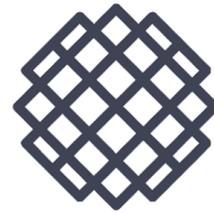




Republika e Kosovës
Republika Kosova
Republic of Kosovo



Zyra Kombëtare e Auditimit
Nacionalna Kancelarija Revizije
National Audit Office

Document No: 24.30.1-2017-08

AUDIT REPORT

**ON THE ANNUAL FINANCIAL STATEMENTS OF THE
REGULATORY AUTHORITY OF ELECTRONIC AND POSTAL
COMMUNICATIONS FOR THE YEAR ENDED 31 DECEMBER 2017**

Prishtina, June 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 organizations 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 Regulatory Authority of Electronic and Postal Communications 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 the Team Leader, Selvete Foniqi and Members Shefkije Beka and Adelina Selmani, under the management of the Head of Audit Department Faruk Rrahmani.

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Executive Summary

Introduction

This report summarizes the key issues arising from our audit of the 2017 Annual Financial Statements of Regulatory Authority of Electronic and Postal Communications, 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. 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 11/04/2018.

Our audit focus has been on:



The level of work undertaken by the National Audit Office to complete the 2017 audit is determined depending of the quality of internal controls implemented by the Management of the Regularity Authority of Electronic and Postal Communications.

The National Audit Office acknowledges the Senior Management and Staff of the Regulatory Authority for Electronic and Postal Communications for cooperation shown during the audit process.

Opinion of the Auditor General

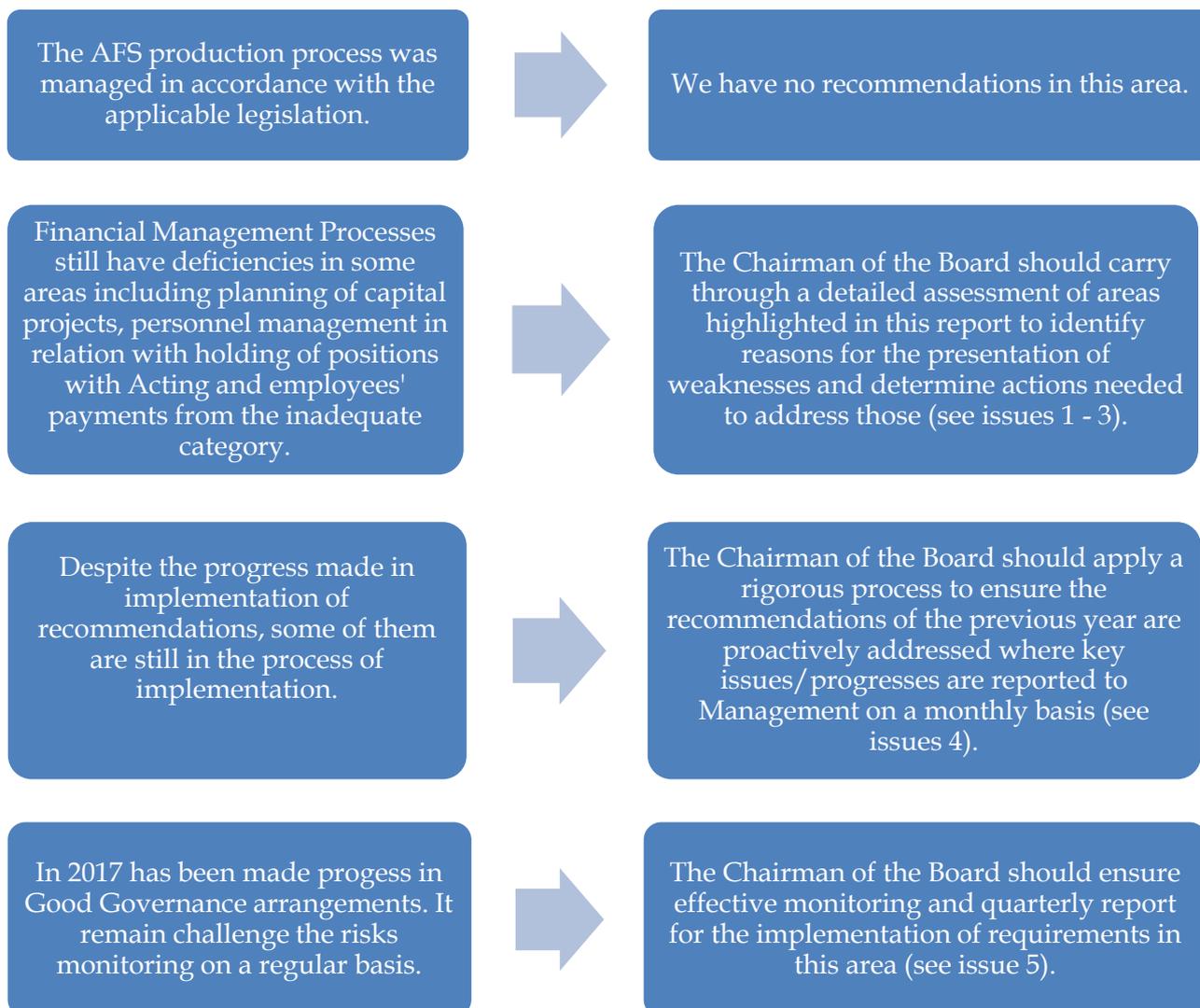
Unmodified Opinion

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

For more, see Section 2.1 of this Report.

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

Key Conclusions and Recommendations



The Chairman of the Board Response

The Chairman of the Board 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 the Regulatory Authority of Electronic and Postal Communications (RAEPC). We have analysed the RAEPC'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 (MoF).

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 Regulatory Authority of Electronic and Postal Communications for the year ended on 31st of December 2017, which comprise of the Statement of Cash Receipts and Payments, Budget Execution Statement, Disclosures 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) and Regulation MoF, no. 01/2017 on Annual Financial Reporting by Budget Organizations.

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 Financial Statements” 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 Chairman of the Board 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).

The Chairman of the Board is responsible to ensure the oversight of RAEPC'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

From RAEPC 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 Organizations;
- Requirements of LPFMA no. 03/L-048, (as amended and supplemented);
- Compliance with Financial Rule no.01/2013 and 02/2013;
- Action Plan on addressing of recommendations;
- Requirements of Financial Management and Control procedures;
- Other requirements for budget reporting, such as quarterly reports including nine-month statements in time; and
- Reports for outstanding liabilities.

All requirements for reporting as in the context of AFS also and the external reporting were fulfilled, and we have no issues to raise.

Recommendations

We have no recommendations related to the 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 are generally appropriate and are being implemented effectively, but controls over a range of expenditure areas require further enhancement.

In 2017, RAEPC had a satisfactory performance related to execution of expenditures and revenues. The level of execution from that that was planned to the expenditures as well as to revenues is around 95%.

Other areas where further enhancements are required are: overcoming the practice of managing of positions with Acting beyond the allowed timeframes, personnel payments from the category of wages and risks monitoring and updating. Further on, it remains challenge also the execution of planned capital projects.

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	1,178,068	707,988	672,526	757,975	617,944
Government Grant -Budget	1,178,068	707,988	672,526	757,975	612,468
External Donations	-	-	-	-	5,476

¹ Final budget - the budget approved by the Assembly subsequently adjusted by the MoF.

With the review of budget and Government decisions², the final budget in relation with the initial budget was decreased for €470,080. This decrease was in the capital investments €400,000, in wages and salaries €603, and in goods and services €69,477.

RAEPC has spent 95% of the final budget in 2017 or €672,526 that presents a lower spending for 2% compared to 2016. Explanations for the current position are given below.

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	1,178,068	707,988	672,526	757,975	617,944
Wages and Salaries	408,136	407,533	407,308	390,655	367,115
Goods and Services	357,232	282,555	248,639	290,715	239,836
Utilities	12,700	17,900	16,579	10,098	10,993
Capital Investments	400,000	-	-	66,507	-

Explanations about expenditures in addition to the final budget in budget categories are given as follows:

- The budget for Wages and Salaries and Utilities was in a satisfactory level and we have no issue to highlight; and
- The budget for Goods and Services was spent 88%. Such level of expenditures in this category was also because the CPA carries out the procurement procedures for the RAEPC, and had delays in procedures and conclusion of contracts by it.

² With Government decision no. 08/151 of date 02/08/2017, and decision no. 10/19 of date 15/12/2017, decision no. 01/21 of date 22/12/2017 and decision no. 02/22 of date 27/12/2017.

Issue 1 – Weakness in the planning process for capital investments

Finding The execution of the capital project this year was a challenge for RAEPC. The project “Management system for carry out of numbers” in the amount of €400,000 according to the procurement plan it was foreseen to start in February 2017. We verified that this has not happened because no request was initiated for the start of procedures by the requesting unit and funds of this project have been reduced with Government decision in August.

The project was not executed because that RAEPC had not carried out proper analysis and appropriate pre-preparations for the start of the project. Further on, it should be highlighted the fact that in this project were involved also parties outside³ RAEPC, that this could have impacted that the project to not be executed during 2017.

Risk Inadequate planning of projects risks the achievement of determined objectives, and impacts that financing of these projects to be cancelled or to remain burden of next budgets.

Recommendation 1 The Chairman of the Board should ensure that causes in relation with obstacles occurred in the execution process of capital projects have been assessed, and to take lessons that such practices are not be repeated. The performance of capital projects should be monitored on a monthly basis and timely address the identified barriers, in the execution of capital projects.

3.2 Revenues

Revenues generated during 2017 were €4,478,774 presenting an execution of 95% from what was planned (the foreseen amount of revenues was €4,715,000). The level of revenues was a little bit lower that in the previous year where were collected €4,787,572. The revenues relate to: oversight of electronic communication market, licensing, revenues from numbering and frequency usage, and payments for economic penalties imposed by RAEPC.

Table 3. Own Source Revenues (in €)

Description	2017 Receipts	2016 Receipts	2015 Receipts
Licenses for business	4,475,212	4,781,664	19,264,081
Other administrative fees	2,870	3,473	2,880
Other penalties	692	2,435	12,007
Total	4,478,774	4,787,572	19,278,968

Revenues collected by RAEPC are deposited in the Budget of Kosovo.

³ Telephony Operators that operate in Kosovo.

Recommendations

We have no recommendations in this area.

3.3 Wages and Salaries

Wages and Salaries are paid through a centralized system of payments managed by the Ministry of Public Administration (MPA) and MoF. Controls that operate in the level of RAEPC are related with the payments control each month, verification of possible changes, the budget review for this category and reconciliations with the Treasury.

The final budget in KFMIS for Wages and Salaries was €407,533, while expenditures were €407,308 or 99%. Those relate to wages of Steering Board, professional staff and administration.

Recommendations

We have no recommendations in this area.

3.4 Personnel Management

The approved number of the employees in RAEPC was 39, while the current number at the end of year according to the AFS was 38 employees, including also the Board members. There is a vacant position for Chief of Legal Department since 2016.

Issue 2 - Engagement for special services without competition procedures

Finding According to the Law on Civil Service, article 12, point 4, requires that implemented a simplified recruitment procedure is applied for special services agreements. In one case, the RAEPC engaged one assistant for six months under special services agreement without developing simplified recruitment procedures. Despite the fact that the contract was for six months, the engaged assistant has requested termination of the contract after four months, and this contract was terminated.

Risk Engagement of staff for special services without simplified recruitment procedures limits the competition and increases the risk that engagement to be done not transparently and as a result the received services to not be in accordance with the RAEPC needs.

Recommendation 2 The Chairman of the Board should ensure that selection procedures are developed when engaging staff for special services, in order that the process is transparent and all those who meet the criteria have the possibility to apply.

3.5 Goods and Services and Utilities

The final budget for Goods and Services and Utilities was €300,455. Out of them €265,218 were spent. Those mainly relate to: rent expenditures, expenditures for official travels, and other contractual expenditures including also the payment of one employee/driver and assistant that are paid from this category.

Issue 3 – Payment for the contract with certain deadline, from goods and services

Finding In the 2017 budget law, article 3, point 4, states that expenditure of public money from the category “goods and services” is not allowed for paying employees, whether in form of allowances or as contributions in goods, including meals or gifts. RAEPC from 2016 engaged an employee/driver with contract for certain period of time. This employee for 2017 was paid by €465/gross per month from the category of Goods and Services.

Risk Compensation of wages for employment contract with certain deadline from the category of goods and services, has impacted that this category is overstated by understating wages and salaries.

Recommendation 3 The Chairman of the Board should ensure that employees are compensated from the category of Wages and Salaries.

3.6 Capital and Non-Capital Assets

According to the AFS and the account registers, the net value of the capital assets was €455,345, while the value of non-capital assets was €28,842 and stocks €12,135.

We have reviewed if the recording process and the way of keeping evidences are in accordance with requirement of the Financial Rule no. 02/2013 on Management of non-Financial Assets within Budget Organizations, the inventory process, depreciation and physical existence of assets.

Recommendations

We have no recommendations in this area.

3.7 Receivables

Accounts receivable relate mainly to debtors liabilities related to authorisations for usage of frequencies.

At the end of 2017 the accounts receivable were €1,128,477. The largest part of those respectively €864,701 belong to the current year and have remained receivables due to fact that billings of 2017

are done in December where operators have 30 day until they settle the liability. The other part of €263,755 relate to carried forward balances since 2010.

RAEPC has made efforts to collect receivables, by initiating court procedures before the competent courts, however their execution still remains challenge. Particularly a challenge is collection of receivables from public institutions such as MPA and RTK⁴, which constitute the largest part of old receivables.

Recommendations

We have no recommendations in this area.

3.8 Outstanding Liabilities

The statement of liabilities not paid to suppliers at the end of 2017 was €4,780. These liabilities are carried forward to be paid in 2018, mainly were liability of 2017, billed in beginning of January 2018.

According to the AFS, contingent liabilities were disclosed in the amount of €15,355,486, for which the legal office was in court processes defending these cases. their defending remains a challenge, as their losses would cause liabilities with very high amounts being unaffordable to be executed from the RAEPC budget. This risk may then be a burden of the Kosovo Budget in the future.

Recommendations

We have no recommendations in this area.

⁴ Radio Television of Kosovo

4 Progress in implementing recommendations

Our Audit Report on the 2016 AFS of RAEPC resulted in eight recommendations. RAEPC timely prepared an Action Plan, where it had presented the details of measures and activities how all given recommendations will be implemented. From eight given recommendations, five were implemented and three are in process. It is worth mentioning that within the recommendations that were in process, there were parts of recommendations that were implemented and unimplemented, therefore we handled them as in process.

Our 2015 audit report resulted in five recommendations, out of which three recommendations were carried forward to be implemented in 2017. From the 2015 recommendations, two have been implemented and one is in process, and relates to the approval of the rules of procedures.

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

Issue 4 – Implementing of recommendations from previous two years

Finding Management has made significant progress in implementing recommendations from previous year, where a part of recommendations have already been implemented. However, still some areas remain where recommendations have not been implemented and relate to:

- Exercising a function (position) with Acting since 2016; and
- Failure to approve the Rules of Procedures.

Risk Failure to fully implement the recommendations increases the risk of continuous presence of same shortcomings and may result with continuous inefficiency of controls, and difficulties in meeting objectives.

Recommendation 4 The Chairman of the Board should review and analyse the causes of the unimplemented recommendations, and determine a new timeframe for the implementation of recommendations, including the staff accountable. The implementation process of recommendations should be continuously monitored.

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 indicator supporting effective governance is the implementation of audit recommendations as this demonstrates to what extent the Management is taking actions to improve existing processes and controls. The level of compliance with FMC requirements by Budget Organizations is monitored also by the completion of the self-assessment checklists completed by all BOs, which are submitted at the end of the year to the MoF.

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

RAEPC has taken into consideration legal requirements foreseen with MFC regulations and has timely completed the self-assessment, but need a critical evaluation. Improvements have occurred with the approval of RAEPC Statutory on date 28/08/2017.

Despite the progress made, we assess that some aspects of governance within RAEPC require further improvement such as approval of the rules of procedures. We verified whether the risks register with all the measures has been prepared, by identifying all significant risks that could have an impact to the organization in relation to the achievement of its objectives, and whether it has implemented larger part of recommendations. However, the evaluation, monitoring and updating of risks register in quarterly periods has not been done.

5.1 Internal Audit System

Based on A/I no. 23/2009 on Establishing and operating of the Internal Audit Unit, the RAEPC does not meet the criteria for the 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.

The internal reporting process in RAEPC operates according to the accountability chain, the law and organizational structure. Management has put in place communications lines and is notified through monthly reporting, for operational and financial activities of the organization, in some cases minutes are kept for the Board meetings.

Further on, there are also quarterly financial reporting's, as well as reporting according to the legal requirements.

Issue 5 - Weaknesses in risk management

Finding According to the MFC regulations, RAEPC has created formal and documented procedures of risk assesment and management. The risks register was drafted in February 2017.

However, we have not noticed that it is being managed and monitored in quarterly periods to prevent and diminish risks as required by FMC regulations.

Risk Lack of effective and comprehensive risk management will not allow timely reaction to risks with which the institution faces, whether they are from the internal or external environment. This because the proactive actions needed to prevent or avoid such risks are not taken in planned or systematic manner.

Recommendation 5 The Chairman of the Board should ensure effective monitoring and quarterly reporting for the implementation of requirements in this area, aiming at risk prevention and diminishing.

** 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 emphasized 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 emphasized.

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 judgment, 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 recommendations of previous year

Audit Component	Recommendations carried forward from 2015	Implemented during 2017	Under implementation during 2017	Not implemented
2.4 Self-Assessment Checklist of FMC	The Chairman should ensure that a review of self-assessment checklist is implemented and proactively addressing areas of issues emphasized. The adoption of the statute and the new rules of procedures should be considered a priority, as well as the changes in positions should be reflected in the RAEPC organizational scheme.		The Statutory has been approved, while it remains challenge the approval of the rules of procedures.	
3.5 Remunerations (Wages and Salaries)	The Chairman should ensure that requirements for compensation (Wages and Salaries) of the organization's staff are met in accordance with legal rules. At the same time, he should ensure that this issue has been handled in MPA again and identify the obstacles presented.	Yes.		
3.6 Revenues (including own source revenues)	The Chairman should consider functioning of the existing software through which calculation is done automatically regarding frequencies and granting of authorizations. In addition, revenues program should be functionalized in order to safeguard information and accurate reporting.	Yes.		
Audit Component	Recommendations given in 2016	Implemented	In process of implementation	Not implemented
1.2 Compliance with AFS and other reporting requirements	The Chairman of the Board should ensure the establishment of effective processes in order to confirm that draft plan of AFS 2016 addresses all issues pertaining to compliance. This should also include reviewing of AFS draft by the management, with particular focus on high risk areas and / or areas containing errors, identified in previous years. The statement given by the Chief Administrative	Yes.		

	and Financial Officer should not be filed unless all the necessary controls have been applied to the AFS draft.			
2.3.1 Drafting of Rules of Procedures	The Chairman of the Board should analyze the reasons for delays in meeting legal requirements on drafting of internal documents, and ensure that by 1st October to prepare drafts of the Statute and the Internal Rules of Procedures and be submitted to the Board for their approval.		The Statutory has been approved, while it remains challenge the approval of the rules of procedures.	
3.1.1 Revenues	The Chairman of the Board should ensure that the recordings of incomes in KFMIS are made on a daily basis after receiving bank reports in accordance with Financial Rule 03/2010 on Revenues. Given that collected revenues are dedicated to the Kosovo Budget, the recording of revenues in KFMIS should then be made under source fund 10 – Kosovo Budget.	Yes.		
3.1.2 Wages and Salaries	The Chairman of the Board should review the recruitment of staff and if necessary strengthen them in order to ensure recruitment is done through a meritorious and transparent process and in accordance with legal requirements. The employment criteria should be clear and measurable to provide equal treatment for all candidates.		Even this year had contract for special services without competition procedures.	
3.1.2 Wages and Salaries	The Chairman of the Board should ensure that staff and payment management are conducted in accordance with relevant procedures and regulations. For the position held with acting staff (A.S.) a sustainable solution should be taken which will be in accordance with the legal framework.		The position held with Acting continues to be even this year. Until April were three payment of €40 in total €120. From the second half of 20171 it did not have any payment of €40 for the keeper of minutes, as well as it has been done the update of the act of	

			appointments.	
3.1.3 Goods and Services and Utilities	The Chairman of the Board should ensure that mobile telephony services are used in compliance with the legal requirements of public procurement in order to obtain more qualitative and economical services. All officials must accept cell phone units within the limits set with the decisions and applicable regulations.	Yes.		
3.1.3 Goods and Services and Utilities	The Chairman of the Board should strengthen procurement and expenditure controls to ensure that contracts are concluded only after the commitment of funds, and in accordance with other legal requirements and relevant guidelines.	Yes.		
3.1.3 Goods and Services and Utilities	The Chairman of the Board should ensure that the use of official vehicles is done in accordance with the requirements of the internal regulation on the use of official vehicles. For each official vehicle used, a full and accurate register should be kept.	Yes.		

Annex III: Letter of confirmation



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 Komunikimeve Elektronike dhe Postare, 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.

Kreshnik Gashi, Kryetar i Bordit



Data: 06 Qershor 2018, Prishtinë