

AUDIT REPORT ON IMPLEMENTATION OF THE BSEC-URTA BUDGET FOR 2016

BSEC-URTA Headquarters, Istanbul - TURKEY

1. In compliance with the decision of the Twenty-ninth Meeting of the BSEC-URTA General Assembly (DEC/GA29/16) and the related provisions of the BSEC-URTA Financial Regulations (REG/GA06/FIN/04); the implementation of the BSEC-URTA Budget for 2016 by the International Secretariat, was audited and this audit report was prepared and undersigned by the following Auditors:

- Ms. Asli Gozutok (TOBB)
- Mr. Dr. Gia Tsipuria (GIRCA)
- Mr. Alper Ozel (UND)

2. Audit Programme

1. BSEC-URTA International Secretariat Accounting System
(Briefing by the International Secretariat)
2. BSEC-URTA Financial Results for 2016
3. Auditing of BSEC-URTA International Secretariat Accounts 2016
4. Situation of the BSEC-URTA Contribution Fees for 2017
5. Preparation of the BSEC-URTA Audit Report for 2016 Accounts

3. BSEC-URTA Accounting System

The official accounts are held by an external accountant, who works for the BSEC-URTA on part time basis. Official accounting records are kept in the computer under a special accounting program in local currency and language according to the provisions of Turkish legislation. However, the International Secretariat holds unofficial accounting records of its financial transactions in € currency and English language parallel with the structure of BSEC-URTA budgets so that the control and audit of BSEC-URTA accounts can be carried out, easily, by the appointed BSEC-URTA Auditors.

4. BSEC-URTA Revenues

- Contribution fees of Member Associations as approved by BSEC-URTA General Assembly
- Observer fees as approved by BSEC-URTA General Assembly
- IRU Contribution
- Interests accrued from the BSEC-URTA accounts
- Others



The Contribution Fees of the Member Associations and Observer fees for the subsequent year are decided by the Autumn Session of the General Assembly. Upon request of BSEC-URTA, IRU also confirms about level of its contribution to the BSEC-URTA budget before the end of previous year.

After approval of its budget for the next year, the International Secretariat informs the BSEC-URTA Member Associations and Observers about amount of their contribution fee and the necessary banking details.

Upon receipt of a contribution fee into its accounts, BSEC-URTA International Secretariat issues a receipt and records the amount of transfer under its accounting software. Such received amounts are kept under the official bank accounts, as demand or time deposits according to daily office needs.

5. BSEC-URTA Expenses

The International Secretariat executes the BSEC-URTA budget according to amounts approved by the General Assembly and in compliance with the BSEC-URTA Financial Regulations, which were adopted in Tbilisi at the 6th Meeting of the BSEC-URTA General Assembly.

6. BSEC-URTA Budget Composition

The Budget of the BSEC-URTA International Secretariat for 2016 has six principal chapters:

- Expenses related to the Staff of the International Secretariat
- Administrative and Office Expenses
- Expenses related to activities
- Program Funds
- Investments
- Contingency

Each spending or expense is documented as a rule and annexed to an internal Expense Authorization Form, as an evidence of abovementioned approval process. All such documentation is archived in the folders classified according to principal chapters of the BSEC-URTA budget.

7. BSEC-URTA Financial Results for 2016

The BSEC-URTA Auditors noted the information and controlled the financial documentation for 2016, as provided by the BSEC-URTA International Secretariat, and noted the BSEC-URTA Financial Results for 2016 as follows:

1. Transfer from 2015:	€ 107,013.30
2. Contribution fees received in 2016:	€ 124,957.00
3. Interests accrued from the BSEC-URTA accounts:	€ 583.44
4. <u>Others</u>	<u>€ 4797.35</u>
Total Revenues 2016	€ 237,351.09
Total Expenses 2016	€ 133,833.20
Balance End 2016	€ 103,517.89

8. Audit Notes

The Auditors checked the financial documentation and held meetings with the BSEC-URTA Staff in full freedom and friendly atmosphere.

As a result of audit, it was witnessed and confirmed that all the transactions were recorded, the documentation was full and the accounting records were in compliance with BSEC-URTA statutory documents and generally accepted accounting principles.

The followings were noted during analysis of the financial tables for 2016:

- Saving was noted in an amount of:
 - € 8,892.30 under "Expenses related to the staff of the International Secretariat"
 - € 5,744.93 under "Administrative and office Expenses"
 - € 496.72 under "Expenses related to activities"
 - € 465.30 under "Program Funds"
 - € 272.27 under "Investments"
- Over spending was noted in an amount of:
 - o € 474.89 under Fringe Benefits (increase of personnel private insurance)
 - o € 1410.73 under Program Funds (a payment in amount of €1864.40 for Print of BSEC Permit-2017 was reimbursed to BSEC-URTA and recorded under "Other income" turning in fact the over spending into an economy of €453.67)
 - o € 17,828.69 under "Contingency" (for organization of the BSEC Forum 2016 an amount of 12,000EURO was approved by the 29th Meeting of BSEC-URTA General Assembly to be used from the balance account transferred to 2016; 2,000 EURO were recorded to "Other income" as sponsorship)

According to the above, a total of € 3833.29 was over spent under the approved budgetary items in 2016 due to the organization of the BSEC Transport Forum 2016.

Finally the Budget of BSEC-URTA for 2016 was realized as follows:

- 2016 BSEC-URTA Total Revenues : € 237,351.09
- 2016 BSEC-URTA Total Expenses: € 133,833.20
- **2016 BSEC-URTA Balance: € 103,517.89 – transferred to 2017**

9. Situation of the BSEC-URTA Contribution Fees for 2017



The situation as of 31 March 2016 is as follows:

BSEC-URTA	ASSOCIATION'S NAME	FEE	RECEIVED	DATE
HONORARY MEMBER	TOBB	35,000 EURO	35,000 EURO	30.01.2017
ACTIVE MEMBERS	UND	4,000 EURO		
	AEBTRI	4,000 EURO	4,000 EURO	02.02.2017
	OFAE	4,000 EURO	4,000 EURO	21.02.2017
	ASMAP-UA	4,000 EURO	4,000 EURO	18.01.2017
	ANALTIR	4,000 EURO		
	UNTRR	4,000 EURO		
	AITA	1,500 EURO	1,500 EURO	20.12.2016
	ABADA	1,000 EURO		
	GIRCA	1,000 EURO		
OBSERVERS	AIRCA	500 EURO	500 EURO	25.01.2017
	MEDJUNARODNI TRANSPORT	1,000 EURO		20.01.2017
	SMP	1,000 EURO		
	AMERIT	1,000 EURO		
	PJSC RUSSIAN STATE INS	10,000 EURO		
IRU CONTRIBUTION TO BUDGET		50 000 EURO		
TOTAL		126,000.00	49,000.00	

It was noted that the contribution fees for 2017 of ANALTIR, UND, UNTRR, ABADA, GIRCA, SMP, AMERIT, ROSSGOSTRACH and IRU have not been received yet. Taking into account that the deadline for payment of the above mentioned contributions was 31 January 2017 the Auditors asked the International Secretariat of BSEC-URTA to address in writing the above mentioned associations until 15 April 2017, in order to clarify this matter.

10. Adoption of the Audit Report

This Report was prepared and signed by Ms. Asli Gozutok, Mr. Alper Ozel and Mr. Gia Tshipuria as Auditors for implementation of the BSEC-URTA Budget for 2016 in Istanbul on 24 March 2017.

Ms. Asli Gozutok (TOBB)	
Mr. Dr. Gia Tshipuria (GIRCA)	
Mr. Alper Ozel, (UND)	