative act or order validly issued under the authority of the present law, such person shall be guilty of a criminal offense and shall be required to pay a penalty equal to 10,000 to 500,000 Euros; the concerned criminal court shall use its reasonable discretion in establishing the exact amount of such penalty, taking into account the exact nature of the concerned offense. If such violation causes damage to a public authority or the loss of public money, such person shall be liable for all such damage and losses. If such violation involves conduct that constitutes a crime under the general criminal laws and regulations of Kosovo, such person shall also be subject to criminal prosecution under such laws and regulations.

Section 66  
Entry into Force

This law enters into force after its approval by the Assembly and on the day signed by the SRSG.

Nexhat Daci  
President of the Assembly of Kosovo

Michael Steiner  
Special Representative of the Secretary General

**Schedule A**  
**Designated Entities**

Each of the following entities is a “designated entity” within the meaning of that term as it is used in the present law:

- 1) Post and Telecommunications Kosovo
- 2) Banking and Payments of Kosovo Authority
- 3) Kosovo Electric Authority
- 4) Pristina Airport Authority
- 5) Kosovo Railway



**Schedule B**  
**International Financial Institutions**

The following are the international financial institutions referred to in Section 46.1 of the present law:

- 1) The International Bank for Reconstruction and Development and other members of the World Bank Group
- 2) The European Bank for Reconstruction and Development
- 3) The International Monetary Fund
- 4) The Islamic Development Bank
- 5) Official export credit agencies of foreign countries; and
- 6) Official bilateral financial institutions of foreign countries.

