



Republika e Kosovës  
Republika Kosovo-Republic of Kosovo  
*Kuvendi - Skupština - Assembly*

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Law No. 03/L-221

**AMENDING AND SUPPLEMENTING LAW NO. 03/L-048 ON PUBLIC  
FINANCIAL MANAGEMENT AND ACCOUNTABILITY**

**Assembly of Republic of Kosovo,**

Based on Article 65 (1) of the Constitution of the Republic of Kosovo;

Adopts

**LAW AMENDING AND SUPPLEMENTING LAW NO. 03/L-048 ON  
PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY**

**Article 1**

1. Replace the term “**Central Banking Authority of Kosovo**” with the term “**Central Bank of Kosovo**” throughout the text of the law.
2. “**CBAK**” is replaced with abbreviation “**CBK**” throughout the text of the law.
3. “**Kosovo Consolidated Budget**“ is replaced with “**Budget of Republic of Kosovo**” throughout the text of the law.
4. “**KAMSH**” is replaces with “**KASH**” throughout the text of the law *(linguistic change that affects the Albanian language version only)*

## Article 2

Article 1. The following existing definitions are reformulated as follows:

1. In the definition of “**Allocated funds**” the words “paragraph 1 of Article 35” are replaced with the words “paragraph 1 of Article 34”.

2. The definition of “**Civil Servant**” is amended and reformulated as follows:

“**Civil servant**” - shall have the meaning specified in the Law on Civil Service of the Republic of Kosovo.

3. The definition of “**PPPU**” is reformulated as follows *(linguistic change that affects the Albanian language version only)*:

“**PPPU**”- means the Public-Private Partnership Unit established within the Ministry of Economy and Finance.

4. The title of the definition “**Public Private Partnership Contract**” is replaced with the title “**Public Private Partnership Contract**” *(linguistic change that affects the Albanian language version only)*.

5. The following new definitions are added to Article 1 of the law:

“**Commitment**”- means contemplated expenditures, for which a Commitment Payment Order has been delivered in accordance with the Treasury Financial Rules and recorded in the Kosovo Financial Management Information System, whether or not subject to an obligation;

“**Obligation**”- means a legal agreement, such as a contract or purchase order, entered into by a Budget Organization that requires the Budget Organization to make expenditure.

## Article 3

1. Article 5 paragraph 5.1. is reformulated as following:

5.1. A Budget Department shall be established under the Ministry of Economy and Finance. The Budget Department shall be headed by a General Director, who shall be a senior public appointee. The Budget Department shall consist of at least two separate units:

- (i) a central budget unit; and
- (ii) a municipal budget unit.

## Article 4

1. Article 14, two new paragraphs are added as follows:

14.6. In the event the General Director of the Treasury has reliable proof that a Chief Financial Officer or a Certifying Officer has failed to perform the duties set out in this Law, the General Director of the Treasury is obligated to recommend to the Auditor General in writing the conduct of an audit.

14.7. If any such audit conducted by the Auditor General contains a finding of a systematic failure to perform the duties of a Chief Financial Officer or Certifying Officer, the Chief Administrative Officer must remove that individual from that office. Any Financial Officer so removed may not thereafter be appointed as a Financial Officer of any Budget Organization.

## **Article 5**

1. Article 19 is reformulated as follows:

### **Article 19**

#### **Preparation of the Medium Term Expenditure Framework**

19.1. By April 30 of each calendar year, the Government shall have submitted to the Assembly a Medium Term Expenditure Framework (“MTEF”) covering the next fiscal year and estimates for the two following fiscal years (the “MTEF Budget Period”). The MTEF shall contain:

- a) macroeconomic and fiscal forecasts for the MTEF Budget Period, including main economic indicators;
- b) a statement of government policy priorities intended to direct budget resource allocation during the coming budget process;
- c) revenue forecasts and a plan for aggregate budget expenditures according to economic category for the MTEF Budget Period and the resulting fiscal surplus or deficit for each year and for each of the following: (i) the central level of government, (ii) municipalities, (iii) intergovernmental transfers, and (iv) the annual budget;
- d) a table comparing the proposed MTEF with the current approved budget, including the forward year projections for such Budget, any previous update of the MTEF prepared in the current year, and the actual fiscal outcome of the prior year
- e) a table setting out a summary of changes stimulated by policies in fiscal framework as well as the impact of these changes in expenditures, incomes and/ or requests for finance;
- f) forecasts of internal and external debt for the MTEF Budget Period;
- g) an estimate of the resources required to service internal and external debt during the MTEF Budget Period;

- h) an analysis of capital investments financed from the budget and an assessment of their volume for the MTEF Budget Period;
- i) a review of salary policy for the MTEF Budget Period;
- j) an analysis of employment and the wage bill in the budget sector and an assessment of the impact of any wage reform policy;
- k) a proposal for adjusting wage bill policy to the macro-fiscal framework set in the MTEF for the purpose of assuring corresponding financial support;
- l) estimated grant levels for each municipality, calculated in accordance with the formula and procedures established in the LLGF; and
- m) estimated levels of expenditures for any other budgetary organization which is not a municipality or agency with dedicated revenue.

19.2. The Minister shall update the contents of the MTEF, to enable the submission of the BRK in accordance with Article 21.

## **Article 6**

1. Article 20, paragraph 20.2, point (i) the words “specified in the MTEF” are deleted.

2. Article 20.3 is reformulated as follows:

20.3. The Minister shall issue the first budget circular required by paragraph 2 of this Article by May 15 of the then current fiscal year. The date by which municipalities must complete and submit their proposed budgets and appropriations requests shall be September 30 of that year. For budget organizations that are not municipalities, the deadline for submitting such documents shall be as specified in the budget circular. When an update of the MTEF affects estimated amounts of Government grants set out in point (j) of paragraph 1 of Article 19 the Minister shall, no later than August 15 of the current fiscal year, issue a budget circular to municipalities providing final budget instructions with final grant levels consistent with those in the updated Initial MTEF and calculated according to the LLGF.

3. In paragraph 20.4, point (iii) the words “**Law on Local Government Finance**” are replaced with the abbreviation “**LLGF**”.

4. In paragraph 20.6 the reference “paragraph 4 of Article 65” is replaced with reference “paragraph 1 of Article 66”

## **Article 7**

1. The second sentence of paragraph 21.1 of Article 21 is reformulated as follows:

The Minister shall prepare and deliver to the Government, prior to the date specified in paragraph 1 of Article 22, a proposed Budget of the Republic of Kosovo including an MTEF, setting forth the following information:

2. Paragraph 21.1 point “d” is reformulated as follows:

d) for the current year, upcoming fiscal year and at least the two following fiscal years, estimates and projections with respect to:

3. Paragraph 21.1, point “d” add a new point (vi) as follows:

(vi) a projection of the Dedicated and Own-Source Revenues of each budget organization and any appropriation of such revenue categorized by program and economic classification; and

4. Paragraph 21.1 point “d” the existing point “(vi)” becomes point “(vii)”

5. Paragraph 21.1 after point “d” the following new points (e), (f), (g) and (h) are added:

e) detailed separate expenditure tables for the central government, municipal governments, intergovernmental transfers as well as a separate table presenting consolidating central and municipal expenditures.

f) An appropriations table linking projected Own Source Revenue and Dedicated Revenue with specific appropriations of such revenue separately by Budget Organization, Program and economic category of expenditure.

g) a table comparing the proposed budget with the previous original budget, the Medium Term Expenditure Framework, projected actual results for the current year and the budget following any adjustments made in accordance with Article 25 of this Law;

h) a table summarizing policy induced changes in the fiscal framework and their impact on expenditure, revenue and/or financing requirements.

6. The existing points (e) through (m) are renamed accordingly.

## **Article 8**

1. Article 25 paragraph 25.1 is reformulated as follows:

25.1. The Minister of Economy and Finance may prepare proposed amendments to the Kosovo Consolidated Budget and an Appropriations Law, except to provisions thereof that relate to independent agencies that are in force if he/she has substantial reasons to believe:

2. Article 25 a new paragraph 25.3 is added as follows:

25.3. Proposed amendments to the Budget of the Republic of Kosovo to be presented to the Assembly shall include

a) a table summarizing policy induced changes in the fiscal framework as a consequence of proposed amendments and their impact on central government and municipal expenditure, revenue and/or financing requirements and on inter-governmental transfers.

b) an appendix to include a table identifying changes to forecasts of the Dedicated and Own-Source Revenues of each budget organisation resulting from the proposed amendments and any appropriation of such revenue categorised by program and economic classification; and

c) an explanation of any material differences between estimates and projections resulting from the proposed amendments and the estimates and projections contained in the approved budget and the most recently published MTEF

3. Article 25 a new paragraph 25.4 is added as follows

25.4. Any such proposed amendment to an Appropriations Law or to the Budget of Republic of Kosovo shall not result in any increase in current year expenditure that is not at least equally offset by a reduction in expenditure and/or measures to increase revenue.

## **Article 9**

1. Article 26 paragraph 26.1 is reformulated as follows:

26.1. Whenever a new law or an amendment to an existing law is being proposed the sponsoring ministry or body is required to first submit the new law or the amendment to an existing law to the Ministry of Economy and Finance along with a budgetary and economic impact statement that provides a detailed assessment of the likely effects that such proposed legislation will have on the Kosovo Consolidated Budget and the economy of Kosovo.

2. Article 26, four new paragraphs are added after paragraph 1 as follows:

26.2. The Budget Department, in cooperation with the Economic Policy Department, shall review such statement and provide the Government or the Assembly with their independent opinion on such matters, when proposed by the Assembly.

26.3. If the proposed law or law amending an existing law would assign new responsibilities to municipalities, the Ministry of Local Government shall also provide the Government or Assembly, when the Assembly is the sponsoring body, the with its opinion after consulting with municipalities.

26.4. If the Government approves such proposed legislation and transmits it to the Assembly for consideration, the Government shall also provide the Assembly with the sponsoring ministry's or body's budgetary and economic impact statement, along with the independent opinions.

26.5. In the event the Assembly is the sponsoring body the independent opinions shall also be provided directly to the Assembly.

3. Paragraph 26.2.of the law is renumbered as paragraph 26.6.

### **Article 10**

1. Article 34 is deleted.

### **Article 11**

1. Article 35 is renumbered as Article 34.

2. Article 36 is renumbered as Article 35.

### **Article 12**

1. Article 37 already renumbered as Article 36 is reformulated as follows:

### **Article 36 Committed Funds**

36.1. A Budget Organization shall record a commitment of allocated funds in the KFMIS in accordance with the FMC rules prior to initiating any procurement process that is intended to result in an Obligation in the current fiscal year.

### **Article 13**

1. A new Article 37 is added as follows:

### **Article 37**

## **Contracts Creating a Liability to Make Payments in the Current or Future Fiscal Years**

37.1 A budget organization shall not enter into any obligation for the current year that requires expenditure in excess of allocated funds.

37.2. The Chief Financial Officer of a budget organization shall be responsible for insuring that all invoices and other Obligations are recorded in the KFMIS in accordance with the FMC Rules within 3 business days after such invoice or obligation is first received or incurred.

### **Article 14**

1. In the title of Article 39 *(in Albanian language version only)* delete the words “designated entities”.

2. A new paragraph 39.3 is added as follows:

39.3. In the event the General Director of the Treasury is required to execute such delegated expenditure authority on behalf of any Budget Organization, the General Director must submit a report of all such delegated expenditures to the Assembly as part of the quarterly budget report required in Article 45 of this law.

### **Article 15**

1. In Article 43 paragraph 43.1, point (c), after the words “permit analyses of commitments” the word “, obligations” is added.

2. In paragraph 43.3, after point (g) a new point (h) is added as follows:

(h) obligations; and

3. Renumber the existing point (h) as point (i)

### **Article 16**

1. Article 44, the last sentence of paragraph 44.4 is reformulated as follows:

Such report shall include each of the following elements:

2. Article 44, paragraph 44.4 point (b) at the end of point (ii) the word “and” is deleted.

3. Article 44, paragraph 44.4 point (b) at the end of point (iii) the word “and” is added *(only in the English version)*.

4. Article 44, paragraph 44.4 a new point (c) is added as follows:

c) A report on the actions taken, or to be taken, by the Budget Organization in response to recommendations contained in the most recent audit report of that Budget Organization.

#### **Article 17**

1. In Article 45 paragraph 45.2 the reference “point b) paragraph 2 of Article 46” and the reference “point c) paragraph 2 of Article 46,” are replaced with the reference “paragraph 1 of Article 46”.

#### **Article 18**

1. In the end of Article 46 paragraph 46.1, after the words “two fiscal years that includes” add the words “each of the following elements:”

2. At the end of paragraph 46.1 in points (a) and (x), delete the word “and”

3. In paragraph 46.1 point (b), (iii) delete the word “and”.

4. At the end of paragraph 46.1 point (b), (iv) add the word “and”

5. In paragraph 46.1 point (b) a new point (v) is added as follows:

(v) All expenditure arrears for each Budget Organization.

6. In paragraph 46.1, two new points are added (c) and (d) as follows:

(c) Consolidated Financial Statements for the Kosovo Consolidated Fund for the previous year that are based on the reconciled Treasury accounting record and prepared in accordance with the International Public Sector Accounting Standards.

(d) A report on the actions taken and proposed actions to be taken pertaining to the Auditor General’s findings and recommendations contained in the Annual Audit Report of the financial statements and the Assembly’s directives and resolutions as set out in Article 48 of this Law.

7. Paragraph 46.2 is reformulated as follows:

46.2. No later than March 31 of each calendar year, the mayor of a municipality shall prepare and submit to the municipal assembly a final budget reconciliation report containing the information required by 46.1 as applicable to the concerned municipality. A copy of such report shall be submitted to the Minister and published by the mayor on the municipality’s website.

## **Article 19**

1. Article 47 is reformulated as follows:

### **Article 47 Audit by the Auditor General**

47.1. The Auditor General shall annually audit the execution of the KCB for the previous fiscal year. The audit responsibilities of the Auditor General cover all budget organizations, public authorities, public undertakings and any other public funds and programs regardless of how they are managed or financed, including the municipalities.

47.2. 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.

47.3. The Auditor General shall perform the audits in compliance with Internationally Recognized Auditing Standards.

47.4. Copies of the report of the Auditor General shall be made publicly available. The audit scope of the Audit Office covers both regularity and performance audits.

47.5. No provision of the present law shall impair or affect, or be interpreted as impairing or affecting, the Auditor General's authority to audit or make arrangements for the independent external audit of any budget organization, public authority, or public undertaking at any time.

## **Article 20**

1. Article 48 is reformulated as follows:

### **Article 48 Reporting by the Auditor General**

48.1. The Auditor General shall submit audit reports to the audited institution. At the same time, a copy of the audit report will also be provided to the entity to which the audited institution is accountable. Copies of the audit reports may be sent to any other concerned institution. The Auditor General shall make audit reports public immediately after the submission of such reports.

48.2. When reporting on Regularity Audits the Auditor General shall submit final reports to each audited institution and to the entity to which the audited institution is directly accountable, and to the Minister no later than June 30.

48.3. For the audit of the Government's annual financial report on the Kosovo Consolidated Budget the Auditor General shall submit a draft Annual Audit Report for comments to the Government on or before 31 July. This report shall include the Auditor General's opinion on whether or not the financial statements give a true and fair view.

48.4. The Auditor General shall submit the Final Annual Audit Report, including the Government's comments, to the Assembly on or before 31 August.

48.5. Between 31 August and 31 October the Assembly shall review the Final Annual Audit Report and government financial statements and adopt any directives and resolutions pertaining to them no later than 31 October. If the Assembly fails to review the Annual Audit Report and the government financial statements shall be deemed accepted as submitted by the Auditor General.

## **Article 21**

1. Article 55 is reformulated as follows:

### **Article 55 Finance and Audit of Public Undertakings**

55.1. A budget organization may only provide a grant to a public undertaking 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.

55.2. Public undertakings that benefiting from such grants are obligated to prepare annual financial statements. Such statements are subject to audit by the Auditor General.

## **Article 22**

1. Article 63 paragraph 63.2 is reformulated as follows:

63.2. In accordance with the present Law the Kosovo Judicial Council (KJC) shall have the exclusive responsibility and authority to act as the representative of all courts in Kosovo with respect to the development and submission, of the proposed consolidated budget for the judiciary.

## **Article 23**

1. The title of Article 66 is reformulated as follows "Independent Agencies"

2. In the first line of paragraph 66.1 the words "having dedicated revenues" are deleted.

## Article 24

1. Article 67 paragraph 67.1 is reformulated as follows:

67.1. If, at any time after this Part XIII becomes effective, any person or organization files with a court or an arbitral tribunal a complaint or claim against a public authority seeking monetary or any other form of compensation from such public authority, or a complaint or claim alleging a right in or to property in the ownership or possession of a public authority or under the administration of a public authority, such person or organization (the “complainant”) must pay all required court filing fees and provide a copy of such complaint or claim to the concerned public authority and the Minister of Justice.

2. Paragraphs 67.4 through 67.8 are reformulated as follows:

67.4. If the concerned public authority is not the Government, the Ministry of Justice shall have the right and authority but not the obligation to participate in the concerned proceeding as the advocate of the public and, if applicable, social interest and, acting in that capacity, shall have the right and authority to fully participate in any judicial or arbitral proceedings relating to such a complaint or claim, including the right to present evidence and legal arguments in opposition to such complaint or claim. The Ministry of Justice shall also have the duty to ensure that the concerned public authority is properly and competently represented by its own legal counsel throughout any such proceedings. The Ministry of Justice shall have the right and authority but not the obligation to take over such representation if (i) requested by the concerned public authority or (ii) the Ministry of Justice determines that the concerned public authority is not being properly or competently represented. The Ministry of Justice shall have authority to retain independent legal counsel to the extent that a conflict arises in its obligation to represent any party to or interests in a proceeding.

67.5. In the event the Ministry of Justice takes over the representation of a public authority under paragraph 4 of this Article, the court or arbitral tribunal shall then only permit the Ministry of Justice to represent the public authority in the concerned proceeding. Furthermore, all officials, civil servants, employees and contractors of the concerned public authority shall be under a strict duty to fully and uneventfully cooperate with the Ministry of Justice and immediately comply with any request by the Ministry of Justice for documents or information. The Minister of Justice shall have authority to report to the appropriate disciplinary body the failure of any official, civil servant, employee or contractor to fully cooperate

67.6. If, at any time during or after its participation in a proceeding, the Ministry of Justice has reason to believe that a court or arbitral tribunal (or any officials, employees or representatives thereof) are engaging or may have engaged in any unlawful, unprofessional or unethical conduct report such conduct to the applicable disciplinary body for investigation and appropriate action.

67.7. If during or after its participation in a proceeding the Ministry of Justice has reason to believe that a criminal act occurred, it shall refer such matter to the State Prosecutor for

investigation and further action. Except as otherwise may be provided in the Constitution or other applicable laws, if the matter is referred to the State Prosecutor, he/she shall prosecute all involved persons and organizations to the fullest extent provided for under the applicable criminal laws of Kosovo.

67.8. The Minister of Justice shall, on behalf of a damaged public authority, have the right to bring a civil suit against any public official, employee, civil servant, or other person whose conduct resulted in damage to any public money, public or socially owned property or resources, or the rights or duties of any public authority.

## **Article 25**

1. Article 68 is reformulated as follows:

### **Article 68 Pending Court Proceedings**

68.1. Except as provided in paragraph 2 of this Article, if, at the time the present law comes into effect, there is any pending court proceeding that is based on a complaint or claim described in paragraph 1 of Article 67 of this law, and the Ministry of Justice is not already participating in that proceeding: (i) such proceeding shall, as matter of law, be automatically suspended, and (ii) any public authority and the court having jurisdiction over the pending proceeding shall immediately notify the Ministry of Justice about such proceeding and provide the Ministry of Justice with a complete copy of all records and case files relating thereto. The suspension shall continue until the expiration of a period of 180 days that shall begin on the date that a copy of the case file has been provided to the Ministry of Justice. A court proceeding is “pending” unless it has resulted in an absolutely final judgment (one that is no longer subject to appeal).

68.2. In any suit against the Government or a public authority for damages in which at least one of the claims alleges property damage arising from war, civil insurrection or civil unrest and which was filed on or before January 1, 2005, the court, in lieu of sending a complete copy of the records and case file as required in paragraph 1 of Article 68 of this law, shall provide the Ministry of Justice a complete listing of all such cases. Such cases shall be suspended for a period of 18 months following the date the list is provided to the Ministry of Justice, provided however, that if the Ministry notifies the court in writing that it is assuming representation on behalf of the Government or a public authority the suspension period shall end effective the date of such notice and the court shall proceed to resolve the case. Upon request, the court shall make available to the Ministry of Justice case files for review and copying.

68.3. Until the expiration of the suspension period described above: (i) the court and the parties are prohibited from taking, and shall not take, any action whatsoever with respect to the pending proceeding; including actions involving the submission of evidence, the filing of briefs and/or the making or issuance of any ruling, order or determination, and (ii) all timelines and deadlines (including appeal periods) that are in any way applicable to such a proceeding or any order or judgment issued in connection with such a proceeding shall be suspended. Nothing in this

section shall be construed as limiting the authority of a court to issue interim orders in cases subject to this law in order to preserve the status quo during any suspension period. Furthermore, nothing in this section shall be construed as suspending or otherwise affecting any pending court orders that (i) appoint or remove experts, (ii) restrain or compel conduct by any party, party or person when such conduct could be prejudicial to the final resolution of any rights and property interests, (iii) administrative orders concerning the conduct of the case insofar as such orders do not prejudice the interests and rights of the Ministry of Justice as provided in paragraphs 1 and 2 of this Article, or (iv) any other pending orders that are interim in nature and intended to preserve the status quo pending final legal resolution of the case.

68.4. As an exception to paragraph 3 of this Article, the Ministry of Justice may, during the period that a proceeding is suspended, intercede in such proceeding. Upon the Ministry of Justice assuming representation of the Government or on behalf of a public authority the court shall resume the concerned proceedings; however, the court shall only conduct such further hearings and shall issue such further rulings, determinations, orders and judgments as may be necessary to ensure the proper disposition of the case in light of any evidentiary submissions, legal arguments and filings made by the Ministry of Justice.

#### **Article 26** **Entry into Force**

This Law shall enter into force in the day of its publication by the President of Republic of Kosovo.

**Law No. 03/L-221**  
**12 July 2010**

**President of the Assembly of the Republic of Kosovo**

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**Jakup KRASNIQI**