



WATER AND WASTE REGULATORY OFFICE
ZYRA RREGULLATORE PËR UJË DHE MBETURINA
REGULATORNI URED ZA VODU I OTPAD

January 17, 2008

Dear Directors of Water and Waste Companies,

As you know, the Water and Waste Regulatory Office (WWRO) is the economic regulator of the licensed water and waste companies in Kosovo. Its broad purpose in these areas is to regulate the POEs in a way that enables each of the licensed companies to provide a sustainable and good quality of service at the lowest cost to the consumer. To achieve this WWRO needs to collect and review relevant and **reliable** information provided by the water and waste companies to underpin its regulatory decisions in accordance with good regulatory practice.

One of the key activities of WWRO is to monitor and publish the performance of the water and waste companies through half-yearly and Annual Performance Reports. The main purpose of these reports is to provide key stakeholders (including customers) with comprehensive consistent and **reliable** information on the actual performance of licensed companies with regard to a wide range of operational, financial, and customer services areas.

Whilst the responsibility for reporting performance against service obligations rest with companies, the WWRO has a responsibility to evaluate the information provided by the companies in context of the **reliability of the sources of the data**, developing trends, achievement of targets, and finally drawing conclusions on the overall performance of the water and waste sectors including evaluating comparative performance (i.e. "benchmarking")

This process started in 2007 when, for the first time, WWRO published its Annual Report on the Performance of the water and waste service providers for 2007

In order for the half yearly and Annual Performance Report for 2007 to be relied-on regarding **reliable information**, WWRO will from now on be conducting a thorough and systematic auditing/inspection exercise covering the operational, financial and customer service data reported monthly by water and waste companies to WWRO already through the OFCR process.

The regular annual auditing exercise will be undertaken by WWRO once a year (during April) from now on as an important regular formal WWRO activity. In addition, WWRO shall undertake half yearly auditing (in July/August) as well as "ad-hock" inspection/auditing of any relevant information with regard to a specific matter as it may deem appropriate and necessary for exercising its regulatory responsibilities.

The whole auditing process will be supported by the “WM-OFMP” project funded by SDC, which will help to further develop the performance reporting by companies.

The auditing of the financial and non-financial data **should not be confused** with any other auditing (e.g annual financial audits undertaken in line with KAS) conducted by water and waste companies.

Assuming the information to be audited through this process is readily accessible, well prepared, and reliable, this audit exercise should not place a significant additional burden on the companies. Indeed, companies should be using most of the data for their own purposes already and see an advantage in making sure it is accessible, well prepared, and reliable.

WWRO would like to sincerely thank all companies for their overwhelmingly positive response towards reporting requests from WWRO in the past. WWRO and the SDC consultant look forward to continuing their close cooperation with the companies in the future.

We believe very much that the companies will fully support the auditing process and cooperate fully with the auditing team. Please note that responsibility for hosting and supporting the WWRO inspection team during the audits rests ultimately with the Companies` management, i.e. the General Director and Financial Director.

Each company will be contacted shortly regarding the auditing/inspection time and general information requirements that will suit both parties.

We would appreciate it if the water and waste companies continue sending reliable monthly data to WWRO in due time, that is by the 15th day of the subsequent month.

The auditing reports prepared by WWRO will be subject to inspection and comment by water and waste companies prior to WWRO finalizing them.

Half yearly and annual performance reports produced by WWRO will include a summary of the audit process as outlined above from now on, including any measures considered necessary by companies in order to address any shortcomings in their information management activities arising from the audit process.

Looking forward to our continued cooperation,



Afrim Lajçi
Director of WWRO