



ДРЖАВЕН ЗАВОД ЗА РЕВИЗИЈА
ENTI SHËTETËROR I REVIZIONIT
STATE AUDIT OFFICE

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- Press release -

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7.56% contract realization for reconstruction of Ancient Theater Skupi

Without funds provided in the budget of the Office for Protection of Cultural Heritage, the implementation of 523 million denars contract for the multi-annual construction of the Ancient Theater Skupi is slow. From 2016 until the end of 2019 only 7.56% of the contract was realized

In 2020, the State Audit Office carried out financial audit together with compliance audit for 2019 on *the Office for Protection of Cultural Heritage*. The independent auditor expressed *adverse opinion* on the reality and objectivity of financial statements as well as on the compliance with laws and regulations.

The auditors concluded that the Office has not prepared Annual Report on its operation to be submitted to the Government, nor a five-year National Strategy for Protection of Cultural Heritage with long-term policy principles for protection and use of cultural heritage.

Within 2016 budget, the Office for Protection of Cultural Heritage planned a project for research, protection, conservation, restoration, reconstruction and presentation of the Ancient Theater Skupi. The Government gave consent to conduct a multi-annual public procurement procedure from 2016 to 2019 in the amount of 523 million denars, while the scope and dynamics were defined in line with the opinion of the Ministry of Finance. The Final Audit Report of the Authorized State Auditor presented the following state of affairs on the project realization:

- by inspecting the Office budget for 2016, 2017, 2018 and 2019, the auditor determined that no funds were planned in the amount defined in Ministry of Finance opinion, upon which consent is given for implementation of this multi-annual public procurement procedure;
- the contractor started working without obtaining a building permit, contrary to Article 56 of the Law on Construction;
- in September 2019, the contractor sent a letter to the Office informing about the small percentage of contract realization, emphasizing that all preparatory work has been done, but until the date of the letter there were no instructions when and how to continue with the project; and
- lack of funds in the budget of the Office for the multi-annual construction of the Ancient Theater Skupi contributed to the 7.56% contract realization by the end of 2019.

In addition, the auditors found that 748 million denars were spent within the Reconstruction program of St. Clement University at Plaoshnik from 2010 until the day of the audit. Over the years, two main public procurement contracts have been signed for this project with several annexes. The auditors identified several weaknesses in these procedures concerning non-compliance with provisions of the Public Procurement Law, the Law on Construction and the provisions of the signed contracts.

As a result, the deadlines for construction have been extended, the construction price increased, and thus more budget funds were spent while the facilities are not in operation yet.

The Office business books have not recorded the construction of structures in the amount of 752 million denars while they were under construction, i.e. the value of the structures has not increased following the reconstruction and adaptation. The auditors found out that the Office did not carry out inventory of assets and sources of funds in accordance with laws and bylaws, and thus the accounting situation is not adjusted with the actual one.

In the Emphasis of Matter paragraph of the Audit Report, the authorized state auditor discloses conditions that may have future financial implications as follows:

- there are ongoing court proceedings against the Office with uncertain outcome that may additionally burden the Office budget with interests and court costs; and
- the construction of St. Clement University at Plaoshnik as a new structure is not under the jurisdiction of the Office in line with the Law on Protection of Cultural Heritage.

In the Other Matter paragraph of the Audit Report, the authorized state auditor points out that competent authorities need to take on activities to further regulate the legislation on instituting the Office as a body within the Ministry of Culture.

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