



GrantThornton

Management Letter

Results - Based Road Maintenance and Safety Project - P132982

For the period from 10 April 2015 to 31 December 2016

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Management Letter

13 December 2017

To the Management of the Project “Results - Based Road Maintenance and Safety” and Ministry of Finance and Economy of the Republic of Albania.

Dear Sirs,

We have audited the special purpose financial information of the Project “Results - Based Road Maintenance and Safety” (further referred to as the “Project”) for the period from 10 April 2015 to 31 December 2016 in accordance with the International Standards on Auditing. In planning and performing our audit of this special purpose financial information, we considered the system of internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial information, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Project. An audit does not include examining the operating effectiveness of the entire system of internal controls. Furthermore, we have not considered the system of internal controls since the date of our report.

Audit procedures identify certain matters related to the internal controls and their implementation which we consider as control deficiencies. These deficiencies include matters that may come to our attention, and are related to the design and implementation of internal control and, if identified, could have had an adverse effect over the Project’s ability to record, process, summarize and publish financial data.

We emphasize that our internal controls examination did not result in necessarily ascertaining all matters that could represent control deficiencies as defined above.

Identified matters were taken into account while determining the nature, duration and scope of procedures applied during the audit of the special purpose financial information of the Project for the period from 10 April 2015 to 31 December 2016.

The Appendix, which constitutes an integral part of this Letter, contains a description of the responsibility of the management for the creation and maintenance of the internal controls system, the purpose and limitations of that system, as well as a description of the procedures performed in the process of understanding the information system of the Project.

This report is intended solely for the information and use of the Management of the Project and is not intended to be and should not be used by anyone other than the specified parties.

Grant Thornton sh.p.k.

Tirana, Albania



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No issues have come to our attention during our audit procedures performed in relation to the Project “Results - Based Road Maintenance and Safety” for the period from 10 April 2015 to 31 December 2016.

Appendix

Management's Responsibility for, and the Objectives and Limitations of the Internal Control System

The following comments outline management's responsibility for the internal controls system and the objectives of and inherent limitations in the internal control system are adapted from the International Standards on Auditing of the International Federation of Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining the internal controls system. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of internal controls policies and procedures.

Objectives

The objectives of an internal control system is to provide management with assurance, as far as practicable, that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's policies and recorded properly in order to permit the timely preparation of reliable financial information in accordance with applicable accounting principles.

Limitations

Due to inherent limitations in any internal control system, errors or irregularities may occur and not be detected. Also, the projection of any evaluation of the internal control system to future periods is subject to risk that policies and procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.



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