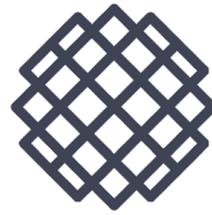




Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Document No: 23.19.1-2017-08

AUDIT REPORT
ON THE ANNUAL FINANCIAL STATEMENTS OF THE RAILWAY
REGULARITY AUTHORITY FOR
THE YEAR ENDED 31 DECEMBER 2017

Prishtina, May 2018

The National Audit Office of the Republic of Kosovo is the highest institution of economic and financial control which, according to the Constitution and domestic laws, enjoys functional, financial and operational independence. The National Audit Office undertakes regularity and performance audits and is accountable to the Assembly of Kosovo.

Our Mission is through quality audits strengthen accountability in public administration for an effective, efficient and economic use of national resources.

We perform audits in line with internationally recognized public sector auditing standards and good European practices.

The reports of the National Audit Office directly promote accountability of public institutions as they provide a base for holding managers' of individual budget organisations to account. We are thus building confidence in the spending of public funds and playing an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

The Auditor General has decided on the audit opinion on the Annual Financial Statements of the Railway Regulatory Authority in consultation with the Assistant Auditor General, Valbon Bytyqi who supervised the audit.

The report issued is a result of the audit carried out by Team Leader Edona Abazi-Demolli and Team member Lindita Ajeti under the management of the Head of Audit Department Faruk Rrahmani.

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Executive Summary

Introduction

This report summarises the key issues arising from our audit of the 2017 Annual Financial Statements of Railway Regulatory Authority, which determines the Opinion given by the Auditor General. The examination of the 2017 financial statements was undertaken in accordance with the International Standards on Supreme Audit Institutions (ISSAIs). Our approach included such tests and procedures as we deemed necessary to arrive at an opinion on the financial statements. The applied audit approach is set out in our External Audit Plan dated 16/04/2018.

Our audit focus has been on:



The level of work undertaken by the National Audit Office to complete the 2017 audit is determined depending on the quality of internal controls implemented by the Management of the Railway Regulatory Authority.

The National Audit Office acknowledges Railway Regulatory Authority's Senior Management and Staff for cooperation during the audit process.

Opinion of the Auditor General

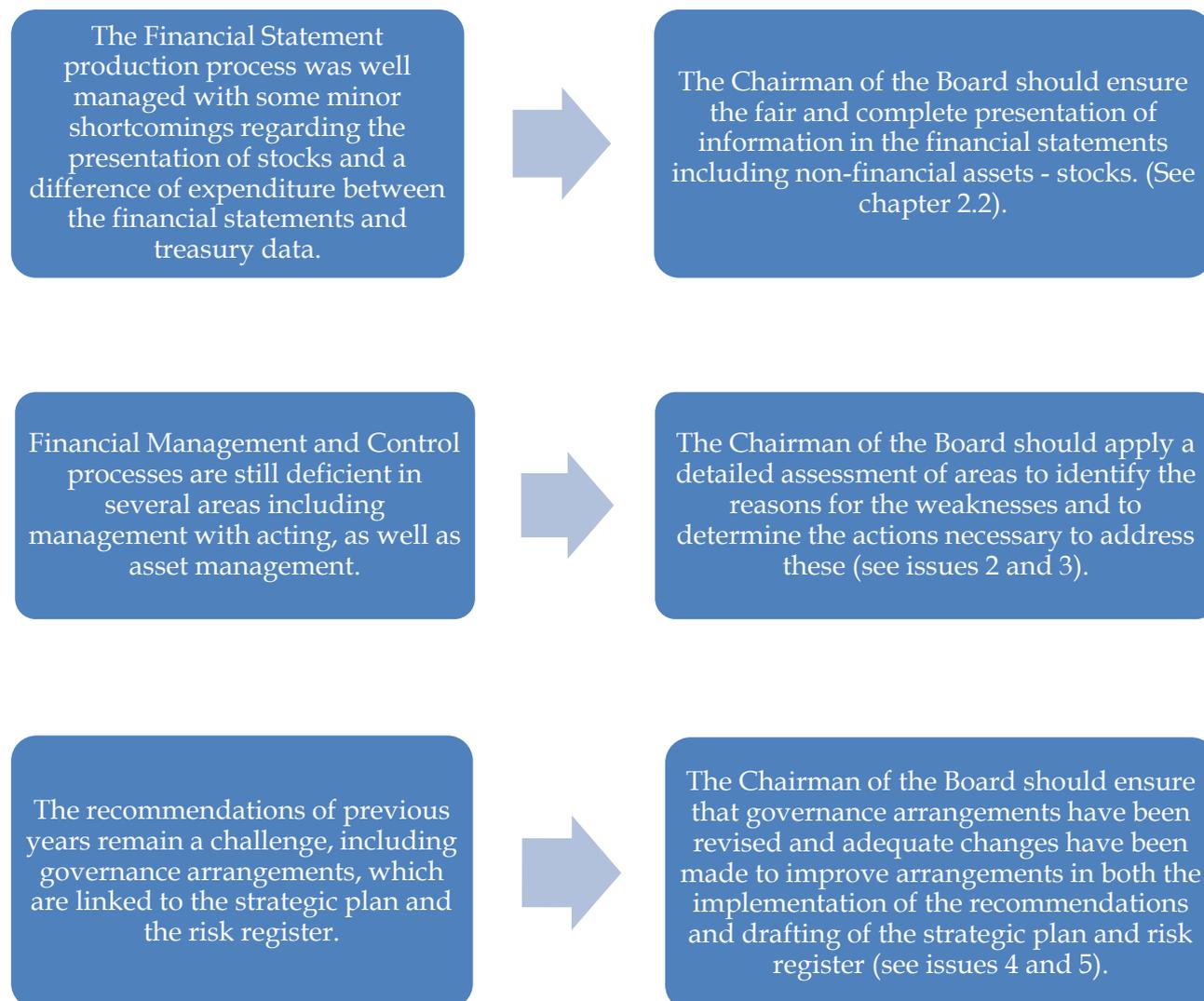
Unmodified Opinion

The Annual Financial Statements for 2017 *present a true and fair view* in all material aspects.

For more, please refer to Section 1.2 of this report.

Annex I explains the different types of Opinions applied by the National Audit Office.

Key Conclusions and Recommendations



Management's Response

Management of the Railway Regulatory Authority has considered and agreed on audit findings and conclusions and committed to address the recommendations given.

1 Audit Scope and Methodology

Introduction

The National Audit (NAO) is responsible for carrying out a Regularity Audit which involves the examination and evaluation of Financial Statements and other financial records and expression of opinions on:

- Whether the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- The appropriateness of internal controls and internal audit functions; and
- All matters arising from or relating to the audit.

Audit work undertaken reflected our audit risk assessment for Railway Regularity Authority (RRA). We have analysed the RRA's business to the extent to which management controls can be relied upon when determining the overall testing required to provide the necessary level of evidence to support the Auditor General's opinion.

The following sections provide a more detailed summary of our audit finding with emphasis on observations and recommendations in each area of review.

Our procedures included a review of the internal controls, accounting systems and related substantive tests and related governance arrangements to the extent considered necessary for the effective performance of the audit. Audit findings should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

2 Annual Financial Statements and other External Reporting Obligations

Introduction

Our audit of the Annual Financial Statements (AFS) considers both compliance with the reporting framework and the quality and accuracy of information recorded in the AFS. We also consider the Declaration made by the Chief Administrative Officer and Chief Financial Officer when the draft AFS are submitted to the Ministry of Finance.

The declaration regarding presentation of the AFS incorporates a number of assertions relating to compliance with the reporting framework and the quality of information within the AFS. These assertions are intended to provide the Government with the assurance that all relevant information has been provided to ensure that an audit process can be undertaken.

2.1 Audit Opinion

Unmodified Opinion

We have audited the AFS of the Railway Regulatory Authority for the year ended on 31st of December 2017 which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement, Disclosure and other accompanying reports.

In our opinion, the Annual Financial Statements for the year ended on 31st of December 2017 present a true and fair view in all material respects in accordance with International Public Sector Accounting Standards (according to cash based accounting), Law no.03/L-048 on Public Financial Management and Accountability (as amended and supplemented by the Law no. 03/L-221, no. 04/L-116, no. 04/L-194 and Law no. 05/L-063), and Regulation MoF no.01/2017 on Annual Financial Reporting by Budget Organisations.

Basis for the opinion

the audit is carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the AFS section of our report. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for the opinion.

Responsibility of Management and Persons Charged with Governance for AFS

The Director General is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards – Financial Reporting under the Modified Cash based Accounting and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This includes the application of Law no. 03/L-048 on Public Financial Management and Accountability (as amended and supplemented by the Law no. 03/L-221, no. 04/L-116, no. 04/L-194 and Law no. 05/L-063).

The Director General is responsible to ensure the oversight of the RRA's financial reporting process.

Auditor General's Responsibility for the audit of the AFS

Our responsibility is to express an opinion on the AFS based on our audit. We conducted our audit in accordance with ISSAIs. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will detect every material misstatement that might exist. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the decisions taken on the basis of these AFS.

An audit involves performing procedures to obtain evidence about the financial records and disclosures in the AFS. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the AFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the entity's circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the presentation of the financial statements.

2.2 Compliance with AFS and other reporting requirements

RRA is required to comply with a specified reporting framework and other reporting requirements. We considered:

- Compliance with MoF Regulation no.01/2017 on the Annual Financial Reporting of Budget Organisations;
- Requirements of LPFMA no. 03/L-048, Nr. 03/L-221, no. 04/L-116, No. 04/L-194 and Law no. 05/L-063);
- Compliance with Financial Rule no.01/2013 and 02/2013;
- Action Plan on implementation of recommendations;
- Requirements of Financial Management and Control (FMC) procedures; and
- Final Procurement Plan and Report.

In context of the Financial Statements we have two issues to raise:

- *Article 14 Budget Execution Report* - in the column of execution there is a difference of €308 between the data of KFMIS and the organization's AFS; and
- *Article 19 - Report on Non-financial Assets, Stocks* - It is noticed that stocks were overstated by €5,061. The value of stocks in AFS was €7,639 and in the register are included the assets recorded in the register of assets under €1,000. The real value of inventories according to internal records was €2,578.

All other reporting requirements both in the context of AFS and external reporting were met.

2.3 Recommendations related to Annual Financial Statements

For the above raised issue, we give the following recommendation:

Recommendation 1 The Chairman of the Board should ensure that the information in financial statements is presented fully and fairly including non-financial assets (stocks). Further on, effective processes are in place to confirm that the 2018 AFS production plan formally addresses all compliance issues. The Declaration made by the Chief Administrative Officer and Chief Financial Officer should not be signed unless all necessary checks have been applied to the draft AFS.

3 Financial Management and Control

Introduction

Our work related to Financial Management and Control (FMC) reflects the detailed audit activities undertaken on Revenue and Expenditure Systems within Budget Organisations. Specifically, the focus of the audit was Budget management, Procurement issues, Human Resources as well as Assets and Liabilities.

Financial Management and Control Conclusion

In the context of financial systems, controls over expenditures and revenues in general are appropriate and are being implemented effectively.

However, shortcomings were identified in covering managerial positions with acting beyond timeframes and asset management, with particular emphasis on stock records and depreciation of assets under €1,000. Further improvement is required in these areas for the purpose of more effective management.

3.1 Budget Planning and Execution

We have considered the sources of budget funds, spending of funds and revenues collected by economic categories. This is highlighted in the following tables.

Table 1. Sources of budgetary Funds (in €)

Description	Initial Budget	Final Budget ¹	2017 Outturn	2016 Outturn	2015 Outturn
Sources of Funds	303,823	313,823	290,992	201,251	237,903
Government Grant -Budget	303,823	313,823	290,992	201,251	237,903

The final budget in relation to the initial budget was increased by €10,000 in the category of Wages and Salaries. This increase was made under a budget review as a result of RRA's request to cover the salary costs for the Board, which was established at the end of 2016.

In 2017, RRA spent 93% of the final budget or €290,992, indicating that the budget execution is at a satisfactory level. The explanations for the current position are provided below.

¹ Final budget - the budget approved by the assembly which was subsequently adjusted for by the Ministry of Finance.

Table 2. Spending of funds by economic categories - (in €)

Description	Initial Budget	Final Budget	2017 Outturn	2016 Outturn	2015 Outturn
Spending of funds by economic categories	303,823	313,823	290,992	201,251	237,903
Wages and Salaries	177,744	187,744	180,726	124,918	123,270
Goods and Services	114,179	119,679	103,963	70,337	108,659
Utilities	11,900	6,400	6,302	5,996	5,974

Explanations for changes in budget categories are given below:

- The final budget compared with the initial one for wages and salaries was increased by €10,000, and executed with 96%. This increase occurred due to covering salary costs for the Board, which was appointed at the end of 2016; and
- The increase of the final budget for Goods and Services with €5,500 is a result of the transfer of funds from Utilities in this category. Execution for this area is 87%, while the budget for Utilities was executed at 98%.

Recommendations

We have no recommendations in this area.

3.2 Revenues

RRA started with generating revenues for the first time in 2017, where they collected an amount of €2,450. These revenues relate to fees and fines related to the regulation and safety of rail transport.

Revenues generated were from: application and registration fee for railway transport means, as well as the fee for application and licensing of machinist. Revenue collected is transferred to the consolidated budget. We have tested and verified that these revenues are collected and reported in accordance with relevant laws.

Recommendations

We have no recommendations in this area.

3.3 Wages and Salaries

Wages and Salaries are paid through a centralised system managed by Ministry of Public Administration and MoF. According to KFMIS records, the budget for the category of Wages and Salaries was €187,744, while the execution of expenditures was €180,726.

Recommendations

We have no recommendations in this area.

3.4 Personnel Management

The planned number of staff was 24, while the current number in December 2017 was 20, including 15 employees in the operational unit and five Board members including the Chairman, who were appointed by the Assembly of Kosovo.

Issue 2 –Covering Management positions with acting

Finding Law on Civil Service LCS-03/L-149, Article 30, stipulates that a position cannot be held with Acting Officer (AO) for more than three months. Two management positions have been covered by AO for more than three months. one position dates since from November 2016 and the other from March 2017.

It is worth mentioning that the position of the Director of Administration was selected in April 2018, while that of the General Director² although was selected in October 2017 by the Board it was subsequently cancelled after complaints³ and continues to be exercised by AO.

Risk Management with AOs beyond legal timeframes increases the risk that appointed officials may encounter obstacles in performing duties and responsibilities in relation to requests. This implies that responsibility and accountability at work is not respected and all this is reflected in ineffective management.

Recommendation 2 The Chairman of the Board should ensure that all actions are taken to undertake a sustainable solution and comply with legal requirements. From this, ensure that the management positions are not exercised with AOs beyond the deadlines, because this has decisive influence on the functioning of the controls and achievement of the objectives.

3.5 Goods and Services and Utilities

The final budget for Goods and Services, including Utilities in 2017, was €126,079. Of them, €110,266 were spent. We have reviewed the processes of purchasing goods or services received. From these tests, we acknowledged that RRA managed to implement legal requirements, both financial and procurement aspect.

². The recruitment procedures of the Director General are handled by the MPA and the decision is taken by the RRA Board.

³ Due to procedural omissions by the MPA, in January 2018, the Independent Oversight Board annulled this Board's decision.

Recommendations

We have no recommendations in this area.

3.6 Capital and Non-Capital Assets

The net value of capital assets disclosed in the AFS was € 12,058. Whereas, non-capital assets were €8,550, and the value of the stocks was €7,639.

We have reviewed whether the registration process and the manner of keeping records is in compliance with the requirements of the MoF no. 02/2013 on Management of Non-Financial Assets in Budget Organisations, inventory process, depreciation and physical existence of assets.

Issue 3 - Do not depreciate assets from the e-wealth system

Finding Although management has made a request to MAP for the proper functioning of the e-property system we have noticed that the net asset value below € 1,000 was not accurate as a result of which the system was not calculating the depreciation. As a result, asset information under € 1,000 in PFV is presented in gross value including their depreciated value.

Risk Inadequate functioning of the e-asset system and the non-depreciation of assets under the Regulation no.02/2013 on Asset Management leads to overstatement of assets and incorrect presentation of the assets.

Recommendation 3 The Chairman of the Board should continue the co-operation and efforts with the MPA to ensure that asset depreciation is carried out in line with the applicable regulation as well as ensure accurate reporting of their value in the AFS.

3.7 Outstanding Liabilities

The statement of liabilities not paid to suppliers at the end of 2017 was €1,359 out of which €810 were outstanding liabilities from the category of Goods and Services, and €549 for Utilities. All of these are receipts received during December for services received for 2017. RRA reported Outstanding Liabilities on a regular monthly basis.

Recommendations

We have no recommendations in this area.

4 Progress in implementing recommendations

Our Audit Report on the 2016 AFS of RRA resulted in 7 key recommendations. Management has undertaken action to address the issues raised, although their implementation remains a challenge.

By the end of our 2017 audit, three recommendations have been implemented, two are in process of implementation, and two have not yet been implemented. Further on, from the year 2015 two recommendations have been carried forward, one is in process of implementation and the recommendation regarding the risk register remains unimplemented this year.

For a more thorough description of the recommendations and how they are addressed, see Annex II.

Issue 4 - Implementing Recommendations from two earlier year

- Finding** Despite the progress and commitment of the management to implement the recommendations given, a number of them have remained in process of implementation or not implemented. Unimplemented recommendations relate to asset management (stocks and depreciation of assets in e-assets), lack of strategic plan and risk register.
- Risk** Failure to fully implement the recommendations increases the risk of continued presence of the same shortcomings and may result in continued inefficiency of controls and difficulties in meeting the objectives.
- Recommendation 4** The Chairman of the Board should review and analyse the causes of unimplemented recommendations and determine new timetable with the staff accountable for their implementation, focusing primarily on the most important areas. Progress in implementing the recommendations should be monitored consistently.

5 Good Governance

Introduction

Good Governance implies basic principles of accountability, effectiveness of controls, risk management, independence of internal audit, coordination of NAO with internal audit and good governance with public assets.

A key tool supporting effective governance is the implementation of audit recommendations as this demonstrates that Management are seeking to develop existing processes and controls. The level of compliance with FMC requirements by Budget Organizations is monitored by the self-assessment checklists completed by all BOs, which are submitted at the end of the year to the Ministry of Finance.

Specific areas of our governance-related reviews have been the accountability and risk management process, while the other components are handled within the chapters or subchapters above.

Overall Governance Conclusion

RRA generally has good controls in relation to its legal obligations. Financial Management and Control demonstrated a good review process and assurance in implementing legislation and other control processes.

Some aspects of governance need to improve, especially with regard to drafting the strategic plan and risk register. RRA made some progress in implementing the recommendations in this area. However, e-assets and stock records require further improvement.

5.1 Internal Audit System

According to AI no. 23/2009 on Establishment and Functioning of the Internal Audit Unit (IAU), RRA does not meet the criteria for establishment of this unit.

Recommendations

We have no recommendations in this area.

5.2 Management Reporting, Accountability and Risk Management

In order to have a proper planning, supervise the activities on a regular basis and allow effective decision-making, the Management needs to have regular reports. Accountability as a process is the acceptance of responsibilities, holding persons into account for their actions and disclosing results in a transparent way. Whereas, risk management is a process related to identification, analysis, evaluation and actions/measures taken by the Management to control and respond to risks threatening the Organization.

Although, a range of internal controls are applied by Management to ensure that systems and operate as intended, however, the drafting of the risk register and the strategic plan remains a matter which needs to be further improved.

Issue 5 – Lack of risk register and strategic plan

Finding RRA had not compiled a risk register as required by the FMC rules. Consequently, RRA had acted without analysing and identifying the risks that the organization may face during the year.

Further on, by the end of our audit the strategic plan was not yet drafted. procedures started in 2018, however the working groups have not been established yet.

Risk The lack of risk registers and the strategic plan may prevent timely response to the risks the organization faces, both the internal or external environment. This is because proactive actions needed to prevent or avoid the impact of such issues will not be undertaken in a planned and systematic way.

Recommendation 5 The Chairman of the Board should ensure that concrete actions are taken in drafting the strategic plan and risk register, thereby ensuring effective monitoring on the implementation of the requirements in this area.

**This report is a translation from the Albanian original version. In case of discrepancies, Albanian version shall prevail.*

Annex I: Explanation of the different types of opinion applied by NAO

(extract from ISSAI 200)

Form of opinion

147. The auditor should express **an unmodified opinion** if it is concluded that the financial statements are prepared, in all material respects, in accordance with the applicable financial framework.

If the auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor should modify the opinion in the auditor's report in accordance with the section on "Determining the type of modification to the auditor's opinion".

148. If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor should discuss the matter with the management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine whether it is necessary to modify the audit opinion.

Modifications to the opinion in the auditor's report

151. The auditor should modify the opinion in the auditor's report if it is concluded that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement, or if the auditor was unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Auditors may issue three types of modified opinions: a qualified opinion, an adverse opinion and a disclaimer of opinion.

Determining the type of modification to the auditor's opinion

152. The decision regarding which type of modified opinion is appropriate depends upon:

- The nature of the matter giving rise to the modification – that is, whether the financial statements are materially misstated or, in the event that it was impossible to obtain sufficient appropriate audit evidence, may be materially misstated; and
- The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements.

153. The auditor should express a **qualified opinion if**: (1) having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (2) the auditor was unable to obtain sufficient appropriate audit evidence on which to base an opinion, but concludes that the effects on the financial statements of any undetected misstatements could be material but not pervasive.

154. The auditor should express an **adverse opinion if**, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

155. The auditor should **disclaim an opinion if**, having been unable to obtain sufficient appropriate audit evidence on which to base the opinion, the auditor concludes that the effects on the financial statements of any undetected misstatements could be both material and pervasive. If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the audit scope that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor should request that management remove the limitation.

156. If expressing a modified audit opinion, the auditor should also modify the heading to correspond with the type of opinion expressed. ISSAI 1705¹⁹ provides additional guidance on the specific language to use when expressing a modified opinion and describing the auditor's responsibility. It also includes illustrative examples of reports.

Emphasis of Matter paragraphs and Other Matters paragraphs in the auditor's report

157. If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that is of such importance that it is fundamental to their understanding of the financial statements, but there is sufficient appropriate evidence that the matter is not materially misstated in the financial statements, the auditor should include an Emphasis of Matter paragraph in the auditor's report. Emphasis of Matter paragraphs should only refer to information presented or disclosed in the financial statements.

158. An Emphasis of Matter paragraph should:

- be included immediately after the opinion;
- use the Heading “Emphasis of Matter” or another appropriate heading;
- include a clear reference to the matter being emphasised and indicate where the relevant disclosures that fully describe the matter can be found in the financial statements; and
- indicate that the auditor’s opinion is not modified in respect of the matter emphasised.

159. If the auditor considers it necessary to communicate a matter, other than those that are presented or disclosed in the financial statements, which, in the auditor’s judgement, is relevant to users’ understanding of the audit, the auditor’s responsibilities or the auditor’s report, and provided this is not prohibited by law or regulation, this should be done in a paragraph with the heading “Other Matter,” or another appropriate heading. This paragraph should appear immediately after the opinion and any Emphasis of Matter paragraph.

Annex II: Progress in implementing two earlier years recommendations

Audit Component	Recommendation carried forward from 2015	Implemented during 2017	Under implementation during 2017	Not implemented
2.5.1 Risk Assessment	The General Director should ensure that immediate responsibility for risk management is delegated to a named Director and ensure monthly reporting on the implementation of requirements in this area and the risks that are being managed.			No measures taken
3.5 Assets and Liabilities	Although some actions were taken by the Director General, however, in order to avoid the issues highlighted the same should be addressed to the new RRA Board. This also means another sound monitoring of assets and fixed assets, in order that the presentation of assets is fair and prevents eventual missuses.		Have been taken some actions, but further improvements are needed.	
Audit Component	Recommendation given in 2016	Implemented	Under implementation during	Not implemented
1.3 Recommendations for the first part of the report	The Chairman of the Board should ensure that an analysis is undertaken to determine the causes of the emphasis of matter and that effective processes are in place to confirm that the 2016 AFS production plan addresses all issues related to the required disclosures and compliance. This should also include the Management review of the draft AFS with specific focus on high risk areas and/or areas where errors have been identified in previous years. The Declaration made by the Chief Executive Officer and Chief Financial Officer should not be submitted unless all necessary checks have been applied to the draft AFS.		In the process of implementation, the part of stock recording remains uncorrected (this amount is not material for 2017).	

2.2 Self-Assessment Checklist of FMC components	The Chairman of the Board should ensure that an analysis of the processes for completing the self-assessment checklist and proactively addressing areas of weaknesses is implemented. A revised mechanism to confirm the accuracy of the return and to ensure supporting documentation supports the submission should be applied. Particular importance should be placed on the development of the risk management process.	Yes		
2.3 Specific Governance Reviews	The Chairman of the Board should take concrete action when it comes to strategic plan preparation process and draft the action plan for monitoring the achievement of objectives by establishing effective oversight functions on the progress and outcomes.			In 2018, strategic planning groups were formed.
2.3.2 Internal Organisation and Management Reporting	The Chairman of the Board should initiate a review of the current RRA structure and an organogram to be proposed by the Board no later than 1 st of October 2017. The Board review should include all RRA's operations required to be reviewed by the Board that were developed while the former Board's mandate was expired in order to ensure they are in compliance with the regulations and legal requirements.	Yes		
3.1.1 Wages and Salaries	The Chairman of the Board should strengthen controls over staff management in order to ensure that data are reconciled and that personnel files are completed through their systematic updating as well as the full application of the HRMIS.		In the process of implementation, HRMIS has started functioning and the staff was in the process of data entry.	
3.1.2 Goods and Services and Utilities	The Chairman of the Board should strengthen budget and procurement controls and ensure that the funds are committed before public contracts are signed. The Purchase Order should be signed after the contract is signed and before goods and/or services are delivered.	Yes		

3.2 Assets	The Chairman of the Board should initiate and request a review of the e-assets system from the Ministry of Public Administration to confirm that this system meets the conditions to ensure that the assets are recorded and managed in line with the requirements of Regulation no. 02/2013. Further on, appropriate training should be provided for RRA staff responsible for the implementation of this system.			No measures taken
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Annex III: Letter of confirmation

Autoriteti Rregullativ i Hekurudhave

LETËR E KONFIRMIMIT

Për pajtueshmërinë me të gjeturat e Auditorit të Përgjithshëm në Raportin e auditimit për vitin 2017 dhe për zbatimin e rekomandimeve

Për: Zyrën Kombëtare të Auditimit

Të nderuar,

Përmes kësaj shkrese, konfirmoj se:

- kam pranuar draft raportin e Zyrës Kombëtare të Auditimit për auditimin e Raportit/Pasqyrave Financiare të Autoritetit Rregullativ të Hekurudhave, për vitin e përfunduar më 31 dhjetor 2017 (në tekstin e mëtejshëm "Raporti");
- pajtohem me të gjeturat dhe rekomandimet dhe nuk kam ndonjë koment për përmbajtjen e Raportit; si dhe
- brenda 30 ditëve nga pranimi i Raportit final, do t'ju dorëzoj një plan të veprimit për zbatimin e rekomandimeve, i cili do të përfshijë afatet kohore dhe stafin përgjegjës për implementimin e tyre.

z. Shkelzen Qorri, U.d Drejtor i Përgjithshëm

Data: 25.Maj.2018, Pfishinë,

