

The refusal of independent auditors to give a verdict on the accuracy of the financial statements of the electricity distributor has shed light on the poor state of bookkeeping in Albania's state-run companies.

A group of independent auditors hired by Albania's electricity distribution network operator OSHEE, to audit its financial statements for 2014, has refused to give an opinion, noting inconsistencies in the data.

The unaudited financial statements of the company shows that in 2014 revenues jumped to 47.2 billion leks (€337 million) from 37.7 billion leks (€269 million) in 2013.

"Our responsibility is to give an opinion on the financial statements based on the auditing. We have conducted our auditing based on International Auditing Standards," the auditors report, obtained by BIRN, says.

"But we were unable to secure enough data to create a basis for this opinion," it adds.

Auditors noted discrepancies between the company's billing system and its financial statements for 2014 that neither the management nor the auditors could explain.

They said the company's assets were not accurately registered in the national property register, claimed inventories were poorly kept and noted that conflicting claims from third parties were not satisfactorily resolved.

Answering a query from BIRN, OSHEE said its problems were inherited from the time when the company was under the ownership of the CEZ Group.

"The fact that the auditors refuse to offer an opinion did not have to do with the accuracy of the financial data but with the fact that the OSHEE has been in negative territory for years and with the problem of unregistered assets of the company," OSHEE said in its reply.

The company said that it was working on improving its inventory reports and on registering its properties but warned that the process would not be finished within this year.

OSHEE has has a troubled history since it was created back in 2007 as an independent company, by dividing up the distribution arm of the Electricity Corporation in order to prepare it for privatization.

CEZ, the electricity giant from the Czech Republic, bought OSHEE back in 2009 but immediately claimed that the company's financial statements had been rigged by the previous administration by inflating the rate of electricity consumption.

CEZ said the company had declared much lower electricity losses and thefts than had actually taken place.

CEZ failed to turn the company's fortunes around and it accumulated heavy losses in the following years. It also had several disagreements with the Albanian energy regulator over its methods of purchasing electricity at inflated prices and over its financial statements.

An earlier investigation by BIRN found that CEZ engaged in a fraudulent scheme to distribute bribes among Albanian officials.

Albania nationalized its shares in the company in 2013 and then appointed its own management.

Since last October, the government has started a major crackdown on electricity theft, imprisoning about 600 people within months.

source: balkansinsight.com