



REPUBLIC OF ALBANIA
SUPREME AUDIT INSTITUTION



PERFORMANCE REPORT

2021

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The Chairman's Message

This Performance Report of the Albanian Supreme Audit Institution, brings together the activity of the institution for the year 2021, a year in which, regardless of the difficulties caused by the worldwide crisis of COVID-19 in all public institutions, the general, as well as the auditing activity of ALSAI, was adapted to this dynamic environment.

We have been able to maintain a high level of audit coverage, with the quality that the Parliament and the taxpayers expect from ALSAI, in fulfillment of the constitutional obligation, for the benefit of good governance and the increase of citizens' well-being and also in fulfillment of the mission and vision of the institution.



During 2021, we continued our work by keeping in mind that every audit mission is an added value for every institution audited, thus, contributing to the increase of confidence in our institution, the role it plays in increasing accountability of the public funds management, and enhancing our role as the supervisor of Albanian taxpayers.

The annual Performance Report presents the audit work based on 158 audits, according to their type, carried out in 205 entities, aiming to provide an opinion on the budget execution and the management of public money.

By far, the COVID-19 pandemic had an enormous impact on the state's financial management. Even though, we do consider it evidenced long time problematics, which have been affecting the management of public funds and resources in the Republic of Albania.

We encountered a long and difficult period, where the role of the state was more important than ever, in helping the citizens in need of support and assistance, since this crisis had a health, economic, social and psychological impact.

Without denying a series of decisions taken by the Government and Parliament, as an immediate response to the situation, we must say that the main areas such as health, education and infrastructure development are overloaded with bureaucratic procedures that slow down the implementation process, compared to the need for immediate response in decision making.

By the audits it was evidenced lack of coordination, legislation that is not easy to apply, delays in communication, and services provided not at the required level, under-estimated reserves and capacities for coping with crisis, which indicate the need to raise awareness and a more dynamic and efficient approach in situations of crisis, specifically in those areas on which we depend in difficult times.

I wouldn't like in any case for this report, completed with findings and data, to result in a headline for the media, but it should be considered by all institutions as an opportunity to arouse the responsibility and the approach in providing solutions in difficult situations.

Therefore, aiming for the 2021 annual report of the ALSAI to help in this direction by reflecting a high level of implementation of recommendations and measures for a continuous improvement of the financial and legal system at the service of the citizens of our country.

The vision of the Supreme Audit Institution, as an agent of the Assembly, is in line with the INTOSAI motto, the national audit, is at the service of the national governance, and not of the governments.

Based on this vision and philosophy, our activity during 2021 aimed to improve financial management, public administration and internal controls, contributing to good governance and promoting accountability and the fight against corruption, by making this a sustainable working culture for all ALSAI auditors.

I would like to emphasize that during 2021, ALSAI has fulfilled its constitutional responsibilities, legal obligation, as well as its audit mission, by demonstrating an activity that reflects integrity and impartiality, compliance with international auditing standards and best practices and by preserving the core values of Supreme Audit Institutions such as: Independence, Objectivity, Integrity, Responsibility, Professionalism, Cooperation and Transparency.

ALSAI, as the highest economic-financial institution, ensures objectivity and institutional independence through the exercise of the mandate defined by the Constitution and the law, and in compliance with professional audit standards, the code of ethics and norms of professional conduct, in order to ensure increased responsibility and transparency in the use of public money, by central and local government institutions, by being a public voice that calls for professionalism and high accountability of the public administration.

Arben SHEHU

I. MISSION, VISION AND OBJECTIVES OF ALSAI

Mission

The Albanian Supreme Audit Institution (ALSAI), in the capacity of the highest constitutional institution of economic and financial control in the country, established to serve the Albanian citizens, has as its mission to be an "agent" of the Assembly and the stakeholders by informing them continuously, impartially and fully, about the accountability that the government and public entities show in the use of the contribution of Albanian taxpayers and also by contributing to the improvement of governance through the fight against corruption.

Vision

ALSAI is a model institution that leads by example and promotes the increase of accountability, transparency, and the effective, efficient and economic use of public assets, strengthening the integrity and public trust in the institution, therefore to be an added value for society and bring change in the lives of citizens¹.

Objectives

Defined in the Institutional Development Strategy 2018-2022, the objectives of ALSAI continue to be:

- Increasing the impact of audit work with a focus on the 6 E's (economy, efficiency, effectiveness, ethics, environment and energy);
- Optimizing professional capacities, auditing skills, work procedures, logistics and other support functions;
- Strengthening of communication and cooperation.

¹Development strategy of ALSAI 2018-2022, pages 19-20

II. ALSAI AND ITS AUDIT ACTIVITY FOR 2021

The Albanian Supreme Audit Institution, in the capacity of the highest institution of external public audit and within the framework of the fulfillment of constitutional and legal obligations, for the period January - December 2021, has carried out the audit activity by conducting and completing 158 audit missions in 205 audit subjects. Based on its legal mandate and in fulfillment of strategic objectives, financial audits, compliance audits, performance audits, technology and information systems audits, and combined audits have been conducted. During the year 2021, ALSAI has fulfilled the legal obligation to audit and report on the implementation of recommendations given in previous audits. Also, in response to the increased attention to special issues such as pandemic management and reconstruction and funds related to them, ALSAI has also conducted several thematic audits. According to the type of audit, the detailed activity of ALSAI is presented in the following table:

Table No.1: Audits by type

Audits by type	No. of audits
Compliance audits	56
Financial audits	21
Combined audits ² (financial and compliance)	41
Performance audits	18
Information and Technology Systems Audits	5
Thematic audits, including the follow-up on implementation of the recommendations	17
Total	158

Source: ALSAI

At the end of the 114 audit missions, based on the audit evidence and the auditor's professional judgment, it is concluded with the issuance of the Audit Opinion, on the financial statements of the audited entity and on the compliance of the activity³.

In reference to the Audit Manuals and International Auditing Standards, for the materiality and qualitative assessment of the audit findings, unmodified and modified opinions were given and only in one case there was a disclaimer opinion.

The distribution of audit missions performed during 2021, according to the quality of the Audit Opinion, is presented in the following table:

² ALSAI has conducted 41 combined audits; financial and compliance, for which 37 opinions on financial statements and 37 compliance opinions were given.

³ Based on the Financial Audit Manual and the Compliance Audit Manual

Table no. 2 Audits according to the type of Opinion

No.	Audits	In total	With opinion	Type of opinion				With conclusions
				Unqualified	Qualified	Opposite	Rejection	
1	Financial Audits	21	21	10	9	2		
2	Compliance Audits	56	56	6	34	16		
3	Combined audits	41	37					4
	<i>For the financial statements</i>		37		22	14	1	
	<i>For compliance</i>		37	4	22	11		
4	IT Audits	5						5
5	Performance Audits	18						18
6	Thematic audits	17						6
	<i>Of which follow-up on implementation of recommendations</i>	11						11
	Audits in Total 2021	158	114	20	87	43	1	33

Source: ALSAI

Entities audited in 2021

During the year 2021, we audited the activity of 205 public entities. These institutions are part of central government level: ministries and agencies including central and regional subordinated directorates⁴; local self-government units: counties and municipalities; institutions that administer special funds: ISS (Institute of Social Security) and CHCIF (Compulsory Health Care Insurance Fund), independent institutions; state owned companies in which the state owns over 50% of the shares, and projects with foreign financing. The distribution of audits according to the level of governance is presented below (detailed data at the institution level is presented in Annex A.6)

Table no. 3: Audited entities according to the level of governance

The audits of ALSAI have been carried out in:	Number
Central and subordinate government institutions	39
Institutions of local self-government and other units at the local level	46
Public companies and projects with foreign financing	28
Asset management and environmental protection institutions	21
Institutions in which IT audits were carried out	14
Institutions in which performance audits were carried out	57
Total of Entities	205

The objectives of the audit activity of year 2021, besides the recommendations for organizational measures to improve the situation, were also to identify the incompliances and to report them based on the classification as: economic damage⁵ and as irregularities/illegalities from the entities under audit⁶ with negative effects on public finances.

⁴ Directorates of fiscal and customs administration

⁵ Economic damage refers to the monetary compensation obligation of an individual or entity that is caused to the audited state entity in relation to actions or non-actions in violation of financial discipline and the relevant regulatory framework.

The main findings in regards to irregularities and illegalities are related to:

- The use of funds with no efficiency, effectiveness and economy in the field of public procurement, due to the lack of control in the implementation of these procedures, which in many cases turn out to be carried out not in accordance with the legal framework in place.
- The violation of budget discipline in the programming and implementation of public expenditures, the liquidation of invoices for expenditures/investments, which has been accompanied by the creation of arrears;
- Irregularities and violations in the administration of tax and non-tax revenues;
- Misadministration of state property.

The analysis of irregularities and financial violations is presented in the table below according to the problematic areas.

Table no. 4: Analysis of economic damage/negative effects on the budget, according to areas

In thousand ALL

A. In the area of income	Economic damage	Negative Effects due to Irregularities
In the area of tax legislation implementation	2,353,678	7,532,449
In the area of the implementation of the Customs Code	14,491,004	-
In the misadministration of state property	462,047	1,418,749
In the urban administration	15,208	105,056
Others	87,515	1,891,752
Total	17,409,452	10,948,006
B. In the area of expenses		
In the area of wages, insurance and bonuses	25,212	2,462,658
In the area of operational expenses	1,340,769	471,368
In the area of investment expenditures	372,135	25,284,297
Others	11,417	16,277,955
Total	1,749,533	44,496,908
Total (A+B)	19,158,985	55,444,914

Source: ALSAI

Audit effectiveness Indicator

The indicator of the audit effectiveness, which is used in the framework of measuring the performance of the Supreme Audit Institutions, for the period January - December 2021, results in 56, meaning that for every 1 (one) ALL spent by ALSAI from the state budget, during the period of January - December 2021, 56 ALL were evaluated the findings classified as "economic damages" and for which the recovery of funds misused was requested from the auditees. The indicator of the effectiveness of the audit was calculated as the ratio of the economic damages discovered and

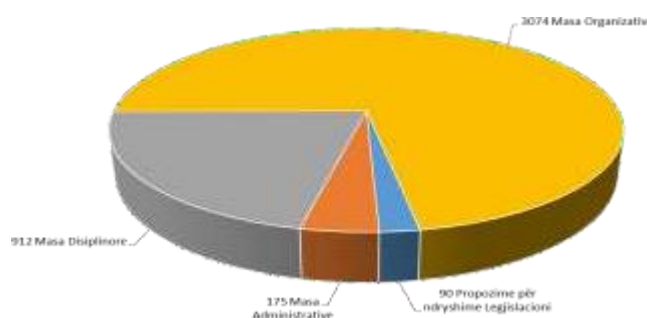
⁶ The negative effect on the performance of the entities under audit refers to the negative effects found in the administration of public funds and the management with economy, efficiency and effectiveness of public funds.

requested for recovery in the amount of 19,158,985 thousand ALL with the actual budget expenses of the ALSAI in the amount of 340,281 thousand ALL.

Audit Recommendations

In the audited institutions, during the period January - December 2021, ALSAI addressed a total of 4,251 recommendations, of which: 90 of them are proposals for legal improvements, 3,074 are organizational recommendations and 1,087 are disciplinary and administrative measures.

Chart no. 1: Types of recommended given by ALSAI, year 2021



Source: ALSAI

Penal Cases Reports

In the framework of the objective to be committed for an uncompromising fight against abusive actions and financial fraud on public property and to achieve improvement of public governance, during 2021, ALSAI has filed **14 reports and criminal indictments** to the competent bodies, from which 6 have been sent to Special Prosecution Anti-Corruption and the other 8 have been sent to the respective district prosecutor offices, for 62 officials at different levels.

During this period, ALSAI has been engaged in 111 court proceedings, from which 12 are Criminal court proceedings, 98 are court proceedings of an administrative and/or civil nature, and 1 proceeding in the Constitutional Court.

There were 12 Criminal court proceedings, initiated based on Criminal reports referred by ALSAI followed up during 2021. From these 12 requests for dismissal of Criminal proceedings, 4 of them have been accepted by the courts, while for 2 of them (Kavajë Municipality and Vergo Municipality, Sarandë), due to the incomplete investigations, the courts have returned the acts to the prosecutor's office for further investigation. Follow up

It is worth noting that during 2021, numerous court decisions have confirmed the recommendations of ALSAI towards the audited subject. During these court proceedings, ALSAI has insisted on the monitoring of fulfillment of its recommendations, collection of economic damages and prevention of negative financial effects.

⁷ Detailed data is available in A.3

II.1 ALSAI AND PUBLIC FINANCE MANAGEMENT

Defined in the "Sectoral Strategy of Public Finance Management 2019-2022" document, the findings and recommendations of ALSAI in the field of public finance management will serve as a guide for increasing efforts to improve the degree of their implementation, in order to support of a more developed economy and better services for citizens; increasing accountability, transparency, efficiency and fiscal discipline in the planning and spending of public funds.

The public finance management is closely related to the establishment of a financial system that promotes transparency, accountability, fiscal discipline and efficiency in the management and use of public resources aiming to improve public services and the economic development of the country, a system that would guarantee a long-term sustainability of economic growth.

Given this, in line with the fulfillment of the constitutional obligation but also of the mission and strategic objectives of institutional development, the audit activity of ALSAI, even during the year 2021, is focused on identifying risks, criteria for evaluating the effectiveness of financial control systems and legal compliance foreseen for the management of public finances.

In this context, in October 2021, ALSAI presented to the Assembly the report "On the implementation of the 2020 State Budget", in which the problems, deficiencies and irregularities found in the management of public finances were identified, covering the processes of drafting, execution and reporting of consolidated fiscal indicators including public debt and the use of the reserve and contingency fund.

For each issue identified during the audits, ALSAI has given the relevant recommendations with the aim of increasing the attention from the side of the Assembly, in terms of managing the identified risks, to ensure the good administration of public finances and improvement of fiscal indicators, focusing on the following directions:

1. In the framework of **the assessment of the financial management systems and control and internal audit in the public system**, based on the assessment of the control systems in the entities under audit, and on the audit results in the central unit at the MFE (Ministry of Finance and Economy), responsible for the implementation and monitoring of internal public financial control, again this year, ALSAI evidences that the control systems are still not effective, not periodically monitored and their reporting is based on a limited number of public units compare to the total number of entities at the national level.

The Internal Audit continues to show the same problems in the establishment and effective operation of these structures, where 34 institutions do not perform the internal audit service, while 40% of the structures do not meet the criteria defined in order of ministry council no. 83, dated on 03.02.2016 "On the approval of the criteria for the creation of internal audit units in the public sector".

2. In the field of income, based on the findings in the audits carried out in the tax administration entities, ALSAI concludes that, regardless of the revisions of the income plan, for the year 2020, all income items resulted in non-realization and with a decrease compare to year 2019, with the exception of the item "Social and Health Insurance Contributions". The non-realization of income is mainly related to the effects caused by the Covid-19 pandemic as a result of the slowdown of the economic activity from restrictions or elements of fiscal relief through forgiveness or postponement of tax obligations for taxpayers.

The budgeted revenue plan in the VAT (Value-added tax) item, which is the main contributor to the budget revenue, has been realized by 90.2%. Similarly, also the income from profit tax, which compared to 2019, has a decrease by 22.3%. For this item, one of the factors of this result, mentioned in the MFE report, is the effect of the fiscal relief for the postponement of the payment of profit tax installments for a certain category of taxpayers, as fiscal support for coping with the consequences of the pandemic in business, an effect which from the audit did not turn out to be the main factor for the revenue decrease.

From the audit in the Regional Tax Directorates, ALSAI has found problems in the tax field controls performed directly in business premises, causing missing revenues in the state budget in the amount of about 2,224 million ALL.

Regarding the measures taken for the recovery of the tax debt of 122,468 million ALL, as of December 31, 2020, they are not presented at the required level and have not contributed to the increase of the annual income.

From the audits carried out by the customs administration on the programming and realization of customs revenues, it is established that the revenues are presented with non-realization against the plan, this also as a result of the impact from the Covid-19 pandemic. Defining the customs value procedures according to the indicators and classifications of the tariff code, set to standardize and unify the procedures to avoid abuse and the avoidance of correct customs duties, remains a problem that requires strengthening of system controls by the customs administration. Also, the customs branches failed to fully implement the legal deadlines related to the recovery of the customs debt, reflecting a high debt situation of 45,054 million ALL at the end of 2020.

As for the audits carried out in the Local Self-Government Units, they are mainly focused on the legality compliance, for the proces of planning and administration of revenues, and their collection, where many irregularities and violations were found, bringing a negative effect on revenues of Municipalities in the amount of 1,032 million ALL.

3. Regarding the public debt, ALSAI has found that the budget indicators are presented with deviations, specifically: the level of the deficit for 2020 was underestimated as a result of not refinancing the losses with the treasury bond instrument with an effect of 6.2 billion ALL. Consequently, as a result of this underestimation, the debt stock at the end of 2020 is estimated at 1,230.4 billion ALL from the 1,224.2 billion ALL reported by MFE in the public debt indicators.

Also, in audit of the Ministry of Finance and Economy, we found that measures were not taken for the recovery of obligations created over the years from sub loan and guarantee agreements, while new obligations are constantly created, mainly conditioned by mutual obligations between commercial companies with state capital in the energy sector as well as problems with the overall governance of these companies as a whole, reflected in their inability to pay.

4. From the audit **on the programming of budget expenditures**, for the general government units, deficiencies have been found in the preparation of the Mid-term Budget Plan (MBP) in relation to the deadlines, the argumentative documentation for new investment projects and the consideration of the MFE's suggestions by the budget units.

ALSAI has found big changes in the funds allocated for certain projects, from MBP 2019-2021 to MBP 2020-2022 document, which speaks out for shifting priorities in investments, poor forecasting on the part of institutions, insufficient monitoring on the part of MFE in the entire cycle of budget programming, thus weakening the role of mid-term forecasts for state budget expenditures. In 15 cases it was found that the investment projects approved for MBP 2019-2021 are not carried forward as ongoing projects in MBP 2020-2022, or they are carried at a significantly lower amounts, in order to make room and add new projects to the investment programs; In 13 cases it was found that investment projects are initially approved in the MBP 2019-2021 as new projects with a low budget but then later increased to almost double their initial amount in the MBP 2020-2022 document.

From the audit of the implementation of the budget expenditure plan and its revisions approved during 2020, it is found that a high number of budget revisions were requested, approved and executed in GFIS (Government's Financial Information System). Specifically, about 2327 revisions with a budget change of total 50.7 billion ALL, based in the requests of about 1033 budget units, which in some cases these revisions are made only for the purpose of payments of arrears, which should have been planned in the original budget in compliance with the priorities given in the budget law. Also, from the audit of the budget revision data, it was found that 442 revisions were carried out after November 15, 2020, an action not in compliance with budget organic law. Also, it is found that the execution of budget revisions for year 2020, continued to be carried out until February 24, 2021 in GFIS, which is an action in violation of Article 52 of the Budget Organic Law and the annual instruction of the MoFE.

Despite the fact that, some of the revisions for 2020 are related to the situation created by the Covid-19 pandemic, the number of budget revisions executed throughout a budget year remains very high, with deviations from the approved mid-term budget plan, with constant changes in the priorities of the anticipated investments or initiating new projects without going through all the phases of the budget cycle.

5. In regards to the **procurement procedures**, during 2020, from the audits conducted in various contracting authorities, it was found that in some cases where these procedures have been developed beyond the planned needs and without the available budget funds or not included in the mid-term budget plan and in the Budget Law; accompanied by deficiencies in procedures and deadlines, etc. During the year 2020, the Information Technology Audit Department at ALSAI conducted an analysis with CAAT techniques based on the information

obtained from the PPA (Public Procurement Agency)'s and the PPC (Public Procurement Commission)'s databases for public procurement procedures performed through the electronic public procurement system. From the analysis, it is found that, for the year 2020, 4568 procurement procedures were performed, for which the limit fund of 160,563 million ALL was made available. We note that the largest numbers of published procedures according to the type of contract are the procedures for the procurement of goods, with 5,520 procedures or 70% of the total procedures, followed by the procedures for services with 1,482 procedures or 19% of the total procedures, followed by public works, with 925 procedures or 12% of the total. According to the type of procedure, there are 1,191 "Open Local" procedures, with a limit fund of ALL 40.5 billion. The Contracting Authorities which have the largest procured values (risks) for the year 2020 are: Agency for Centralized Purchases, ARA (Albanian Road Authority), ADF (Albanian Development Fund) and the Ministry of Health and Social Protection, etc.

As for the effectiveness of public procurement procedures, for the year 2020 the procedures with effectiveness from 40-90%, which constitute 20% of the total number of procedures, carry a high risk, as a result of the possibility of non-realization of services and works, non-delivery of goods in terms of quality, quantity and term, as well as the need for extra payments through the addition of funds, etc.

Even during 2020, as in previous years, there was a considerable use of the procurement procedure "by negotiation without prior announcement" of the contract announcement, where the pandemic caused by COVID-19 undoubtedly has a big role because due to emergency needs, negotiated procedures without prior announcement were mainly used.

In the 101 subjects audited for the 2020 budget, ALSAI has concluded that, in 39 subjects, 1,625 procurement procedures were carried out in the value of the limit fund of 50,403 million ALL without VAT, of which 356 procurement procedures were audited in the value of 25,300 million ALL without VAT, which make up to 22% of the total number of procedures developed, or 50% of the value of contracts signed with economic operators. Violations resulted in 191 procedures or 54% of the audited procedures in the amount of 12,066 million ALL or 48% of the audited funds, which consist of a total of 314 violations of various natures, of which 172 violations were found in the preparation phase of the tender documents, 88 violations at the stage of the development of the procurement procedures and 54 violations at the stage of the implementation of the contracts and the delivery of works, the archiving of files.

The above irregularities and deficiencies have resulted in economic damage to the state budget and the budget of public companies in the amount of 126.5 million ALL, as well as a negative financial effect on the use of public funds in the amount of 3,727.5 million ALL.

6. In relation to the stock of arrears, based on the audit of the ALSAI, this stock is estimated to be least 26.36 billion ALL compare to about 23.8 billion ALL reported in the Government's Financial Information System (GFIS), including here the stock of arrears of refundable VAT, as previously recommended by ALSAI.

The audit found that the arrears amount reported is not complete and accurate because:

In relation to the stock of refundable VAT, it is found that 13% of requests were processed in violation of the legal refund period of 30/60 days, estimating it to be increased by 1,992 million ALL, thus bringing an estimate of refundable VAT stock on 31.12.2020 in the amount of 11,789 million ALL from 9,797 million ALL reported to the General Directorate of Taxes.

In the case of the Water and Sewerage companies, the Albanian Development Fund, AKSHI - National Agency of ICT, etc. The arrears amount is not reported. In addition, liabilities for court decisions continue to be unaccounted for and not reported in every case.

In the meantime, ALSAI has continuously identified and highlighted in the audit findings, the root causes of the creation of new arrears year after year, at almost the same levels as the repaid stock.

7. On the compliance of the registration of transactions in GFIS, we found irregularities in the registration of budget commitments, in both values and registration terms from almost all institutions in 14,982 cases worth 131.5 billion ALL, or 63% of all contracts registered in SIFQ. The practice of taking budget commitments without available funds or their partial registration due to the lack of available funds has continued and found in 7 cases worth 4.72 billion ALL.

We also found discrepancies between the data of signed contracts published by PPA and those registered in GFIS, concluding that the Treasury system does not provide complete and accurate data of budget commitments.

8. Referring the audit of the concessionary contracts, it was found that the payments for these contracts exceeded the level approved in the financial model, by changing their financing even in difficult periods for the state budget, despite the temporary suspension of only one of them. Also, the fact that these contracts are not registered in SIFQ with their full value and according to the commitment undertaken, hence as a consequence they have not been fully budgeted, thus creating arrears, has also remained problematic; regular monitoring of concession contracts has not been carried out, and moreover, even in this difficult fiscal year, payments have been made for incomplete services for basic control of population and dialysis services, bringing so additional costs to the state budget.

9. Regarding the use of the Reserve Fund, we found: deficiencies and violations in completing the documentation related to the decisions taken for the use of this fund or the documentation of the recommendations of the Ministry of Finance and Economy or the Ministry of Justice, before the final decisions were made; it was found cases of use of the reserve fund as a "budget supplement" for about 860 million ALL, when in fact these expenses should have been budgeted in accordance with the legal procedures and criteria of budget planning, and should have been approved within annual budget law, and not to be treated as "emergency expenses".

Also, an unnecessary addition costs of 3,783 thousand ALL was found in the use of budget funds, as a result of delays in handling the payment procedures derived from the court decisions of the ECHR (European Court of Human Rights).

10. The Ministry of Finance and Economy **did not present again the consolidated financial statements of the state to the Assembly** for the year 2019. ALSAI finds that the regulatory framework related to Public Accounting did not have the intended improvement. Accounting in the public sector is regulated on the basis of Instruction No. 8, dated on 09.03.2018, which is incomplete and problematic from a conceptual point of view. ALSAI has concluded that the annual consolidated financial statements of the general government generated by the Government Financial Information System (GFIS) do not fully reflect its real financial situation.

Other findings were: lack of consolidation of the financial statements after the change in the scope of the ministries' responsibilities; lack of the periodic inventory processes and of the reconciliation of the physical value against the accounting value; continuous omission in the explanatory notes of material items as per the requirements of the National Accounting Standards; non-implementation of the accrual accounting principles; errors in correctly calculating depreciation, etc.;

11. **In terms of the administration of public property**, deficiencies in the monitoring of lease/emphyteosis contracts were found in the MFE; incompleteness of the monitoring and reporting process; cases of competitive procedure concluded for lease/emphyteosis/1 euro contracts where private subjects do not fully meet the criteria for the financing source of the proposed investment while declared winners; also it was found that two state owned companies did not pay the dividend to the State Budget, etc.

12. **The Regional Development Fund (RDF)** does not appear as a separate line in the fiscal indicators' table, although it is a source of financing for some budget programs. Even after the recommendations of ALSAI, the situation regarding the reporting of this fund (RDF) continues to be the same as in previous years. All investment projects financed by the RDF are not reported separated from all other capital expenditures, making it difficult to identify the value of the investments that were financed in the budget year by the RDF. Also, the detailed list of opened investments is different from the list presented at the time of approval of the draft budget of the year.

13. **In the audit of the funds for coping with the COVID-19 pandemic**, during the procurement procedures were found problems with consequences of economic damages, negative effects on the use of public funds due to the lack of effectiveness, efficiency and economy in the implementation of the procurement procedures; payment for services performed and contracted without a public procurement procedure; in some cases economic operators were declared winners in violation of public procurement rules; lack of planning for monitoring structures establishment for contracts implementations; the establishment of special qualification requirements and technical specifications has not been argued technically and legally, and which in some cases are not related to the nature and dimensions of the procurement object; financial commitments were made without the available funds; lack of reporting to the Treasury Branch of changes made to the register of public

procurement forecasts; non-documentation of the expiry dates of the goods by the commissions of the delivery admission, as it has been ascertained that the goods have been delivered beyond the expiry dates, etc.;

For purchases of anti-Covid goods, direct procurement procedures were followed and not procurement procedures specified in the public procurement law. As a result of this and some legal gaps in VKM no. 203, dated on 26.02.2020 "On the procedures used for the conclusion of contracts that are dictated by the essential interests of the state", amended, some procedures showed to be ineffective, by not providing the procured medical equipment for the Covid-19 situation (such as respirators), or causing the failure of some procedures. Also, missing revenues were estimated in the state budget due to non-calculation of penalties and non-application of contract insurance, due to late delivery and/or non-delivery as per signed public contracts.

14. In the field of tax revenues, not all coercive measures defined by the law for the collection of arrears have been taken; the tax control inspectors in the country have not fully implemented the tax control manual, as well as the tax legislation, etc., resulting in the non-identification of fiscal evasions with the effect of missing revenues in the state budget in significant amounts; non-realization of the planned tax revenues even after the downward revision, etc.; significant amount of tax liabilities, with increasing trend compared to the previous year;

15. In the field of customs revenue, customs value assessment methods have not been followed in relation to imported goods according to the requirements of the regulatory framework in force, customs practices have resulted in misclassification of the tariff code of imported items, with the consequence of avoiding customs duties, non-compliance of the procedures for issuing authorizations, therefore creating missing revenues in the state budget;

16. In the Mandatory Health Care Insurance Fund, a lack of independence in decision-making was found in the Administrative Council's activity; payment of costs for incomplete service for the basic control (CHECK-UP) and for the concession contract "For the provision of hemodialysis" in 5 regions of the country, bringing so an additional cost to the budget; the costs of "the integrated supply service of the customized set of surgical instruments" concession contract, for the year 2019, continues not to be in line with the contract's provision, etc.

In the Institute of Social Insurance's audit, it resulted that in year 2020, 58228 million ALL were financed from the state budget to cover the social insurance scheme, which accounts for 41% of the total social insurance expenses. The deficit of the scheme at the end of 2020 is 29,513 million ALL, with an upward trend compared to 2019. ALSAI finds that the income from contributions is not enough to cover the expenses of the pension scheme, both for the rural scheme and for the city scheme, causing a continuous deficit year after year. The implementation of the Cooperation Agreement between GDT (General Directorate Of Taxation) and ISI (Institute of Social Insurance) for sending the paper lists of missing payments, for the period 2006-2012, remains problematic (at the end of 2020, there are a total of 1,501,931 lists of missing payments, of which 1,421,307 or about 94.6% are list missing payments of the self-employed categories).

17. **In the audit of state owned companies**, deficiencies in the organization and operation of management and decision-making structures continue to appear, with consequences in their economic and financial results;

Shortcomings in the process of planning and realization of income, as well as low level of their realization, have been identified. From the inventory audit, slow-moving goods over the years have been found. In some cases, deviation in presentations of the financial position in accounting reports have been found;

Non-compliances are found in implementation of the legal framework in public procurement procedures, such as the calculation of the limit fund, the establishment of criteria and specifications, the evaluation of bidders. Also, in the process of the implementation of contracts was found lack of penalty provisions in case of: missing the deadline and/or payments, for unfinished works/services, due to the lack of quality in completed works/services. There were cases of fragmentation of funds by performing purchase procedures with small values, etc., resulting not only in the use of public funds without effectiveness, economy and efficiency, lack of transparency during public procurement procedures, but also causing economic damage to their budget;

Poor management continues in the use of human resources funds due to unfair dismissals of employees, which has often resulted in the payment of penalties, commissions and fees to the bailiff services.

The inadequate administration and management of state property, in some cases of sale or lease contracts, caused missing income from economic operators, due to non-collection of significant values and reducing so the effectiveness of the use of public assets.

18. **In the audit of projects with foreign financing**, deficiencies are found in terms of: Non-compliance in the procurement procedures (criteria, evaluation and fund limit calculation) as well as in the implementation phase of the work contracts, with the consequences of economic damage and use of funds without effectiveness, efficiency and economy;

In some cases, the staff engaged in the project performed tasks in contrary to the conditions agreed with the donors; Lack of timely approval of amendments to financing agreements was found as well;

Payment for engagement fees beyond expectations, resulting in economic damage to project funds; Failure to achieve project objectives on time, with impact on their performance and programmed benefits;

19. **In the inspection institutions in the field of trade and food control**, no administrative measures have been taken against subjects that have been in violation of the law; no prohibition has been imposed on the use of fuel measuring instruments and tools, water meters, trading of various electrical products, correction of violations and notification of the consumer.

Likewise, in relation to the inspection procedures, the blocking of food products is not

documented with distinctive signs and the confiscated products were sent to the premises of private entities, at a time when these entities are themselves subject to inspection.

In the procedure followed after receiving the notification through the RASFF System (Rapid Information System for Food and Animal Feed) for the unauthorized use of the substance "ethylene oxide" in the production of the product "Ice Cream" (imported and traded on the Albanian market), the inspection, blocking, withdrawal from the market and its "destruction", has not been effective, as a result of deficiencies in the implementation of procedures in compliance with the legal framework.

20. In the audit of local self-government units, we found irregularities in the process of keeping proper accounting records and preparation of financial statements in which various accounts are not included in the inventory; there is no accounting register; incomplete accounting transactions booking leading to unreconciled financial statements; accounts that are not supported with the necessary accounting and legal documents; lack of reconciliation with the treasury; lack of recording in the financial statements the exact amount of compensation measures provision; assets not registered in the State Cadaster Agency; in some cases the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements; there are invoices that are not presented with the real value; no ownership documents are available for the objects inherited from the local units that were merged with the territorial reform; lack of physical inventory and asset register, etc.

We have found irregularities in the process of planning and accounting of revenues; the levels of revenue collections are low; lack of incomes from the leasing of agricultural lands and pastures as well as from irrigation fees; cases of leasing land for industrial activity in protected areas; arrears to third parties are in a significant amount; significant amounts not collected by debtors for local taxes and fees; lack in the process of issuing building permits where violations were found regarding ownership, distances, technical/legal documentation, etc.

In public procurement procedures we found irregularities in the use of public funds. The economic operators qualified do not fulfil all the required criteria and the technical requirements set up in standard documents. The qualification criteria are not set in accordance with the legal requirements and are not properly related to the type and the volume of work resulting in the use of public funds not in accordance with the principles of 3E-s. The delivery of procured goods, works and services was not properly done as it was agreed in the contract resulting in the economic damage in the budget of the public entity; Lack of technical objection for the projects with a value more than 100 million ALL was found; Lack of permits for the construction of public works; High amount of money spent for the compensation of unfair staff dismissal.

In the area of public properties auditing

The audits have found that legalizations of informal buildings do not follow the criteria of the construction plot as much as 3 times the base of the facility. There are cases of legalizations of objects in archeological areas, protected areas, near roads or railway infrastructure, as well as legalizations for objects that are not built with sustainable materials or on existing state objects.

Properties, in some cases, are registered without administering land deeds; in the absence of a contract governing relations with the land for construction permits; with Decisions of the Property Restitution Commission (PRC), by registering objects or land area that have not been part of the PRC decision making. Also, there are cases of registration of plots for land surface more than determined by the land deed.

In the field of territorial planning, the main irregularities are found mainly in non-documentation and justification with factual evidence of expenditures incurred, non-fulfillment of contract obligations, non-implementation of public procurement procedures regarding the evaluation of bids, and noncompliance with the legal framework in force regarding spatial territorial planning.

In audits of environmental institutions

In some institutions operating in the field of environment, audit findings were related to financial and organizational insufficiency in fulfilling the functions in the field of tourism and increasing the safeguarding of citizens who frequent the coast; lack of effectiveness in the protection and sustainable development of the coastal area; shortcomings in the implementation of policies and strategies for integrated management of the coastal area etc. The audits found that the respective institutions have not established a database on illegal constructions in the Protected Areas, as well as the state immovable properties in the Protected Areas are not registered;

Also, there was a lack of an inventory of flora and fauna in the territory of protected areas, and no buffer territory of the habitat management area has been established, which serves to prevent or mitigate ecologically harmful impacts on the environment and important elements of the area.

The audits of environmental inspection practices found problems in recording the violation cases, mainly in forest management area.

II.2 AUDIT RESULTS

II.2.1 Financial Audits

During year 2021, were performed 21 financial audits which concluded with an opinion with reasonable assurance, in whether the reported financial statements of an audited entity, the results and the use of resources are presented fairly and in accordance with the Financial legal reporting framework expressed in the Audit Opinion, more specifically: in 10 audits an unqualified opinion was given, in 9 audits a qualified opinion and in 2 of them an adverse opinion was given.

II.2.1a Financial audits with unqualified opinion⁸

In the Health and Social Protection Ministry, the project “Social Assistance Modernization” (MAS), the audit for the period of activity from 01.01.2018 to 01.07.2020 was concluded with an unqualified Opinion with an emphasizing matter referring to some issues presented in the financial reports which, according to the auditor's judgment, are of essential importance to the user in a way to understand the financial statements. (ISSAI 1706.5). Specifically:

From the audit of the financial reports regarding the Economic Aid as allocated amounts, submitted by the PMU to the World Bank, it turned out that these figures do not match the real amounts allocated until the end of the budget year for this category. This discrepancy, for 2019, resulted in 11 cases in the amount of 127,000 thousand ALL.

In order to improve the situation, the Ministry of Health and Social Protection, as well as other structures involved in the project, have been recommended by ALSAI to take 12 organizational measures.

In the Ministry of Health and Social Protection (MSHMS), the Project 'Modernization of Social Assistance' (MAS), for the activity period from 01.01.2020 to 31.12.2020, where it was concluded by giving an unqualified opinion emphasizing the issue.

ALSAI has emphasized the need to take measures from the management side and then hierarchically from all the structures involved in the "Modernization of Social Assistance" project, as regards the inclusion in the reporting of the reallocation of funds for the economic assistance program as it results that for the year 2020, based on the analysis of risk and materiality, it has been evidenced that based on the obligation derived from the financing agreement, the PMU has reported on the funds allocated at the beginning of the year for the NE¹ program by the Ministry of Finance and Economy. For the year 2020, it was recorded that for 61 municipalities, comparing the value of the allocation reported to the World Bank with the value allocated until the end of the year according to the DPSSSHS, from which it turns out that there is a difference between the values reported as allocated and the final allocation in the amount of 82,678 thousand ALL.

The audit found that based on the obligation derived from the financing agreement, the PMU

⁸ When reaching the conclusion that for all material aspects, the financial statements present a true and fair view and the statements have been prepared in accordance with the applicable legal basis for financial reporting

has reported on the funds spent on the NE² program by the MFE. For 2020, it was recorded that for 61 municipalities, by comparing the value of expenses reported to the World Bank with the value reconciled until the end of the year by DPSSSHS, with MSHMS, from which it results that in 29 cases there is a difference between the values reported as spent and the actual expenditure that DPSSSHS has, in the amount of 60,825 thousand ALL. From the information of the MFE, for the data of the NE, which is represented by the project code 91307 AA from 2020, the difference comes because the side account includes other payments that do not belong to the NE, for other special compensations, the social fund for Councils of Districts and Municipalities, Lushnje Educational Directorate, etc.

Based on the above and with the aim of improving the situation, ALSAI has recommended taking 2 measures of an organizational nature.

In the Agency for the Provision of Integrated Public Services (ADISA), the Project 'Offering i Services with the Citizen's Center for the period from 01.01.2018 to 01.07.2020, it was concluded by giving an unqualified opinion with emphasizing matter related to: misclassification of expenses for two accounts, the difference from the audit of expenses in the Participating Agencies of the Project with the expenses reported in the Reports Financial; unjustified expenses in the total amount of 61.2 thousand ALL etc. were carried out. in 2018, two employees and in 2019, 6 employees were paid without supporting documentation with a net salary of 403,031 thousand, etc.

Based on the above and with the aim of improving the situation, ADISA and other structures involved in the project have been recommended by ALSAI to take 13 organizational measures, 1 measure for compensation of economic damage in the amount of 464 thousand ALL and for as far as Disciplinary Measures are concerned, they were left to the competence of the Executive Director of ADISA.

In the General Prosecutor's Office, for the period 01.01.2018 to 31.08.2020, it was concluded to give an unqualified opinion with an emphasizing matter of the annual accounts. It is emphasized the need to take measures from the management and then from all the staff of the General Prosecutor's Office, according to the hierarchy, regarding:

The account "Property and equipment" in the financial statements of 2020 was not registered in a complete and accurate way, since it was accounted in the value of 0 ALL. The account 213 "Studies and researches" and "Roads, networks, water works", in the amount of 783 thousand ALL, should be presented correctly and in detail referring to accounting registrations rules.

The Account 468 "Miscellaneous Debtors" should be analyzed to classify debtors who have hope of collection and those who have no hope of collection, in order to follow all the legal steps for their collection.

At the end of this audit, referring to the findings, 9 organizational measures were recommended to improve the situation.

In the Agency for the Delivery of Integrated Services (ADISA), the audit of the Project "Providing Services with the Citizen at the Center", for the period from 01.01.2016 to

31.12.2017 as well as from 01.01.2020 to 31.12.2020, ALSAI has concluded with an unqualified opinion with an emphasizing matter, based on the audit evidence, there have been no material deviations and the opinion given is based on the fact that the deviations found for the legal expenses of the program (EEP) for the accounts (600 and 601) reported from the Participating Agencies (Civil Registry, AKSHI, ADISA and ASHK/former ZRPP) in the office of the Project Management Unit (PMU) at ADISA contain errors which in the professional judgment of the independent auditors are not pervasive and are below the limit of material values.

In the Municipality of Pogradec the audit for the 01.01.2020 to 31.12.2020 period, concluded expressed an Unqualified Opinion (emphasis of matter). We found off-balance sheet assets in Account 26 "Participation in own capital" with a value of 676,359 ALL which constitutes irregular financial information. Also, Account 212 "Buildings and constructions" does not represent the real situation because there are no ownership documents available for the buildings inherited from the local units that merged with the territorial reform, carried over from the reporting periods before 2015. For these buildings the municipality do not have proper documents which reflect the year of construction and their value. Referring to the audit findings ALSAI recommended 2 organizational measures.

In the Municipality of Bulqiza, the audit for the 01.01.2020 to 31.12.2020 period, concluded with an Unqualified Opinion (emphasis of matter). Complete actions have not been performed to record the exact amount of arrears to third parties in class 4 accounts. There are invoices received for the purchase of goods and services as well as obligations coming from court decisions that are not recorded, as a result the financial statement does not provide accurate and reliable information about short-term and long-term liabilities.

Related the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

Referring to the audit findings, ALSAI recommended 11 organizational measures, 6 measures for the estimated omitted revenues in the amount of 900,349 thousand ALL and disciplinary measures for 28 employees.

In the Municipality of Puka, the audit for the 01.01.2020 to 31.12.2020 period, concluded with an Unqualified Opinion (emphasis of matter). Account 466 "Creditors for assets in custody" is overstated by 9,188 thousand ALL. Account 26 "Participation in own capital" is understated by 137,423 thousand ALL.

Referring to the audit findings, ALSAI recommended 12 organizational measures, 1 measure for compensation of economic damage to missing income in the amount of 2,300 thousand ALL, 7 measures to avoid the negative effects found in the administration of public funds in the amount of 26,515 thousand ALL and disciplinary measures for 2 employees.

II.2.1b Some of the financial audits which resulted with a Qualified Opinion¹⁰

In the Fier Drainage Board, the audit for the period of activity from 01.09.2018 to 28.02.2021,

ALSAI has received sufficient and appropriate audit evidence, to conclude with a qualified opinion on the annual accounts.

At the end of this audit, referring to the findings, 6 organizational measures were recommended to improve the situation and 3 measures to eliminate negative effects in the administration of public funds in the amount of 22,524 thousand ALL.

In the Municipality of Dibra, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that some accounts which are not created during the year 2020 do not truly reflect the correct value of the public entity's assets and appropriate measures are required to systemize the values of several accounts. Referring to the audit findings, ALSAI recommended 9 organizational measures.

In the Municipality of Kurbin, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that for the accounts 210, 211, 212, 213, 214 the inventory of long-term material assets has not been carried out. In Account 486 "Expenditures for future periods" the value of 3,678 thousand ALL is not supported by detailed documents. The Account 215 "Vehicles for transport" is overstated in the amount of 9,230 thousand ALL, for the items that must be registered in the Account 28 "Allocations of long-term assets" for the amount 5,918 thousand ALL and in the Account 24 "Impaired long lived assets" for the amount 3,312 thousand ALL. Referring to the audit findings, ALSAI recommended 9 organizational measures.

In the Municipality of Durrës, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that:

Account 466 "Creditors for assets in custody" is overstated by 84,474 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 31,365 thousand ALL; Account 202 "Studies and Research" does not represent the exact value as there are assets of long term not registered; Account 486 "Expenditures for future periods" is understated by 66,589 thousand ALL that results from the contracts signed in year 2018-2019.

Referring to the audit findings, ALSAI recommended 6 organizational measures.

In the Municipality of Kuçovë, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that:

Account 466 "Creditors for assets in custody" is not corrected for the 5% warranty of works for all the contracts that have completed and the amount of the warranty should be paid back; Related to the incomes not all the required measures are taken for the collection of debtors in the amount of 167,809 thousand ALL; Account 202 "Studies and Research" should be corrected registering all the completed projects with their real value; Account 26 "Long term financial assets" does not reflect the shares of the football club "Naftëtari" where the municipality it's the only owner.

Account 467 "Miscellaneous creditors" does not reflect the accurate value because some invoices are not registered properly and as a result the real value of the obligation that the Municipality of Kuçova has towards the entities is not correct;

Referring to the audit findings, ALSAI recommended 9 organizational measures.

In the Municipality of Saranda, the audit for the period 01.01.2020 to 31.12.2020 concluded with a Qualified Opinion. We found that:

Account 213 "Roads, networks, water works" is overstated by 1,580 thousand ALL; Account 202 "Studies and Research" is overstated by 104.693 thousand ALL; Account 26 "Participation in own capital" is understated by 2,000 thousand ALL; Account 466 "Creditors for assets in custody" is overstated by 14,669 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 38,910 thousand ALL.

Referring to the audit findings, ALSAI recommended 6 organizational measures.

In the Municipality of Konispol, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that some accounts include unanalyzed values for which the physical inventory and the register of assets are missing:

Account 210 "Land and terrain" is overstated by 24,011 thousand ALL;

Account 32 "MRO Inventory" is overstated by 2,822 thousand ALL;

Account 212 "Buildings and constructions" is overstated by 159,177 thousand ALL;

Account 213 "Roads, networks, water works" is overstated by 271,359 thousand ALL;

Account 218 "Economic Inventory" is overstated by 568 thousand ALL;

Referring to the audit findings, ALSAI recommended 5 organizational measures.

In the Municipality of Has, the audit for the 01.01.2018 to 31.12.2020 period, concluded with a Qualified Opinion. We found that complete actions have not been performed to identify and record the exact amount of arrears to third parties in class 4 accounts. There were invoices received for the purchase of goods and services, as well as financial obligations coming from court decisions that were accounted for, as a result the financial statement does not provide accurate and reliable information about short-term and long-term liabilities.

The accounts of long-term assets created in previous years, lack the necessary accounting and legal documentation on their creation and economic content. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

Referring to the audit findings, ALSAI recommended 13 organizational measures, 2 measures for estimated omitted revenues in the amount of 1,196 thousand ALL, 6 measures of lack of income worth 79,841 thousand ALL and disciplinary measures for 8 employees.

In the Municipality of Librazhd, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that, Account 231 "Expenditures in process for the increase of Tangible Fixed Assets" at the end of 2020 has no value, meanwhile there are 14 investments contracts for different projects still going on with the estimated value 6,221 thousand ALL. This value should be calculated and registered until the capitalization in full value of these assets. In the accounts of class 4 complete actions have not been performed to identify and record the exact amount of arrears to third parties with the estimated value 141,025 thousand ALL. Account 211 "Forests, Pastures, Plantations" at the end of 2020 is estimated by 4,662 thousand ALL. This value is not analyzed and it is not known what it represents. It affects the accounting information that the financial statements represent related to the total value of long term material assets. Account 486 "Expenditures for future periods" at the end of 2019 is 150,082 thousand ALL and at the end of 2020 is 55,842 thousand ALL. It does not coincide with the Account 467 "Miscellaneous creditors", having a difference by 20,561 thousand ALL.

Referring to the audit findings, ALSAI recommended 13 organizational measures and 4 measures estimated omitted revenues in amount of 14,054 thousand ALL.

In the Municipality of Përrenjas, the audit for the 01.01.2020 to 31.12.2020 period, concluded with a Qualified Opinion. We found that, for the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing.

In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements, accounts 202; 210; 211; 212; 213; 215; 486; 4342 do not represent the exact value of the property of the local public entity.

Referring to the audit findings, ALSAI recommended 11 organizational measures, 6 measures for estimated omitted revenues in amount of 58,782 thousand ALL and disciplinary measures for 16 employees.

¹⁰ When it is concluded that the financial statements as a whole contain material misstatements

II.2.1 c Some of the financial audits which resulted with an Adverse Opinion¹¹

In the Municipality of Peqin, for the 01.01.2020 to 31.12.2020 period, ALSAI concluded with an Adverse Opinion. We found that, Accounts 401-408 "Suppliers and related accounts", Account 467 "Miscellaneous creditors", Account 45 "Intercourse between institutions or economic units", Account 520 "Treasure disponibility", Account 486 "Expenditures for future periods", do not reflect the real situation in material values. These accounts do not have the necessary accounting and legal documents. Referring to the audit findings, ALSAI recommended 9 organizational measures.

In the Municipality of Këlcyrë, the audit for the 01.01.2020 to 31.12.2020 period, concluded with an Adverse Opinion. The main findings were:

Account 26 "Participation in own capital" is understated by 21,259 thousand ALL; Account 468 "Miscellaneous debtors" is understated by 67,572 thousand ALL; Account 4342 "Other operations with the state (rights)" is understated by 93,921 thousand ALL; Account 7206 "Expected funding from the budget" is understated by 93,921 thousand ALL; Account 486 "Expenditures for future periods" is understated by 46,435 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 46,435 thousand ALL; Account 411 "Clients and similar accounts" is overstated by 124,034 thousand ALL;

Referring to the audit findings, ALSAI recommended 6 organizational measures.

¹¹ When the auditor has obtained sufficient appropriate audit evidence and concludes that the misstatements are material individually or in the aggregate and are pervasive in the annual accounts or transactions

II.2.2 Combined audits

Combined audits include financial and compliance audits that are performed simultaneously, in accordance with the relevant manuals and International Auditing Standards, for which a financial opinion has been given, for the financial statements of year submitted, as well as a compliance opinion for the entire period of activity of the audited entity.

In 2021, ALSAI has conducted a total of 41 combined audits, of which, in 37 audits a financial and a compliance opinion is given and the rest of compliance and/or thematic audits ended with audit conclusions. Some of these audits are summarized below:

In the Ministry of Finance and Economy (MFE), the audit for the period of activity from 01.01.2018 to 31.12.2020, in relation to the degree of implementation of laws, by-law and regulatory acts, ALSAI has concluded an "adverse compliance opinion", since in the auditors professional judgment, material misstatements are pervasive in the field of procurement procedure, planning and implementation of the budget, taking contractual commitments without having funds available, executing court orders, as well as recording economic events not in accordance with the principles of accounting and the, Legal Basis and Applicable Law. In the procurement procedures "Reconstruction of the secondary school 'Hoteleri Turizem' Tirana" and "Reconstruction of the secondary school '26 Marsi' Kavajë" a negative financial effect of 18.8 thousand ALL (excluding VAT) has been caused to the state budget) as a result of actions and non-actions by officials, not in compliance with the procurement law.

Two projects have been approved, without going through the procedures for preparing the budget requirements of the PBA 2018-2022, the priority order of investments has not been respected, and a contract has not been registered in the Treasury system. Commitments without available funds were taken in capital investment projects in 12 cases in the amount of ALL 828,858 thousand.

In 10 foreign financed projects, planned funds as investments have been committed, for the performance of operating expenses, such as salaries, per diems, insurance, etc.

The Ministry of Finance and Economy are authorized payments for final court orders for former employees dismissed from work with a negative financial effect on the state budget, totaling 101,659 thousand ALL. Also, it has been resulted that MFE did not transfer the IT assets to National Agency for Information Society. ALSAI has obtained sufficient and appropriate audit evidence expressing an "adverse opinion" on the annual accounts of Ministry of Finance and Economy concluding that the anomalies or cases of non-compliances, individually or together, are material and pervasive.

The adverse opinion on the financial statements is based on their late submission, irregularities found in the calculation of depreciation rates, "Expenses for future periods" were underestimated throughout the 2018-2020 period, expenses in the performance statement were overestimated, by underestimating the debtors at the end of the exercise period for the short-term financing of IPA projects, the revenues of the period were overestimated, since the receipts from the National Fund are returns of the loans given, the creation and use of the income from the National Lottery was distorted, not reflecting accurate and incomplete expenses for the increase of Fixed Assets with foreign financing;

result in economic events recorded in the books carrying accounting information not in accordance with the "accrual basis" principle, affecting the confidence in the financial statements.

At the end of this audit, referring to the findings, 28 organizational measures have been recommended to improve the situation, 16 measures to eliminate negative effects in the administration of public funds, as well as the assessment and initiation of disciplinary proceedings for all qualified officials have been requested. responsible in the final audit report.

In the Ministry of Health and Social Welfare, the audit for the period 01.01.2019 to 31.03.2021, concluded with an adverse opinion on the annual accounts of the Ministry of Health and Social Welfare, due to:

For the years 2019 and 2020, the financial statements include only the "Rights" and "Obligations" of the former Ministry of Health and do not include the financial indicators of the former Ministry of Social Protection and Youth, so not only are the subject's rights and obligations not recognized but nor have they been accounted for correctly and at full value, resulting in limited certainty in confirming the assertion of their existence.

The IT systems are still part of the Ministry of Health and Social Welfare accounting register, and the agreement to define the mutual responsibilities for these systems has not been signed;

The accounting of the cars that are in use has not been registered correctly (specifically in the value of 0) carrying the risk of not tracking the assets, especially in cases of their loss or theft.

ALSAI has not provided reasonable security on the assets of the Ministry of Health and Social Welfare because; for the year of activity 2019 it is contrary to point 26, 28 and 30 of Instruction no. 30, dated 27.12.2011, there is not enough information about the institution's assets; the inventory of the assets was based on their physical inventory, without comparing it with the accounting inventory, resulting in not identifying and analyzing the value differences of 227,612 thousand ALL; The assets of the former Ministry of Health and the assets of the MHSW in the amount of 5,566 thousand ALL have not been reflected in the Assets Register. The difference between the historical cost of the "transportation equipment" registered in the Register of Assets in the amount of 16,829 thousand ALL and the historical cost of the "transportation equipment" according to the inventory in the amount of 45,009 thousand ALL; the difference between the "electronic systems" registered in the Assets Register in the amount of 269,302 thousand ALL and the inventory result in the amount of 75,435 thousand ALL.

For the year 2020, in the reporting to the Treasury, as well as in the Financial Statements of the Ministry of Health and Social Welfare, only the expenses for "Unfair dismissal" in the amount of 27,150 thousand ALL were recognized as "Arrears", but the audit showed that, in fact, "Arrears" for this year were at least in the amount of 33,878 thousand ALL, or 6,728 thousand ALL (20%) more liabilities than those reflected in the Financial Statements of MHSW and reported to Ministry of Finance and Economics.

MHSW has reported to MFE, "Arrears" liquidated in the amount of 9,224 thousand ALL, created by unfair dismissals; while the audit showed that, in reality, the liquidated liabilities

are in the amount of 42,486 thousand ALL, i.e. 33,262 thousand ALL more or 360% more than those reported as liquidated in MFE and these are not only court expenses for unfair dismissals from work, but also from other court expenses, such as court decision of Gjirokastër Hospital, or court decisions for unpaid invoices from the former Ministry of Health.

The audit found ineffective expenditures in the state budget in the amount of 74,521 thousand ALL for the liquidation of court expenses, as well as economic damage in the amount of 3,695 thousand ALL for the liquidation of enforcement fees for the court expenses of the former Ministry of Health, of which; we found liquidations of expenses without accompanying justifying documentation, causing ineffective expenses in the state budget in the amount of 1,058 thousand ALL.

ALSAI has received sufficient and appropriate evidence for the audit, to express an adverse opinion on the compliance of the activity of the Ministry of Health and Social Welfare, for the reasons that:

The Ministry of Health and Social Welfare, for the supply of anti-Covid goods, has carried out direct procurement procedures and has not referred to Law no. 9643, date 20.11.2006 "On public procurement", Article 33, and CMD no. 914, date 29.12.2014 "On the approval of the rules of public procurement" article 36, "Procedure by negotiation without prior announcement of the contract notice" item 2/c, even though all the conditions are met in extreme need, caused by unforeseen events, which are not charged to the contracting authority.

The contracts, referred to CMD no. 203, dated 26.02.2020 "On the procedures used for the conclusion of contracts that are dictated by the essential interests of the state", were approved with the respective CMD, 7 days to 10 ten days later from the date of concluding the contract thus losing the "time factor", which is the basis for using the procedure and concluding contracts that are dictated by the essential interests of the state.

CMD no. 203 has not determined the definition of the situation, circumstances, or cases where we are dealing with "essential interests of the state" but has left these circumstances case by case in the evaluation of the contracting authorities. So, in conditions where the term "essential interests of the state" has not found a legal regulation, there remains an unclear, undefined situation and in the subjective assessment of each authority, increasing the risk of arbitrariness.

The CMD no. 203, dated 26.02.2020, point IV-2 "Direct procedure" and point V, it is not defined: the method of calculating the limit fund. As a result of the selected procedures as well as the legal gaps of CMD no. 203 dated 26.02.2020, some procedures proved ineffective, not providing the necessary medical equipment for the Covid 19 situation (such as respirators), or causing the failure of some procedures.

The audit showed that the Evaluation Commission, in two procedures, negotiated the deadlines for the delivery of the goods, contrary to the deadlines defined in the "Invitation for offer" documentation, simultaneously distorting the need for the selection of the "direct

procedure", selected by the Evaluation Committee and approved by the Authorized Person of the contracting authority. The selection of the "direct procedure", in the conditions when the deadlines for the delivery of the goods are feasible with other procurement procedures, has distorted the "emergency concept" in relation to the need for materials for Covid-19.

As a result of the late supply and/or non-supply for the contract with the object "Supply of respiratory devices with two modalities for adults and pediatric age for Covid-19", we estimated omitted revenues in the state budget due to not calculation of penalties and not maintaining contract insurance, in the amount of 15,378 thousand ALL.

As a result of the delayed supply, we estimated omitted revenues effect in the state budget due to non-calculation of penalties, in the amount of 1,870 thousand ALL, for the following contracts: Purchase of kits and reagents for the Microbiological Laboratory for the realization of RT-PCR suitable for use for Bioner Existation device or equivalent; The relocation of the dialysis system from Pediatrics and Specialties to the building of the Infectious Disease Hospital (Allergology Service), for dialysis patients affected by Covid-19; "Purchase of kits and reagents" suitable for use on Maglum 800 Snibe CoLtd equipment or equivalent in University Hospital Center "Nënë Tereza" and purchase of "emergency materials for performing diagnostic tests for Covid-19"; and "Purchase of kits and consumables for molecular biology for Public Health Institution".

For the procurement procedure with object: "Purchase of patient monitor for anti-Covid-19 measures" for which the contract was concluded with no. 2587/6, dated 17.06.2020 and worth 54,905 thousand ALL without VAT, it turned out that they were treated as small deviations, changes in the characteristics of the goods which in fact are not such in reference to the Law on Public Procurement, materially changing the specifications for the monitors (specifically, it was foreseen: (1) higher resolution, but later it turns out to have been accepted as smaller, and it was treated as a "small deviation"; and (2) the integrated interface of the DIAP protocol, it turns out to have been changed to HL7, and this treated as "small deviation"); as well as violating the principle of equality, placing the economic operators in unequal positions during the stage of preparation of offers and as a consequence also during the evaluation of the offer.

Problems identified in the open procurement procedure, with the object "Reconstruction of the Queen Geraldina Maternity buildings and new construction of 3 floors in Tirana" as follows:

The Technical Project was not carried out through an open selection process based on public procurement rules, as a result the value of 13,200 thousand ALL with VAT was managed not in compliance; the technical opposition was carried out by the same institution that drafted the technical project; after the earthquake of November 2019, in the Expertise Act dated 19.02.2020, the members of the group did not state how the condition of the buildings was before and after the earthquake and therefore not even about the changes in the financial effects that may have affected the technical budget drawn up by Institute of Construction, this is contrary to Normative Act no. 9 dated 16.12.2019 "On coping with the consequences of natural disasters" article 34 paragraph 2. Also, we found that the members of the group that drafted the Expertise Act dated 19.02.2020, are in conflict of interest with the tasks they

performed, as they were also members of the Technical Design Drafting Group;

In the open procedure with the object "Reconstruction of the Queen Geraldina Maternity buildings and new construction 3 floors Tirana", there were items in the total value of 149,418 thousand ALL with price analysis but without any detailed list to argue and support the value, which shows fictitious inflation of the limit fund; The Audit found overlap of works with financial effect and economic damage in the amount of 1,331,384 thousand ALL;

Differences in the volume work performed in the "Reconstruction of the resuscitation service of the Vlora Regional Hospital" resulting in economic damage to the state budget of 2,349,000 ALL; the difference in the volume work performed in the object "Lot I, Reconstructions of HCs in Tirana, Durrës, Dibër counties (year 2020)", resulting in economic damage to the state budget of 1,373 thousand ALL without VAT;

The value of 16,751 thousand ALL of the funds allocated to cope with the Covid-19 situation, have changed the destination, and have committed to pay off obligations that stemmed from contracts or projects started before, of which: 15,791 thousand ALL have been allocated to liquidate arrears; and 960 thousand ALL have been allocated for the purchase of computer equipment planned since the PBA 2020-2022 (before the pandemic situation).

CMD no. 753, dated 30.11.2019 "On the social and financial support of the families of the victims of the earthquake of 26.11.2019", did not attach the list of beneficiary families as this CMD provides. In no case, the requests and documents forwarded by the family members of the earthquake victims for the benefit of financial assistance were not deposited in the protocol of the institution, but were manually forwarded to the DBMF in the MHSW.

At the end of this audit, referring to the findings, for the improvement of the situation, have been recommended: 6 measures suggestions for changes or improvements in the legislation in force, 22 measures of organizational nature, 7 measures for compensation of economic damage in the amount of 25,306 thousand ALL, 3 measures for eliminating the negative effects in public funds in the amount of 130,484 thousand ALL.

ALSAI, due to irregularities resulting in this audit, has requested the Ministry of Health and Social Welfare to assess the situation and initiate disciplinary proceedings for 7 employees. In relation to these violations, ALSAI has reported ten employees to the Special Prosecution Against Corruption and Organized Crime for the criminal offense "Violation of the equality of participants in public tenders or auctions", provided for by Article 258 of the Criminal Code.

In the Ministry of the Interior Affairs, the audit for the activity period from 01.01.2018 to 31.03.2021, it was concluded with an adverse opinion on the annual accounts of the Ministry of the Interior, based on:

The audit of the statement of financial performance for 2020, revealed that in the item "Income", it was not included the account 72 "Current Grants" (income from budget grants for current expenses), even though at the reconciliation act with the Treasury Department for 2020 are planned budget expenditures in the amount of 1,171,854 thousand ALL. Also, for 2020, has not been reflected account 7206 "Expected budget financing" in the amount of

20,029 thousand ALL.

Account 231 "Investments in process" is in the amount of ALL 26,018 thousand. The audit found that the investment was not handed over until 31.12.2020 and the total value of the investment should have been 429,687 thousand ALL.

From the audit of the analytical accounts of long-term financial assets, it was found that amortization for Accounts 202,203 "Intangible assets" was calculated wrong and "The new portal of the national registry system of Civil Status Service" with a value of 7,910 thousand ALL is classified as non-material property while it is an IT system. From the audit of the analytical account 213 "computer network" it was found that for 2018 and 2019 the amortization was calculated at the rate of 15% and not 25%.

From the verification of analytical accounts for account 212, it was found that the two buildings "Archive of the Ministry of Public Order, Dog Institute" in a value of 2,886 thousand ALL and "Electronics Laboratory" have been owned by the General Directorate of the State Police since of 2016 while they have not yet been removed from the financial statements of the UK.

The audit of account 101 "Accumulated fund " showed that there is no detailed analysis of how this account was calculated for the three Financial Statements (year: 2018, 2019 and 2020). For 2020, this account is in the amount of 748,135 thousand ALL.

Account 600 "Salary expenses" is in the value of 202,510 thousand ALL, while the value of current expenses for personnel salaries in 2019, from the audit resulted in 202,753 thousand ALL. As well as Account 601 "Social insurance and health contributions" is in the value of 30,741 thousand ALL which is equal to the budget value of this account reconciled with the treasury. Meanwhile, the value of current expenses for social and health insurance from the recalculation of the audit group resulted in 30,644 thousand ALL.

For the year 2020, the audit found that the economic inventory reflected in the 7/b format has a net value of 192,101 thousand ALL, while in the Balance it is presented with a value of 220,294 thousand ALL (28,194 thousand ALL more).

For the year 2019, Account 411 "Customers and similar accounts" has been presented in the amount of 32,350 thousand ALL as a counterpart account of Account 401-408 "Suppliers and related accounts" for the Letter of Credit received in December 2019, while these two accounts do not debit and credit each other for these actions.

From the audit, it was found that, in January 2020, there are expenses invoices belonging to the fiscal year 2019, in the total value of 1,749 thousand ALL, that haven't been recognized in the financial statements of 2019, but it was recognized as expenditures of 2020, actions which contradict the Budget Law and accounting standards.

ALSAI has received sufficient and appropriate audit evidence, to give a qualified opinion on the compliance of the activity of the Ministry of the Interior, for the reason that: Decision-making on the alienation of state property - the building of the Ministry of Internal Affairs, which has caused financial costs in the state budget, as well as directly affecting the activity of the unit in the absence of a detailed analysis of the causes and cost-benefit, by special

assessment groups, bearing the risks of a non-transparent and non-legal decision-making process.

Also, the change of the destination of the reconstruction funds in the amount of 275,000 thousand ALL and their use for other purposes that are not related to the earthquake damage (as in the case of the "Transportation Services and Administration Center" building which was found to be amortized previously), is in violation of law no. 97/2019 "On the approval of the normative act, with the force of law, no. 9, dated 16.12.2019, of the Council of Ministers, "On coping with the consequences of natural disasters".

It was found an economic damage to the state budget in the amount of 9,922 thousand ALL created by the calculation of the construction costs and the design costs of the investment project "Design Study for some projects of the State Police facilities".

For the project "Purchase of weapons equipment for the Special Prosecutor's Office of the War against Corruption and Organized Crime and the National Bureau of Investigation", it was found that the calculation of the limit fund has caused an economic damage to the state budget in the value of for 1,051 thousand ALL.

The procurement procedure "Purchase of furniture for the National Bureau of Investigation (NBI) and the Special Anticorruption Structure (SPAK)" in the amount of 73,728 thousand ALL, was not carried out by the Centralized Purchasing Agency (ABP), in violation of CMD no. 82 dated 14.02.2018 "On charging the Centralized Purchasing Agency to carry out public procurement procedures " amended point 1 and ¼.

The audit of the project "Adaptation of the working environments for the Special Prosecutor's Office of the War against Corruption and Organized Crime and the National Bureau of Investigation, as well as the provision of the tools and equipment necessary for their operation", resulted a violation of budget discipline due to taking commitments for the value of 467,569 thousand ALL beyond the approved limit of budget funds as well as beyond the date set by law for taking commitments, these actions are not in compliance with Law no. 9936, dated 26.06.2008 "On the management of the Budget System in the Republic of Albania, amended: article 50 and 51. This project was liquidated in 2020.

In the spending order no. 333, dated 16.07.2019, a letter of credit was used in the amount of 79,609 thousand ALL for the facility "Maintenance service and further development of the national registry of civil status". It is established that the contract with the economic operator was signed without the approval of the Ministry of Finance and Economics on 22.05.2019 with the condition of liquidation with a letter of credit, and it was later approved with requisition no. 10614/1, dated 19.06.2019 "Preliminary Approval for Letter of Credit", contrary to Instruction no. 9, dated 20.03.2018 "On standard budget implementation procedures".

From the audit of the "secondary income" as well as in support of ISSAI 1610 "Using the work of the internal auditor", it was found that no measure has been taken by the management structures for the collection of secondary income from the concessionaire company ALEAT in the amount of 16,411 thousand ALL referred to Internal Audit findings.

From the audit of the procedures for handing over the assets in use by the dismissed employees, it was found that the file of the former Director of the Information Systems Directorate, who has left this position with the Minister's Order no. 8690/2 dated 14.11.2018, appears assets in use in the amount of 190,278 thousand ALL. The above actions are in violation of point 13 of Instruction no. 30 and in violation of point 28, 29 of CMD no. 171, dated 26.03.2014 "On the permanent and temporary transfer of civil servants, suspension and release from civil service".

At the end of this audit, referring to the findings, 33 organizational measures were recommended to improve the situation, 2 measures for compensation of economic damage in the amount of 13,443 thousand ALL, 3 measures for eliminating negative effects in the administration of public funds in the amount of 294,941 thousand ALL. ALSAI, for the irregularities resulting in this audit, has requested the Ministry of the Interior to evaluate and initiate disciplinary proceedings for all the officials deemed responsible, and has recommended to the Public Procurement Agency to take administrative measures for 8 employees.

In the General Directorate of Prisons, the audit for the period of activity from 01.01.2019 to 31.12.2020, it was concluded with a qualified opinion on the annual accounts for the reason that:

The former GDP building was presented in the account "212 Buildings and Constructions" with a value of 303,020 thousand ALL, a building which is no longer owned, administered and/or used by GDP. In 2 cases, were reflected assets in the total value of 35,459 thousand ALL, for which GDP has no information on the nature and origin of these values. - There were reflected Assets in the value of 16,819 thousand ALL, which do not belong to this institution.

The account 218 "Economic Inventory" changes by 6,272 thousand ALL from the resulting value at the end of the inventory process.

In 27 cases, the obligations for court expenses in the amount of 20,168 thousand ALL have not been submitted. In 7 cases, it wasn't reflected the obligations for commercial relations in the amount of 60,113 thousand ALL. In 2 cases, was reflected "accounts receivable" worth 1,848 thousand ALL, for which the court dismissed the GDP lawsuit.

In 45 cases there have been calculated accounts receivable in the amount of 21,704 thousand ALL, for which under the circumstances where the last attempt to collect them was committed 12 years ago (or there has been no attempt), these debtors could be subject to prescription of debt under the specifications of article 203 of the Labor Code or Chapter IV of the Civil Code "The prescription of the indictment and the decadence of rights"

ALSAI has collected sufficient and adequate audit evidence and testimony, and has concluded in a qualified compliance opinion regarding the activity of the institution, for the reasons explained below:

Throughout 2020 in 22 IEVP and in the Prison Hospital Centre (PHS), the value of expired medicine was calculated to be 1,863 thousand ALL which are qualified as economic damage affecting public funds.

Regarding the procedures related to the supply of food products, the following were found:

- (i) poor controls as a result of the failure to establish dedicated contract monitoring facilities;
- (ii) failure to predict as contractor obligations for Economic Operator (EO) certain elements such as vehicle plates, food certificates, transport conditions with the aim of maintaining food security
- (iii) The commissions of the IEVP, while having no knowledge of the winning EO, have not guaranteed the full and successful execution of the contract, and consequently the value of 2,349 thousand ALL resulted as being used and spent ineffectively, inefficiently and uneconomically.

The Offer Evaluation Commissions (OEC) have selected Economic Operators (EO) that do not meet the particular criteria set out in the Standard Procurement Documents (SPD), thus not complying with the public procurement rules and creating risk for ineffective, inefficient and uneconomical spending:

- (i) In 5 procurement procedures estimated in the amount of 127,673 thousand ALL, VAT not included.

Concluding this audit and referring to the findings of it, the following was recommended: 36 organizations measures, 6 measures for damage rewards in the amount of 10,912 thousand ALL, 5 measures for eliminating negative effects on the management of public funds in the amount of 223,429 thousand ALL. ALSAI, considering the shortcomings and irregularities showcased in this audit has asked the Directorate General of Prisons to assess and initiate disciplinary proceedings for the provision of disciplinary measures for 15 of its employees.

For the audit conducted in the Institute of Public Health, for the period starting from 01.01.2018 until 30.03.2021, ALSAI has concluded in an unqualified opinion with emphasis on the issue regarding the annual accounts of the Institute of Public Health. We have stressed the need to take action from the management side and by all IPH staff involved, in hierarchical order, in assessing and reflecting on our recommendations for the following issues:

Wrong classification of the asset accounts in the amount of 6,449 thousand ALL; - Inaccuracy in the classification of the account Means in Use with a deviation of 1,600 thousand ALL more; - The land surface in the account 210 as well as their values in 2019 and 2020 have not been reflected the Balance Sheet and have been accounted in the amount of 0 ALL.

ALSAI has collected sufficient and adequate audit evidence and testimony, and has concluded in a qualified compliance opinion regarding the activity of the Institution of Public Health, for the reasons explained below:

Many changes to the Register of Public Procurement Register, for the period 2018 – 2020, have been detected, the majority of which have not been sent to the Treasury Branch. In addition, 2 changes in the amount of 26,701 thousand ALL, have been made after the 15th of October in violation to the predicted legal deadlines.

Regarding carrying out the procurement procedures:

In one case where 10 EO have presented their offers, 6 of which resulted to have been part

of the EO selected in the market study process while drafting the limit fund. The value of the contract was 25.12% of the estimated limit fund, which is considered a suspicious conduct for agreements restricted in offers. The reasoning behind is that these offers lead to obstruction, restriction or distortion of competition in the market and constitute serious violations of Law No. 9121, dated 28.07.2003 "For the protection of competition", amended.

In 6 cases there is no reasoning of specific qualification criteria by the Contracting Authority in violation to the specifications of Article 61, point 2 of CMD No. 914, dated 29.12.2014 "For the approval of public procurement rules", amended;

In 3 cases the selection of the Economic Operator, to offer an article for which there was no reference price, has not been reasoned by the Contracting Authority, contrary to Article 12, point 2, letter (a) of the Public Procurement Law.

In 3 cases, concerning the procurement needs for goods and services, it was found that the letter demanding for supply according to the needs of the institution and arguing the necessity of carrying out the relevant procedures is not in the respective file, contrary to Article 12, point 2, letter (a) of the Public Procurement Law;

In 2 cases the qualification of the EO by the OEC has been conducted contrary to Article 46, point 1, Article 53, point 3 of the PPL, as well as article 66, point 3 of CMD No. 914 "For the approval of public procurement rules", amended.

In 1 case, the launch of a new procurement procedure has been conducted in violation to Article 73, point 2 of CMD No. 914, dated 29.12.2014 "For the approval of public procurement rules", amended.

As far as the implementation of contracts is concerned, in 2 cases the commissions accepting goods have not documented the expiration dates of the products in violation to CMD No. 914, dated 29.12.2014 "For the approval of public procurement rules", amended, article 77, point 1.

Concluding this audit and referring to the findings of it, the following was recommended to improve the situation: 45 organizational measures, 6 measures for eliminating negative effects on the management of public funds in the amount of 49,838 thousand ALL. ALSAI, considering the shortcomings and irregularities showcased in this audit has asked the Institute of Public Health to assess and initiate disciplinary proceedings for all employees considered responsible for the violations.

In the audit conducted in the Agency of Agricultural And Rural Development, for the period starting from 01.01.2019 until 31.03.2021, ALSAI has concluded with a qualified opinion regarding annual accounts, based on the following findings:

After reviewing the Current Asset account, it was found that the institution has registered confiscated assets, which it owns, such as: cultivators, tractors, corn planting machines as well as olive oil processing lines, in the account 35 "Goods", thus simultaneously impacting the account 63 "Change in Inventory" and the real result of the current year end.

The audit of the account 4342 "Operations with the state (rights)" revealed that the debited amount of 2,744,848 ALL is related to debtors which have been inherited over the years and

cannot be identified by the institution. The account 4342 "Operations with the state (rights)" of the Balance Sheet of the public sector institutions, is included in the rights section and represents the state's obligation to pay the institution for expenses incurred during the operational period, but which have not yet been paid (current grants or capital which are received by the state budget).

After reviewing the Long – Term asset account it is found that the amount of 1,320 thousand ALL which has been included in the account 202 "Studies and Research", and constitutes the expenses incurred by the institution in 2019 for "Studies and Design", should have been registered in the account 230 "Investments in Long – Term Intangible Assets" after the institution had finished and received the building (investment).

For the year 2019 it was found that: the account 106 "From External Capital Grants (+)" has been credited in the amount of 66,257 thousand ALL, meanwhile the inflow from grants is created by: 163,074 thousand ALL for the IPARD II project, an amount that should have been debited to the account number 28 "Allocations for long – term assets"; the amount of 125,000 ALL for the Olive Project; and the amount of 2,615 thousand ALL related to the shift of the bank roll for the "Flood Project". To sum up the total amount of 290,690 thousand ALL should have been debited to the account 106 "From External Capital Grants (+)". The misrepresentation of the amounts in the "Statement of changes in net assets/ net funds" has led to inconsistencies in the accounts of the Balance Sheet and their misclassification, thus distorting the financial result and the representation of the net funds of the institution.

The analytical verification of the Short – Term Liabilities revealed a misclassification of debtors for national schemes and investments from the project IPARD Like, which have been included in the account number 16, 17 "Short – Term Loans" in the amounts 43,067 thousand ALL for 2019 and 42,961 thousand ALL for 2020.

In format no. 4, the "Statement of changes in the net assets/ net funds" was debited in the amount of 7,736 thousand ALL which represents the capital transfer of a 2019 asset (cultivator), an action that was included in the 2020 Statement in order to balance the accounts, because the same value has been added to the account no. 111 "Reserves (+. -)", thus having a zero effect in the net funds of the institution. This accounting act has led to a misrepresentation of the funds "From external capital grants (+)" because the value that should have been included in it should have been 1,655,860 thousand ALL and not 1,648,123 thousand ALL.

ALSAI has collected sufficient and adequate audit evidence and testimony, and has concluded in an unqualified compliance opinion regarding the activity of the Agency Of Agricultural And Rural Development.

Concluding this audit and referring to the findings of it, the following was recommended to improve the situation: 39 organizational measures, 2 measures for eliminating negative effects on the management of public funds in the amount of 10,000 thousand ALL. ALSAI, considering the shortcomings and irregularities showcased in this audit has asked the Agency Of Agricultural And Rural Development to assess and initiate disciplinary proceedings for all

employees considered responsible and to undertake disciplinary measures from “Warnings” to “Dismissal from the Civil Service”.

In the audit of the General Directorate of the State Cadastre Agency, for the period from 01.05.2019 to 31.12.2020 it was concluded that the financial reporting and the transactions performed are in accordance with the law on accounting and the relevant rules of public finances, giving an unqualified opinion with emphasis of matter, in taking measures to improve the records of the Financial Statements for the year 2020.

In terms of compliance, it has resulted that the activity of the General Directorate is in compliance in all material respects with the regulatory framework, giving unqualified opinion with emphasis on matter, regarding the initial property registration process for the 8 cadastral zones of the Vlora-Saranda coastal line as well regarding the issue of high number of employees with temporary contracts for an indefinite period.

At the end of this audit, referring to the findings, 19 organizational measures and 1 measure to eliminate the negative financial effects were recommended to improve the situation.

In the audit of the National Coast Agency, for the period from 01.05.2019 to 31.12.2020, regarding the financial aspect, ALSAI concluded that the financial reporting and the transactions performed are not fully in accordance with the law on accounting and the relevant rules of public finances, giving a qualified opinion, in terms of issues related to budget planning and execution, including the non-realization of funds provided for investments, etc.

Related to the aspect of compliance, with rules, laws and regulations, ALSAI has concluded in a qualified opinion because deficiencies and irregularities were found in 5 cases, regarding the drafting of tender documentation, as well as during the evaluation of bids in the total value of ALL 3 million, of which in 2 cases negative effects were created in the administration of public funds in the amount of ALL 2 million.

At the end of this audit, to improve the situation have been recommended 3 measures for legal improvement focusing on protection of free access of citizens to coastal area, 33 organizational measures, 4 measures for compensation, 2 measures to eliminate negative financial effects and 11 disciplinary measures.

In the audit of the Northern Road Authority, for the period from 01.01.2017 to 31.12.2019, regarding the financial aspect, ALSAI concluded that the financial reporting and the performed transactions are not fully in accordance with the law on accounting and the relevant rules of public finances, thus giving a qualified opinion, as it was concluded that for some items the deviations are above the level of materiality.

Regarding the aspect of compliance with rules, laws and regulations, ALSAI has concluded in the adverse opinion, after it was found economic damage in the amount of ALL 27 million and inefficient use of the procured funds in the amount of 109 million ALL.

At the end of this audit, referring to the findings, 25 organizational measures were recommended to improve the situation, 9 measures to compensate damage, 7 measures to eliminate negative financial effects, 4 disciplinary measures, 11 administrative measures and 4 persons, including director, head of department and specialists, have been criminal charged in the Prosecutor Office.

In the audit of National Agency of Protected Areas, for the period from 01.01.2019 to 31.03.2021, regarding the financial aspect, ALSAI concluded that the financial reporting and the performed transactions are not fully in accordance with the law on accounting and the relevant rules of finance public, giving an unqualified opinion with an emphasis on matter, in terms of accounting records of assets as well as on the relevant registers and inventories.

Regarding the aspect of compliance, ALSAI has concluded in an unqualified opinion with emphasis of matter, as in 2 cases, for the amount of ALL 383,000, low value procurements were carried without proper assessing the technical specifications.

At the end of this audit, referring to the findings, 30 organizational measures were recommended to improve the situation, 3 measures to compensate damage and 1 measure to eliminate negative financial effects.

In the audit of Vlora Regional Agency of Cadastre, for the period from 01.01.2019 until 31.03.2021, on the financial aspect, ALSAI concluded that regarding the degree of implementation of the standards and the regulatory accounting framework, it was noted that the financial are presented in accordance with the regulatory framework.

In terms of compliance, ALSAI has concluded that in terms of the degree of implementation of rules, laws and regulations, there are material deviations but that are not pervasive, giving a qualified opinion. Specifically, among others, it resulted that in 12 cases the legalization of informal objects was carried out in violation of legal provisions, while in 7 cases agricultural property assets were re-evaluated, conducting a fictitious valuation of land price, therefore the obligation arising from transfer of ownership in the total value of ALL 7.5 million.

At the end of this audit, referring to the findings, to improve the situation were recommended 35 organizational measures, 4 measures for compensation of damages, 2 measures for elimination of negative financial effects and 16 disciplinary measures.

In the audit conducted in the Durres Regional Education Directorate, for the period starting from 01.01.2019 until 31.08.2020, ALSAI has collected sufficient and adequate audit evidence and has concluded with unqualified opinion regarding annual accounts, of the Headquarter of the Durres Regional Educational Directorate.

We have not expressed an opinion on the Financial Statements, because the Regional Directorate of Pre-College Education Durres has not prepared consolidated Financial Statements, on the 31.12.2019, for the Local Offices of Pre-College Education under its administration, in violation to the Guidelines of the Ministry of Finance and Economics no. 8, date 09.03.2018 "For the Procedures of Preparing, Presenting and Reporting of the Financial Statements of the Central Government Units", point 120. As a result of the non-consolidated Financial Statements, the auditing team cannot safely assess the state of the following: The financial position on 31.12.2019, the assets of Regional Directorate of Pre-College Education Durres, Accounts Receivable, Accounts Payable, and Financial Performance at a consolidated level, etc.

ALSAI has collected sufficient and adequate audit evidence and has concluded in a contrary

compliance opinion regarding the activity of the Regional Directorate of Pre-College Education Durres based on the following:

The reorganization of the structures for Pre – College Education has been a slow process, characterized by financial effects and problems in terms of delivering the assignment. This process has not yet concluded in the filling all the vacancies of its structure and the appointment of staff in compliance to the legal acts in power (at the present 98% of the staff of Regional Directorate of Pre-College Education Durres and the 12 offices under its administration, continues to be commanded starting from the high - level officials to the employees of the offices).

Although the institutional hierarchical lines have deepened, expanding vertically through the creation of DPAP, DRAP and ZVAP, the responsible structures involved in the process have not provided the effective orientation, monitoring and review of the activity of the decision – making structures in their process of complying with the mission of offering quality educational service for all institutions of pre – college education.

During the audited period, many irregularities were identified in the procedure of selecting the head of IPAP (institutions of pre – college education – schools) caused primarily by the inconsistent legal and regulatory framework such as: CMD no. 99, dated 27.02.2019 and the Guideline no. 2, dated 28.01.2020, in contradiction to the Law 69/2012, amended; the order issued by DPAP, in contradiction to the Law 69/2012, amended and the Guideline no. 2, dated 28.01.2020 amended, etc.

The selection process of IPAP directors has been compromised as a result of the lack of analysis by DPAP and DRAP on the criteria that must be met by the candidates, and in addition the poor planning has not ensured the compliance of the legal acts on the participants in the commission meetings.

In 20 out of 30 open competition procedures for the Principal's position in the first announcement, the essential criteria to be certified by the school of directors, was not treated as such by the evaluation committees and by DRAP Durres (this situation was found in 4 out of 5 cases in which the procedure had been concluded and the selected candidates had been announced).

The role of the ZVAP in examining the procedures conducted by the commissions has not been unified and there have been cases of double – standards in the same ZVAP.

Because the documentation of the competition procedures does not contain the necessary elements according to the technical, professional and methodological standards of the archival service, safety and authenticity are not guaranteed regarding the processes performed.

The audit of the documents made available, regarding the transportation expense for students and teachers, revealed that for the audit period, 7 audited units (ZVAP Tiranë, Durrës, Shijak, Kavajë, Mat, Dibër dhe Bulqizë), have not conducted the procurement procedure for the transportation services of educational workers, but instead they have made payments to the teachers directly in their accounts and the students in the Albanian Postal Service SHA, in violation of the legal acts, thus creating the risk of the ineffective,

inefficient, and uneconomical use of funds in the amount of 157,423 thousand ALL.

Concluding this audit and referring to the findings of it, the following was recommended to improve the situation: 4 measures proposing changes or improvements in the legislation in effect, 46 organizational measures, 1 measure for compensation of damages in the amount of 247 thousand ALL; 4 measures for eliminating negative effects on the management of public funds in the amount of 200,008 thousand ALL. ALSAI has asked the Regional Pre – College Education Directory of Durres to assess the deficiencies and irregularities revealed by the audit and initiate disciplinary proceedings for giving disciplinary measures for 7 employees.

In the audit conducted in the “University Medical Center of Tirana Mother Teresa” for the period starting from 01.01.2019 until 30.03.2021, ALSAI has collected sufficient and adequate audit evidence and testimony, and has concluded in an unqualified compliance opinion with emphasis on the issue regarding the annual accounts. We have emphasized the need for the management and personnel of QSUNT, in hierarchical order, to undertake measures in evaluating and reflecting on our recommendations of the following issues:

According to the overview of the institution's financial statement of position for 2019 and 2020, at the end of the year, the debtors' balance (class 4) is presented in significant values, for which the institution has given no explanation of how much is expected to be collected or liquidated, how many of them are older than 10 years, and there have been no measures taken for the devaluation of rights.

The land surfaces included in the account 210 as well as their values in 2019 and 2020 were not presented in the balance sheet and were recorded in the value of 0 ALL.

ALSAI has collected sufficient and adequate audit evidence and has concluded in a qualified compliance opinion regarding the activity based on:

In 2 procurement procedures, it was found that the terms of the contract were not fulfilled: In the procurement procedure with the object "Purchase of specific medical materials for the Hemodynamics Service at QSUT, stage 2 Pacemaker VVIR and DDDR for 12 months" it was found that the medical material delivered was not in accordance with the terms of the contract, concerning the expiration date of the product, thus causing economic damage in the amount of 200 thousand ALL. In the procurement procedure with the object "Supply of PCR tests and Swabs for 90 days", it was found that medical materials in the value of 20,554 thousand ALL remained unused, as a result of the termination of the employment relationships of the people assigned to carry out the actions with the concessionaire.

QSUNT has conducted the procurement procedures with the object "For the delivery of laundry and hotel services..." with a fund in the amount of 418,101 thousand ALL for the period 22.08.2019 - 30.03.2021 (this date corresponds to the end of the auditing period) with the procedure "Negotiation without prior announcement of the notice of the contract", a procedure that is questionable and has limited competition.

From the audit of the implementation of oxygen supply contracts, it was found that in 95 cases for the total value of 225,231 thousand ALL, the origin of the supplied goods differed from the origin declared in the EO offer.

In 2 procurement procedures for Gaucher disease drugs, it was found that the amount procured was calculated based on the budget of the previous years of QSUNT and not on the real requirements of the Pediatric Specialties Service for these drugs, creating deficiencies in the treatment of current patients and leaving 4 newly diagnosed patients without treatment in 2020;

In the procurement procedure "Purchase of the drug velaglucerase alfa 400 UI (VPRIV or equivalent) for the Specialty Pediatrics Service at QSUNT for the year 2020 - 2021 (for 12 months)", for the year 2020 it was found: the use of the criterion in point 2.3 "Technical Capacity" of DST "unregistered drug in Republic of Albania" contrary to law no. 105/2014 "On drugs and pharmaceutical service", amended; a difference of 355.86 Euro less per flacon was found between the CIF price approved by MHSW and the one provided to QSUNT by MHSW.

In the procurement procedure with the object "QSUNT outdoor cleaning service", it was found that the documentation of the follow-up of the implementation of the contract is not in compliance with the legal criteria, causing inefficient management of funds in the amount of 3,079.8 thousand ALL.

In the procurement procedure "Reconstruction of Infectious Pediatrics at QSUNT" it was found that the Ministry of Health has delegated the right to carry out the procurement procedure to QSUNT without any legal basis.

In the planning carried out of the expenses for drugs and medical materials, a stock of expired drugs in the amount of 19,648 thousand ALL was found as a result of deficiencies in planning; decrease in the consumption of drugs and medical materials in the wards due to the decrease in hospitalizations as a consequence of the COVID pandemic; exclusion in the SPD of the criterion for the withdrawal from the EO of drugs with low consumption, etc., this value constitutes an ineffective expenditure for the state budget.

Concluding this audit and referring to the findings the following was recommended: 45 organizational measures to improve the situation, 3 measures for compensation of damage in the amount of 3,238 thousand ALL, and 14 measures for the elimination of negative effects in the administration of public funds in the amount of 771,092 thousand ALL. ALSAI, for the shortcomings and irregularities resulting in this audit, has asked the head of the institution to evaluate and start disciplinary proceedings for the granting of disciplinary measures to 31 employees, and it has been recommended to APP to take administrative measures for 4 employees.

The Regional Directorate of Taxes of Durrës audit for the activity period from 01.01.2018 to 30.09.2020 has resulted with material deviations in the implementation of the legal and regulatory framework in the activity of the Directorate of Collection of Unpaid Tax Debts and the Directorate of Taxpayers' Service, but not pervasive, which has conducted SSAI to provide a "qualified opinion on compliance". This is based on the high level of tax debt, for the collection of which all the coercive measures defined by the law have not been taken, such as those for notification of liability to a third party or notification for the transfer of liability, partner, shareholder, administrator, although only for in 2019, 126,665 cases were recorded for the obligations with more than a year.

"Unqualified opinion with emphasis of matter" has been given for the financial statements, as the need to take measures related to the recording in the account the item *"land, plot, ground"*, analysis of the account *"various debtors"* and the calculation of amortization of

material assets in accordance with the norms determined by the legislation and it is recommended to analyze and take immediate measures to eliminate the practices of qualifying and announcing winners of economic operators in the conditions of non-fulfilment of all criteria, assessed with a negative effect in the amount of 288 thousand ALL. For the employees identified with responsibility in relation to the violations found in this audit, the management has been recommended to evaluate and take disciplinary measures.

The Regional Directorate of Taxes of Fier audit for the period of activity from 01.01.2018 to 31.12.2020 on the financial statements, in addition to the quantitative material deviations, there were errors/irregularities of a qualitative nature, regardless of their value, on the basis of which the ALSAI gave an " **Unqualified opinion with emphasis of matter**". Issues have been identified to emphasize: the reflection in the balance sheet of the "Land, land, terrain" account; completion of the procedural written documentation for the transfer of assets and withdrawal of goods; the accounting entries account 214 should be carried out supported and on authorizing documentation from GDT; the correct calculation of depreciation vehicles, the adjustment of the wrong classification of the "Current Grand " account in non-tax income.

Based on sufficient audit evidence on the issues of legal compliance in the activity of the Directorate of Taxes Control, the Directorate of Collection of Unpaid Tax Obligations, the Directorate of Taxpayers Service and the Directorate of Tax Investigation of this subject, it was found that their activity is not in accordance in all material aspects with the legal and sub-legal framework in force, as well as taking into consideration and certain errors/irregularities of a qualitative nature, regardless of their value, ALSAI has given an "**compliance adverse opinion**". This is because:

There have not taken measures for assessment by the office for taxpayers with differences in circulation according to cash and income declared in the Simplified Tax and Value Added Tax (VAT) not in accordance with the legal and procedural provisions that regulate the activity of the tax administration, causing missing revenues for the state budget in the amount of ALL 100,987 thousand; the obligation for assessment through tax control for taxpayers with incorrect declaration of Income Tax and VAT has not been fulfilled, contrary to the legal and procedural stipulations as 55 entities have been found to have caused missing revenues to the state budget in the item Profit Tax, in the amount of ALL 995,593 thousand and 86 subjects who have declared more income compared to the sales volume declared in this year's financial situation, which have caused missing revenues in the state budget in the VAT item in the amount of ALL 740,937 thousand, as well as 463 taxpayers who made the 2018-2019 tax declaration, but did not pay the tax, causing missing income in the state budget in the total amount of 80,579 thousand ALL; there are 10 entities that have benefited from the payment of 8% of the dividend, causing the state budget missing income in the amount of 5,709 thousand ALL; in the controls performed on the tax-paying subjects by the tax inspectors, in most cases, the points of the control program were not implemented, actions which caused missing income in the state budget in the total value of 129,674 thousand ALL.

Based on the audit results, 17 organizational measures were recommended. For collection of the missing revenues in the state budget, estimated by the audit in the amount of 491,812 thousand ALL, a tax re-check was requested in order to collect them, as well as the sending of information in the Suspicious Activity Reporting (SAD) to the DPT for three subjects for the

source of profit in the case of increasing the account of partner's the source of profit for increasing the loan, etc., 10 measures have been recommended.

Regarding the disciplinary measures, it has been recommended to the head of this subject to take disciplinary measures for 13 inspectors of the Control Directorate in the Regional Directorate of Taxes of Fier.

In the Municipality of Këlcyrë audit, for the 01.01.2018 to 30.06.2020 period, we expressed an Adverse Opinion related to the financial statements for the year 2019. We found that in some cases the action taken to register the economic events in accounting are not appropriate. During the period 2018-2019 there are no inventory related to the accounts 210, 211, 212, 213, 214, 215 and also for these accounts do not exist an accounting register.

In Account 4342 "Other operations with the state (rights)" it is not registered the value 69,955 thousand ALL for the year 2018 and the value 237,523 thousand ALL as obligations of the state towards the entity, for budget commitments undertaken during the period 2017-2019. In account 26 "Participation in own capital" it is not registered the value of 21,259 thousand ALL that the municipality shares it owns in Water Supply and Sewerage JSC Këlcyrë.

For the compliance audit of the procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in 6 procurement procedures with the total limit fund by 156,014 thousand ALL. The Bid Evaluation Commission has qualified bids not in accordance with the applicable legal framework. These actions have caused the use of 23,967 thousand ALL not in accordance with the principle of 3E-s and also economic damage in the amount of 353.6 thousand ALL.

The negative effects were caused as a result of the qualification of the economic operations not in accordance with the legal framework. The difference between the Economic Operator (EO) not qualified and the EO qualified, as well as from the contract implementation, for three cases with total worth 98,596 thousand ALL with VAT, we found irregularities that result in economic damage in the amount of 3,823 thousand ALL without VAT.

Referring to the audit findings, ALSAI recommended 2 measures to update and improve the legal framework, 22 organizational measures, 7 measures of compensation for damage in the amount of 16,342 thousand ALL, 3 measures to reduce the negative effect in administration of the public funds in the total amount of 94,269 thousand ALL, 4 administrative measures and disciplinary measures for 6 employees.

In the Municipality of Konispol, the audit for the 01.01.2018 to 31.12.2020 period, concluded with an Adverse Opinion related to the financial statements for the year 2019. We found that, in the financial statements are registered values which are not analyzed and there is lack of inventory and register of assets such as Account 210 "Land and terrain" for the amount of 24,011 thousand ALL and Account 32 "MRO Inventory" for the amount of 2,822 thousand ALL. In the Account 467 "Miscellaneous creditors" it is not registered the value of 57,853 thousand ALL which represent different invoices for the purchase of goods and services. This amount is not registered neither in the Account 404 "Suppliers and related

accounts (for investments)". As a result, for the year 2018, the financial statement does not provide accurate and reliable information.

For the compliance audit of the procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in public procurement procedures while setting the qualification criteria and the economic operators qualified do not fulfil all the required criteria which result in the use of the public fund in amount of 12,646 thousand ALL not in accordance with the applicable legal framework.

Referring to the audit findings, ALSAI recommended 29 organizational measures, 7 measures for compensation of economic damage in the amount of 4,776 thousand ALL, 9 measures to reduce the negative effect in administration of the public funds in the total amount of 46,153 thousand ALL and disciplinary measures for 4 employees.

In the Municipality of Korça, the audit for the 01.01.2018 to 30.06.2020 period, concluded with a Qualified Opinion related to the financial statements for the year 2019. We found that, Account 105 "Internal grants" with the total value 686,569 thousand ALL does not correspond with the statement "State and changes of long-term assets (Historical cost)" which is in total 904,561 thousand ALL. In the annual financial statements format no.1 "Financial position statement" it is not reflected in the Account 12 the amount of 164,242 thousand ALL, in the Account 85 the amount of 377,180 thousand ALL, in the Account 1050 "Capital grants from the budget" the amount of 7,910 thousand ALL, in the Account 1051 "Other capital grants" the amount of 301,478 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material and pervasive. We audited 21 procedures and found irregularities in 15 of them, which resulted in the use of the public fund in amount of 90,773 thousand ALL not in accordance with the applicable legal framework. We audited 15 procedures of contract implementation and found irregularities that resulted in the economic damage in the amount of 8,053 thousand ALL.

Referring to the audit findings, ALSAI recommended 14 organizational measures, 16 measures for the compensation of economic damages in the amount of 13,017 thousand ALL, 3 measures related to incomes in the amount of 315,980 thousand ALL, and we also recommended to analyze the violation of the rules and take administrative measures for 7 supervisors.

In the Municipality of Pogradec, the audit for the 01.01.2019 to 30.06.2020 period, concluded with a Qualified Opinion related to the financial statements for the year 2019. We found that the entity has not done the inventory related to the accounts 210, 211, 212, 213, 214, and also it was not established a specific commission for the disposal of short-term and long-term assets in the municipality itself and its administrative units. In the Account 17

“Foreign loan” for the amount of 4,119 thousand ALL there is no analysis according to projects investment and disbursement.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in 11 procurement procedures where the economic operators qualified do not fulfil all the required criteria which result in the use of the public fund in amount of 224,926 thousand ALL without VAT not in accordance with the applicable legal framework. We found irregularities in 15 procurement procedures where the qualification criteria are not set in accordance with the legal requirements. These actions directly or indirectly affected the number of economic operators taking part in the process. In 14 procedures the economic operators qualified do not fulfil all the required criteria. We audited contract implementation and found irregularities in 6 of them where some work or processes is not done that result in the economic damage for the amount of 3,376 thousand ALL.

Referring to the audit findings, ALSAI recommended 30 organizational measures, 6 measures for compensation of economic damage in the amount of 3,376 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 224,926 thousand ALL and penal charges for 2 former employees who signed contracts to rent certain areas from private companies and the rent fee resulted too high and not in the benefit of the municipality.

In the Municipality of Kuçovë, the audit for the 01.01.2018 to 31.12.2020 period, concluded with an Adverse Opinion related to the financial statements for the year 2019. We found that:

Account 213 "Roads, networks, water works" is understated by 105,619 thousand ALL; Account 214 "Technical installations, tools and equipment" is overstated by 13,639 thousand ALL; Account 215 "Vehicles for transport" is understated by 13,639 thousand ALL; Account 26 "Participation in own capital" is understated by 3,500 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 121,911 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We audited 23 procurement procedures and found irregularities, in 9 procurement procedures the economic operators qualified do not fulfil all the required criteria which result in the use of the public funds in the amount of 358,448 thousand ALL without VAT not in accordance with the applicable legal framework. In 12 procurement procedures the qualification criteria are not set in accordance with the legal requirements and are not properly related to the type and the volume of work. We audited contract implementation and found irregularities in 6 of them where some work or processes is not done that result in the economic damage for the amount of 1,272 thousand ALL.

Referring to the audit findings, ALSAI recommended 16 organizational measures, 6 measures for compensation of economic damage in the amount of 1,272 thousand ALL, 3 measures to

reduce the negative effect in administration of the public funds in the total amount of 447,392 thousand ALL. We also recommended that the Disciplinary Commission should analyze the violation of rules and regulations from the employees and take appropriate measures.

In the Municipality of Lushnjë, the audit for the 01.01.2018 to 31.12.2020 period, concluded with a Qualified Opinion related to the financial statements for the year 2020. We found that in the financial statements 2020 is not registered the value of 5,300 thousand ALL which belongs to penalties imposed by the Local Territorial Defense Inspectorate. In the year 2018 it is not registered the value of 2,075 thousand ALL related to the reconstruction of High School "10 Korriku" and an Elementary School. At the end of fiscal year 2020 Tangible Fixed Assets are not all recorded, there are 11 contracts which are not fully liquidate and the difference 69,881 thousand ALL is not recorded in the accountability documents.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. The qualification criteria are not set in accordance with the legal requirements and are not properly related to the type and the volume of work. We found that qualification criteria related to the number of employees needed, the type and the quantity of the tools and equipment's are not developed appropriately and it is not directly related to the contract. Irregularities are found in 15 procedures with the total amount of contracts 446,574 thousand ALL.

Referring to the audit findings, ALSAI recommended 12 organizational measures, 3 measures of compensation of damage in the amount of 1,019 thousand ALL, 3 measures for estimated omitted revenues in the amount of 69,254 thousand ALL, 1 measure to reduce the tax debt from local taxes and fees in the amount 1,408,191 thousand ALL. We also recommended that the Disciplinary Commission should analyze the violation of rules and regulations for 9 employees and take appropriate measures.

In the Municipality of Tropoja, the audit for the 01.01.2019 to 31.12.2020 period, concluded with a Qualified Opinion related to the financial statements. We found that the financial statements do not provide assurance for all assets of four main accounts of long-term material assets. Account 210 "Land and terrain", Account 211 "Forests, Pastures, Plantations", Account 212 "Buildings and constructions", Account 213 "Roads, networks, water works" are not included in the annual inventory process and also it was not established a specific commission to assess the current state of the properties, prepare documentation for the verification and registration of all immovable properties at the State Cadaster Agency. Account 215 "Vehicles for transport" is overstated by 3,452 thousand ALL; Account 327 "MRO Inventory" is overstated by 9,624 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material and pervasive. We audited 17 procurement procedures and found irregularities in

16 of them with the total amount 579,000 thousand ALL or 97% of the all the amount. The qualification criteria are not developed appropriately and it is not directly related to the contract. In 14 procedures with the total amount of 569,000 thousand ALL or 92% of the total we found Irregularities related the economic operators that were qualified not in accordance with the legal requirements.

Referring to the audit findings, we recommended 32 organizational measures, 3 measures of compensation of damage in the amount of 9,587 thousand ALL, 10 measures to reduce the negative effect in administration of the public funds in the total amount of 30,831 thousand ALL, 10 administrative measures recommended to Public Procurement Agency, disciplinary measures for 5 employees and criminal charges for 6 employees or former employees for disqualifying unfairly the economic operators and setting up qualification criteria not in accordance with the legal requirements.

In the Municipality of Shkodra, the audit for the 01.07.2019 to 31.12.2020 period, concluded with an Unqualified Opinion (emphasis of matter) related to the financial statements. We found that:

Account 466 "Creditors for assets in custody" is overstated by 3,670 thousand ALL for the year 2020 and 690 thousand ALL for the year 2019; Accounts 401-408 "Suppliers and related accounts" is understated by 22,586 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 120,321 thousand ALL for the year 2019 and 42,624 thousand ALL for the year 2020; Account 150 "Amount provided for risks and other expense" and Account 683 "Amount provided for use" are understated by 29,911 thousand ALL for the years 2019-2020.

For the compliance audit of the public procurement procedures, we expressed an Unqualified Opinion (emphasis of matter). We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in public procurement procedures while setting the qualification criteria that not properly related to the type and the volume of work. The unit responsible for developing qualification criteria does not have the qualified specialists who can set up technical requirements. The economic operators qualified do not fulfil all the required criteria which result in the use of the public fund in amount of 135,672 thousand ALL not in accordance with the applicable legal framework.

Referring to the audit findings, we recommended 20 organizational measures, 5 measures of compensation of damage in the amount of 16,429 thousand ALL, 13 measures for estimated omitted revenues in the amount of 1,414,907 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 135,672 thousand ALL and disciplinary measures for 26 employees.

In the Municipality of Peqin, the audit for the 01.01.2019 to 31.12.2020 period, concluded with an Adverse Opinion related to the financial statements. We found that the Account 401-408 "Suppliers and related accounts", Account 467 "Miscellaneous creditors", Account 45 "Intercourse between institutions or economic units", Account 520 "Treasure disponibility", Account 486 "Expenditures for future periods", do not reflect the real situation in material

values. These accounts do not have the necessary accounting and legal documents.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. The qualification criteria are not set in accordance with the legal requirements and are not properly related to the type and the volume of work. The economic operators qualified do not fulfil all the required criteria. We audited contract implementation and found irregularities that resulted in the economic damage in the amount of 2,294 thousand ALL.

Referring to the audit findings, we recommended 17 organizational measures, 6 measures of compensation of economic damage in the amount of 6,925 thousand ALL, 5 measures to reduce the negative effect in administration of the public funds in the total amount of 54,969 thousand ALL.

In the Municipality of Durrës, the audit for the 01.01.2017 to 30.06.2020 period, concluded with a Qualified Opinion related to the financial statements. We found that it is not registered the amount of 33,105 thousand ALL for 10 measures of compensation of damage. In the year 2019 Account 602 is understated by 2,571 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. For the audited period investments are low, in year 2017 - 48.3%, in year 2018 - 40.64% and in year 2019 - 81% and for the first half of 2020 – 4.54%. For three projects with the value more than 100 million ALL the technical objection was not done. We found that the building permits are done only for 6 public projects in year 2019 and for 7 projects in year 2018. Irregularities were found in 9 public procurement procedures done in year 2018 and in 1 done in year 2019. From the irregularities found resulted economic damage in the amount of 5,528 thousand ALL.

Referring to the audit findings, we recommended 49 organizational measures, 7 measures of compensation of damage in the amount of 5,528 thousand ALL, 3 measures for the collection of missing incomes in the amount of 939,684 thousand ALL, 6 measures to reduce the negative effect in administration of the public funds in the total amount of 85,437 thousand ALL, disciplinary measures for 9 employees and 2 administrative measures under the responsibility of the Local Territorial Defense Inspectorate.

In the Municipality of Saranda audit, for the 01.07.2019 to 31.12.2020 period, we expressed an Unqualified Opinion (emphasis of matter) related to the financial statements. We found that:

Account 213 "Roads, networks, water works" is overstated by 1,451 thousand ALL; Account 202 "Studies and Research" is overstated by 104,693 thousand ALL; Account 26 "Participation in own capital" is understated by 2,000 thousand ALL; Account 466 "Creditors for assets in custody" is overstated by 14,669 thousand ALL; Account 467 "Miscellaneous creditors" is understated by 38,910 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities:

- in the revenue collection and accounting processes;
- in collaboration with other bodies for an effective revenue collection process;
- in public procurement procedures and delivery of procured goods, works and services;
- in drafting the budget and documentation of the process;
- high rate of staff turnover especially in some management levels;
- lack of building permits for public buildings;
- high amount of money spent for the compensation of unfair staff dismissal;
- lack of job description for employees of different levels;
- not following the legal requirement during the financial management and control.

The financial value of all the irregularities for the period 2019-2020 is estimated 244,800 thousand ALL.

Referring to the audit findings, we recommended 20 organizational measures, 5 measures for compensation of economic damage in the amount of 6,790 thousand ALL, 12 measures for the collection of missing incomes in the amount of 531,352 thousand ALL, 6 measures to reduce the negative effect in administration of the public funds in the total amount of 17,055 thousand ALL, disciplinary measures for 6 employees.

In the Municipality of Kukës audit, for the 01.01.2019 to 31.12.2020 period, we expressed an Adverse Opinion related to the financial statements. We found that Account 210 "Land and terrain", in year 2020 is 67,425 thousand ALL and it was the same as last years. Account 211 "Forests, Pastures, Plantations" has the value of 113,372 thousand ALL and it has not changed in the last years. Account 212 "Buildings and constructions" has the value of 1,127,626 thousand ALL and it has not changed in the last years. Account 26 "Participation in own capital" is understated by 3,500 thousand ALL. Account 467 "Miscellaneous creditors" is understated by 73,015 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We have audited 7 procurement procedures and found irregularities in 5 of them. The economic operators qualified do not fulfil all the required criteria which result in the use of the public fund in amount of 88,783 thousand ALL not in accordance with the applicable legal framework. For 6 procurement procedures the Procurement Unit has set qualification criteria not properly related to the type and the volume of work. For 5 procurement procedures we found that the amount of 41,806 thousand ALL was paid even that the delivery of procured goods, works and services was not properly done.

Referring to the audit findings, we recommended 27 organizational measures, 5 measures for compensation of economic damage in the amount of 41,804 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of

88,783 thousand ALL.

In the Municipality of Selenica, the audit for the 01.01.2018 to 31.12.2020 period, concluded with an Adverse Opinion on the financial statements. We found that, Account 210 "Land and terrain" and Account 211 "Forests, Pastures, Plantations" do not represent the exact value of the property of the local public entity as not all the assets are registered as they should. Account 210 reflect only the assets of the municipality with the value of 140,307 thousand ALL and do not reflect the assets of the Administrative Units.

For the compliance audit of the public procurement procedures, we expressed an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material and pervasive. We audited 8 procurement procedures and in all of them we found irregularities. These irregularities have caused the use of 2,237 thousand ALL not in accordance with the principle of 3E-s. Also we found lack of revenues from the rent of agricultural land or other assets with the value of 56,442 thousand ALL.

Referring to the audit findings, we recommended 20 organizational measures, 3 measures for compensation of economic damage in the amount of 6,028 thousand ALL, 3 measures to reduce the negative effect in administration of the public funds in the total amount of 344,137 thousand ALL and disciplinary measures for 10 employees.

In the Municipality of Dibra, the audit for the 01.01.2018 to 31.06.2020 period, concluded with an Adverse Opinion related to the financial statements. We found that the financial statements do not provide assurance for all assets of four main accounts of long-term material assets. Account 210 "Land and terrain", Account 211 "Forests, Pastures, Plantations", Account 212 "Buildings and constructions", Account 213 "Roads, networks, water works" are not included in the annual inventory process and also it was not established a specific commission to assess the current state of the properties, prepare documentation for the verification and registration of all immovable properties at the State Cadaster Agency. The Account 401-408 "Suppliers and related accounts" with the value of 125,048 thousand ALL and the Account 466 "Creditors for assets in custody" with the value of 10,920 thousand ALL, do not have the necessary accounting and legal documents and do not reflect the real situation of financial statements.

In the compliance audit of the public procurement procedures, we concluded with a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material and pervasive. We found irregularities:

- in the process of qualification of economic operators;
- creating arrears to third parties in excess of 25% of annual expenses, which has created financial difficulties for the local unit;
- lack of revenue collection for the amount of 47,000 thousand ALL;
- lack of procedures especially in the risk assessment and information process.

Referring to the audit findings, we recommended 15 organizational measures, 5 measures for compensation of economic damage in the amount of 10,361 thousand ALL, 4 measures

for estimated omitted revenues in the amount of 294,128 thousand ALL, 3 measures to reduce the negative effect in administration of the public funds in the total amount of 100,307 thousand ALL and criminal charges for 2 former employees for disqualifying unfairly the economic operators and setting up qualification criteria not in accordance with the legal requirements.

In the Municipality of Kurbin, the audit for the 01.01.2019 to 30.06.2020 period, concluded with a Qualified Opinion for financial statements of the year 2019. We found that, for the accounts: 210, 211, 212, 213, 214, the inventory of long-term material assets has not been carried out. In Account 486 "Expenditures for future periods" the value of 3,678 thousand ALL is not supported by analytical documents. The Account 215 "Vehicles for transport" is overstated in the amount of 9,230 thousand ALL, for the items that must be registered in the Account 28 "Allocations of long-term assets" for the amount 5,918 thousand ALL and in the Account 24 "Impaired long lived assets" for the amount 3,312 thousand ALL.

For the compliance audit of the public procurement procedures, we concluded with a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in 6 procurement procedures where the economic operators qualified do not fulfil all the required criteria which result in the use of the public fund in amount of 507,544 thousand ALL not in accordance with the applicable legal framework. In 2 procurement procedures the Procurement Unit has set up the qualification not properly related to the type and the volume of work and not in accordance with the legal framework. In 1 procurement procedure the economic operator was disqualified as a result of a specific criteria which was not properly related to the type of procedure. The process resulted in the use of 388 thousand ALL not in accordance with the rules and regulations. In 2 procurement procedures we found that the amount of 1,430 thousand ALL was paid even that the procured goods, works and services were not properly delivered.

Referring to the audit findings, we recommended 16 organizational measures, 3 measures for compensation of economic damage in the amount of 6,565 thousand ALL, 6 measures for the estimated omitted revenues in the amount of 494,851 thousand ALL, 3 measures to reduce the negative effect in administration of the public funds in the total amount of 524,003 thousand ALL, disciplinary measures for 18 employees, 2 administrative measures under the responsibility of the Local Territorial Defense Inspectorate and penal charges for 6 employees for disqualifying unfairly the economic operators and setting up qualification criteria not in accordance with the legal requirements.

In the Municipality of Tepelenë, audit for the 01.01.2019 to 31.12.2020 period, concluded with a Qualified Opinion for financial statements. We found that some accounts have had no changes during the audited period which brings to the conclusion that not all the transactions are recorded and the accuracy and authenticity of these accounts are not reliable.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that, during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were

material but not pervasive. In 8 investment contracts we found that the amount of 2,511 thousand ALL was paid even that the delivery of procured goods, works and services was not properly done. We also estimated missing of revenue in collection of local taxes and fees in the amount of 39,101 thousand ALL.

Referring to the audit findings, we recommended 13 organizational measures, 3 measures for compensation of economic damage in the amount of 4,934 thousand ALL, 9 measures to reduce the negative effect in administration of the public funds in the total amount of 45,914 thousand ALL and disciplinary measures for 7 employees.

In the Municipality of Delvina, the audit for the 01.01.2020 to 30.06.2021 period, concluded with expressed a Qualified Opinion for financial statements. We found that:

- Related the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing;
- In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.
- Account 486 "Expenditures for future periods" does not coincide with the Account 467 "Miscellaneous creditors", which is evaluated 63,631 thousand ALL. The difference by 13,926 thousand ALL was included in the Account 4342 "Other operations with the state (rights)";
- Account 231 "Expenditures in process for the increase of Tangible Fixed Assets" at the end of 2020 has the value of 39 thousand ALL but in fact this account must have 0 value as the investment of buying planned assets was done.

For the compliance audit of the public procurement procedures, we concluded with an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in public procurement procedures while setting the qualification criteria that not properly related to the type and the volume of work. The economic operators qualified do not fulfil all the required criteria. As a result of irregularities there are procedures that must be canceled and reopen to guarantee a fair competition of the use of public funds in the value 42,884 thousand ALL. In the municipality of Delvina the technical qualification criteria are not developed by a specific commission but are developed by the Procurement Unit which does not have the qualified specialists who can set up technical requirements.

Referring to the audit findings, we recommended 6 organizational measures, 1 measure to reduce the negative effect in administration due to inefficiencies in the total amount of 42,884 thousand ALL, 1 measures to reduce the tax debt from local taxes and fees in the amount of 38,526 thousand ALL and disciplinary measures for 11 employees.

In the Municipality of Divjaka, the audit for the 01.01.2020 to 30.06.2021 period, concluded with an Adverse Opinion for financial statements. We found that in some cases there are irregularities while recording the economic events as for example:

Account 213 "Roads, networks, water works" is understated by 276,636 thousand ALL;

Account 218 "Economic Inventory" is understated by 4,565 thousand ALL; Account 468 "Miscellaneous debtors" is understated by 53,447 thousand ALL; Account 225 "Loans" and Account 26 "Participation in own capital" are understated by 355,095 thousand ALL; Account 466 "Creditors for assets in custody" is overstated by 1,510 thousand ALL;

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. We found irregularities in public procurement procedures while setting the qualification criteria that not properly related to the type and the volume of work. Violations and inconsistencies have been found regarding the process of leasing where land in protected areas has been leased for industrial activity which is not in compliance with the applicable legal framework. The tenants did not present the necessary document to prove that they have the capacities to follow the terms of contract. We also found lack of revenue collection for local taxes and fees where for the year 2020 the level of collection was 38% meanwhile for the first half of 2021 is 71%.

Referring to the audit findings, we recommended 20 organizational measures, 2 measures for compensation of economic damage in the amount of 986 thousand ALL, 6 measures to reduce the negative effect in administration of the public funds in the total amount of 552,753 thousand ALL, 10 administrative measures under the responsibility of Public Procurement Agency, disciplinary measures for 17 employees as well as a penal charge related to the procedure of leasing on area of 65.5 ha, not in accordance with the legal framework.

In the Municipality of Dropull, the audit for the 01.01.2020 to 31.12.2020 period, concluded with an Unqualified Opinion (emphasis of matter) for financial statements. We found that the Account 211 "Forests, Pastures, Plantations" has not changed during the audited period and is evaluated 0 ALL. Account 212 "Buildings and constructions" has not changed during the audited period and is evaluated 213,511 thousand ALL. Account 467 "Miscellaneous creditors" is understated by 10,730 thousand ALL.

For the compliance audit of the public procurement procedures, we expressed an Unqualified Opinion (emphasis of matter). In general, the public procurement procedures are done in accordance with the legal framework but we found some irregularities that were material but not pervasive. We audited 5 procurement procedures and found that in 4 of them the qualification criteria are not properly related to the type and the volume of work. In 1 procedure the economic operator qualified was not in full compliance with established criteria. We also found that more need to be done related to revenue collection of local taxes and fees where the tax debt result in the value of 11,092 thousand ALL.

Referring to the audit findings, we recommended 11 organizational measures.

In the Municipality of Finiq, the audit for the 01.01.2020 to 30.06.2021 period, concluded with an Adverse Opinion for financial statements. We found that:

- Related the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing;
- The entity has not done the inventory of the assets and then write the exact value of them

in the financial statements;

- Account 213 "Roads, networks, water works" does not accurately reflect its position. Licensed experts have estimated the Water Supply and Sewerage JSC with the value of 334,796 thousand ALL which should be registered to municipality financial statements meanwhile, the value registered is 143,696 thousand ALL. In the Account 466 "Creditors for assets in custody" the value of 20,477 thousand ALL is the 5% warranty of works for all the contracts that have completed during 2019. For these contracts the deadline had expired and the amount of the warranty is not paid back and as a result tis account does not reflect the real situation. Account 486 "Expenditures for future periods" does not coincide with the Account 467 "Miscellaneous creditors" and the Account 401-408 "Suppliers and related accounts" which has the value of 65,375 thousand ALL. The difference by 15,270 thousand ALL is reflected in the Account 4342 "Other operations with the state (rights)".

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion.

We found that during the procurement process the responsible structures did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. In 6 procurement procedures we found that the qualification criteria are not established properly related to the type and the volume of work. In 2 procedures we found that economic operators qualified do not fulfil all the required criteria. As a result of irregularities these procedures must be canceled and reopen to guarantee a fair competition and the use of public funds in accordance with the 3E-s principles. Related to the collection of revenues not all the legal steps and procedures were followed to collect a better amount of them.

Referring to the audit findings, we recommended 8 organizational measures, 2 measures to reduce the negative effect in administration of the public funds, 1 measure to reduce the tax debt from local taxes and fees in the amount of 172,678 thousand ALL and disciplinary measures for 12 employees.

In the Municipality of Fushë Arrëz, the audit for the 01.01.2019 to 31.12.2020 period, concluded with an Unqualified Opinion (emphasis of matter) for financial statements. We found that the account "different debtor" have to be corrected for the amount of 271,246 thousand ALL. We found irregularities with a financial effect in the amount of 9.6 thousand ALL.

In the compliance audit of the public procurement procedures, we expressed an Unqualified Opinion (emphasis of matter). In general, the public procurement procedures are done in accordance with the legal framework but we found some irregularities that were material but not pervasive. The qualification criteria are not properly related to the type and the volume of work and the economic operators qualified were not in full compliance with established criteria. As a result of these irregularities some procedures must be canceled and reopen to guarantee a fair competition and the use of public funds in accordance with the 3E-s principles.

Referring to the audit findings, we recommended 9 organizational measures, 3 measures for compensation of economic damages in the amount of 8,272 thousand ALL and disciplinary

measures for 5 employees.

In the Municipality of Gjirokastra, the audit for the 01.01.2018 to 30.06.2021 period, concluded with a Qualified Opinion for financial statements. We found that:

- Account 468 "Miscellaneous debtors" at the end of 2020 is understated by 147,389 thousand ALL as it is not included the tax debt from local taxes and fees in the amount of 125,689 thousand ALL and the penalties imposed by the Local Territorial Defense Inspectorate in the amount of 21,700 thousand ALL;
- Account 466 "Creditors for assets in custody" is overstated by 12,517 thousand ALL;
- Account 26 "Participation in own capital" is understated by 137,423 thousand ALL;
- Account 202 "Studies and Research" is understated by 17,509 thousand ALL;
- In the Account 401-408 "Suppliers and related accounts" the value of 6,555 thousand ALL do not have the necessary accounting and legal documents and do not reflect the real situation of financial statements;
- In the Account 215 "Vehicles for transport" it is not reflected the value of 20,567 thousand ALL and 9 vehicles with the historical cost 0 ALL are not reevaluated.

For the compliance audit of the public procurement procedures, we expressed a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive.

We found irregularities in 14 procurement procedures with the total limit fund by 66,181 thousand ALL and in 3 procedures with the total limit fund by 64,097 thousand ALL for the year 2020. In 1 case the economic operator had not followed the terms of contract and was not able to finish the work on time resulting in the economic damage in the value of 296 thousand ALL. The infrastructure tax was not calculated correctly and was not collected for the amount of 1,125 thousand ALL. We also found lack of revenue collection for local taxes and fees for businesses and citizens for the amount of 133,244 thousand ALL. From the follow up of the audit recommendations we found it is not collected the amount 7,043 thousand ALL classified as economic damage.

Referring to the audit findings, we recommended 23 organizational measures, 2 measures for compensation of damage in the amount of 1,418 thousand ALL, 6 measures to reduce the negative effect in administration of the public funds in the total amount of 199,431 thousand ALL and disciplinary measures for 16 employees.

In the Municipality of Gramsh, the audit for the 01.01.2019 to 31.12.2020 period, concluded with a Qualified Opinion for financial statements. We found that Complete actions have not been performed to record the exact amount of arrears to third parties in class 4 accounts. There are invoices received for the purchase of goods and services as well as obligations coming from court decisions that are not recorded, as a result the financial statement does not provide accurate and reliable information about short-term and long-term liabilities. Related the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data, to correct the values in the financial

statements.

In the compliance audit of the public procurement procedures, we concluded with a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive.

We audited 22 procurement procedures with the total value of the contracts 579,964 thousand ALL or 90.3% of all the contracts. In 10 procedures the qualification criteria are not properly related to the type and the volume of work. In 9 procedures the economic operator qualified were not in full compliance with established criteria. In 2 procedures we found that the amount of 1,544 thousand ALL was paid even that the delivery of procured goods, works and services was not properly done.

Referring to the audit findings, we recommended 17 organizational measures, 2 measures for compensation of economic damages in the amount of 1,545 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 119,431 thousand ALL and 5 measures to reduce the tax debt from local taxes and fees in the amount 51,862 thousand ALL.

In the Municipality of Kavaja, the audit for the 01.01.2017 to 31.12.2020 period, concluded with an Adverse Opinion for financial statements. We found that:

Account 520 "Treasure disponibility" is understated by 15,227 thousand ALL; - Accounts 230 and 231 reflect a difference for the amount of 910,790 thousand ALL; - Account 202 "Studies and Research" reflect a difference for the amount of 10,820 thousand ALL;

Related the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing;

In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

In the compliance audit of the public procurement procedures, we concluded with an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in compliance with the legal requirements and the irregularities were material and pervasive. We found irregularities in public procurement procedures especially while setting the qualification criteria. In the municipality of Kavaja the technical qualification criteria are not developed by a specific commission but are developed by the Procurement Unit which does not have the qualified specialists who can set up technical requirements. Some of the economic operators qualified do not fulfil all the required criteria. As a result of irregularities, there are procedures that must be canceled and reopen to guarantee a fair competition of the use of public funds. In the implementation process the economic operators had not followed the terms of contract and were not able to finish the work on time resulting in the economic damage in the value of 8,918 thousand ALL. The infrastructure tax was not calculated correctly resulting in economic damage in the amount of 16,530 thousand ALL. We also estimated omitted revenues impact in the total amount of 440,130 thousand ALL where for local taxes and fees the value is 375,042 thousand ALL. Some violations were found

in the process of issuing building permits, related to ownership, distance and lack of other supporting documents needed.

Referring to the audit findings, we recommended 28 organizational measures, 7 measures for compensation of economic damages in the amount of 30,998 thousand ALL, 3 measures to reduce the negative effect in administration of the public funds in the total amount of 731,827 thousand ALL, 4 measures for estimated omitted revenues in the amount of 65,088 thousand ALL, and 5 measures to reduce the tax debt from local taxes and fees in the amount 375,042 thousand ALL, 14 administrative measures where 2 of them are under the responsibility of the Local Territorial Defense Inspectorate.

In the Municipality of Klos, the audit for the 01.01.2018 to 31.12.2020 period, concluded with a Qualified Opinion for the financial statements. Complete actions have not been performed to record the exact amount of arrears to third parties in class 4 accounts. There are invoices received for the purchase of goods and services as well as obligations coming from court decisions that are not recorded, as a result the financial statement does not provide accurate and reliable information about short-term and long-term liabilities. Related to the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

In the compliance audit of the public procurement procedures, we concluded with a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive.

We found that the municipality of Klos, during year 2018-2019, has performed 4 procurement procedures for the same project "Urban regeneration of the city of Klos" this resulted in the fragmentation of the total amount and affected the number of economic operator's taken part in public procurement procedures. Same procedures were followed even for the procurement of oil supply for the municipality's vehicles.

In 10 procedures we found irregularities in setting the qualification criteria and cases where the economic operators qualified do not fulfill all the required criteria.

Referring to the audit findings, we recommended 11 organizational measures, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 36,504 thousand ALL and disciplinary measures for 2 employees.

In the Municipality of Libohova, the audit for the 01.01.2019 to 31.12.2020 period, concluded with a Qualified Opinion for the financial statements. We found that related to the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

In the compliance audit of the public procurement procedures, we concluded with an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements and the irregularities were material and pervasive. In 5 procurement procedures we found violations of legal framework, especially while setting the qualification criteria that are not properly related to the type and the volume of work. The standard documents where the technical requirements are set up are not drafted from specialists and in some cases the procurement unit has had lack of members.

Referring to the audit findings, we recommended 20 organizational measures, 2 measures to reduce the negative effect in administration of the public funds in the total amount of 23,473 thousand ALL and disciplinary measures for 2 employees.

In the Municipality of Memaliaj, the audit for the 01.01.2018 to 31.12.2020 period, concluded with an Adverse Opinion for financial statements. We found that incorrect accounting has been done by changing the accounting information and some accounts which do not represent the exact situation of the financial statements. We found that, related to the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements. Account 230-231 "Expenditures in process for the increase of Tangible Fixed Assets" does not reflect the real situation as there are different investment procedures where the accounting registrations are not done regularly.

In the compliance audit of the public procurement procedures, we concluded with a Qualified Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material but not pervasive. In 10 procedures, the qualification criteria are not properly related to the type and the volume of work. In 4 procedures the economic operator qualified were not in full compliance with established criteria. For investment contracts we found that even that the works and services was not properly done the payments were processed.

Referring to the audit findings, we recommended 19 organizational measures, 1 measure for compensation of economic damages in the amount of 101 thousand ALL, 5 measures for estimated omitted revenues in the amount of 35,137 thousand ALL and disciplinary measures for 11 employees.

In the Municipality of Përmet, the audit for the 01.01.202018 to 31.12.2020 period, concluded with an Unqualified Opinion for the year 2020 financial statements. We found that, in regards to the accounts of long-term assets created in previous years, the necessary accounting and legal documentation on their creation and economic content is missing. In most cases, no historical register of Tangible Fixed Assets was kept, and the depreciation was not calculated for all the assets based on their historical data to correct the values in the financial statements.

In the compliance audit of the public procurement procedures, we concluded with an Unqualified Opinion (emphasis of matter). We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements and the irregularities were material and pervasive. The qualification criteria are not properly related to the type and the volume of work and the qualified economic operators were not in full compliance with established criteria. As a result of these irregularities some procedures must be canceled and reopen to guarantee a fair competition and the use of public funds in accordance with the 3E-s principles.

For 3 procedures the qualification criteria are not properly related to the type and the volume of work. In 2 procedures the qualified economic operator were not in full compliance with established criteria. For investment contracts we found that even that the works and services was not properly done the payments were complete resulting in economic damage in the amount of 806 thousand ALL.

Referring to the audit findings, we recommended 10 organizational measures, 3 measures for compensation of economic damage in the amount of 806 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 87,418 thousand ALL, 7 measures for the estimated omitted revenues in the amount of 51,084 thousand ALL.

In the Municipality of Pustec audit, for the 01.01.2018 to 31.12.2020 period, we concluded with an Adverse Opinion for the year 2020 financial statements. We found that: Account 210 "Land and terrain", Account 211 "Forests, Pastures, Plantations", Account 212 "Buildings and constructions", Account 213 "Roads, networks, water works" do not reflect the exact value in the financial statements. For these assets do not exist an accounting register, are not registered at the State Cadaster Agency and are not included in the inventory process.

In the compliance audit of the public procurement procedures, we concluded with an Adverse Opinion. We found that during the procurement process the responsible bodies did not act in accordance with the legal requirements which resulted in some irregularities that were material and pervasive. We audited 3 procurement procedures and found irregularities in 3 of them with the total amount of 32,331 thousand ALL or 81% of the all the amount. The qualification criteria are not developed appropriately, are not directly related to the contract and there are no explanations related to technical requirements. In 2 procedures with the total amount of 28,497 thousand ALL or 71% of the total we found Irregularities related the economic operators that were qualified not in accordance with the legal requirements.

Referring to the audit findings, we recommended 12 organizational measures, 1 measure for compensation of economic damage in the amount of 300 thousand ALL, 1 measure to reduce the negative effect in administration of the public funds in the total amount of 14,813 thousand ALL and disciplinary measures for 8 employees.

II.2.3 Compliance audits

During the year 2021, **56 compliance audits** were conducted with the objective for a professional and independent assessment on the degree of compliance by the audited entity, against the rules, laws and regulations, policies; the audit of the internal public financial control system and operation of internal audit; audit of the integrity and compliance of administrative decisions taken by the audited entity, etc., including 17 thematic audits for the status of implementation of recommendations or other issues evaluated for audit.

The following is a summary of some of the compliance audits' conclusions and basis of audit opinion given: unqualified, qualified and adverse.

II.2.3a Some of the compliance audits for which an "Unqualified opinion" was given³

In **Social Insurance Institute**, for the period of activity from 01.01.2019 to 31.12.2020, the compliance audit concluded with a "**unqualified opinion with emphasis of matter**". In order to further improve the situation, several issues have been addressed such as: the financing from the state budget to balance the general social insurance budget that, as in previous years, remains too high; the pension item has a deficit, which is 2.54% of GDP, as well as 50.2% of rural contributions were financed by the state budget; it is required to stimulate participation in the contributions scheme of self-employed persons in agriculture, to take the necessary measures for the debt collection, which for 2019 was 12,636,000 thousand ALL and constitute 70% of the deficit of the city scheme, where for the year 2020 was 14,392,000 thousand ALL, increasing by 1,756,000 thousand ALL or 14% etc.

The auditors have recommended 22 organizational measures, as well as for the identified violations, it was recommended to the head of institution to take a disciplinary procedure for addressing wrongdoing and give to employees' disciplinary sanctions starting from "Written warning" to "Suspension".

In **Water Supplier , Kurbin**, for the period 01.01.2018 to 30.04.2021, the audit was concluded with an "unqualified opinion of compliance with an emphasis on the issue" such as:

Use without effectiveness, efficiency and economy in the amount of 7,367 thousand ALL which came as a result of problems found in documenting of vehicle expenses, fuel consumption; Use without effectiveness, efficiency and economy in the amount of 1,601 thousand ALL, of which 1,240 thousand ALL due to payments of obligations arising from court decisions and 360 thousand ALL legal expenses including bailiff service; Use without effectiveness, efficiency and economy in the amount of 1,352 thousand ALL due to fines from late declaration of social and health insurance contributions and income tax payments.

In 4 procurements for goods/services, was estimated the use of public funds without effectiveness and economy, in the amount of 420,941 thousand ALL, as a result of the announcement of the winner of economic operators which did not fully met the criteria for qualification.

Based on the above, ALSAI has recommended the management to take measures for the 8 employees hold responsible, referenced in the Final Audit Report.

³ The subject has acted in compliance, in all material aspects, with the legal and regulatory framework

In General Maritime Directorate of Durrës, for the period 01.01.2018 to 31.12.2019, the audit was concluded with an unqualified opinion on compliance.

ALSAI, has recommended the Director of the General Maritime Directorate of Durrës to take 9 measures of an organizational nature, as well as to take measures to eliminate negative financial effects in the administration of public funds in the amount of 2,674 thousand ALL. Disciplinary measures have been recommended for 5 employees identified as responsible in the Final Audit Report.

We audited the Project “Integrated Urban Development and Tourism”, for the period from the start of the Project until 30.11.2021, managed by the Albanian Development Fund (ADF). At the end of the audit, after obtaining sufficient and appropriate audit evidence, no material deviations from the applicable legal and regulatory framework were found, the effects of which justified the issuance of an unqualified opinion on compliance.

From ALSAI, 12 organizational measures have been recommended to the ADF Administrator as well as to other structures involved in the project.

In the Albanian Development Fund (ADF), the Project 'Water Supply to Rural Areas III', for the period from the beginning of the Project until 31.05.2021, the audit was concluded with an “unqualified compliance opinion with emphasis on the issue” due to:

- Obligations in the form of Local Contribution from the Local Self-Government Units benefiting from the Project in the amount of ALL 89,425 thousand;
- Non-supply of drinking water 24 hours to the areas identified in this Project Report, not achieving the objective of the agreement/contract, that of uninterrupted supply of water to the selected areas that did not have drinking water 24 hours;
- In general, the ADF structures are engaged in the stages of the project, but not in all cases this commitment was verifiable. The Project Management structures at the ADF must be engaged in order to ensure an audit trail in full compliance with the ADF Procedures Manual approved by Decision no. 167, dated 06.12.2018, amended, in regards to the drafting of DSTs, giving legal opinions before signing contracts or their amendments; giving technical opinions on drafting of the technical project; giving their contribution also in the improvement of the technical specifications, legal criteria for the qualification of economic operators or even the improvement of the technical project, such as in the improvement of the operating conditions of the water reservoirs by suggesting reinforcement of the external fence, rehabilitation of the external environment or monitoring with cameras and surveillance systems for objects of particular importance such as drinking water for the population;

Based on the above, with the aim to improve the situation, ALSAI has recommended to the ADF Administrator as well as other structures involved in the project, 14 organizational measures.

¹³. Where non-conformities are found, and the potential effects are material but not pervasive

¹⁴ Sovereign guarantees are related to the Covid-19 Pandemic

II.2.3b Some of the compliance audits for which a “Qualified Opinion” was given:¹³:

In the **Ministry of Finance and Economy - General Directorate of Public Debt and Foreign Aid Coordination**, for the period of activity from 01.01.2019 to 31.12.2020, based on the audit evidence, it was concluded with a "**qualified opinion**". The identified problems include:

- the rights of the state budget were not fully collected from the sub-loan relationships, which the entities have created over the years, creating new obligations in the amount of 7,750,000 thousand ALL; external guarantees present an increased risk, since their beneficiaries are unable to repay, causing the increase on liabilities by 2,687 thousand ALL;
- 6-month treasury bills were not issued to cover losses from the Bank of Albania's exchange rate re-evaluation in the amount of 6,243,000 thousand ALL;
- the approval of sovereign guarantees¹⁴ with CMD no. 277, dated 04.06.2020 and CMD no. 387, dated 05.13.2020, not in accordance with law no. 9665, dated 12.18.2006 "On State Borrowing, State Debt and State Loan Guarantees in the Republic of Albania", amended, brings the high exposure of the state due to the potential borrowers' default in payment, risks that are not fully evaluated and not monitored by the MoFE regarding the compliance at all the time of the criteria for the benefit of sovereign guarantees.

At the end of the audit, we recommended to the MoFE, measures to review the legal framework related to the agreements with the banks for the two sovereign guarantees approved by CMD which are not in accordance with the borrowing law, but also with the definitions in the articles inside the agreement for covering the repayment/interest payments of the loans that are provisioned within the guarantee agreement, etc.

4 organizational measures have also been recommended in order to verify the compliance with the criteria for the benefit of sovereign guarantees and the management of public debt risks; the revision of the agreement with the Bank of Albania in order include the submission of the request for the coverage of losses from the exchange rate re-evaluation, before the annual budget law drafting; proactive monitoring of borrowing entities before the payment, in support for the financial difficulties declared by these beneficiary entities, etc.

In the Ministry of Finance and Economy - General Directorate of Harmonization of Internal Public Financial Control, for the period of activity from 01.01.2020 to 31.12.2020, from the audit evidence has resulted that, from this Directorate is not guaranteed complete and fair reporting, thus the prepared annual report does not reflect the real situation of financial management and control in the country. The mandatory annual monitoring has not been carried out; the performance of the reported activities has not been documented; the rules for the accounting records and the preparation of periodic and annual reports on the implementation of the budget, as well as the preparation of annual financial statements for all public units are not drafted yet. Based on the above, a "**qualified opinion**" was concluded on the compliance of the activity of the General Directorate of Harmonization of Internal Public Financial Control for the year 2020.

In order to improve the situation, 16 organizational measures have been recommended. In addition, disciplinary measures for the responsible employees have been recommended to be

evaluated from the head of institution.

In the **Ministry of Finance and Economy - General Directorate of Public Property**, for the period of activity from 01.01.2019 to 30.09.2020, deviations from the legal and regulatory framework in force have been identified, which have served as the basis for giving a "**qualified opinion**". The problems resulting from this audit include:

The monitoring of lease/enphyteosis contracts, the direction of the monitoring process and the reporting on it is not completed, since the monitoring units and the beneficiary entities do not carry out periodic reporting even in relation to the indicators of employment and investments foreseen to be realized; in the competitive procedure of concluding lease contracts/enphyteosis /1 euro, private subjects who do not meet the criteria for the financing source of the declared investment, according to the relevant criteria established in the publication made by PPA(Public Procurement Agency), were declared winners;

In two commercial companies with state capital, although the distribution of the dividend has been decided by the shareholders' assembly, the distribution and the payment in State Buxhet is not yet processed for the amount of 815,000 thousand ALL; delays in submission and approval of economic development programs of commercial companies with state capital were found, as well as delays in appointing legal auditors and approval of annual financial statements.

The definition of the functional surfaces previously privatized or newly privatized is made by the state property assessment commission, not in accordance with the surface defined in the indicative maps of the property registration, without relation to the applied divisions of the property surfaces and contrary to the given approval for the privatization of assets, etc.

At the end of this audit, have been proposed changes in CMD no. 926, dated 29.12.2014, "On the evaluation criteria of state property that is privatized or transformed and the sale procedure" to provide administrative measures against institutions that do not respect the deadlines to fill the documentation, as well as two improvements in CMD no.54, dated 02.02.2014, "On determining the criteria, procedure and manner of leasing, enphyteosis or other contracts of state property" amended, in terms of rights that the monitoring units should have towards the leasing entities of the state property, as well as the sanctioning of the area that is leased, based on its size determined by the tenant in the business plan.

15 organizational measures have been recommended to improve the situation. In addition, 2 measures have been recommended to eliminate the negative effects found in the administration of public funds, for collection of dividend income of commercial companies with state capital for which the dividend distribution has been approved, as well as for the collection of arrears for two public companies.

The assessment and disciplinary measures have been recommended to the MoFE and the Secretary General of the MoFE for the persons responsible for the violations found in this audit.

In the Financial Supervision Authority (FSA), for the period of activity from 01.01.2019 to 30.09.2020, based on the results of this audit, ALSAI has given a "**qualified opinion**", as problems and deficiencies have been found in the planning process; the risk for the existence of a conflict of interest during the Board's decision-making on salaries and bonuses; inefficiency in the management of revenues surplus realized by the FSA, which are returned to the insurance companies, where part of them are also the fines imposed for various violations; in

the licensing of securities brokerage companies without fulfillment of the criteria for licensing for the members of the board of administration, of the criteria for the existence of minimum capital during the years of exercise of the activity according to the presented business plan.

In the licensing process of the management company of pension funds and collective investment enterprise funds has been found non-fulfillment of the legal criteria; during the inspection of entities that carry out activities in accordance with the legal framework by not taking measures to sanction with a fine for the violations found; in the monitoring of the insurance and reinsurance activity of brokerage companies based on the financial statements of the entities that carry out activities in accordance with the legal framework; as well as deficiencies in the administration of the compensation fund, relations and supervisory powers over the Albanian Insurance Bureau.

Based on the audit findings, 13 organizational measures have been given, as well as it was recommended to take a disciplinary procedure for addressing wrongdoing and give disciplinary sanctions starting from "Written warning" to "Suspension", for all the employees found responsible, according to the issues addressed.

The General Directorate of Customs (GDC), for the period of activity from 01.01.2019 to 31.12.2020, based on the auditing process, it resulted that the responsible structures did not follow the customs valuation methods for the imported goods into the Republic of Albania, according to the requirements of the regulatory framework in force, because the transactions values were accepted even when the respective articles have been under reference price.

Some customs' practices have resulted in misclassification of the tariff code of imported items, resulting in the avoidance of customs duties; cases of non-payment of the national plastic packaging tax and cases of non-payment of the national excise tax were found, thus contributing in created missing income in the state budget in the amount of 135,943 thousand ALL.

The audit of the authorizations issuing process, found that were taken actions not in accordance with the legal provisions, resulting in the avoidance of customs duties of VAT in the amount of ALL 45,564 thousand; non-compliance with the authorizing process deadlines and quantities related to the activity of economic operators who are authorized to operate in the field of economic customs regimes of active and passive processing, as well as economic customs regimes, with an effect for the audit period in the total value of 1,126 thousand ALL.

From the procedures for the excise tax, referring to the requirements of the regulatory framework in force, in 30 cases, it resulted missing income in the amount of 14,018,646 thousand ALL. In these conditions, under the professional judgment of the independent auditors, the deviations are considered material but not pervasive, which justify the provision of a **"qualified opinion"**.

Due to the misclassification for the items "Coal Fuel" and "Coal Coke for Fuel" defined as energy products, but not included in excise goods, it is proposed to improve the appendix no. 1 "Excise Taxable Goods in the Republic of Albania" of the Law no. 61/2012, dated 24.05.2012 "On excise duties in the Republic of Albania".

9 organizational measures have been recommended regarding the establishment of a special working group, which will conduct in-depth investigations into the actions and non-actions of all the structures involved in the control procedure; completing the documentation of the

control files, to create and update the database of the controls that are exercised, also 5 measures have been recommended for compensation of damage in the amount of 14,201,279 thousand ALL, which consist of customs duties and penalties. "Retention of up to 1/3 of the full salary for a period of up to six months", "Suspension from the right to promotion, including the increase in the salary scale for a period of up to two years" to "Removal from civil service " were the disciplinary measures recommended in the assessment of violations for the responsible persons referenced in the Final Audit Report.

The Directorate of Large Taxpayers Tirana (DLT), for the period of activity from 01.01.2018 to 31.12.2020, based on the audit evidence, deviations from the legal and regulatory framework in force in the activity of DLT were found, which are material but not pervasive that justify the provision of a "**qualified opinion**".

In this audit process, the following main problems were identified: the control inspectors did not fully implement the directions of the control program, the tax control manual, as well as the tax legislation, etc., resulting in non-reporting of missing revenues in the state budget in the total value of 955,427 thousand ALL; contrary to the legal framework no action were taken to collect withholding tax obligations from rents, resulting in the total of receivables in the amount of 1,644 thousand ALL; despite the review of VAT revenues, it resulted that 4,532,081 thousand ALL, were collected less than the plan in 2019 and 3,717,823 thousand ALL less in 2020.

Based on the problems identified, 7 organizational measures have been recommended in order to: filling in the vacancies through the competition procedure, setting up a strategic management group and creating the risk register, analysis of the causes and reasons for the non-realization of the income plan, monitoring the solvency of the subjects as well as the level of obligation and payments in the case of the agreement for repayment of obligations.

From the problems identified by the tax inspectors in the complete and thematic controls, was found lack of evidence of the missing tax revenues in the state budget estimated in the amount of 1,139,091 thousand ALL, for which 3 measures have been recommended for a new tax control and the issuance of the tax assessment in order to recover this value. Also, it was recommended to initiate the procedure for taking disciplinary measures in relation to the violations found for 12 inspectors of this directorate.

Tirana Customs Office, for the period of activity from 01.01.2018 to 31.12.2020, the main problems that have resulted from this audit process are related to: the customs assessment methods were not followed regarding the imported goods after the transaction was accepted and for cases where the values of the items were under reference, an intervention was made by not accepting the transaction but the measure of intervention has not been at the levels of other operators, some customs practices result in wrong classification of the tariff code, etc., as a result of which were identified missing revenues in the state budget in the amount of 251,258 thousand ALL; the application of the coefficients of utilization of the goods entered in the Active Processing Regime has not been calculated and presented in the correct amount, the quantities of goods, for which the subjects incur a customs duty in the total amount of 23,277 thousand ALL; there are delays in closing the Temporary Permit Regime in 206 authorizations, for which a "Fine" penalty in the total amount of 10,300 thousand ALL had to

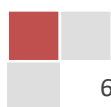
be applied; as a result of not following the regime continuously and in a timely manner according to subjects, holders of Active Processing Regime authorizations, for which penalties in the total amount of 1,850 thousand ALL should be applied.

The incorrect identification of the obligations according to the relevant subjects and at the right time, has brought the adding of the exercise period with obligations that belong to previous periods, for the amount of 221,067 thousand ALL; no verifications have been made on the utilization coefficients of the materials entered in the Active Processing Regime, which leaves space for evasion and does not create the conditions for an accurate control and evaluation by the customs administration, etc. Given that these deviations are material but not pervasive, they have justified the provision of a **"qualified opinion"**.

9 organizational measures have been recommended to improve the situation. 7 measures have been requested for recovery of the economic damages in the amount of 290,226 thousand ALL for deficiencies in the customs assessment, in the calculation of the utilization coefficients, the deadlines for closing the Temporary Permit Regime, etc. It has been requested to take measures to record obligations (interest arrears) for the amount of 221,067 thousand ALL in the debt register, as part of the recommendations given for eliminating the negative effects found in the administration of public funds. Disciplinary measures have been recommended to be initiated by the director, in the evaluation of the violations of the responsible officials in the Final Audit Report

The Regional Directorate of Taxes in Korca, was audited for the period of activity from 01.01.2019 to 31.08.2021. The violations and deficiencies identified in this audit are material but not pervasive, so they have justified the basis of a **"qualified opinion"**. The main problems consists: unjust crediting and reimbursement of VAT for reconstruction works, with financial effects and economic damage to the state budget in the amount of 3,323 thousand ALL; in 11 cases, it was found that the appropriate actions were not performed in relation to the recognition of depreciation expenses in the performance statement, causing the lack of budget revenues in the total amount of 115,135 thousand ALL; wrongful crediting and reimbursement of VAT for hydropower plant construction with financial effects on revenue collection in the amount of 42,150 thousand ALL; mismatch in the declaration of the financial situation with the income in the financial statements causing missing income in the state budget in the total amount of 34,475 thousand ALL; in one case there are reasonable suspicions of fiscal evasion due to the lack of income in the amount of 16,158 thousand ALL; in circulation according to the cash register and the income declared in the declarations of TTH, VAT contrary to the legal and procedural provisions, bringing missing income for the state budget in the amount of 3,609 thousand ALL; for large enterprises from the intersection of turnover according to the cash register and sales according to the VAT declaration, bringing missing income to the state budget in the amount of 3,071 thousand ALL; 16 cases of large business and small business entities with VAT have been ascertained, which have declared VAT, which bring differences in the missing value of income in the profit tax item in the total amount of 2,423 thousand ALL; the payment of the packaging tax has not been made, with a financial effect on the lack of income in the amount of 2,406 thousand ALL, etc.

For this institution, 11 organizational measures have been recommended to improve the



situation, 1 measure for recovery of economic damages in the amount of 3,323 thousand ALL for unfair VAT crediting and reimbursement, and 5 measures for the collection of missing income in the amount of 220,863 thousand ALL. It was recommended to initiate the procedure for the granting of disciplinary measures in relation to the violations found for 12 inspectors of this directorate.

In the Agency of Centralized Purchases, for the period from 01.01.2020 to 30.03.2021, ALSAI has collected sufficient and appropriate audit evidence, and had expressed a **qualified compliance opinion**, on the activity of the Centralized Purchasing Agency, based on the following:

As a result of the actions and non-actions of the officials and employees of the Centralized Purchasing Agency, an economic damage was caused to the state budget in the amount of 17,458 thousand ALL, which represents the monetary value of procurement procedures from the qualification to the announcement of winning economic operators in an unjust and unfair manner, as well as from the in-depth lack of monitoring of the enforcement of contracts by contracting authorities; Negative effects on the state budget were found during the administration of public funds in procurement procedures and due to uneconomical, inefficient, and ineffective management in the amount of 334,334 thousand ALL;

From the audit of the procurement procedure "Purchase of materials necessary for personal protection to cope with the situation caused by COVID-19" - divided into 3 stages dated 14.05.2020, it was found that, in the calculation of needs, the special pandemic situation was not taken into consideration, reducing the effectiveness, efficiency and economical use of public funds; the unification of prices has not completely exhausted the issues of the market study, causing negative consequences in the calculation of the limit funds; the division is not made in accordance with the legal criteria for goods of a homogeneous nature; as well as setting the same qualification criteria for the number of vehicles and employees which are not in proportion and closely related to the object, nature and value of the stage, etc.

From the audit of the Procurement Procedure with the object "Purchase and distribution of uniforms and shoes for the State Police", Framework Agreement 3, with an economic operator, where all conditions are defined, with a framework agreement term of 4 (four) years, with a limited fund without VAT of 2,800,347 thousand ALL and with the sum of prices per unit of 621,011 thousand ALL without VAT, it is concluded that Agency of Centralized Purchases did not act to start the procurement procedure for the purchase of uniforms and shoes, after the request of General Directorate of State Police dated 21.03.2019, not exercising their institutional powers and duties, in violation of The Council of Ministers decision no. 82, dated 14.02.2018, point 4; General Directorate of State Police than three months, has changed the period of supply (from 5 years to 4 years), including the number and types of articles and total units; technical specifications, has added the electronic system of distribution of uniforms and shoes, and consequently the limit fund, acting contrary to The Council of Ministers decision no. 55, dated 27.1.2016, amended; no approval has been received from National Agency of ICT for the terms of reference for the electronic distribution system of uniforms; no criterion has been set for the experience or previous activity of the technical personnel for the activity of clothing and footwear; The Complaints Review

Commission has resulted in unjustified delays in the development of this procurement procedure; General Directorate of State Police, by changing the technical specifications of the articles within a period of about 40 days, shows that on its part, there has been a lack of serious institutional activity in terms of fulfilling this legal obligation; in the amended documents of the tender dated 15.10.2019, the sum of the unit prices has changed from 21,982 thousand ALL to 621 thousand ALL, as a result of the removal of the summing of the unit prices of the items of the electronic distribution system of 21,494 thousand ALL, as and the amount of total units of articles from Tender Documents dated 26.07.2019 has been reduced by 239,427 items in total less, without changing the limit fund in the amount of 2,800,347 thousand ALL without VAT, losing the calculation logic of the needs for clothing and shoes (quantity), as well as the electronic distribution system by DPSH in the capacity of Contacting Authority; Agency of Centralized Purchases has continued the development of this procurement procedure in the conditions of changes in technical specifications, which have resulted in changes in the prices of items according to the market study, as well as changes in the quantities of items, i.e. in conditions where the meaning of the order has been lost of procurement, as the argumentation and documentation of the contract calculation has changed, based on the technical specifications of the object being procured, etc.;

- From the audit of the procurement procedures "Purchase of ambulances to meet the needs of the Ministry of Health and Social Protection", "Purchase of Laboratory Equipment for the Support Command", etc., problems were found during the procurement procedures related to the review and evaluation of offers which have deformed the procurement procedure and results, reducing the effectiveness of the use of public funds from procurement procedures by Agency of Centralized Purchases.

At the end of this audit, referring to the findings, 11 measures of an organizational nature were recommended to improve the situation, 2 measures for compensation of economic damage in the amount of 17,458 thousand ALL, as well as 5 measures for eliminating negative effects in the administration of public funds in the amount of 334,335 thousand ALL. ALSAI, for the shortcomings and irregularities resulting in this audit, has asked the Concentrated Purchasing Agency to assess and initiate disciplinary proceedings for 5 employees found responsible.

In the Commissioner for the Supervision of the Civil Service, for the period of activity from 01.01.2017 to 28.02.2021, ALSAI has received sufficient and appropriate evidence and evidence of the audit, expressing for giving a qualified opinion on the compliance of activity based on:

Deficiencies identified in the provisions of the Regulation "On supervision/inspection procedures", which was approved by decision no. 17, dated 11.03.2015 of the Commissioner, i.e. more than 6 years ago, a period during which not only the institution has undergone changes in its activity, but also the needs in the supervised institutions for the implementation of the civil service law, have undergone transformations. As a result, the Commissioner for the Supervision of the Civil Service had to carry out inspections, supervision or monitoring for special issues, the procedures and documentation of which were not provided in detail in this regulatory act. In this situation, the decision-making of the institution and the work process has continued case by case without the approval of audit

trails for the respective activities.

The General Directorate of Inspection and Supervision, with a staff of about 15 employees, is responsible for covering a very broad field of action to guarantee the supervision of the implementation of the provisions of the law for civil servants in state institutions.

The register according to which the decisions of the Commissioner for the Supervision of the Civil Service are reflected, does not enable the recognition and follow-up of inspections and decisions for the implementation of the decisions left for these inspections, or their categorization by type to enable the processing of this information for the purposes of institutional work, or even their audit.

The methodology used for managing these data does not clearly document the selection process of the institutions, or the monitoring of the realization of the supervision or inspection plan according to the respective deadlines.

For the process of monitoring and administrative investigation, following the task in the Resolution of the Assembly for judicial decisions with the object of returning to work of former civil servants, the audit trail was missing, and there was a lack of sufficient and relevant evidence.

Problems were found during the audit of the procurement procedures developed by of the Commissioner for the Supervision of the Civil Service, in terms of the drafting of technical specifications, the calculation of the limit fund or the establishment of specific criteria for qualification by applying the principles that enable equal and non-discriminatory treatment. At the end of this audit, based on the audit findings, 24 organizational measures were recommended to improve the situation. ALSAI, for the deficiencies and irregularities resulting in this audit, has asked the management to evaluate and initiate disciplinary proceedings for all officials deemed responsible.

At the State Bar Office, for the period of activity from 01.01.2018 to 31.12.2020, ALSAI has received sufficient and appropriate evidence of the audit, expressing a qualified opinion of compliance based on:

Deficiencies in some areas of activity which are related to the impact it has on the surface of the country's interests in judicial processes but also regarding the good management of its activity. The identified problems are mainly referred to; documentation storage and archiving processes; lack of territorial coverage with inspection process; insufficient level of cooperation with district prosecutor's offices regarding the filing of civil lawsuits in criminal proceedings; failure to complete the process of registration in the electronic register of cases registered in foreign courts; failure to guarantee full implementation of ECHR decisions; failure to carry out special analyzes related to the procedures followed by public institutions for lost cases which have created significant financial effects on the state budget and failure to issue individual responsibilities; the lack of participation by the Albanian courts of appeal in the judicial processes of recognition of the judicial decisions of foreign courts and the maintenance of two standards related to the commitment to the recognition of the decisions given in favor of RSH; shortcomings in the procedures of contracting representatives/consultants in the free profession as well as the lack of a preliminary analysis before starting these procedures, etc., which alone and together have significant impacts on the institutional activity as well as the state budget. We came to the conclusion that the

identified problems have exposed the institution to risks for the fulfillment of obligations, in implementation of the legality and regularity of its activity.

At the end of this audit, based on the audit findings, to improve the situation have been recommended 2 measures for changes or improvements in the legislation in force, 22 organizational measures, 9 measures to eliminate negative effects in the administration of public funds in the amount of 660,808 thousand ALL, and the implementation of 3 measures has been requested again for recovery of economic damages in the amount of 85,351 thousand euros, which were not implemented and which have a high impact on public finances, as well as the State Attorney General was requested to assess and initiate disciplinary proceedings for all officials deemed responsible.

At "Aleksandër Moisiu" University Durrës, for the period of activity from 01.01.2013 to 20.09.2020, ALSAI has received sufficient and appropriate audit evidence for giving a qualified opinion on the compliance of the activity of "Aleksandër Moisiu" University, Durrës. We came to the conclusion that the identified deficiencies, which are mainly related to the lack of a complete regulatory framework for financial good administration, have significant impacts on institutional activity, as they weaken the process of budget planning and monitoring as well as affect the efficiency of internal control systems. Meanwhile, the accumulation and continued carrying forward of arrears, exposes the public entity to ongoing risks for the payment of contractual penalties, which requires increased attention in the future.

At the end of this audit, referring to the findings, 1 proposed measure for changes or improvements in the legislation in force and 1 organizational measure were recommended to improve the situation. The ALSAI, for the shortcomings and irregularities resulting in this audit, has asked the management to evaluate and initiate disciplinary proceedings for all the officials deemed responsible.

In the audit of Korça Regional Agency of Cadastre, for the period from 01.01.2017 to 31.12.2020, ALSAI concluded in a qualified opinion, regarding the level of implementation of rules and laws by this unit.

Specifically, it was found that out of 879 legalization permits, 550 legalization permits were issued only for the building with the note that "Transfer of ownership for the construction plot will be approved by Decision of the Council of Ministers", which means that there is to be paid the amount of 11,394 thousand ALL (until 01.06.2020) by the owners. In 4 cases, legalizations of buildings were carried out without respecting the distances from the roads, while in 3 cases the real estate was registered for the possessors of the respective AMTPs, not implementing the legal requirements, since it was registered a land area of 4410 m², more than the acts of acquisition of property contain. At the end of this audit, to improve the situation there were recommended: 1 measure for legal improvement, 45 organizational measures, 6 measures to eliminate negative financial effects, 19 disciplinary measures and 5 penal charges for the former Directors of Korça ZVRPP and ALUIZNI.

In the audit of Berat Regional Agency of Cadastre, for the period from 01.01.2018 to 31.12.2020, regarding the level of applicability of laws, bylaws and regulations, ALSAI concluded in a qualified opinion.

Specifically, it was found that the legalization procedures were not performed in accordance with laws and bylaws. In 16 cases the legalization of informal buildings was approved, not applying the criterion of approval of the construction plot within the surface of 3 times of the surface of the base of the facility. As a result, the holders of the respective legalization permits have benefited a total area of 2268 m². Also, it was found that in 2 cases, the legalization permit was issued for an informal object located in the protected archaeological area, in 4 cases the legalization permit was issued for objects located in the territories of public institutions, while in 5 cases it resulted missing of income in the total amount of 27,373 thousand ALL, respectively from non-payment of the infrastructure tax and from the use of “state” land without paying the respective rent. Regarding the property registration, it was found that in 2 cases, fictitious actions were performed, resulting in the issuance of ownership certificates illegally, without administering ownership documentation, for practices that turn out not to have been completed.

At the end of this audit, there were recommended 53 organizational measures, 5 measures to eliminate negative financial effects, 14 disciplinary measures and 3 penal charges for former executives of Berat ZVRPP and ALUIZNI.

In the audit of Directorate of Stimulated Areas of Cadastre, for the period from 01.05.2018 to 31.12.2020, regarding the level of implementation of laws, bylaws and regulations, ALSAI concluded in a qualified opinion, based on:

In 137 practices it turns out that informal facilities are located in protected areas, at a distance from the sea shore where construction is not allowed according to territorial planning documents; are located near drainage canals; violate road infrastructure projects, etc., Consequently they should have not been qualified for the legalisation process. One of the main problems is the fact that for most of the subjects which should have been unqualified by the legalization process, field verifications were performed 2-3 times for the same subject. This work practice shows a marked lack of efficiency and effectiveness, significantly reducing the pace of the legalization process and further prolonging it over the years, because verifications of previously unverified entities could be performed, significantly accelerating the completion of the legalization process. At the end of this audit, there were recommended 17 organizational measures, 1 measure to eliminate negative financial effects and 14 disciplinary measures.

In the audit of Lushnja Regional Directory of Cadastre, for the period from 01.10.2017 to 01.07.2021, regarding the level of applicability of laws, bylaws and regulations, ALSAI concluded in a qualified opinion.

Specifically, for 222 practices it turns out that informal facilities are located in areas where construction is not allowed according to territorial planning documents, are located near drainage canals, violate the distance from the road, are built near rivers, etc., and consequently should they should have not been qualified for the legalisation process. In 10 cases, objects that are not permanently connected to the land have been legalized. These objects should not be legalized because they are built with sheet metal (light, unstable and temporary material) and have sheet metal cover. In 2 cases, state buildings were legalized and registered with no damages in the structure, enabling the illegal alienation of state

property in favor of private persons. The 60-day deadline for taking a decision on the qualification or non-qualification of the legalization practice from the date on which the on-site verification was performed was generally not respected, and the 30-day deadline for issuing (clarifying) the legalization permit was not respected.

At the end of this audit, there were recommended 26 organizational measures, 16 disciplinary measures and 5 penal charges.

In the audit of State Inspectorate of Environment, Forests, Water and Tourism of Tirana, for the period from 01.01.2017 to 31.12.2019, regarding the level of implementation of laws, bylaws and regulations, ALSAI concluded in a qualified opinion.

Specifically, irregularities were identified in the completeness of the supporting documentation for the execution of expenditures which resulted in an economic damage to the state budget in the amount of 9,496 thousand ALL. In 22 cases from the audit of inspection practices were found actions / omissions, such as non-reflection of the type of violation and the amount of illegally transported wood in the final decision of the inspection and was not documented and calculated the damage caused to the forest economy. As a result, missing revenues were generated to the state budget in the amount of ALL 40,795 thousand.

At the end of this audit, there were recommended 16 organizational measures, 4 compensation measures, 58 disciplinary measures and 3 administrative measures.

In the audit of National Agency of Territorial Planning, for the period from 01.01.2018 to 31.12.2020, regarding the level of applicability of laws, bylaws and regulations, ALSAI concluded in a qualified opinion. Specifically, economic damage was found in the amount of ALL 3,230 thousand, as well as ineffective expenditures in the amount of ALL 15,416 thousand. The main irregularities are found mainly in non-documentation and justification with factual evidence of expenses incurred, non-fulfillment of contract obligations, in the implementation of public procurement procedures mainly in terms of bid evaluation, and non-compliance with the steps provided by the legal framework in force, in the field of spatial planning.

At the end of this audit, there were recommended 17 organizational measures, 1 measure to eliminate negative financial effects, 1 measure of compensation and 1 disciplinary measure.

In the Transmission System Operator (TSO) Project “Energy Efficiency”, Program for the Electricity Transmission Sector', for the period from the start of the Project until 23.12.2021, at the end of the audit, after obtaining sufficient and appropriate audit evidence, material deviations from the legal and regulatory framework in force but not pervasive, the effects of which justified providing a qualified opinion on compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

For the realization of the project, changes were made to the Loan Agreement, approved by law no. 88/2015, with some amendments for the rescheduling of payments and the extension of the disbursement deadline; component changes; the indicators for each component have not been realized; significant delays in the progress of the project and this

has led to the low level of disbursements, as well as to its non-completion in the anticipated term, or with a 3-year delay, which have been associated with an increase in the cost of the project. The amount disbursed until 23.12.2021 is at the level of 19% of the loan amount, the disbursements have proceeded at extremely low rates.

In relation to the procurement procedures, we found deficiencies and violations of the KfW bank Guidelines, where the tender procedure developed with the object "Consulting service" was carried out with an extension of the time limit of 1 year, as a result of an irregularity that occurred during technical offer evaluation procedure. We found an increase in the financial cost, which resulted from changes in the components of the loan agreement, commitment commissions on the plan as a result of non-realization of project deadlines and objectives, penalties from the bank, etc., in the amount of 956,377 Euros and 38,973 Euro penalties not kept.

Based on the above and with the aim of improving the situation, the ALSAI has recommended to the Administrator, as well as other structures involved in the project, the taking of measures to collect the amount of 4,745 thousand ALL.

In the Electric Energy Distribution Operator (OSHEE), for the period 01.07.2017 to 30.06.2020, at the end of the audit, after receiving sufficient and appropriate audit evidence, material but not pervasive deviations from the legal framework resulted and regulatory in force, the effects of which justified the provision of a qualified compliance opinion. From the findings that served as a basis for giving the above opinion, we highlight the following:

As a result of the actions and non-actions of the administration of OSHEE SHA, an economic damage of ALL 7,939 thousand without VAT was caused, which represents unfair rewards; penalties and payments for unfinished works during the implementation of the works as well as in the sale and purchase of electricity;

Negative effects have been found in the administration of public funds and their management with economy, efficiency and effectiveness in the amount of 881,417 thousand ALL, of which 92% for in-kind remuneration of employees, for trials for unfair dismissal of employees, etc. ., and the rest in the implementation of public procurement procedures;

The supervisory council has approved decision no. 33 dated 14.07.2017 for compensation expenses of the expropriated owner for the realization of the project "Construction of the TEC Kombinat 110/120 kV substation, Tirana, with a higher cost in the amount of 26,674 thousand ALL, not in accordance with the relevant Albanian legislation;

The company has not completed the process of transfer of ownership from the inventory of state immovable properties, initiated with VKM no. 1108, dated 30.07.2008 "On the approval of the inventory list of state immovable properties, which are transferred to the ownership of the Distribution System Operator SHA";

In the company's financial statements of 2017, there is a mismatch of accounts receivable between the billing and collection system and the financial position "Receivable" for the balance of customers in the amount of ALL 1,169,392 thousand;

OSHEE SHA, in March 2018 recognized revenue from the penalty against KESH SHA as a result

of non-compliance with the contract in the amount of 5,543,701 thousand ALL which was not accepted and not signed by KESH SHA, and included it in the financial result, in opposition to international accounting standards;

The auction was not conducted for the state of material parts at the end of 2019 in the amount of 108,784 thousand ALL; From the inventory of 2019, goods with slow circulation were recorded in the total value of 283,914 thousand ALL, of which 60,755,110 thousand ALL belong to the entries of 2017;

OSHEE has created new obligations to KESH, for the period of 2019 in the amount of ALL 944,117 thousand; 21,277 subscribers have been identified who only for the period 2018-2020 have created a debt in the amount of 7,218,283 thousand ALL and 2,942,019 thousand ALL interest, calculated by OSHEE SHA is considered as accounts receivable or missing income;

OSHEE SHA has been notified by the State Bar for damages in the amount of 8,367,087 Euros and 901,576 CHF in reference to the international arbitration case SCAI n.600491/2017, with plaintiff Energy Financing Team AG and defendant OSHEE SHA and until the clarification of the OSHEE decision faces the increase of interests for this obligation, etc.

Based on the above, ALSAI has recommended to the Administrator of OSHEE the taking of measures for the collection of economic damage in the amount of 7,939 thousand ALL without VAT, as well as for the effective, efficient and economic use of project funds in order to avoid the effects negative in the amount of ALL 881,417 thousand. For employees deemed responsible in the Final Audit Report, it is recommended to take disciplinary measures for 40 employees.

At the General Directorate of Albanian Radio and Television, for the period 01.07.2017 to 31.12.2019, at the end of the audit, it was concluded by giving a qualified opinion of compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

As a result of the actions and non-actions of the officials and employees of the Albanian Radio Television, an economic damage has been caused to its budget of 23,761 thousand ALL, which mainly represents monetary values in procurement procedures and the implementation of contracts, in the implementation of artistic projects, etc.;

Negative effects were found in the administration of public funds in the amount of 92,291 thousand ALL in the implementation of public procurement procedures, from trials for unfair dismissal of employees, etc.;

The activity of the Steering Council of RTSH has shown deficiencies in terms of participation in members' meetings, the drafting and approval of various documents such as the Code of Conduct, the one-year declaration of intent, etc.;

Albanian Radio Television has developed its activity in the absence of development plans and business plan, as a basic element in the work organization and business operations; there was no written report from the heads of the units every three months on the realization of the plans for the production of programs and their transmission;

The Board of Administration has given approval for all artistic projects presented according to the proposal of the General Directorate without undergoing any changes, related to its composition: out of 5 members in total, 3 are appointed by the General Director of RTSH;

The organic structure has undergone frequent changes, not being consolidated; there was a significant number of unfilled job positions ranging from 3% (2018) to 11% in the second six months of 2017, affecting the performance of RTSH; 17 employees were kept out of the structure in 2017, 9 in 2018 and 22 in 2019;

There is a significant number of employees in RTSH who have benefited simultaneously from the salary and royalties for projects (23 in the second half of 2017, 32 in 2018 and 71 in 2019) significantly reducing not only the effectiveness of spending on salaries, but also the performance individual and institutional, in addition to differentiation in the financial treatment of employees of the same workplace;

During the implementation of artistic projects, no criteria have been established and applied regarding the selection and contracting of physical and legal entities in terms of their professional, fiscal and judicial status.

Based on the above, ALSAI has recommended to the General Director of RTSH the taking of measures for the collection of economic damage in the amount of 23,761 thousand ALL as well as for the effective, efficient and economic use of project funds with aimed at avoiding negative effects in the amount of ALL 92,291 thousand. For the employees deemed responsible in the Final Audit Report, disciplinary measures were recommended for 3 employees. Also, ALSAI, referring to the violations found in the field of construction, has recommended to the Chief Inspectors of the Inspectorate of Local Territory Protection in 3 Local Units, to assess the violations found for 3 supervisors and 3 work inspectors.

In the General Directorate of Albanian Radio and Television, for the period 01.07.2017 to 31.12.2019, at the end of the audit, we concluded by giving a qualified opinion of compliance. From the findings that served as a basis for giving the above opinion, we highlight the following: As a result of the actions and non-actions of the officials and employees of the Albanian Radio Television, has been caused to its budget an economic damage of 23,761 thousand ALL, which mainly represents monetary values in procurement procedures and the implementation of contracts, in the implementation of artistic projects, etc.;

In the administration of public funds were found negative effects in the amount of 92,291 thousand ALL in the implementation of public procurement procedures, from trials for unfair dismissal of employees, etc.;

The activity of the Steering Council of RTSH has shown deficiencies in terms of participation in members' meetings, the drafting and approval of various documents such as the Code of Conduct, the one-year declaration of intent, etc.;

Albanian Radio Television has developed its activity in the absence of development plans and business plan, as a basic element in the work organization and business operations; there was no written report from the heads of the units every three months on the realization of the plans for the production of programs and their transmission;

The Board of Administration has given approval for all the artistic projects presented according to the proposal of the General Directorate without undergoing any changes, related to its

composition: out of 5 members in total, 3 are appointed by the General Director of RTSH; The organic structure has undergone frequent changes, not being consolidated; there was a significant number of unfilled job positions ranging from 3 % (2018) to 11% in the second six months of 2017, affecting the performance of RTSH; 17 employees were kept out of the structure in 2017, 9 in 2018 and 22 in 2019;

There is a significant number of employees in RTSH who have benefited simultaneously from the salary and royalties for projects (23 in the second half of 2017, 32 in 2018 and 71 in 2019) significantly reducing not only the effectiveness of spending on salaries, but also the performance individual and institutional, in addition to differentiation in the financial treatment of employees of the same workplace;

During the implementation of artistic projects, no criteria have been established and applied regarding the selection and contracting of physical and legal entities in terms of their professional, fiscal and judicial status.

Based on the above, ALSAI has recommended to the General Director of RTSH the taking of measures for the collection of economic damage in the amount of 23,761 thousand ALL as well as for the effective, efficient and economic use of project funds in order to avoid negative effects in the amount of 92,291 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures were recommended for 3 employees. Also, the ALSAI, referring to the violations found in the field of construction, has recommended to the Chief Inspectors of the Inspectorate of Local Territory Protection in 3 Local Units, to assess the violations found for 3 supervisors and 3 work inspectors.

In the Durrës Port Authority (APD), for the period 01.07.2018 to 31.12.2020, at the end of the audit, after receiving sufficient and appropriate evidence, material but not pervasive deviations from the legal and regulatory framework in force resulted, the effects of which justified the granting of a qualified opinion of compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

Differences were found for works performed not in accordance with the specifications requested by the Contracting Authority in the amount of 46,132,617 thousand ALL without VAT in 5 civil works contracts which are in process as well as in 4 contracts which are in the guarantee period of the works where the value of the damaged works is also included.

Negative effects have been found in the administration of the funds of the Albanian Road Authority and their management without economy, efficiency and effectiveness in the amount of 126,536,282 thousand ALL in terms of the procedures carried out for expenses and the implementation of contracts;

Shortcomings in terms of drafting technical criteria and specifications during procurement procedures;

Based on the above, it has been recommended by ALSAI to the Administrator of APD to take measures for the collection of economic damage in the amount of 46,132 thousand ALL as well as the elimination of negative financial effects in the amount of 126,536 thousand ALL. For the employees included in the Final Audit Report, disciplinary measures have been

recommended for 73 employees:

Also, ALSAI, referring to violations found in the field of construction, based on article 15 and article 30, of law no. 154/2014, dated 27.11.2014, "On the organization and functioning of the Albania Supreme Audit Institution", recommended the Chief Inspector in a Local Unit to assess the violations found for 1 works supervisor.

At the "Ali Mihali" Psychiatric Hospital, Vlorë, for the period 01.03.2017 to 31.01.2021, at the end of the audit, it was concluded by giving a qualified opinion of compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

From the audit of the asset items, it was found that a part of the assets, since the moment of purchase, have not been classified in the correct account, affecting the value of the net fund of the institution as well as the net value of the assets, due to the fact that the depreciation has been calculated on the accounting value of the accounts and not on a group basis for each of the assets, but without material impact on the result of the financial statements.

The misclassification of the accounting record of the amount of 9,677 thousand ALL in account 202 "Studies and researches" has influenced the overestimation of account 202 "Studies and researches" as well as the underestimation of "Long-term Material Assets".

Expenses for final court decisions have not been recognized in accounting according to the principle of ascertained rights and obligations.

The areas of land in account 210 as well as their values in 2019 and 2020 were not recorded in the accounting balance and were recorded for the value of 0 ALL.

Economic damage to the state budget in the amount of ALL 7,147 thousand with VAT due to misinterpretation of inflation application and price assessment for goods and services performed in previous periods.

Economic damage to the state budget in the amount of 1,814 thousand ALL for not correctly calculating the surfaces of the environment, for which "Services for cleaning the internal environment" are performed, as well as not deducting the surfaces of the premises given for rent in the minutes of monitoring as well as in situations of service realization.

Economic damage to the state budget in the amount of 201 thousand ALL with VAT to the entrepreneur "Clean Fast" LLC, for the unfairly profited value for "Services for cleaning the interior" which were leased.

Economic damage to the state budget in the amount of ALL 159.4 thousand with VAT, which in case of non-performance is considered economic damage to the state budget, these liquidated in the contract for the undertaking of works to the contractor BOE "ERIL B&B" and "ADRIATIC" LTD

Economic damage to the state budget in the amount of 15,626 thousand ALL with VAT due to the unfair disqualification of economic operators with the lowest bid.

Economic damage to the state budget in the amount of ALL 997 thousand with VAT from the overlapping of the contract of the Urban Waste Evacuation & Greenery Cleaning Service.

Economic damage to the State Budget in the amount of 3,498 thousand ALL from the non-

reconciliation of fuel expenses with the driver's trip sheets and the electronic system of fuel cards.

Expenditure without economy, efficiency and effectiveness in the amount of 5,490 thousand ALL, due to non-verification of the expenses incurred.

Spending without economy, efficiency and effectiveness in the amount of 614 thousand ALL, inaccuracy in the selection of the winner.

Based on the above, the ALSAI has recommended to the Hospital Director the taking of measures for the collection of economic damage in the amount of 29,448 thousand ALL, as well as for the elimination of negative financial effects on public funds in the amount of 6,104.9 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary and administrative measures are left to the competence of the Head of the Hospital.

In the Regional Hospital, Durrës, for the period 01.01.2019 to 31.12.2021, at the end of the audit, it was concluded by giving a qualified opinion of compliance.

From the findings that served as the basis for the above opinion, we highlight that the actions and non-actions of the SRD administration caused economic damage in the amount of 1,360 thousand ALL as well as use without effectiveness, efficiency and economy in the amount of 31,387 thousand ALL.

On the part of ALSAI, it has been recommended to the SPV Director to take measures for the collection of economic damage in the amount of 1,360 thousand ALL, as well as for the effective, efficient and economic use of project funds in order to avoid negative effects in the amount of 31,387 thousand ALL. For the employees deemed responsible in the Final Audit Report, it is recommended to take disciplinary measures for 9 employees:

At the University Trauma Hospital, for the period 01.01.2018 to 31.12.2020, at the end of the audit, after obtaining sufficient and appropriate audit evidence, material but not pervasive deviations from the legal and regulatory framework in force resulted, the effects of which justified the granting of a qualified compliance opinion.

From the findings that have served as a basis for the above opinion, we highlight that the actions and non-actions of the SUT administration have caused economic damage in the amount of 4,871 thousand ALL.

Based on the above, the ALSAI has recommended the Director of SUT to take measures to collect the economic damage in the amount of 4,871 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures were recommended for 21 employees.

In the Regional Hospital, Vlora, for the period 01.04.2017 to 31.01.2021, the audit was concluded by giving a qualified compliance opinion. From the findings that served as a basis for giving the above opinion, we highlight the following:

For the period under audit, the institution showed flaws and deficiencies in some of the areas of activity, which are mainly related to the actions and non-actions of the Hospital administration, resulting in economic damage in the amount of 990,722 thousand ALL and a

negative financial effect in the amount of 198,853 thousand ALL. The above effects are found mainly in the implementation of public procurement procedures, not taking actions to avoid court cases and not liquidating them in time, not strictly following the implementation of contracts, lack of periodic reports, etc.

Based on the above, ALSAI has recommended to the Director of SUT the taking of measures for the collection of economic damages in the amount of 990,722 thousand ALL as well as those for the effective, efficient and economical use of funds in the amount of 198,853 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures have been recommended for 9 employees.

In Shefqet Ndroqi University Hospital, for the period 01.01.2018 to 31.01.2021, concluding by giving a qualified compliance opinion. From the findings that served as a basis for giving the above opinion, we highlight the following:

-The institution for the period under audit resulted in deficiencies in some of the areas of activity which are related qualitatively and mainly to maintaining the accounting system, drawing up and completing the audit trail, the register of assets that it owns or possesses, with the requirements that must be this register contains, for the payments of contractual obligations for drugs, medical equipment, various services, for the period 2018-2020, 20 liquidated procedures were found with a delay of 1 to 4 months;

In the procedures for purchases with small values, deficiencies were found in the drafting of the terms of reference, making the drafting of the limit fund and consequently the bidding received from market operators unsubstantiated;

For the planning of the annual needs for drugs and medical materials by the Medical Services in SUSHN, during the drafting of the draft budget and the budget plan (after approval), no analysis is made on the state of the drugs, the amount of their annual consumption, in order to justify and argue the list for the needs of these drugs;

The increase in the quantities of drugs ordered is not accompanied by explanatory and argumentative relations for the justification of the additional quantities. Failure to perform analyzes and failure to substantiate them leads to an increase in the stock of drugs, as well as an increase in the risk of exceeding the expiration date;

Problems have been identified in the implementation of the legal provisions for the organizational structure, labor relations and wages, it has resulted that the list of payments does not reflect in real time the fulfillment of seniority, creating differences in the salary levels of employees, the existence of two standards in the way of handling employees with scientific degrees;

In the implementation of the FV contract, machinery and equipment for the air conditioning system in the hospital premises, deficiencies were found in the sheets, pipes both in the quantitative part and in the qualitative part according to the required parameters, worth 9,954 thousand ALL, economic damage to the institution. In the process of awarding Covid rewards to employees, their differentiation was not made from employees who contributed directly with patients, but there was all involvement, deficiencies in the procedures of services for heating, procurement, oxygen and medical instruments, having as a negative

financial effect the value of 50,159 thousand ALL.

Based on the above, the ALSAI has recommended to the Director of SUSHN the taking of measures for the collection of economic damage in the amount of 9,954 thousand ALL, as well as those for the effective, efficient and economical use of public funds in the amount of 37,908 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures were recommended for 8 employees.

Also, the ALSAI, referring to violations found in the field of construction, has recommended to the Chief Inspector of the Inspectorate of Local Territory Protection in a Local Unit, to assess the violations found for 1 works supervisor.

In Shkodër Regional Hospital, for the period 01.01.2018 to 31.01.2021, at the end of the audit, after receiving sufficient and appropriate evidence, material but not pervasive deviations from the legal and regulatory framework in force resulted, the effects of which justified the granting of a qualified opinion on compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

Deviations from the legal and regulatory framework in force, mainly related to violations of procurement procedures in the amount of ALL 50,362 thousand;

Creation of stock of medicines in the amount of 11,116 thousand ALL;

The lack of collection of revenues from the use of the environment from the concessionaire "Sani Service" in the amount of 1,598 thousand ALL;

Unjustified dismissals of employees, who will benefit 2,299 thousand ALL from the state budget on the basis of court decisions, etc.

Based on the above, it has been recommended to the Director of SRSB to take measures for the collection of economic damage in the amount of 3,918 thousand ALL, as well as those for the effective, efficient and economical use of funds in the amount of 56,952 thousand ALL. For the employees identified as responsible in the Final Audit Report, it was recommended to take disciplinary measures for 22 employees.

In addition, the ALSAI, referring to the detected violations, has recommended the management to ask the PPA to start administrative proceedings, for the exclusion of 1 economic operator from participating in public procurement procedures, as well as to ask the Chief Inspector of the Territory Protection Inspectorate Local, Shkodër Municipality, the imposition of administrative measures "Fine" for all constructions erected illegally in the territory of the hospital.

In the National Housing Authority, for the period 01.01.2018 to 30.04.2021, at the end of the audit, after obtaining sufficient and appropriate evidence, material deviations from the legal and regulatory framework in force but not pervasive, the effects of which justified the granting of a qualified opinion. From the findings that served as a basis for giving the above opinion, we point out:

Shortcomings in determining the criteria for competition in procurement procedures; Deficiency in terms of the implementation of contracts resulting in economic damage in the amount of ALL 2,887 thousand; Negative financial effects and expenses contrary to the

principles of economy, efficiency and effectiveness in the amount of 289,000 thousand ALL; Missing income worth 33,000 thousand ALL.

Based on the above, ALSAI has recommended to the Director of EKB the taking of measures for the collection of the amount of 2,887 thousand ALL as well as those for the elimination of negative financial effects on the effective, efficient and economic use of funds in the amount of 497,112 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures have been recommended for 6 employees. Also, ALSAI, referring to the violations found in the field of construction, has recommended to the Chief Inspector of the Inspectorate of Local Territory Protection in a Local Unit, to evaluate the violations found for 1 work supervisor.

In the Civil Aviation Authority, for the period 01.01.2018 to 30.07.2021, at the end of the audit, there were material deviations from the legal and regulatory framework in force but not pervasive, the effects of which justified the issuance of a qualified compliance opinion.

From the findings that served as a basis for giving the above opinion, we highlight the following: Economic damage in the amount of ALL 233 thousand; Use without effectiveness, efficiency and economy in the amount of 24,193 thousand ALL.

Based on the above, it has been recommended to the CAA Administrator to take measures to collect the amount of 233 thousand ALL as well as those on the effective, efficient and economical use of funds in the amount of 24,193 thousand ALL. For the employees deemed responsible in the Final Audit Report, the Head of the CA has been recommended to initiate disciplinary proceedings for the violations found.

In ALBCONTROL SHA, for the period 01.01.2018 to 31.03.2021. At the end of the audit, after obtaining sufficient and appropriate audit evidence, material deviations from the applicable but not pervasive legal and regulatory framework were found, the effects of which justified the issuance of a qualified opinion on compliance. From the findings that have served as a basis for giving the opinion, we highlight the following:

In 22 procurement procedures out of 27 audited, there were deficiencies and violations as a result of actions contrary to the evaluation criteria, which have led to an ineffective, efficient and economic use of public funds in the amount of 109,095 thousand ALL;

From the audit of the implementation of the implementation contracts, differences were found in the volume of work liquidated but not actually completed, resulting in economic damage in the amount of ALL 5,602 thousand;

Based on the above, the ALSAI has recommended to the Administrator of ALBCONTROL taking measures for the collection of the amount of 5,602 thousand ALL as well as those on the effective, efficient and economical use of funds in the amount of 109,095 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary and administrative measures are left to the authority of the Head of ALBCONTROL.

In the Ministry of Health and Social Protection, the Project "Improvement of the System healthy, for the activity of the period from the beginning of the Project (2015) until 31.05.2021, the audit is focused on the audit of the financing agreements of the Project with the lender, their changes, the causes and arguments of the changes, the financial

management of the Project, the degree of realization of objectives and components of the Project compared to those provided for in the Financing Agreements, the procurement of loan funds and the following evaluation and contracting procedures as well as the implementation of contracts concluded for goods/services/civil works. Also, in order to fulfill the objectives of the Audit Project, the Audit Group, based on authorizations no. 579/3 prot., dated 09.08.2021 and no. 579/31 prot., dated 15.09.2021, carried out two verifications, namely in the Mandatory Insurance and Health Care Fund and the Tirana University Hospital Center (QSUT).

At the conclusion of the audit, after obtaining sufficient and appropriate audit evidence, deviations from the applicable legal and regulatory framework were found, which are material but not pervasive, the effects of which justify the issuance of a qualified compliance opinion. From the findings that served as a basis for giving the above opinion, we highlight the following:

-Carrying out the duties of the General Coordinator of the Project contrary to the Operational Manual of the Project according to which the Deputy Minister of Health should have been appointed to this position within the Ministry of Health. Also, the exercise of the duties of the General Coordinator by the Director of the Cabinet at the Ministry of Health, is contrary to the Internal Regulation "On the organization and functioning of the Ministry of Health and Social Protection", article 3, point 2, letter c according to which Cabinet officials do not exercise any managerial or administrative powers over ministerial staff;

The actions and omissions of the officials and employees of the Ministry of Health and Social Protection, as a result of which an economic damage was caused to the Project funds of 2,089 thousand ALL in the procedures of the implementation of the contracts;

Negative effects in the administration of Project funds and management without their economy, efficiency and effectiveness in the amount of 45,600 thousand ALL in terms of the procedures performed for service contracts;

Negative effects in the administration of Project funds and management without their economy, efficiency and effectiveness in the amount of 22,901 thousand ALL in terms of the implementation of civil works contracts;

Shortcomings in terms of drafting criteria, technical specifications and evaluation of offers in 6 procurement procedures;

Actions performed in non-compliance with the provisions of the contract with the object "Support of the QSUT by an international management team - implementation of the new strategy for the management of the QSUT", according to which the contract management team should not approve the consultant's request to share the work of the main expert KE5 with two existing experts and not replacing him with another new expert with the same qualification and equivalent work experience;

Failure to take measures for the submission of Phase Reports no. 3 and no. 4 on the part of the consultant, according to the provisions of the contract with the object "Support of QSUT by an international management team - implementation of the new strategy for the management of QSUT", these materials should have been delivered by 14.03.2021 and 09.05,

respectively .2021 thus ending the contract dated 06.06.2021, but which have not been submitted and the closing of the contract has not been completed according to the relevant order of the Minister of Ministry of Health and Welfare, etc.

Based on the above, the Ministry of Health and Social Protection has been recommended to the Minister of Health and Social Protection to take measures to collect economic damage in the amount of 2,089 thousand ALL to avoid negative effects in the amount of 68,501 thousand ALL. For the employees deemed responsible in the Final Audit Report, the management has been recommended:- 'Immediate termination of employment' for 1 Cabinet Director; - 'Written Remarks' for 2 employees; - 'Remarks' for 8 employees.

In the Albanian Development Fund (FSHZH), the project 'Regional Road Connectivity and Local', for the period from the beginning of the Project to 31.12.2020, at the end of the audit, there were material and pervasive deviations from the legal and regulatory framework in force, the effects of which justified the issuance of a qualified opinion on compliance. The Albanian Development Fund was deficient in several areas of its activity related to project management;

The identified problems refer to the non-designation of Dedicated Personnel for the project as provided for in the financing agreement with the World Bank, non-fulfillment of the objectives defined in the financing agreements in order to evaluate the results of the work so far;

The Bid Evaluation Commission has not requested explanations for three procedures with abnormally low bids which may affect the realization of civil works with quality and in the anticipated time;

In two projects where the works are in progress, the work supervisor has certified in the interim payments works that have not been performed and without justifying documentation, in the total value of 16,370 thousand ALL without VAT.

Based on the above, it was recommended to the Administrator of the ADF to take measures to collect the amount of 858,447 thousand ALL without VAT, and for the employees named responsible in the Final Audit Report, it was recommended to take disciplinary measures for 3 employees.

In the Municipality of Tirana, for the period from the identification of the concession until 31.12.2020, from the audit for the compliance of the activity of the Project "To improve the educational infrastructure in the Municipality of Tirana" respectively for Lot 1 and Lot 4: Tirana Zone 1 and Tirana Zone 4 has not been acted in accordance with the legal/sub-legal acts in force, actions which have brought about material but not pervasive anomalies, the effects of which justify the granting of a qualified opinion of compliance by the HLSH. From the evidence obtained for the activity of the project, there were some deficiencies and irregularities which consist of: - The progress of the construction works for the concession contract with No. 9513 Rep. and No. 3756 Col. date 17.10.2018 is not in accordance with the schedule of works and the realization of the works referring to the fact is presented at about 53%. The project has exceeded the deadlines foreseen for the completion of the works as foreseen in the contract. The significant delay has resulted in the Concessionary Contract with No. 9513 Rep. and No. 3756 Col. dated 17.10.2018 for the implementation of the

construction works of the Contract with Concession/Public Private Partnership with the object "For the improvement of the educational infrastructure in the Municipality of Tirana, for 5 (five) educational facilities in the Tirana Zone 1", the period of completion of which it has not been postponed by the Municipality of Tirana and in the meantime the construction works are currently about 115 days beyond the deadline for the completion of the contract.

- The increase in the costs of the construction of schools and kindergartens, not technically substantiated in terms of price differences, for:

- Construction of Type 1 schools (School + Kindergarten), in the amount of 7,035 thousand ALL more.
- The construction of Type 2 schools (School + Kindergarten), in the amount of 10,544 thousand more.
- The construction of Type 3 schools (School + Kindergarten), in the amount of 7,035 thousand more, which constitute an increase in the estimated contract values in construction costs for the Tirana Municipality budget.

At the end of this audit, referring to the findings, 9 organizational measures were recommended to improve the situation, 6 measures in the value of 51,290 thousand ALL found in the administration of public funds and for the economic, efficient and effective management of public funds.

II.2.3c Some of the compliance audits for which an "Adverse Opinion" was given 15:

In the Ministry of Finance and Economy - in the General Budget Directorate, for the activity period of 2020, from the audit resulted irregularities and decision-making not in accordance with the legal and regulatory framework for some budget items, which in the judgment of the independent state auditor are material and pervasive, the effects of which justify a compliance "adverse opinion". The following has been the basis this opinion: the problems identified in all phases of planning, approval, execution, monitoring and reporting of the budget (detailing of public investment projects with a normative act without passing to the PBA 2020-2022, detailing of funds of investments for only the value of 20% of the cost of the project without a budget in the following budget years, the reduction of investment funds at the time of the conclusion of the contract and the reallocation of these funds to other public investment projects for arrears or in the process from past years, not registering contracts and consequently not registering the obligation in GIFS allowing to take budget commitments and the creation of arrears).

7,212 records for invoices for expenses incurred in previous years, in 14,500,000 thousand ALL, of which 1,845 records in 11,300,000 thousand ALL for investment expenses are identified; commitments were taken without budget funds and not according to law ceilings for the next budget years, mainly in the budget programs "development programs" in about 2,400,000 thousand ALL, "road transport" in about 4,500,000 thousand ALL, "water supply and sewage" in about 6,300,000 thousand ALL; over 500 contracts for public investments with a contracted value of about 23,000,000 thousand ALL were signed after October 15;

No decision has been made by the regional development committee on the distribution of funds for new projects throughout 2020, but the value allocated to this fund has been used to finance ongoing contracts from previous years as well as to repay arrears in total for 327,000 thousand ALL;

The deadlines for budget planning process in the 2020 have been violated; a high number of

budget revisions were carried out after November 15, 2020;

The Reserve Fund has been used for expenses that should have been planned in the annual budget law; in the payment register, some of the investment project codes showed that in some cases these funds were used to cover other operating expenses in the amount of 203,000 thousand ALL;

The inherited income from the local government is three times higher than its arrears;

The arrears reported by MoF approximately 23,826,000 thousand ALL are not included in the consolidated fiscal indicators, and this value is not presented correctly with differences found in approximately 590,000 thousand ALL;

From the audit of capital investments with foreign financing, it was found that 2 investment projects in the value of 12,700 thousand ALL were realized without having a budget plan, 12 foreign investment projects with loans for the value of 1,995,000 thousand ALL were realized in excess of the budget plan and 48 foreign investment projects in the form of grants for the value of 1,423,000 thousand ALL were realized in excess of the budget plan, etc.

To improve the situation of the above findings it is recommended the implementation of 27 organizational measures, 9 measures to eliminate negative effects in the administration of public funds, including expenditures made under conditions of procedural illegality, has also been recommended to the director to give disciplinary measures according to the individual responsibility of the managers specifically referenced in this audit.

In the General Directorate of the Treasury, for the period of activity from 01.01.2020 to 31.12.2020, based on the audit evidence results that the control systems in the Treasury system along all links of programming and execution of the budget, there are material deviations and pervasive, the effects of which justify a compliance "adverse opinion".

22 administrative measures have been recommended to improve the situation in terms of improving the compensation system, making the payments of this fund more accurate and transparent; verifying requests, opening and closing users, delegating functions or changing responsibilities in the system, in the event of a change in the job position or the departure of employees; accurate monitoring and reporting of arrears; to take measures to design a methodology for the correct preparation of the consolidated financial statements of the government in accordance with the basic accounting rules; evaluating the possibility of implementing the input control mechanism, with the aim of avoiding the errors identified on filling in the data; continuous recording of late invoice execution cases, etc.

Also, in relation to the detected violations, it has been recommended to the Minister of the Ministry of Finance and Economy, for giving disciplinary sanctions for the employee from "Written warning" to "Suspension" from civil service

¹⁵ The audited entity has not acted in compliance, in all material aspects, with the legal and regulatory framework in force, and the aspects of non-compliance are material and pervasive

The audit conducted in the **General Directorate of Customs (GDC)**, for the period of activity from 01.01.2019 to 31.12.2020, showed that the activity carried out for the implementation of the budget and public procurement was not in full compliance with the financial framework, which is why the audit team concluded by giving an **“adverse opinion”**. Some of the main identified irregularities include, as below:

The customs debt has been increasing from year to year, specifically:

At the beginning of 2019 it was in the amount of 27,596,147 thousand ALL;

At the end of 2019 it reached the amount of 41,972,864 thousand ALL;

At the end of 2020, it resulted in the amount of 45,053,938 thousand ALL.

All of the above shows a lack of commitment from the management structures and failure in collecting the customs debt.

In addition to that, the audit team has found:

Differences in financial reports in the amount of 514,823 thousand ALL;

In 25 cases, contracts in the amount of 337,810 thousand ALL and in 44 cases of expenditure; orders in the amount of 20,550 thousand ALL, were registered in the GFIS treasury system, beyond the legal deadline;

Deficiencies and actions not in full compliance with the legal framework in the public procurement procedures, with a negative financial impact in the amount of about 6,200 thousand ALL;

A negative financial effect in the amount of 69,010 thousand ALL, for the year 2019, which came as a result of the dismissal of employees, not in compliance with the legal provisions, as well as a negative financial effect in the amount of 9,131 thousand ALL as a result of the transfers of employees for a change of grade.

Based on the results of this audit, we have proposed to the Ministry of Finance and Economy that measures should be taken to draft a legal procedure, which specifies how public entities should proceed when they want to rent (*an object*). Until now, the public entities have been applying procedures set by themselves without a specific and unified framework.

Based on the audit findings, we have recommended 19 organizational measures to improve the situation.

In terms of measures to eliminate the negative financial effects found in the administration of public revenues, we have recommended that:

The GDC should conduct an in-depth analysis of the difficult situation of customs debt collection;

The GDC should eliminate the negative effects found in the administration of public funds and issue administrative responsibilities according to court decisions with the object of returning to work;

The GDC should stop executing transfers beyond deadlines and filling vacant positions with appointment and delegation decisions, without conducting the recruitment procedure as specified by the law in force;

The GDC should accurately reflect the contract values of the procurement procedures concluded by the entities responsible for concentrated purchases in the Public Procurement Register of the entity.

In addition, we have recommended that the GDC initiates the disciplinary proceedings for the

granting of disciplinary measures to 9 officials charged with responsibility, referring to the irregularities found in the public procurement procedures.

The audit conducted in the **General Directorate of Taxes (GDT)**, for the period of activity from 01.01.2020 to 31.12.2020, showed that there are deviations from the legal framework in the activity of the entity, which, according to the professional judgment of the independent auditors, are material and pervasive and justify the provision of an **“adverse opinion”**.

Some of the main identified irregularities include:

The balance of unpaid liabilities at the end of 2020 is 122,400,000 thousand ALL, experiencing a net increase, and the stock of tax liabilities in the value of 5,400,000 thousand ALL, in comparison to the previous year;

Non-compliance with the deadlines related to the reimbursement process, as there are 88 requests for VAT reimbursement received but not approved, exceeding the legal 60-day deadline, in the total value of 1,992,004 thousand ALL;

Irregularity in the calculation of the VAT refund stock, which according to the audit team is in the total amount of 11,789,313 thousand ALL, while as presented by the GDT, it is in the amount of 9,797,309 thousand ALL;

Non-collection of income from social and health contributions, in the total amount of 16,521,124 thousand ALL;

In the composition of the actual incomes, GDT also places the incomes accounted for in Account 466 *"Funds in custody"*, which represent the unidentified collections until their systematization;

Irregularities regarding the filling of vacant positions, even though the entity has gone through a long restructuring process and the filling of all jobs according to the approved structure has not yet been completed;

Engaging in making an investment in the amount of 80,000 thousand ALL, without having available funds, in violation of financial discipline;

Deficiencies in the activity of its various departments, such as the Risk Management Department, Tax Investigation Department, Tax Control Department, etc.

Based on the results of this audit, we have recommended 2 proposals for changes/improvements in the legislation, as below:

1. The amendment of DCM no. 953, dated 29.12.2014 *"On the implementing provisions of law no. 92/2014 "On value added tax in the Republic of Albania"*, amended, and specifically, article 10, point 3, removing the phrase:

"...Even if the control procedure has not been completed on time, within 30 days from the date of submission of the refund request, the VAT refund is carried out through the treasury system".

2. The amendment of DCM no. 400, dated 22.4.2009 *"On defining the duties and functions of the Tax Investigation Directorate"*, in accordance with the structural changes of the Tax Investigation Directorate, to guarantee the increase of its independence and the harmonization of this bylaw with the Law and the Guideline of Tax Procedures.

Aiming to improve the situation, we have also recommended the implementation of:

27 organizational measures;

One measure to eliminate the negative financial effects found in the administration of public funds;

The evaluation by the head of the entity of the irregularities and violations identified, in order to start disciplinary proceedings from "Remarks" to "Dismissal from civil service", for all employees found responsible, according to the issues addressed.

The audit conducted in the **Compulsory Health Care Insurance Fund (CHCIF)**, for the period of activity from 01.01.2020 to 31.12.2020, based on the audit evidence, was concluded by giving an **"adverse opinion"**. Some of the main identified irregularities include, as below:

Lack of independence in decision-making regarding the activity of the Administrative Council;
Payment of costs for incomplete service and expenses not incurred for primary service for basic control (CHECK-UP and treatment of this service with VAT, bringing an additional cost to the public budget);

The costs of the Public Private Partnership (PPP) for the supply with the customized set of surgical instruments, as for 2019, keep exceeding the forecast in the contract;

In the concession contract "*For the provision of hemodialysis*" in 5 regions of the country, there is a discrepancy between the realization of the service and its liquidation, and costs continue to be paid for incomplete service and expenses that did not occur, bringing an additional cost to the budget, specifying that this service has been burdened this year by the execution of the court decision in the value of 115,500 thousand ALL;

Lack of checks on pharmaceutical entities with the highest reimbursement according to specific regions;

Lack of checks on the marketing of reimbursable prescription drugs for individuals who do not benefit from reimbursement;

Deficiencies in the planning, preparation and formulation of annual and monthly plans;
Differences in the quantities of drugs, according to warehouse declarations, at the time of change or indexation of LBRs, during the audit period, etc.;

Lack of detailed analysis on the refund issue;

Lack of monitoring the family doctor's workload according to the norms set by the Ministry of Health;

Deficiencies in procurement procedures, salary and job appointment procedures, review procedures and timely decision-making by the Complaints Review Committee, etc.

At the end of the audit, we have proposed changes/improvements in the legislation, regarding the amendment of DCM no. 673, dated 22.11.2017 "*On the reorganization of the National Agency of the Information Society*", amended, Chapter II, point 5, letter *i*, in order to abolish the phrase "*concludes contracts*", as the conclusion of contracts by the entities that carry out concentrated procurements is in contradiction to DCM no. 285, dated 19.05.2021 "*On the approval of public procurement rules*", article 67, point 7.

Based on the audit findings, we have recommended 41 organizational measures to improve the situation.

Aiming to eliminate the negative financial effects found in the administration of public funds and for the economical, efficient, and effective management of public funds, we have requested the implementation of 10 recommendations related to the issuing of administrative responsibilities for taking commitments without budget funds, as well as the recovery of obligations caused in excess of funds by the persons charged with responsibility.

We have recommended the revision of the concession contract of the "*Integrated Service of*

Supply of Personalized Set of Sterile Surgical Instruments and Supply of Sterile Medical Materials", in order to reformat the groups of complexities according to the type of intervention and the necessary equipment for each type of diagnosis and intervention, as well as to clearly structure the price for each package, aiming to eliminate costs that are covered by hospital structures, to recover funds paid for incomplete service for basic population control, etc. Also, we have recommended the beginning of disciplinary measures for the employees and managers charged with responsibility according to the issues addressed in this audit.

In the Albanian Road Authority (ARRSH), for the period 01.08.2019 to 30.09.2020, at the end of the audit, it was concluded by giving an adverse opinion on compliance. Some the findings that served as a basis for giving the above opinion, are:

As a result of the actions and non-actions of the APD administration, an economic damage of 23,163 thousand ALL has been caused, which represents unfair rewards, penalties and payments for unfinished works during the implementation of contracts;

Negative effects have been found in the administration of public funds for the management of their economy, efficiency and effectiveness in the amount of 2,023,289 thousand ALL, in the implementation of public procurement procedures, rewards to employees from trials for the unfair dismissal of employees , non-use of assets;

Missing income in the amount of 119,406 thousand ALL was found due to the non-use of APD assets in the processing of refugee goods, but stevedoring companies were used;

The institution has carried out a procedure for new fees in the amount of 10,000 thousand ALL and has not approved and applied the new fees;

The auction for the state of material parts at the end of 2020 has not been conducted; From the inventory of 2019, goods with slow circulation were recorded in the total value of 112,017 thousand ALL, of which purchases made in 2014, 12,676 thousand ALL; in 2015 in the amount of 8,261 thousand ALL; in 2016 in the amount of 4,562 thousand ALL; in 2017 in the amount of 86,516 thousand ALL.

Based on the above, it has been recommended to the General Director of ARRSB to take measures for the collection of economic damage in the amount of 23,761 thousand ALL, as well as for the effective, efficient and economic use of project funds in order to avoid the effects negative in the amount of 92,291 thousand ALL. For the employees included in the Final Audit Report, disciplinary measures have been recommended for 2 employees:

Also, ALSAI, referring to the violations found in the field of construction, has recommended to the Chief Inspectors of the Inspectorate of Local Territory Protection in 4 Local Units, to evaluate the violations found for 5 work supervisors.

In the Albanian Electric Energy Corporation (KESH) the Project 'Restructuring Plan of KESH', for the period from the beginning of the Project until 30.09.2020, at the end of audit, it was concluded by giving an adverse opinion on compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

KESH SHA has paid 548,277 thousand ALL in overdraft interest as a result of not meeting the conditions set by the bank in time for the effective making of money, a value which

constitutes a negative financial effect for the company's budget.

KESH SHA has not calculated the loss caused by the commitment fee for which KESH SHA has paid the amount of 1,166,455 Euros, which constitutes a negative financial effect for the company's budget (worth 1,066,455 Euros after the payment of tranche A and worth 100,000 Euros for tranche B).

For tranche B, KESH SHA used 89,740,094 Euros out of 100,000,000 Euros anticipated, since for the value difference of 10,259,906 Euros, KESH SHA negotiated with Intesa SanPaolo Bank, structuring the OD according to the terms of the agreement with the EBRD. The start-end commission is estimated at 1%. The commission concluded that the EBRD for tranche B was calculated with a value of 1,000,000 Euros, while it should have been calculated with a value of 897,401 Euros (89,740,094 Euros x 1%). The retained value is in the amount of 102,599 Euros.

Based on the above, ALSAI has recommended to the Administrator of KESH JSC to take measures for the effective, efficient and economic use of project funds in order to avoid negative effects in the total amount of 692,800.8 thousand ALL (this amount includes 1,166,455 Euros with an exchange rate of 123.9 ALL/Euro).

In the Ministry of Infrastructure and Energy, with the object of a thematic compliance audit, "On the implementation of the legal framework, in the Ministry of Infrastructure and Energy, as well as the legality of the procedures followed, for HEP Traja 1, in the stream of Zalli and HEP Madhesh in the river Lumre, a branch of the Mat River, Mat Municipality", ALSAI has received sufficient and appropriate evidence, expressing an **adverse opinion** on the compliance of the activity of the Ministry of Infrastructure and Energy, for the reason that from the audit of the physical file in MIE, it turned out that:

Mat Water Basin has approved: (i) water use permit with a serial no. 000029, dated 22.09.2017, approved by WBC Decision no. 31, dated 22.09.2017; and (ii) the permit for the use of the resource, approved by the Decision of WBC Mat, No. 132 dated 22.09.2017. From the approval of the water use permit, the restriction on the exercise of the activity has been established, determining that the supply of drinking water, the needs of agriculture in the area and the necessary ecological reserves will not be limited. The documentation verification showed that the project drawn up for hydroelectric energy, HEP Madhesh and HEP Traja did not foresee irrigation of the area, but only ecological flow. Referring to the documentation administered in MIE on the 2020 EIA, drawn up by the design company "Dekliada - alb" LLC. The verification of the project showed that the energy calculations of the HEP were calculated in full with the Flow, not allowing space from the source for irrigation. It is established that, the responsible Institutions declare that there were no requests for irrigation, meanwhile with the letter addressed to the Ulzë Administrative Unit no. 31/1 prot., date 01.02.2017, the needs for irrigation are presented and with letter no. 481/1 prot., dated 09.07.2020, the prefecture of Lezhë District has also been notified.

According to Law No. 111/2012 "On the Integrated Management of Water Resources" provides a space where the Water Basin Council temporarily suspends or changes the permit or authorization, if the circumstances, on which their granting was based, have changed, or

when new circumstances arise, which, if they had existed at the time the permit was granted, would have led to the issuance of the permit with other conditions. That said, even if there were no requests for irrigation before the water use permit was granted, as claimed by the Mat Watershed, the subsequent requests made by the residents of the area are sufficient to review the conditions of the permit.

Referring to the official publications in NEA (National Environment Agency), it is found that from the verification on NEAs official website in April 2020, there is no publication for the public hearing in HEP Madhesh and HEP Traja¹, contrary to CMD no. 247 dates. 30.04.2014 "On the definition of rules, requirements and procedures for information and public involvement in environmental decision-making", chapter 1 point 1. The process of informing and involving the public during the preliminary procedure of the Decision on Environmental Impact includes informing and obtaining the opinion of the public from the National Environment Agency (NEA) about the project, accompanied by clarifications about the procedure in force, as well as the announcement and publication of the decision of the NEA on its website, as an important step for guaranteed transparency in the process. In the conditions where there is a claim raised by residents regarding the violation of this process, we estimate that the public hearing should have been updated and published, in accordance with the legislation in force. At the end of this audit, referring to the findings, 4 organizational measures were recommended to improve the situation. ALSAI, for the shortcomings and irregularities resulting in this audit, has asked the management to evaluate and initiate disciplinary proceedings for all the officials deemed responsible.

The audit conducted in the **Regional Tax Directorate of Durrës**, for the period of activity from 01.01.2020 to 31.12.2020, identified deviations from the legal and regulatory framework in force, which are material and pervasive. These deviations justified the **"adverse opinion"** given by the audit team. Some of the main identified irregularities include, as below:

In 4 cases, there were identified material differences and also differences between the Cost of Goods Sold according to the Payment Declaration Form and the cost reflected in the Statement of Income and Expenses;

In 1 case, the analysis of the control report resulted in differences in articles;

In 2 cases there resulted a failure to verify the source of "long-term loans", and also a failure to report Suspicious Activity (RSA) to the competent authorities;

In 1 case, the entity did not declare the sold areas;

In 1 case it turned out that there is no analysis of gas consumption for the entire control period;

In 1 case, there is an unfair crediting of VAT and all these problems have caused missing income in the state budget in the total value of 362,208 thousand ALL.

Based on the audit findings, we have recommended 3 organizational measures related to:

Conducting in-depth on-site control for taxpayers that possess risk or fiscal evasion, as well as forwarding the relevant information to the Directorate of Tax Investigation;

Sending information of Reporting Suspicious Activity (RSA), on the source of income received from two entities, when justifying documentation is absent;

Reflecting in the control reports of detailed analyzes regarding increases in the price and cost of production, as well as the produced quantities and the prices of the products produced with

the expenses for the main items of the development of the activity referred to the technological card.

We have recommended two measures such as a tax recheck and the issuing of a tax assessment in order to collect the missing revenues in the state budget, calculated in the amount of 362,207 thousand ALL.

In relation to the detected violations, we have recommended the initiation of disciplinary proceedings for 14 leading officials and inspectors of the Regional Tax Directorate of Durrës, for the granting of disciplinary measures according to the responsibilities specified in the Final Audit Report.

In Water Supplier, Vlora (UKV Sha) for the period 01.04.2018 to 31.05.2021, at the end of the audit, after obtaining sufficient and appropriate audit evidence, material and pervasive deviations from the legal and regulatory framework resulted, the effects of which justified the basis of an **adverse opinion** on compliance. From the findings that served as a basis for giving the above opinion, we highlight the following:

The company presents deficiencies in some of the directions of functional activity, which are qualitatively and mainly related to the actions and non-actions of the administration of UKV SHA, from which economic damages in the amount of 1,297,954 thousand ALL have been ascertained, from the penalties caused by not liquidating within the term of obligations to third parties (OSHEE SHA, Dutch Project, etc.), prolongation of court cases, failure to guarantee the full implementation of these decisions, failure to take measures for participation in processes for the recognition of court decisions, failure to guarantee the liquidation of winning operators in procurement procedures, the lack of a preliminary analysis before starting these procedures, etc.

In the Financial Statements and Explanatory Notes of UKV SHA, it results that the capital of the company, for the year 2020, has decreased by 408%, from the value of 141,138 thousand ALL in year 2019 to -249,044 thousand ALL in year 2020, a decrease which, from the company it is argued that it was impacted from the loss result of year 2020. The financial result of the company, for the year 2020, is with a loss in the amount of 188,046 thousand ALL.

The negative financial result and the drop of 408% in the Company's Capital Statement, bring uncertainty and no possible financial stability in its future, endangering its liquidity and the fulfillment of its objectives, mission and vision, which is vital for the city of Vlora.

The connection of contracts with private judicial enforcement, court proceedings related to the severance of labor relations and non-recognition of seniority at work, the benefit of the salary as a member of the Administrative Council, of the former Administrator, with the claim for high results at work at the time of his resignation, when the company recognized losses in its financial result, the administration's unsubstantiated inflation in the Public Relations sector, which alone and together have significant financial impacts on the state budget which amount to about 38,413 thousand ALL.

The total liabilities to be paid by UKV SHA to the Vlora Municipality until the end of 2020 are in the amount of 169,960 thousand ALL and until January 2021, 46,883 thousand ALL, or 27.6% of their total, have been liquidated and remain to be liquidated value 123,077 thousand ALL. The failure to act by UKV SHA is claimed to have resulted from the blocking of accounts by OSHEE SHA and the execution carried out by it in the amount of 96,416 thousand

ALL.

Referring to the issues that have been discussed by UKV JSC and mainly in the 2021 meetings of the Shareholders' Assembly addressed to the Administration Council and the managerial work of the former Administrators, the continuous request of the Chairman of the Assembly of the General Assembly, for taking measures of UKV SHA, to pay the obligations and taxes as a tax agent to the Municipality of Vlora, these omissions are in violation of Article 7 of Law no. 9920, dated 19.05.2008 "On tax procedures in RSH", which defines the rights and obligations of the tax agent.

The sale of produced drinking water and the removal of polluted water are the two sectors where the main income of the UK Vlora company is realized. From the data, it is found that the water production is much higher than the needs required according to the standards¹⁶, as well as the billing level compared to the production is very low.

The situation created regarding the obligations to third parties, the financial result of the company, and the failure to guarantee the liquidation of the winning economic operators in the procurement procedures, significantly endanger the performance of the company, the fulfillment of primary functions, the payment of employees and other obligations, under the conditions of continuous blocking of its accounts, which may result in the suspension of the operational obligations of Water supplier vlora SHA.

Based on the above, ALSAI has recommended to the Director of UKV the taking of measures for the collection of the amount of 1,297,955 thousand ALL as well as those on the effective, efficient and economic use of funds in the amount of 37,637 thousand ALL. For the employees deemed responsible in the Final Audit Report, disciplinary measures were recommended for 9 employees.

In the audit conducted in the Treasury Branch of Tirana, for the period of activity from 01.01.2020 to 31.08.2020, the audit team identified deviations and deficiencies in the control system, which are pervasive and carried out not in compliance with legal, sub-legal, and regulatory framework, the effects of which justify giving an "adverse opinion".

The problems identified during the audit include:

Lack of preventive mechanisms of the GFIS system in terms of incorrect registration of expenditure orders;

Violation of the 30-day deadline for the execution of invoices in GFIS; Execution of payments by not following FIFO principle; Lack of execution of court decisions in conditions where funds were available for them; Lack of mechanisms on the automatic seizure of account 602; Shortage in human resources; Registration of contracts beyond the legal deadlines; Registration of contracts with a value of less than 20% of their full value, in the first year of investment.

We have recommended 12 organizational measures to improve the situation. For disciplinary measures, we have recommended the evaluation by the head of the entity of the irregularities and violations identified, for all employees found responsible, according to the issues addressed.

¹⁶ Drinking water production is connected to consumers. Referring to the average daily needs of 150 l/day/breath and the number of people in the house according to the data found in the source is 199,304 breaths lighter than the water 29,896 m³/day or 10,911,894 m³/year.

In the audit of **State Inspectorate of Market Surveillance**, for the period from 01.01.2019 to 30.06.2021, regarding the degree of implementation of laws and regulations, ALSAI concluded in an adverse opinion on compliance. Specifically, regarding the procurement procedures, it resulted that economic damage was caused to the state budget in the amount of 1.5 million ALL, as a result of non-delivery of goods according to the required technical specifications and unfair qualification of the first ranked economic operator, etc.

In 60 cases against the entities that have been in violation of the law, no administrative fine has been taken, and no ban has been imposed on the use of fuel metering instruments, water meters, trade of various electrical products, correction of violations and notification of consumer.

At the end of this audit, 19 organizational measures were recommended, 1 measure to eliminate negative financial effects, 9 damage compensation measures and 28 disciplinary measures.

In the audit of the Tirana Regional Directorate of the National Food Authority, for the period from 01.01.2018 to 31.12.2020, regarding the compliance aspect, ALSAI concluded in an adverse opinion. Specifically, among others, it was found that in 56 cases not all the necessary measures were taken to collect fines and as a result, missing revenues in the amount of 29.9 million ALL were created against the state budget. In 21 cases in the amount of 31.5 million ALL, by the Commission of this entity, the fines imposed by the inspectors have been completely / partially abolished, in the absence of legal competence. Regarding the inspection procedures, the phenomenon was noticed that in 35 cases the blocking of food products is not documented with distinctive signs and in 12 cases, the confiscated products were sent to the premises of private entities, at a time when these entities are themselves subject to inspection by Tirana Regional Directorate of the National Food Authority.

At the end of this audit, 32 organizational measures, 2 measures to eliminate negative financial effects, 9 financial damage measures and 20 disciplinary measures were recommended.

In the audit of **Kruja Regional Agency of Cadaster**, for the period from 01.01.2019 to 31.12.2020, regarding the compliance aspect, ALSAI concluded in an adverse opinion, due to the fact that deviations / violations were found from the legal and regulatory framework in force, which in the professional judgment of the independent auditor are material and pervasive. Specifically, among others, it turned out that in 10 cases were legalized objects that were not build with unstable construction material, while in 15 cases the objects were built beyond the legal deadline. Regarding the registration of decisions for the transfer of ownership of constructions before 10.08.1991, the phenomenon found was that these decisions were not approved in the ownership of the original possessors, but were placed on behalf of other possessors without administering the proof of inheritance of the original possessor.

At the end of this audit, 20 organizational measures and 7 disciplinary measures were recommended.

In the municipality of Kruja we conducted the audit on compliance of procurement procedures, the contract implementation and the procedure of building destruction for the project

“Reconstruction of the Elementary School in Thumana”. We found irregularities and violations of laws, rules and regulations that were material and pervasive as a result we expressed an Adverse Opinion for the compliance audit of the public procurement procedure.

In the construction project it is not predicted a specific work process which is related to the repair and reinforcement of school building, it is not predicted any reinforcement on the basic components of the building structure. Meanwhile, at the report on destruction of the school buildings it is written that the school building is damaged from the July 2018 earthquake in 98 specific work processes from 218 work processes in total. This work processes are not prevented in the costs manual and no costs analyses are done. We found that during the evaluation process the Bid Evaluation Commission has violated the law requirements on public procedures.

We audited the contract implementation and the technical files of the project “Reconstruction of the Elementary School in Thumana” where the economic operators are paid for some work or processes which not done that result in the economic damage for the amount of 1,477 thousand ALL. Also, there are lack of equipment’s and items with the estimated value 5,627 thousand ALL without VAT that could be reused or sell in auction.

Referring to the audit findings, ALSAI recommended 9 organizational measures, 2 measures of compensation of damage in the amount of 7,104 thousand ALL, administrative measures for 4 employees and we also recommended to the Chief Inspector on the National Territorial Defense Inspectorate to assess the violations and the irregularities that we found and impose administrative measure for 3 employees .

II.2.3 d Some compliance audits which have concluded with conclusions:

In the Ministry of State for Reconstruction, for the period of activity from 10.01.2020 to 30.04.2021, from the compliance audit of the activity of the ministry it is concluded that:

The activity of the Ministry of State for Reconstruction for monitoring and coordination of the activities of ministries and other public or state institutions, for drafting and approval of the programs for the reconstruction process, has shown deficiencies in terms of its documentation. There is a lack of documented evidence of internal, material and human resources available to public or state institutions, and the determination of how they are used;

The follow-up of the implementation of the responsibilities and duties assigned to the local self-government units, for the treatment of citizens who have lost family members and/or have remained homeless is not fully documented, and is characterized by daily routine;

Information on the manner of use and the efficiency achieved for any donation or support provided by state organizations and national and international organizations, etc., are incomplete;

Exercising own powers in relation to reporting and charging civil defense structures with duties; the creation of work groups and the organization of activities for the design and approval of programs for the reconstruction process; the coordination of the work with the ministries and state institutions for the provision of the necessary data in order to realize the programs of the reconstruction process to cope with the consequences and the implementation of the programs of the reconstruction process was carried out in the absence

of documentation of this activity.

Information on the way of use and the efficiency achieved for any donation or support provided by state organizations and national and international organizations, etc., are incomplete;

Exercising of its own powers when it comes to reporting and charging civil defense structures with duties; the creation of working groups and the organization of activities for the design and approval of programs for the reconstruction process; the coordination of the work with the ministries and state institutions for the provision of the necessary data in order to realize the programs of the reconstruction process to cope with the consequences and the implementation of the programs of the reconstruction process, was carried out in the absence of documentation of this activity.

From the audit of the activity of the Ministry of State for Reconstruction, during the period from 10.01.2020 to 30.04.2021, on the level of follow-up and implementation of the tasks defined for this structure in CMD no. 228, dated 18.3.2020 "For an addition to Decision no. 11, dated 10.1.2020, of the Council of Ministers, "On determining the scope of state responsibility of the Minister of State for reconstruction", related to the period of COVID-19 is reached in the conclusion that:

The activities for the coordination, direction and follow-up of the activities of the ministries and other institutions, public and state, for the drafting of the plan to cope with the economic situation caused by the COVID-19 infection are fragmentary and undocumented and as a result there is a lack of a such a literal plan;

The documentation of the internal, human resources available to public and state institutions has shown deficiencies in recording;

The activity for the coordination and direction of the structures and state and public units, charged directly for the performance of tasks, for the implementation of the plan to cope with the economic situation, caused by the COVID-19 infection, is not fully documented;

The detailing of the needs for coping with the economic situation caused by the COVID-19 infection has been distributed among ministries and institutions, but not documented by the Ministry.

Ministry of Health;

The activity for the coordination and the work management, as well as the recommendation of the institutions for the preparation and submission for approval to the Council of Ministers of draft acts, legal and by-laws, for coping with the economic situation caused by COVID-19, it turns out that it was not requested by these institutions;

Calls for reporting of structures related to the economic situation caused by the COVID-19 infection have shown lack of documented evidence;

The creation and management of working groups and the organization of activities for the drafting of a plan to cope with the economic situation caused by COVID-19 has been fragmented and not fully documented;

There have been deficiencies in the documentation of the activity for coordination within ministries and state institutions for the provision of the necessary data and the forwarding of orders in order to implement the plan to deal with the economic situation caused by COVID-19;

Agreements for the supply of vaccines were not in disposal to the audit group of the ALSAI, making it impossible to review and evaluate them, and in this context of the activity of the Minister of State for Reconstruction in the capacity of the responsible minister of the field.

Another structure, with a key role in the reconstruction process, the State Reconstruction Commission (SRC), defined in CMD no. 878, dated 24.12.2019 "On the composition, organization, activity and rules of operation of the State Reconstruction Commission" concludes that:

It has not been drafted, approved and forwarded for approval the General Reconstruction Program, a document on which the reconstruction process would be based. The absence of this document approved by SRC and CM contains the risk of undermining the effectiveness, efficiency, and economy of the reconstruction process, as a result of which decision-making is not based on proper planning, but is carried out on a case-by-case basis;

On the other hand, the lack of literal and periodic monitoring of the reconstruction process by SRC, as well as the lack of reports (from SRC) to the Prime Minister, does not provide certainty on the performance of the reconstruction process, contains the risk of not receiving timely necessary measures for improvement, as well as not providing transparency on the results of the measures taken so far to deal with the situation created by the November 2019 earthquake; The Technical Secretariat of the State Reconstruction Commission, during its decision-making activity, does not have any supporting documentation for the notification and delivery of materials, the records kept do not reflect the vote against, the decisions and minutes of the meetings of the National Committee for Reconstruction and Development are not signed. all members etc.;

In the data analyzed by the audit group, related to SRC's decision-making for the reconstruction process, it was found that in most cases, the in-depth expert report of buildings damaged by the earthquake was carried out by the Construction Institute, exceeding the competences of specified in CMDno. 26, dated 15.1.2020, according to which the Institute of Construction has the right to perform act-inspections and act-preliminary assessments, as well as the technical opposition on act-in-depth expertise. It also resulted that two projects were accepted, approved by SCR Decision and sent for approval to PM, not in compliance with the procedures defined for benefiting from reconstruction grants: the project for the reconstruction of Tapiza Bridge with the proposed fund in the amount of 151,539 thousand ALL without VAT, and the project for the reconstruction of Center for Services and Vehicle Administration with the proposed fund of 275,000 thousand ALL, since the requirements for the realization of these projects were not based on expert reports or preventive works project. At the end of this audit, referring to the findings, 18 organizational measures were recommended to improve the situation.

In the National Agency of Medicines and Medical Devices, with the object of a compliance thematic audit, for the period of activity from 01.11.2018 to 31.08.2020, from the audit referring to the findings, 1 measure of proposals for changes or improvements in the legislation has been recommended to improve the situation and 5 organizational measures. ALSAI, for the deficiencies and irregularities resulting in this audit, has requested the National Agency of Medicines and Medical Devices to assess and initiate disciplinary proceedings for all officials deemed responsible.

In the Supreme Judicial Council, with the object of a thematic audit of compliance, with the topic "On the thematic audit of compliance, exercised on the basis of the authorization for the verification of the calculation of wages, with a special focus, among others, on seniority at work, as well as the legal framework of regulator on which their calculation is based".

At the end of this audit, referring to the findings, 5 organizational measures were recommended to improve the situation. ALSAI, for the shortcomings and irregularities resulting in this audit, has asked the High Judicial Council to assess and initiate disciplinary proceedings for all the officials deemed responsible.

In the Ministry of Education, Sports and Youth, with the object of a thematic audit of compliance, for the period of activity from 01.01.2018 to 31.08.2020, at the end of this audit, referring to the findings, 1 measure proposal for changes was recommended to improve the situation or improvements in the legislation and 4 organizational measures.

In the Ministry of State for Reconstruction, Municipality of Durrës and the Institute of Reconstruction, with the object of a thematic audit of compliance, with the theme "Thematic audit for the implementation of legal procedures in relation to: Decision no. 32, dated 02.07.2020 of the State Reconstruction Commission; for the procurement procedure as well as for the implementation of the works in the object "Reconstruction and side addition and the new gym at the 9-year-old school "14 November", at the end of this audit, referring to the findings, 25 character measures were recommended to improve the situation organizational and 1 measure for damages in the amount of 2,760 thousand ALL. ALSAI, for the deficiencies and irregularities resulting in this audit, has asked the Minister of State for Reconstruction to evaluate and initiate disciplinary proceedings for all officials deemed responsible, as well as recommended administrative measures for the Durrës Local Territory Protection Inspectorate and the Agency of Public Procurement.

II.2.4 Performance Audits¹⁷

The Albania Supreme Audit Institution, in compliance with the legal obligation, performs performance audits in accordance with the requirements of the International Auditing Standards ISSAI 300 "Performance Audit Principles" as well as ISSAI 3000 "Performance Audit Standards". During the year 2021, ALSAI has increased the number of audits to 18 audits (9 Performance Audits were carried out in 2020). Performance audits accounted for 11.4% of total audits, following the same line as evidenced in the EC Progress Report of October 2021.¹⁸

The focus of the performance audits, carried out during 2021, included, among others, issues of high public sensitivity such as:

1. *Health Care*

- *The effectiveness of the management of the pandemic situation Covid-19;*
- *Safe motherhood: natal and postnatal hospital health care.*

2. *Social - Economic Issues*

- *The effectiveness of the program dealing with the consequences of the natural disaster (earthquake) of November 2019;*
- *The performance of the fire protection service in Albania;*
- *Metrological Inspection Performance; etc.*

3. *Agriculture*

- *Rural economy with a focus on Agrotourism*

4. *In the field of administration and management of public real estate*

- *The effectiveness of the legalization process and the impact on the administration of public property;*
- *The effectiveness of the measures taken to improve the real estate registration and administration system.*

5. *Environment and tourism*

- *Plastic waste management;*
- *Development of mountain tourism.*

Performance audits aim to classify and monetize findings, conclusions and recommendations according to the 3Es¹⁹ and not simply group into organizational and legal measures, as happens in compliance and financial audits. Thus, in the 18 audits completed for 2021 in over 57 subjects, a total of 464 findings, 344 conclusions and 492 recommendations were generated. On average, 28 findings, 23 conclusions and 30 recommendations were given in each audit. A brief summary of some of the key audits' context and audit messages are presented as follows:

¹⁷ The performance audit includes the audit of: a) economy, which means minimizing the cost of resources used in a public activity, while not compromising its quality; b) efficiency, which means optimizing the resource ratio/results of public activity, modifying processes, structures and the entire economic value chain, in accordance with national and international standards and best practices; and c) effectiveness audit, which means evaluating the final results and set objectives, in accordance with the policies of the audited entity.

¹⁸ COMMISSION STAFF WORKING DOCUMENT Albania 2021 Report, page 66

¹⁹ Economy, Efficiency and Effectiveness

II.4.1 Health Care:

1. THE EFFECTIVENESS OF THE MANAGEMENT OF THE PANDEMIC SITUATION COVID-19

Auditees:

- Ministry of Finance and Economy;
- Ministry of Health and Social Protection;
- Public Health Institution;
- Central Directorate, Health Care Service Operator;
- Tirana Local Health Care Unit.

Audit Context

In early March 2020, Europe became the global epicenter of the pandemic before the USA became the region with the highest number of cases in April 2020. The WHO classified the COVID - 19 outbreak as a global pandemic on 11 March 2020.

France identified the first confirmed case of COVID - 19 in Europe on January 24, 2020. Neighboring countries reported their first cases shortly after the virus spread across Europe. The WHO declared an International Public Health Emergency on January 30, 2020 for the spread of the corona virus. The lack of knowledge and data about the disease, especially in the early days of the pandemic, represented a significant challenge for public authorities. The WHO required all countries to draw up pandemic preparedness plans and that each country be responsible for managing and financing health services and medical care in its territory and for putting in place a series of public health measures to prevent the spread of the virus. These measures include social distancing, the use of face masks, testing, tracing and the creation of temporary hospitals to help health care workers who are dealing with the influx of COVID-19 patients.

The first case in Albania was reported in Tirana on March 8th, 2020, and on March 24th, 2020 with DCM no. 243, the Government declared a state of natural disaster due to the epidemic caused by COVID - 19. Through the Order of the Minister of Health and Human Services No. 53, dated 31.01.2020 for the "Establishment of the Temporary Committee for the New CORONAVIRUS Widespread Infection", measures were taken to push health structures, the Institute of Public Health (IPH), as well as other local and central health authorities, to draft action plans, to implement those plans and their ordinances to monitor progress against the goals of eliminating the spread of the new coronavirus infection.

With the Order of the Minister of Health and Human Services no. 193, dated 20.03.2020 "On the closure or restriction of movements in the Republic of Albania", the restriction of movements throughout the territory of the country was imposed, which brought a total blockage of social and economic activity in the country, with the exception of the activities of production and trading of food, pharmaceutical and financial products.

For this reason and due to the economic impact of COVID-19, the Albanian government approved two financial support packages for people in need and who operate in the private sector.

The first support package approved with DCM no. 254, dated 27.03.2020 "On the determination of the procedures, documentation and extent of benefiting from financial assistance for employees in business entities with annual income up to 14 million ALL, economic assistance and payment of unemployment income during the period of the natural disaster, declared as a result of Covid-19". The second support package approved by DCM no. 305, dated 16.04.2020 "On the determination of procedures, documentation and the amount of financial aid benefits for current employees and employees dismissed as a result of Covid - 19" (amended by DCM no. 13, dated 22.04.2020 and dated 28.04.2020).

Audit Message

The Ministry of Health and Social Protection, in cooperation with health care institutions, based on the previous experiences of managing epidemics, took measures for the prevention and protection of citizens' lives. But the managing of COVID-19 in our country highlighted the many problems of the health system has, such as: insufficient regional hospital capacities for the treatment of cases with COVID - 19, inefficient operation of health centers of local health care units, professional capacities of infectious disease specialists in primary health care is very limited, insufficient financial funds, shortages in the stock of personal protection materials (PPE), insufficient training of medical staff, insecurity in the workplace, etc. Faced with an unknown virus, accompanied by loss of life, the management of the situation by our health system was not very effective. The policies followed by the Ministry of Health and the public and non - public health institutions did not realize the provision of health services as a public good which is the purpose of their existence and policies, to increase the quality of life of citizens. In the conditions where, referring to European standards, Albania today faces the challenge of universal health care coverage, it is necessary that state policies realize the principles of a public good in the service of increasing the quality of life of citizens towards European integration.

2. SAFE MOTHERHOOD: NATAL AND POSTNATAL HOSPITAL HEALTH CARE

Auditees:

- Ministry of Health and Social Protection;
- Health Care Services Operator (HOSH);
- Obstetrics and Gynecology University Hospital "Koço Gliozheni";
- Obstetrics - Gynecology University Hospital "Queen Geraldine";
- Vlora Regional Hospital (SRV);
- Korçë Regional Hospital (SRK).

Audit Context

Maternal health care in terms of promoting safe motherhood is a very important topic in health care, for which the WHO has drawn up a dedicated strategy - the Global Strategy on Women's and Children's Health 2016 – 2030. In this strategy, safe motherhood is defined as preconception health care, prenatal, natal and postnatal care, prevention of newborn problems and congenital anomalies. The Albanian government in the framework of the implementation of SDG no. 3 "Good Health and Wellbeing" has approved the Strategic Document and Action Plan for Sexual and Reproductive Health 2017 - 2021. The goal of maternal health care is that: every woman has a safe pregnancy and childbirth, and every

baby is born alive and healthy. Quality maternal care and safe motherhood recognize that every pregnancy should be desired and every pregnant woman and her baby should have access to competent health care, as well as be able to take care of herself or her baby even when there are complications, health problems during pregnancy, during childbirth and/or the postpartum period. Health care for safe motherhood in our country is provided at all levels of the health service. This topic has often been in the focus of the written media, especially regarding the service at the hospital level, highlighting issues related to infant and maternal mortality; skills and knowledge of health personnel; lack of standards, guidelines, referral protocols for follow-up of women during pregnancy, delivery and after delivery; lack of human resources and infrastructure; etc.

Audit Message

"The commitment of the Ministry of Health in the direction of implementing strategic and specific objectives for guaranteeing safe motherhood, referring to the objectives of the Strategic Document and Action Plan for Sexual and Reproductive Health 2017-2021, has not been effective as long as this institution has not been able to provide a reliable framework of their level of applicability. Monitoring and evaluation of the Strategic Document and Action Plan for Sexual and Reproductive Health did not exist for the period 2016 - 2019, thus penalizing the analysis and verification of the results achieved as a result of the implementation of these objectives.

The Ministry of Health and Social Protection has not carried out a comprehensive and serious assessment of the need for human resources in hospital care health structures, which analyzes the workload per doctor, the ratio of the number of patients per doctor, including the number of beds in order to use them as efficiently and effectively human resources available to the health system. The problems of the hospital infrastructure have penalized the provision of the service, since the optimal conditions are still not guaranteed in accordance with the Quality Standards for the Accreditation of University and Hospital Health Structures and a service that ensures the highest level of cleanliness, hygiene and sterility is not offered., which, despite the tireless efforts of health personnel, still remains at unsatisfactory levels. Deficiencies in the administration and documentation of training carried out by the medical staff does not allow an accurate tracking and reporting of all the training carried out by the staff for the audit period, as well as penalizing the health structures themselves which in this way do not have accurate data on the professional advancement of the staff".

II.4.2 ISSUES WITH SOCIAL AND ECONOMIC IMPACT

1. EFFECTIVENESS OF THE PROGRAMS FOR COPING WITH THE CONSEQUENCES OF THE NATURAL DISASTER 2019

Auditees:

- Minister of State for Reconstruction;
- Ministry of Finance and Economy;
- Municipality of Tirana;
- Municipality of Durrës;
- National Agency of Territorial Planning;
- Albanian Development Fund;
- National Civil Defense Agency.

Audit context:

Albania was hit by a strong earthquake with a magnitude of 6.3 on the Richter scale at a depth of 38 km. The epicenter of this earthquake was 22 km from Durrës and 30 km from Tirana. Most of the earthquakes recorded in our country have occurred in this area where the Euro-Asian Plate and the Adriatic Plate join. As a result of this earthquake, a total of 202,291 people were affected, of which 47,263 directly and 155,029 indirectly. The earthquake caused 51 deaths, of which 7 were children aged 0-14, 34 aged 15-59 and 10 people aged over 60. Also, 913 people were injured. In total, 48 people were rescued, 38 by rescue teams and another 10 by random people who provided first aid to those affected by the earthquake. About 17,000 people were displaced as a result of losing their homes. The main authorities of our country described the earthquake of November 26, 2019 as the strongest of the last 30 years. The municipalities most affected by this earthquake were Shijak, Durrës, Kruja, Tirana, Kamza, Kavaja, Vora, Rogozhina, Kurbini and Mirdita.

Referring to the PDNA (Post Disaster Needs Assessments), which is the only document that has collected the assessments of the effects and damages caused by the earthquake of November 2019, the total amount of destruction in the 11 municipalities is estimated at approximately 985 million euros (121.1 billion ALL). Most of the damage was recorded in the housing sector (78.5%), followed by the manufacturing sector (8.5%) and the education sector (7.4%). Regarding ownership, 76% of them occurred in private properties and 23.5% in public properties. Regarding the geographical distribution of damage and loss, the Municipality of Durrës is the most affected, where the damages are estimated at 303.8 million EURO (3.74 billion ALL) or 32.4% of the total, followed by the Municipality of Tirana with 284.3 million EUR (3.5 billion ALL) or 30% of the total, followed by Kruja with 84.2 million EURO (1.04 billion ALL) or 9% of the total, followed by other municipalities. The location of the earthquake was not a surprise, based on the fact that historically the seismic events occurred and were recorded between the Euro-Asian Plate and the Adriatic Plate, part of the complex collision zone with the African Plate, where the tectonic compression of the Earth's crust extending from Croatia in the north to in Greece in the south has given an increase seismic movements. In this context, the western part of Albania has high probability to such strikes. Investments in decreasing disaster risk save lives and reduce damage. The use of resources and spending on taking precautionary measures to reduce disasters can be more effective and efficient than the "bill"

for disaster response and reconstruction. Many studies have shown that disaster risk reduction is many times more cost-effective: 1 ALL invested in disaster risk reduction can save 2 to 10 ALL in the total cost of post-disaster response and reconstruction.

Audit message:

Although the responsible institutions in these years have been active in managing the post-earthquake situation of 2019, their performance has not been fully effective. In addition to the lack of drafting and approval by the National Civil Defense Agency of policies aimed at preventing, mitigating and preparedness for the risks of natural disasters which are defined in the civil defense legislation, one of the main documents that has not been approved is the Program General of Reconstruction. The unique government portal, which was supposed to guarantee full transparency in terms of the use of funds for the reconstruction process, has not been conceived and does not fulfill all the obligations defined in the Normative Act for dealing with the consequences of natural disasters. The funds allocated to the Tirana and Durrës Municipalities are not in full compliance with the PDNA, which is the only guiding document that has calculated damages according to specific sectors such as health, education, infrastructure, housing, etc. On the other hand, cooperation and coordination between institutions has not been fully effective in terms of information exchanges, in-kind contributions, trainings for cases of natural disasters, etc. The municipalities of Tirana and Durrës have not sent data to the AKMC regarding the act of assessments made in entities damaged by the 2019 earthquake. Although late, the approval of the General Reconstruction Program in order to plan and determine the time limits for dealing with the consequences of the 2019 earthquake would help the entire reconstruction process as a whole.

1. PERFORMANCE OF THE FIRE PROTECTION SERVICE IN ALBANIA

Auditees:

- Ministry of Internal Affairs;
- General Directorate of Fire Protection and Rescue Service;
- Municipality of Tirana;
- Municipality of Vlora.

Audit context:

The Fire Protection and Rescue Service is a specialized structure of permanent readiness. The mission of this service is inspection, prevention and intervention in cases of fires. Firefighters perform fire surveillance as well as provide first aid in emergency cases. Therefore, it is necessary for the personnel to be professional and well trained for a better and more complete coverage of the service territory which is related to the speed and efficiency of the services. Albania has had a development in recent years administrative, urban and population infrastructure, which requires a set of technical-legislative measures necessary for the organization of various forces, tools, fire-fighting equipment, methods and tactics, which are used for intervention in fire extinguishing, evacuation and life saving of people, animals and property.

Due to the natural phenomena that occurred in neighboring countries, doubts arise as to whether the fire protection services in Albania are able to cope with emergency situations of

a more massive nature. The amortized infrastructure of the fire brigade or sometimes even the impossibility to reach the heart of the fire due to the lack of roads, illegal constructions, heavy traffic, etc., have shown that fires can cause great damage. We can remember the fire that engulfed the south of the country a few years ago, where fortunately there was no damage to people, but large amounts of trees and bushes were burned, posing a risk to biodiversity, the destruction of plant and animal species. The worsening of the situation occurs mostly in the summer due to high temperatures and often also due to the intentional setting of fire by individuals. Also, if a fire occurs in a private bar or a public property, or even in motor vehicles, it will cause great economic losses and affect the interruption of public services and economic activity. But, the most important thing is that in most fire events, life itself is at risk.

Audit message:

The management of the Fire Protection Service in Albania, despite the work and efforts, at the central and local level, has not been sufficiently effective in terms of the establishment, operation and monitoring of this service. This situation has come as a result of the lack of a strategy in carrying out the activities approved by the Ministry of the Interior, after the decentralization of this service, the lack of establishment of appropriate structures at the central level and delays in the drafting of the regulatory legal framework for this service. As a result, the measures taken by the Ministry of the Interior, through the General Directorate of Fire Protection and Rescue Services (GDFPRS) and the Local Directorates of the Ministry of the Interior, in the Municipality of Tirana and Vlora, have not been sufficient to achieve the objectives of fire prevention, as well as for inspection according to regional and contemporary standards in guaranteeing public safety.

GDFPRS, by not drawing up a human resources management strategy, has not functioned according to the legal regulatory framework of its activity, as well as not achieving its objectives, where above all the lack of a Fire Training School is noted, ranking Albania in the few countries with the absence of such a school. For the fire service, the support with funds related to the establishment of the infrastructure and the fleet with tools and equipment according to the standards of other Balkan countries has not been realized on a national scale, to ensure continuity after the decentralization of this service.

The audit of this service at the central and local level, focused on two large municipalities such as the Municipality of Tirana and the Municipality of Vlorë, showed that the measures taken for the effective operation of the fire protection and rescue service are insufficient to guarantee a service of safe, stable and according to contemporary standards. Full coverage of the territory has not yet been achieved in terms of on-site control and monitoring of the fire protection system for residential buildings, referring here to the definitions of technical regulations, and there is no map of Fire Hydrants built by WST (Water and Sanitation of Tirana), which is readily available for on-site service. The institutions responsible for the fire protection and rescue reflect a lack of effectiveness in the exercise of duties, coordination of the parties participating in the process, as well as the commitment and legal obligation for the practical realization of the fire protection and rescue service in a safe and complete manner, as a function of safety public.

2. EFFECTIVENESS OF MEASURES TAKEN TO PROTECT THE CONSUMERS FROM ABUSE OF WEIGHTS AND MEASUREMENTS

Auditees:

- Ministry of Finance and Economy;
- General Directorate of Metrology.

Audit context:

In our daily life, several problems of measurement accuracy are noticed, which separately or together, in the relations between the parties (public institutions with each other, public institutions with private subjects, between commercial subjects and the consumer, or between two commercial entities), can bring negative social-economic effects. Specifically, some measurement accuracy problems can arise in: Consumer basket products; Trade exchanges between wholesalers and retailers; The field of medicine; Accurate measurement of electricity or water consumption, Telephone impulses we consume; Accurate measurement of the amount of fuel supply; Public order and security devices, speed radars or alcohol analyzers used by the traffic police; Devices that serve to measure noise, environmental pollution, which affect the way of life and human health, etc.

From the information published on the official website of the institution that carries out inspections in the field of metrology (State Inspectorate of Market Surveillance), it results that during the period 2018-2020, a total of 9361 products (measuring instruments and pre-packages) were checked, of which came out not according to the parameters 529 products, where the main weight of which is occupied by pre-packages (various packaged products that the consumer bought) with 403 products and the remaining part is occupied by measuring instruments (taxi meters, fuel dispensers, scales) with 126 products. From these data, it results that the number of defective products has decreased, respectively in 2018 - 422 products, in 2019 – 68 products and in 2020 – 39 products, but the fact should be taken into consideration that the number of inspected products during the 2018-2020 period has decreased, about 1,000 less inspected products.

Audit message:

Although the national metrology system has been built for years, the effectiveness required by it still does not turn out to be at the right level. The General Directorate of Metrology, during the period 2018-2020, has shown a lack of efficiency and effectiveness in the exercise of its duties, in function of the development and strengthening of the metrology system. On the other hand, despite all the efforts made, the required level of professional technical training of the staff of the metrology verification structures and their cooperation with the institutions that are part of the quality infrastructure has not been reached. Also, the undertaking of several legal initiatives by the Ministry of Finance and Economy, in the long term, risk negatively affecting the quality of the metrological service offered, but also guaranteeing consumer protection from weight and measurement abuses. In order to develop, as well as fully protect the consumer, it is necessary not only to consolidate this system in the existing fields, but also to expand it in new fields, especially in that of health, quality of food products, technical insurance, etc.

3. PERFORMANCE OF RESIDENTIAL INSTITUTIONS OF SOCIAL CARE FOR CHILDREN

Auditees:

- Ministry of Health and Social Protection;
- State Social Service;
- Municipality of Durrës;
- Municipality of Shkodër;
- Municipality of Vlora;
- Municipality of Korçë;
- Municipality of Saranda.

Audit context:

The Albanian reality reflects a society where social problems are sensitive issues. Well-being and the environment we live in are issues that are affected daily, but which every day bring out the need for the intervention of many state-society plans, where different layers and vulnerable social categories require more equality and integration with the rest of society. In these conditions, respecting and appreciating the dignity of children in general, especially the categories of orphaned children, including children in residential institutions of social care, as well as children who are used to work, are a great challenge that is inextricably linked with the affirmation and respect of their basic rights and freedoms, in a society that daily aspires to establish and consolidate democratic values. The development of this audit has had a special importance due to the many problems and difficulties that orphan children face in their efforts to be included in social, cultural and educational life, with equal rights and opportunities as any other child. The main objectives of residential institutions of social care are; recognizing the potential of children by guiding and accompanying them on their way to independence and making them active members of society, as well as; supporting families to stay together. However, if children cannot grow up in their biological family they must be supported to form lasting bonds in a family environment, as well as ensuring that siblings stay together.

Audit message:

The activity of institutions involved in the management of residential social care institutions for children has not been effective. Despite the continuous efforts in this direction, it still cannot be considered to have fulfilled its main goals. The Ministry of Health and Social Protection, as a political institution, has not yet updated the legal basis on which residential services for orphan children operate. Also, the State Social Service itself, in the capacity of the institution that monitors the activity of care and service institutions, has not drawn up a comprehensive methodology in terms of fulfilling this function. In addition to the problems identified at the level of general government, without a doubt it can be said that the most inherent deficiencies in the management of these institutions are observed at the level of local self-government, this is also a consequence of the fact that the decentralization of social care services has not worked. Still many years after the start of the decentralization of social care services and the deinstitutionalization of children, local self-government units have not managed to build adequate local structures (in number and professional figures) to manage these processes, with the only result of leaving social care institutions in dual administration.

They are still in the first stages of implementing the social fund and have not managed to create the minimum conditions in the territory to face the financial and social costs of decentralization and deinstitutionalization. Even the residential institutions of social care for orphan children have not shown a dedicated commitment in the direction of implementing the applicable standards for the administration of the health, educational, social and psychological aspects of the children in the institution. A dedicated and harmonized commitment is needed at the central and local level in order to improve the management of IPSH by all actors involved in this topic.

4. CITY CLEANING SERVICES

Auditees:

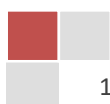
- Municipality of Vlora.

Audit context:

The rising of living standards have been accompanied by a parallel increase in waste production and, as a result, increased environmental pollution. Urbanization and the spontaneous developments of the territory in recent years have made it difficult to guarantee the most complete and effective cleaning service in the city. The generation and mismanagement of waste has a direct effect on the development of tourism and the general economic development of the country as well as on the integrity of the protected environmental areas. The urban waste cleaning service itself contains several components which are: - Avoiding any damage or risk to the health, well-being and safety of the person's life; Guaranteeing hygienic-health requirements and any risk of air, water, soil and subsoil pollution; Conservation and protection of fauna and flora and environmental and landscape degradation. However, despite the efforts of the Municipality of Vlorë, this service has had its own problems, due to the increase in the city's population, the territorial extension, the creation of new neighborhoods, the residents' low awareness of waste disposal, as well as the complete failure to collect cleaning fee. Waste management in Albania and in the Municipality of Vlorë specifically, is at a low level. The problems of waste generation and their management are many and varied. The largest amounts of waste generation (by weight) are waste from inert materials, in particular from construction, but the greatest risk is associated with the generation of hazardous (mainly industrial) waste. Municipal waste needs special and expensive collection, transportation and disposal. Unauthorized dumping is common on land and in waterways, especially near small settlements. Materials are often left or dumped into the environment, contaminating surrounding land and watercourses. Likewise, it is common for household waste and the like to be burned in the open, giving rise to poisonous gases.³ Ensuring an effective cleaning service means the first line of defense against viruses or infectious diseases. A clean city means social, economic and health well-being, improving the lives of citizens, as well as increasing the number of tourists. For this reason, the cleaning service should be seen as an investment rather than an expense.

Audit message:

The cleaning service of the city of Vlora has been partially effective. Deficiencies are observed



in the planning process, mainly the financial one, where the Municipality of Vlora spends a significant amount for the cleaning of the city, which cannot be covered by the revenues collected for the cleaning. Likewise, the contract concluded between the parties has not been rigorously implemented as there are many elements defined in it, which have been neglected and there is also a lack of transparency in guaranteeing the fulfillment of each item of the contract. With all the efforts up to now, the attention should be greater towards undertaking studies and planning services in proportion to the financial resources available to the Municipality, as well as the increased demand of the account towards the economic operators.

6- EFFECTIVENESS OF PUBLIC PARKINGS ON CITIES

Auditees:

- Municipality of Tirana;
- Directorate of Road and Traffic Transport.

Audit context:

The following best practices have shown that effective parking management has proven to be beneficial in facilitating sustainable urban mobility in cities. With the dynamic development of cities, the number of cars owned by citizens has increased, which made effective parking management in cities more and more necessary. Tirana had a ratio of about 105 cars per 1,000 inhabitants, but with the new territorial administrative changes the ratio goes to about 200 cars per 1,000 inhabitants, which is only slightly less than the European average (300/1000 inhabitants) and is expected to increase by speed next years. As defined in the Tirana Municipality Strategy 2018-2022, with the increase in the number of cars and their continuous use in Tirana, the increase in parking capacity in Tirana appears as an essential need.

"The problems of overcrowded parking are observed everywhere in the Central Business Zone in Tirana". On the other hand, as a growing city, Korça faces the same problem regarding parking in the city. The most recent study conducted on parking in the city of Korça is that of 2013. Referring to this study, Korça is a well-developed economic and cultural center, where over the years the trend of the number of citizens who own a car, or the number of entities that develop economic activities is increasing. Almost every car journey ends in a parking space. Therefore, the management of parking spaces means the management of the demand for the use of the car and the burden of traffic. Referring to numerous studies, the advantages of proper parking management are not limited to finding a parking space easily.

The European Commission, in the most recent document published on the sustainable management of parking in the city, lists 16 advantages, where among the most important of them are:

- Parking management contributes to the sustainable development of urban mobility and therefore increases the quality of life in the city;
- Parking management leads to the reduction of the time needed to find a parking place, thus reducing traffic in the city;
- Studies have shown that the cost of parking management has a high level of approval by citizens. People usually complain before parking is actively managed, but the initial objection subsides when they realize its positive impacts;
- Parking management supports the local economy;

- Parking management contributes to road safety;
- Carefully chosen parking standards positively affect the value of real estate;
- Parking management increases the income of municipalities, positively influencing the increase of investments in cities; etc. Despite the great advantages of parking management, studies draw attention to the fact that in order to achieve this goal, it is very important to determine the correct rates, studied parking prices and appropriate fines, to ensure success in this direction.

Audit message:

Parking management in the Municipality of Tirana at a strategic level suffers from poor planning, which is not based on detailed analysis, thus not ensuring the division of structures responsible for carrying out specific activities, cost of activities, or expected results year after year the year in which the strategy extends. This situation has caused that 20% of the projects foreseen in the strategic document "Sustainable Development Strategy of Tirana Municipality 2018-2022" have not been implemented. Many problems were found in the blocking of paid parking posts due to constructions taking place in the city, or arbitrary occupations affecting the performance of the process. The lack of monitoring reports does not provide solid results in terms of achieving the vision of the Municipality for parking management, which contains the risk of the lack of effectiveness and efficiency of this function.

Parking management in the city of Korça has not received the proper attention from the management structures of the Municipality, which, in the absence of a vision for parking that is in line with the holistic vision for the development of the city, have supported this function in test projects.

The poor planning of test projects for parking in this city has caused 67% of them not to be implemented, not ensuring the benefits derived from proper parking management such as improved urban mobility, greater support for the local economy, increased road safety, better air quality, etc. Numerous problems were found with the completeness, clarity and accuracy of the horizontal and vertical parking signage in the city of Korça. On the other hand, the weak system of monitoring and controlling of the implementation of the legal and regulatory framework for parking in the city, has not enabled the identification and taking of measures for improvement. As mentioned above, the management of public parking in the city of Korça suffers from a lack of effectiveness and efficiency.

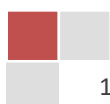
7- THE EFFECTIVENESS OF POLICIES IN THE PRESERVATION AND ADMINISTRATION OF ARCHEOLOGY SITES

Auditees:

- Ministry of Culture;
- National Institute of Cultural Heritage (NICH);
- Vlora Regional Directorate of Cultural Heritage;
- Archeology Parks Administration and Coordination Units (Butrint, Orikum, Amantia, Apoloni & Bylis).

Audit context:

Archeology sites in the Republic of Albania, of any nature and culture, social and natural



environment, belonging to the same classical Mediterranean civilization, dependence, management, size or geographical position where they are located, have been and will remain to be an important factor of historical, cultural and social economic development in our country. Archeology sites create the possibility of promoting and activating material goods and services, with the aim of improving the quality of life, especially of the surrounding communities, who have realized that their lives are closely related to the context in which they live and work. This context constitutes the core of their cultural identity and serves as an intellectual and spiritual reference for a balanced quality of life. Since the material cultural heritage is one of the most important national resources in the country, which is not renewed, some special efforts should be made to restore the balance between our needs and the protection of this resource. Being important tourist attractions and thanks to the combination of ecological and archaeological assets, already known nationally and internationally, archaeological sites occupy a special place in the spectrum of so-called "ecotourism destinations". Managing archaeological sites, dealing with conflicting issues related to ownership, excavation, conservation, global climate change, pollution, conservation of what exists, what is known, accepted and understood and what is yet to be discovered and the need to use this resource for socio-economic benefits of local communities, accessibility for the public, financing, etc., which are at the center of the policies of the state institutions that deal with them, there are shortcomings that appear and affect life of citizens and, in the current conditions, cannot ensure and guarantee their preservation, endangering their existence. If the state institutions with their policies are not able to recognize the dynamics of development and the basic challenges, the management of parks and archaeological sites is impossible. This shows the importance of visitor management and integrated decision-making, in order to achieve the desired and predetermined results in the strategic objectives of Ministry of Culture, National Institute of Cultural Heritage and other dependent institutions. This requires the commitment of all interest groups that have been charged with the responsibility of working together towards achieving the common goal. These groups must be proactive in defining common interests and designing long-term strategies with concrete action plans. Such strategies will have a cultural, social and economic impact throughout the country, especially in the surrounding community, from their awareness through training, education, employment, improvement of road and logistics infrastructure, development of the ecosystems around the area and the establishment of quality of life and benefits to local communities and host countries. These strategies will also increase the performance of the responsible institutions. Judging from the above, due to the values carried by the management of archaeological sites, the social problem in focus is their preservation, protection, evaluation and administration, as a necessity for the development of culture, economy and the increase of national well-being.

Audit message:

State policies followed by the Ministry of Culture, as the ministry responsible for cultural heritage, for the preservation, protection, evaluation and administration of archeology sites, due to the lack of a complete regulatory framework in their management, have not been effective.

The overlap of legislation, as a result of the simultaneous operation of two laws on cultural

heritage, the lack of implementing by-laws, the adoption of the strategic document without concrete action plans, the weak inter-institutional communication, have made the management of the sites ineffective.

The selection of management criteria was not made on the basis of studies conducted by the Ministry of Culture, as well as the best model integrated in Albanian conditions.

The change of the structures of the Administration and Coordination Units of the archaeological parks was carried out without financial analysis, without analysis of human resources and needs for specific professional skills, without a plan on the identified needs and the desired results.

The Ministry of Culture and specialized institutions in the field of cultural heritage have shown weakness in taking measures to preserve and protect the cultural heritage of archaeological parks.

In the absence of plans for the preservation, protection and administration of the cultural property, the management of the sites in this aspect has not been fully effective. The infrastructural, logistical and human deficiencies in the administration of the parks have become an obstacle to creating the most appropriate conditions for their public use by visitors. Deficiencies are also found in their promotion through mass communication channels. The Ministry of Culture does not have any action plan regarding relations with audio visual media, regarding the production, promotion and transmission of documentaries on archaeological sites.

8- RESERVE FUND OF THE SOCIAL INSURANCE INSTITUTE

Auditees:

- Social Security Institute.

Audit context:

The pension system is the best form of social protection for people whose income is reduced as a result of incapacity for work due to age or other reasons. Currently in Albania, 621.2 thousand pensioners benefit from pensions and pay contributions 752.4 thousand contributors. The law on social security in the Republic of Albania is based on the social security system established by the German chancellor Bismarck. Consequently, the general system of social insurance in our country is based on the contributory principle, the principle of the individual's self-responsibility for future risks in the social field, as well as the principle of the generational agreement "pay today to benefit today (pay as you go)", focusing on the strong and direct link between contributions and benefits. The spread of Covid 19 and the declaration of a global pandemic by the World Health Organization prompted countries to take extraordinary measures to manage the situation. Through the Decision of the Council of Ministers no. 243, dated 24.3.2020 "On the Declaration of the State of Natural Disaster", some restrictions were implemented in our country, which also led to the closure of a number of commercial activities. The crisis created as a result of the pandemic is not only a health crisis but also an economic one.

The performance of the Albanian economy, as a result of this crisis, is grim according to the estimates made by the International Monetary Fund and the World Bank. These reports

emphasize that in our country the labour market will also be affected, as it is based on the high level of self-employment and informal employment. The OECD in its report states that the most affected sectors in our country will be tourism, transport and trade, and that 50 thousand jobs have already been closed due to the pandemic crisis. Reducing the number of employees means reducing their contributions, affecting the pension system, which is a contributory system. This means lowering the income of the social security fund, putting the beneficiaries at risk. To deal with emergency situations caused by natural or other disasters, the SSI (Social Security Institute) has established and maintains a reserve fund which covers at least one month of expenses for the pension scheme. Assessing the need for pensioners during the pandemic period, a number of Western Balkan countries have taken steps to increase pensions. In Serbia, all pensioners have received support worth 35 euros, while in Kosovo, pensioners paid less than 100 euros have received a temporary supplement of 30 euros. Although the elderly is the most vulnerable group from a health point of view, they should first be protected from the economic downturn, as they rely on pension payment.

Audit conclusion

Reserve fund management, although it is one of the priority objectives of SSI (ISSH), has not been met with effectiveness and efficiency. The purpose of creating this fund is to provide a coherent reserve to cover the benefits of the social security scheme in exceptional cases. Reducing the level of insurance of the pension scheme through the reserve fund from 3 months to 1 month not only violates the objective of this fund, but also violates the principle of legal certainty for citizens, which is a constitutional principle that serves as a basis for the functioning of the rule of law, as it risks their rights to a greater extent than the previous legal definition. SSI has not conducted detailed cost-benefit analysis regarding the possible alternatives of investing the reserve fund, which would enable the maximization of the financial benefits generated from the investment of this fund and its investment effectively. After the maturity of financial instruments, based on the publications on investment alternatives on the official website of the Bank of Albania in that period, SSI has reinvested mainly in the same assets, and the same values, except for those financial instruments for which value has also made the increase of the reserve fund rate. Thus, it is not evidenced that an analysis or calculation has been performed by the audited entity on the selection of the value of the financial instrument invested in treasury bills or bonds. Currently, after fulfilling the legal objective for the level of insurance through the reserve fund, SSI has not foreseen any objective for the ongoing administration and investment of this fund in order to increase it. Despite efforts, SSI has not effectively managed all the issues that affected the pension system and scheme beneficiaries during the pandemic period. ISSH did not use the reserve fund during the pandemic period, although the need to use this fund emerged due to the reduction of revenues from contributes. Moreover, SSI has not prepared a plan of measures that defines in detail the management of emergency situations and the definition of explicit cases of use of the reserve fund.

9. EFFECTIVENESS OF THE NATIONAL LIBRARY ACTIVITY

Auditees:

- National Library

Audit context

Libraries are cultural and informative institutions that provide free access to information in any form in which it is stored. They collect, store, process and make available to users their own collections that contain information in the service of their formation. The national library network consists of all libraries of the Republic of Albania and operates in cooperation with the network of archives and museums, based on the Albanian legislation in force. Every citizen in the territory of the Republic of Albania, regardless of race, age, sex, nationality, educational and cultural background, social status, political beliefs and religious affiliation, has the right to library service. The state guarantees the protection of documentary cultural heritage according to the legal framework, as well as according to international conventions and agreements to which it is a party. As the first public and secular institution in the field of culture, the National Library was established on July 10, 1920 under the direction of prof. Mati Logoreci, appointed at that time by the Ministry of Education. In this long journey, almost a century old, the National Library of Albania became the main source of knowledge for all Albanians. As the only archival centre for Albanian publications, NLA (BKSH) preserves the written cultural treasure of our nation. Only a small fund of 3 thousand books of the Library of the "Albanian Literary Commission" and the society "Vllaznia" served in 1920 as the nucleus for the creation and establishment of the National Library, to reach 95 years later a fund of 1.1 million units, thus representing the richest archive and treasure of the culture of the Albanian nation. Today, NLA is not only an archival institution that preserves written testimony and heritage, but above all, an always open window to knowledge, an incentive to go to the magical world of book, study and learning. Nowadays, when the rapid development of technology enables fast access to information, anytime and anywhere, the National Library remains an inexhaustible source of structured and secure information, always ready to serve the reader and facilitate access in information. The most precious treasure, not only for the National Library, but for the entire Albanian nation and culture, is the collection of antiques and incunabula. The collection of antiques is a special fund, very important, not so much in terms of number of volumes as in terms of its content. It contains 2491 rare works published in the XV-XVIII centuries, including the first works in Albanian of Gjon Buzuku, Pjetër Budi, Pjetër Bogdani, Frang Bardhi and Jul Variboba, as well as the Latin works of the Albanian humanists Marin Barleti, Marin Beçikemi and Dhimitër Frangu. Part of this collection are also the publications of Voskopoja that belong to the XVII-XVIII century, as well as 9 incunabula. Equally important is the fund of manuscripts, about 1199 units, which mainly include manuscripts in Oriental languages (Arabic, Ottoman and Persian). The National Library, as the main institution of libraries in the Republic of Albania, which plays the role of a public library for the city of Tirana, among others, has as its main task the direct service to users through its collections (books, manuscripts, periodicals, maps, etc.), informing them by electronic means, organizing various information activities in cooperation with other institutions and bodies, such as: exhibitions, promotions, scientific conferences, etc., to fulfil its primary role: complementing the library and information needs of the community it serves.

Audit conclusion

After the performance audit conducted in the National Library of Albania, for the period 2018-2020, on the topic "Effectiveness of the activity of the National Library", it was concluded that: The management of the activity of the National Library of Albania (BKSH) at a strategic level suffers from a partly effective planning as a result of the lack of a strategy approved by the Ministry of Culture in carrying out strategic activities, the lack of analysis to determine measurable, relevant and achievable indicators, and the lack of targets to assess the implementation of these activities year after the year, thus causing the impossibility of continuous monitoring by the governing structures, as well as the lack of attention from the Ministry of Culture to evaluate the realization of its main objectives:

1- Development of spaces; 2- Technological and digital challenges; 3- Training in information, strengthening cultural life.

The lack of an audit trail in the process of digitizing library materials has led to a partially effective and non-measurable digitization process of Library Fund materials. Lack of policies and guidelines to assist the inventory process, lack of operational and strategic plans of the collection development sector, lack of monitoring by the management structures of NLA, as well as the lack of new regulations for the institution in view of structural change of NLA, has led to the failure to perform some of the functional tasks that are: verification and inventory of collections, a process which is not completed over the years affecting the poor performance of this sector.

10. FINES FOR VIOLATION OF THE ROAD CODE IMPOSED BY THE STATE POLICE

Auditees

- Ministry of Internal Affairs;
- General Directorate of State Police.

Audit context

Today the challenge of road safety lies in improving its performance comprehensively according to EU principles and policies. Improving the road safety system is important as a necessary element of a normal civic coexistence, the perfection of which is the result of many aspects and interactions related to the development of infrastructure and services, with the rule of law, civic awareness and governance as a whole.

A key role in maintaining a low level of accidents is played by the State Police, which is responsible for carrying out tasks and fulfilling objectives in terms of increasing road safety, ensuring a normal traffic for road users, accident prevention automotive, raising public awareness to increase road education and increase trust in the community. In this context, the State Police exercises controls in all road axes of the country to identify and punish offenses that are causes and are an increased source of risk for accidents such as: Exceeding speed limits; Driving under the influence of alcohol and psychotropic substances; Driving a vehicle without a driving license; Failure to wear a seat belt and helmet by moped drivers and motorcyclists; Punishment of aggressive behaviour on the road such as wrong overtaking, disrespect for priority, etc.

Moreover, the State Police has another special role in providing civil service and improving the actions against it, because in addition to the operational tasks of controlling legal

contraventions, its administrative task is to follow up, collect fines, administer this documentation, etc., specifically:

- The way of drafting, recording, deadlines for notification, review and appeal of “report of ascertainment of violations”;
- Procedures to be followed, documentation to be completed in road accidents or events, mainly for additional administrative measures against the vehicle or the driver of the vehicle; Follow-up of the collection of fines, administration of this documentation, etc.

Audit conclusion

The State Police, despite its good work in reducing the total number of accidents, presents some ineffective aspects towards increasing road safety and preventing accidents resulting in death. The reasons for road accidents, among others, have been the lack of speed radars and advanced technological equipment, the lack of proactive participation together with other partners in joint efforts to solve road safety problems, the routine organization of police services, as well as focusing more on fines for “wrongful stop/stay” than on those for “speeding”. The State Police, for the period 2017 - 2020, in some aspects related to the identification of road violations and the administration of fines, has not been fully effective. The long queues created before the fining commissions (OASH) have often created uncertainty among the citizens (especially those in the capital), and the reports of the fines are often presented with errors and inaccuracies in the completion. The amount of 9.8 million ALL for court and enforcement costs in cases lost to citizens as a result of appealing fines, has been spent inefficiently.

II.4.3 In the field of agriculture

1-RURAL ECONOMY FOCUSING ON AGROTURISM

Auditees:

- Ministry of Agriculture and Rural Development;
- Agency for Agricultural and Rural Development.

Audit context

Albania is an agricultural country with a favourable geographical position, with wonderful landscapes, favourable climate and rich culinary tradition, thus offering a great potential for the development of agro-tourism. In each county there are about 500 registered farms that adapt to the characteristics of agro-tourism and about 20% of them are ready to start an agro-tourism business. The existence of 12 districts means 1200 potential agro-tourism enterprises that expect investment opportunities over the next 5 to 7 years. Currently, the agro-tourism sector is being supported by grants from the EU IPARD funds and the National Grants Program of the Agency for Agricultural and Rural Development (ARDA). Both programs are managed by ARDA, providing grant support for investment projects in agro-tourism and rural tourism. Although the phenomenon of globalization has provided opportunities for large enterprises, on the other hand, small farms and rural communities have remained out of focus. Recently, agro-tourism is considered as a new rural enterprise that can promote rural development. This strategy of diversification of farm activities, can increase employment, protect landscapes,

prevent depopulation, provide more sustainable techniques of farm products. Agro-tourism represents a development strategy for rural areas and an important source of income, especially for small and medium farms. Moreover, agro-tourism has attracted the attention of policy makers because it is considered a catalyst for rural development, especially in agricultural areas that have experienced decline. As a result, with its strong focus on human capital and financial resources, agro-tourism is a credible policy catalyst for rural community development. The development of this sector has been dynamic in recent years while being treated by government programs as a high priority sector. Despite the importance given to the agro-tourism sector in various government strategies, there is still no national strategy dedicated to the development of this sector based on the best practices of the countries in the region. Despite the potential, this sector faces some limitations, such as road infrastructure and inadequate public transport, which hinders the growth of demand, or the low level of education in rural areas, which may lead to a shortage of qualified staff.

Audit conclusion

The agro-tourism sector is a novelty of recent years in the rural economy in Albania. It is seen as a sector with potential and its development is seen as a priority by state mechanisms. The cross-sectoral strategy for Agricultural and Rural Development 2014-2020, as the highest level policy document for agricultural and rural development, has not set objectives for the development of agro-tourism. Although the Integrated Rural Development Program, or as it is otherwise known, the "100 Villages Program", was a positive step for the development of the agro-tourism sector, where there are objectives related to agro-tourism, there was no monitoring by MARD for achieving these objectives.

At this still initial stage of agro-tourism development, a proper strategy and a special law on agro-tourism are needed, where measurable objectives are defined, an action plan for their implementation is drafted, and there is a clear division of tasks, roles and responsibilities between the actors involved, in order to guarantee the sustainable development of this sector. The current policies for the development of agro-tourism have consisted only in the granting of grants from the national scheme for the support of agro-tourism, for which, during 2018-2020, there was no monitoring by either ARDA or MARD.

From field visits to entities certified as "agro-tourism", the main problems of entrepreneurs were related to the lack of adequate road infrastructure, electricity and drinking water supply and the difficulty in finding qualified human resources to fill the staff.

Also, it turned out that MARD and ARDA do not administer data and statistics on the agro-tourism sector (data which are not found even in INSTAT), such as the number of employees in this sector, the number of tourists going to agro-tourisms, the impact that agro-tourism has on the rural economy or any other similar data that can help to have a clearer picture of agro-tourism development, which would help to understand the current situation of this sector and, of course, in designing more concrete and sustainable policies. The only way to achieve the sustainable development of agro-tourism and to use the potential that this sector has is inter-institutional engagement.

II.4.3 In the field of administration and management of public property

1. "EFFECTIVENESS OF THE LEGALIZATION PROCESS AND IMPACT ON PUBLIC PROPERTY ADMINISTRATION".

Auditees:

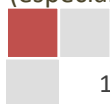
- General Directorate of the State Cadastre Agency
- Local Directorate of SCA, Vlora
- Local Directorate of SCA, Fier
- Local Directorate of SCA, Lezha

Audit context

Informal constructions in the years of transition are spread in a large part of the territory in the Republic of Albania, especially in urban areas with high intensity of constructions as close to the capital, but also in the cities of the first category and in the coastal line. One of the main challenges for sustainable territorial planning is the lack of legal compliance and cartographic inaccuracies. The considerable number of informal facilities over the years has hindered urban, economic, tourist, environmental and social development. Prior to the 1990s, the majority of the population lived in rural areas. The easing of restrictions on internal migration allowed the relocation of large numbers of people from rural and mountain areas to urban centres, especially in the cities of Tirana and Durrës. The Agency for Legalization, Urbanization and Integration of Informal Constructions (ALUIZNI) was established to administer this process. Conducting a performance audit on this topic, assessing the positive aspects and especially the shortcomings presented during the legalization process, implementation of government policies, strategies and regulatory framework, aims to increase the effectiveness and efficiency of the legalization service by the administration of the State Cadastre Agency through cooperation and understanding with the entity to provide recommendations that aims at adding value to this process. The final report was approved with the decision of ALSAI's Chairman, where 6 measures for legal improvement were recommended, focusing mainly on the protection of coastal areas from informal settlements and the protection of state assets, as well as 23 organizational measures, among others. for unifying maps between the former ALUIZNI and the former IPRO.

Audit conclusion

The timely extension of the legalization process, beyond the legal deadlines, has turned it into a protracted process, denaturing its main objective to regulate the great social effect of informal settlements, and has indirectly "encouraged" informal settlements, and not their reduction. Its performance has encountered instability over the years in the approval of legalization permits, this is mainly influenced by the fact that local regulatory plans of municipalities have not been updated with demographic changes that have occurred in a certain area. The current legislative and organizational approach to the legalization process is improvement-oriented, but key issues remain. The reduction of legalization criteria has not completely eliminated the bureaucratic aspects of service to citizens, at the same time it has been noticed that it has reduced the level of legal guarantees that protect public property (especially coastal areas)



2. "EFFECTIVENESS OF MEASURES TAKEN TO IMPROVE THE REAL ESTATE REGISTRATION AND ADMINISTRATION SYSTEM".

Auditees:

- General Directorate of the State Cadastre Agency
- Local Directorate of SCA, Vlora
- Local Directorate of SCA, Fier
- Local Directorate of SCA, Lezha

Audit context

Albania over the years has been in a weak economic position due to problems created by mismanagement of property. It is true that there is a set of strategic documents, which mentions ownership issues in a fragmented way, but without providing exhaustive and comprehensive solutions to them. For many years, Albania has operated with over 8 institutions operating on property rights, depending on the various responsible ministries, whose activity is regulated by different pieces of legislation. They have dealt with fragmented issues of acquisition of property and registration of title deeds. The high number of state agencies and numerous regulatory legislation have created overlapping processes related to property rights. These factors have also influenced the implementation of final decisions, as well as have created uncertainty about the effective means of appeal in cases of non-enforcement of final decisions. Cadastres in Albania have always carried an informality, a hidden and inherited illegality through real estate cards that have denied Albania the consolidation of a property market and consequently economic development. These structural and legal problems that have accompanied the activity of cadastres seem to belong more to the technical sphere, especially in improving cadastral maps, strengthening human resources, digitalization of cadastres than that of the legal sphere, for which it must be said that there is overload with laws, DCMs, instructions, which to date has not given those desirable effects in improving the situation. In this perspective, any reform or undertaking carried out in order to improve the work in the cadastre, including the new regulatory framework such as Law no. 111/2018 "On Cadastre" or Law no. 20/2020 "On the completion of the transitional ownership processes in the Republic of Albania" constitutes a major challenge for the administration of ACA and for the respective policies in the field of real estate. With the decision of ALSAI's Chairman, the final report was approved where 2 measures for legal improvement were recommended, mainly with a focus on reducing fees for registration of state property and 13 organizational measures, among others, with a focus on increasing professional capacity and logistics of the State Cadastre Agency.

Audit conclusion

The actions taken in recent years in terms of improvements in the legal framework constitute a serious, appreciable and positive effort to open a new horizon of solutions to the much-discussed property issue and to accelerate the registration of assets. However, the effects have not been fully visible, as there are uncertainties regarding the guarantee of the principle of legal certainty, as well as shortcomings in the logistical capacity and human resources to finalize the process of registration and updating of properties. The focus in the future should

be first on the accurate identification of the problems that have hindered this process, and further on the drafting of action plans for their solution and the finalization of the process of registration and updating of properties, to pave the way to reforms in the property sector in the country.

II.4.5 In the field of environment and tourism

1- PLASTIC WASTE MANAGEMENT

Auditees:

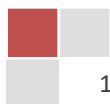
- Ministry of Tourism and Environment;
- National Environment Agency;
- Municipality of Tirana;
- Municipality of Elbasan;
- Municipality of Vlora.

Audit context

Global plastics production increased from 2 million tonnes in 1950 to 380 million tonnes in 2015. In the European Union, the plastics sector employs around 1.5 million people, generating around € 340 billion in revenue in 2015 alone. About € 25.8 million tons of plastic waste are generated in Europe every year. Less than 30% of such waste is collected for recycling. According to estimates, € 70-105 billion is lost to the economy as a result of the treatment and disposal of plastics through landfills and incinerators. Such data in Albania are almost non-existent for many reasons and some of them will be addressed during this audit. It is estimated that plastic production and incineration through plastic waste incinerators globally generates about 400 million tonnes of carbon dioxide (CO₂) per year. Plastic recycling can reduce dependence on the use of fossil fuels for plastics production and curb CO₂ emissions. According to estimates, the recycling potential of all global plastic waste is equivalent to 476 million tons of oil per year. New sources of plastic leaks are also on the rise, posing potential additional threats to the environment and human health combined. Micro plastics or small plastic fragments less than 5 mm in size accumulate in the sea and their small size makes them easy for marine life to swallow. They can also enter the food chain. In total, it is estimated that between 75,000 and 300,000 tonnes of micro plastics are released into the European Union environment each year. The problem of plastic waste, but not only, has been a hot issue in Albania for more than two decades. Albania does not have an established waste management infrastructure, does not follow the waste management hierarchy making landfill disposal the most preferred option than prevention and reduction. In our country there is no accurate data on plastic waste in particular as waste is not separated at source and not treated separately. Regarding the problems in waste management The EC Progress Report for 2019 states: “In Albania there is no separation of waste according to different streams, only 65% of the produced waste is collected, there is no practice for waste recycling, economic instruments that promote recycling and prevent the production of waste are limited”.

Audit conclusion

The Ministry of Tourism and Environment (MTE), the Municipalities of Tirana, Vlora and Elbasan were not effective in terms of plastic waste management for the period 2017-2020.



Significant shortcomings have been noted in drafting and approving the legal and regulatory framework needed for plastic waste management.

MTE has not drafted waste prevention programs and has never reported to the Council of Ministers on the National Waste Management Plan, while the Municipality of Tirana and Vlora have not drafted and approved Local Plans for integrated waste management.

The municipalities of Tirana, Elbasan and Vlora have not created the necessary infrastructure to enable the differentiated collection of waste at source and the main objective for the use and recycling of plastic with 22.5% against the total volume created in these municipalities, has not been achieved and will be achieved as long as the infrastructure will be what it is.

The information and educational activities that the Municipalities of Tirana, Elbasan and Vlora should achieve through private companies that perform the cleaning service of the city and that have the contractual obligation for the education and awareness of the citizens have not been achieved.

The Ministry of Tourism and Environment and the National Environment Agency do not have complete and accurate data at the national level on the amount of plastic waste generated and recycled in Albania.

2- DEVELOPMENT OF MOUNTAIN TOURISM;

Auditees:

- Ministry of Tourism and Environment;
- National Tourism Agency;
- Albanian Federation of Alpinism and Mountain Tourism.

Audit context

During the last 20 years, Albanian tourism has increased and this has come as a result of our country's openness to developed countries, investments and government policies. In the medium and long term challenges of the economy, by Albanian governments, tourism has been assessed as a potential sector to achieve higher economic growth, with positive effects on increasing employment and real income, increasing social welfare, creating an enabling environment for small and medium enterprises, as well as stimulating interest from foreign investors. The potentials of this sector lie in generating income from a range of other related activities such as: transport, housing, food, services, sports, beverages, cultural entertainment, conventions, conferences and trade fairs. In addition, activities that are critical to the success of tourism include financial services, telecommunications, health services and others, such as: energy, water, security, law and order. All these extensive activities come together in the production of tourism products, as the main input for tourism development. According to the report published by INSTAT, during 2018, activities directly related to tourism generated about 45 billion ALL value added during 2018, contributing about 2.8% to GDP, of which 8.9 billion ALL in accommodation, 30.7 billion ALL in food and beverages and 5.6 billion ALL in travel agencies, tour operators, lending car rental and other booking service activities. For 2019, according to data published by the World Travel and Tourism Council, activities directly related to tourism generated about 43 billion ALL in value added, contributing about 2.7% to GDP. During 2018, about 5.9 million foreign nationals visited our country, and during 2019, about 6.4 million foreign nationals came, where about 50% of them, according to the information provided at the border crossings, said that they came for vacation. For 2018 in the tourism

sector have been employed directly and indirectly 294 thousand employees or about 7.9% of the total employees, and in 2019 have been employed about 300 thousand or about 8.1% of the total employees, of which directly employed in the tourism sector, for the two years 2018 and 2019, varies from 91 to 100 thousand. If we notice the number of tourists in our country during the years 2018-2019 we see that the number of tourists has increased, but on the other hand we notice a not very positive fact such as seasonality, evidenced by the high number of visitors during the third quarter of year, leaving behind the months of April-December. This shows that in our country, still the tourist product that occupies the main weight in the offer in tourism is the coastal one, leaving behind the mountain tourism. In this way arises the important need to diversify and promote tourism products offered by our country, so that all types of tourism develop simultaneously according to the potentials and assets that Albania offers. Tourism accommodation enterprises have also grown in constant trends where in 2018, around 1,326 accommodation structures (hotels, motels, camps, inns, mountain shelters and other structures for short-term stays) operated throughout the country, and were put in about 34 thousand rooms and 79 thousand beds are available, while in 2019 about 1,405 accommodation structures functioned and 38 thousand rooms and 88 thousand beds were made available, so the number of accommodation structures has increased by 6%, compared to 2018, the number of rooms has increased by 10.2%, and the number of beds has increased by 11.8%, compared to 2018, which shows that this sector has increased until 2019, excluding 2020, due to Covid-19 pandemic, which had its effects on the well-being of this sector.

In Albania there are many areas where the mountain tourism product can be developed and can be sustainable throughout the year, where we are mentioning some of them, such as the mountain point of Voskopoja which is located in the Region of Korça, Dardha, Albanian Alps in Razëm of Theth, Tomori Mountain in Berat Region, Llogaraja in Vlora, Korabi and Radomira in Dibër, Gjinari in Elbasan, etc. Currently in many of these areas is simply provided accommodation and food, as indoor swimming pools those of health tourism, Turkish baths, saunas, sports facilities, those of leisure time such as skiing, bowling, etc., are missing, making incomplete and not very attractive tourist product. However, Albanian tourism, despite the development and often times randomly responding to market demand, *i.e.* adapting in some way to this market, has been associated with a number of problems, which are still unresolved today. Many problems like lack of financial and human capacities, public infrastructure in remote areas of the country, inter-institutional cooperation, obstacles in the process of categorization and classification of accommodation structures, complete non-functioning of structures responsible for tourism, lack of a complete and accurate database for tourism, in the judgment of the audit team, have had a negative impact on the quality and development of tourism in general and mountain tourism in particular.

Audit conclusion

The measures taken by the Ministry of Tourism and Environment, the National Tourism Agency and the Albanian Alpinism Federation, during the period 2019-2020, for the development of mountain tourism, have not been effective enough, because even though, on the one hand, the minimum conditions for development are provided, on the other hand they are insufficient to ensure the sustainable development of mountain tourism in the long run. Institutions responsible for tourism suffer from a lack of efficiency and effectiveness in the exercise of tasks and realization of strategic objectives in order to develop mountain tourism in Albania.

Sustainable development of mountain tourism needs a complete and enforceable regulatory framework, increased level of funding, marketing and promotion strategies, management of its destinations, infrastructure and support activities, communication and close cooperation with the public and private.

II.2.5 Information Technology Audits

ALSAI conducts Information Technology (IT) Audits for over 7 years, with the main objective of examining the implementation of IT systems of entities to ensure that they meet the needs of the audited entity, without compromising security, privacy, cost and other critical elements of its activity²¹. Pursuant to the Development Strategy of ALSAI 2018-2022 for deepening in this type of audit, ALSAI has paid special attention to the engagement of experienced and trained auditors to conduct audits in accordance with National legislation in the field of ICT and International Auditing Standards (ISSAI 100, ISSAI 5300, ISSAI 5310).

Assessing the role of IT systems in good management of revenues and expenditures and the risks that these systems carry, for 2021 were planned based on the Active IT Audit Manual (MAATI)²² and implemented audit projects in entities that have Information Technology systems, with high risk in the preliminary assessment, concretely conducted **5 audits of IT systems** and **1 performance** audit in Information Technology premises.

During 2021, the involvement in the audit projects of the entities related to the audited issue has continued, making that for each audit performed, an average of 2 entities are covered, maintaining the trend of the last three years for this indicator.

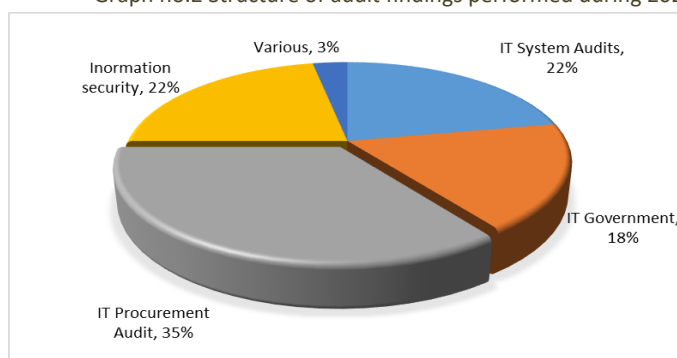
In summary, from the audits performed during 2021, it was concluded that:

- Identification and administration of critical elements in service delivery and ensuring data security, as well as continuity in service delivery through information technology is insufficient and carries high risks in the smooth running of functionalities built to serve the purpose and objectives institutional;
- The data interaction that these systems hold is not consolidated;
- The most problematic areas identified are those of procurement and service level agreements, security and applications;

To improve the situation, 149 recommendations were given of the type "organizational measures", measures to compensate the damage caused to the state budget in the amount of 1,941 thousand ALL, 8 conclusions were reached, and 3 changes or improvements in the legislation in force were proposed.

As can be seen in the graph of the structure of audit findings performed, 97% of the findings are in the areas of Development and Acquisition, Governance, Security and IT Systems that play a key role in enhancing the functioning of ICT systems, which shows a planning of right performed through risk analysis.

Graph no.2 Structure of audit findings performed during 2021



Source: ALSAI

²¹ Law no. 115/2014 "On the organization and functioning of the Supreme State Audit", article 3/3

²² created in HSC during the twinning project with Polish SAI, the one approved by decision 171 dated 27.11.2018

1. Audit of Information Technology systems in the State Geospatial Information Authority.

The objective of this audit was to determine whether the institution achieves its objectives by using IT resources effectively and in accordance with: legal / regulatory requirements, integrity, and the availability of information systems and data contained in it, for the period of activity from 01.01.2019 until 31.12.2020.

At the end of the audit, ALSAI concluded that: ASIG, despite the achievements in setting up the National Geoportal, could not include in one, all geographic information systems built for specific topics, which means that we do not yet have a system of centralized "National GIS". The geoportal is only one link of the National GIS, through which the publication of geospatial data is ensured.

Lack of cooperation by the institutions defined in law no. 72/2012, dated 20.7.2012, "On the organization and functioning of the national geospatial information infrastructure in the Republic of Albania", as well as the lack of cooperation with NAIS are the factors key in not achieving institutional objectives.

To improve the situation, the following are recommended: 1 measure for compensation of damage in the amount of 237 thousand ALL without VAT and 15 organizational measures.

2. Audit of Information Technology systems in the Directorate of Local Tariffs in the Municipality of Shkodra.

This audit included issues of compliance with legal and regulatory requirements, confidentiality, integrity and the availability of the information and data systems contained therein. Determining whether information technology systems in the Municipality of Shkodra protect information assets; maintain data integrity; ensure the availability and confidentiality of information and rely on appropriate controls, for the period of activity from 01.01.2019 to 31.12.2020.

At the end of the IT audit in the Municipality of Shkodra, ALSAI concluded that: Lack of strategy in terms of information technology, carries the risk of poorly addressing the resources needed to support the activity of the municipality. In our judgment, the identification and administration of critical elements in service delivery and ensuring data security, as well as continuity in service delivery through information technology is insufficient. In this regard, the use of systems in the municipality carries a high risk in the smooth running of functionalities built to serve the purpose and institutional objectives.

The lack of regulatory acts in terms of information technology systems have affected an unmonitored development of institutional activity and without delegating individual responsibilities for the actions performed.

Investments in information systems have not definitively solved the problems of information security, ensuring business continuity. The development of services and infrastructure should be based on best practices, as well as the recommendations of NAIS.

The Municipality of Shkodra does not follow a defined policy for the analysis of audit traces for the actions performed by users in the systems, and does not have a policy / regulation documented and approved for the user management process (creation, deletion, change of roles). rights, change of passwords, etc.) for the systems at its disposal.

The implementation of the recommendations of this report as well as the support of IT development in the municipality by its representative and executive structures will increase stability and will ensure effective governance and support of the citizens.

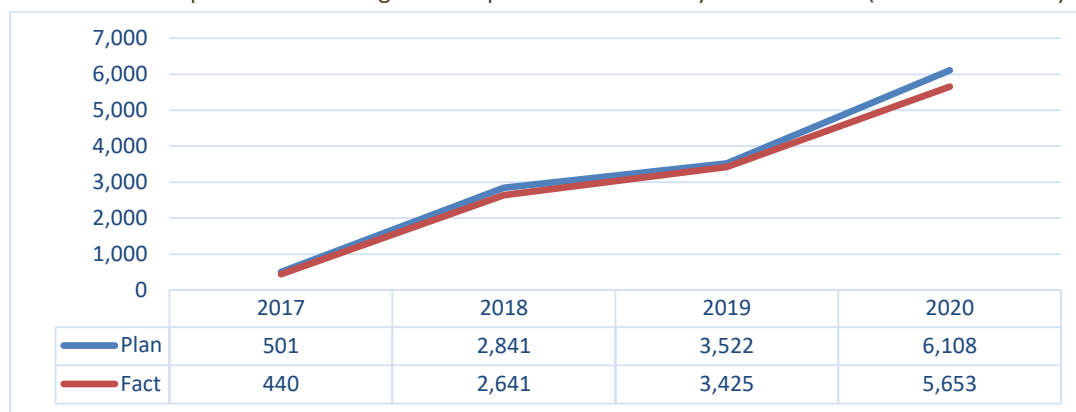
To improve the situation, ALSAI has recommended 21 organizational measures.

3. Performance Audit in the National Agency for Information Society (NAIS), Effectiveness of the process of centralization of service delivery by NAIS for the period 2017-2020

The Supreme State Audit, exercised a performance audit in the subject National Agency of Information Society as well as in 5 other Entities involved in this audit as parties (ADISA, DPGJC, QKB, GDT and ISSH) with the object of audit the evaluation on the effectiveness and the economy of centralization of infrastructure and services that NAIS provides according to the provisions of DCM 673 for institutions and state administration bodies, under the responsibility of the Council of Ministers, for the period 2017-2020. At the end of the performance audit in the National Agency of Information Society found that:

There is a progressive concentration and increase of investments in Information Technology during the years 2017-2020.

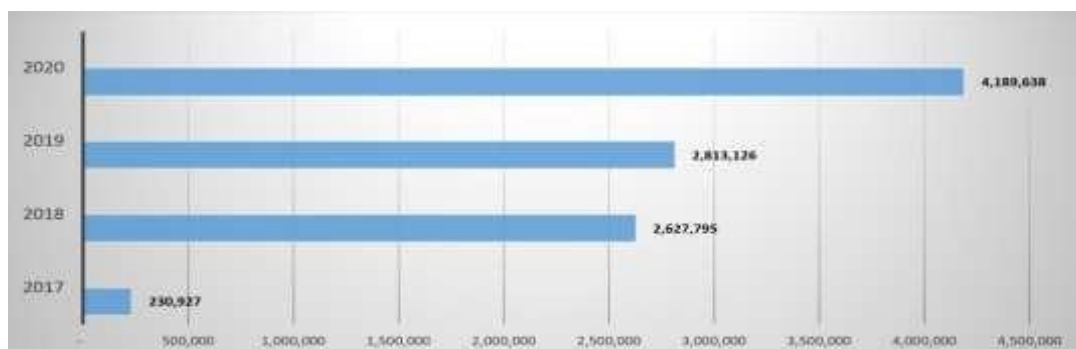
Graph no.3 NAIS budget in the period under audit years Plan-Fact (in millions of ALL)



Source: NAIS edited by ALSAI

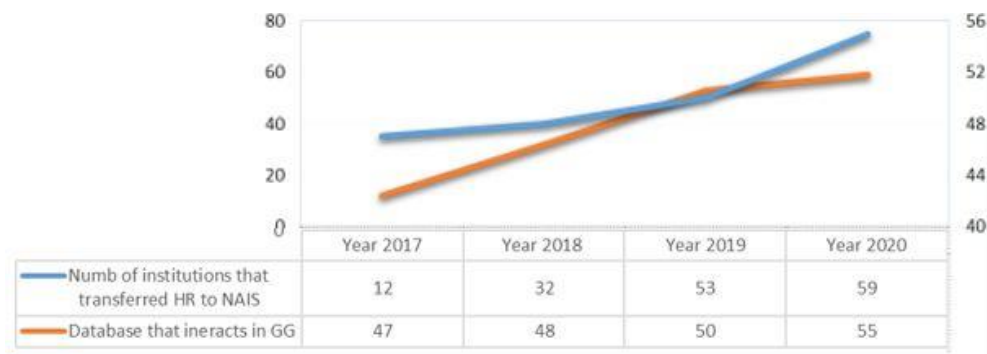
The process of centralization of the structure by the National Agency for Information Society has been effective in terms of increasing the number of services as well as partially effective in terms of concentration of human resources and assets.

Graph no.4 Documents with stamp generated during the years 2017-2020



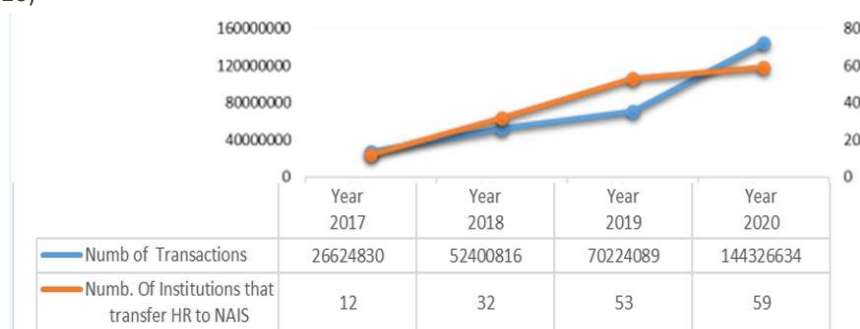
Source: NAIS edited by ALSAI

Graph no.5 Transfer of human resources at AKSHI-T and interaction of databases in e-albania (years 2017-2020)



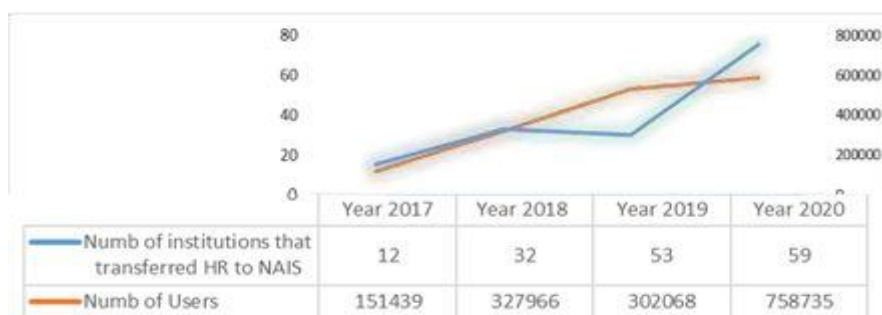
Source: NAIS edited by ALSAI

Graph no.6 Transfer of Human Resources under the auspices of NAIS and transactions performed in e-albania (years 2017-2020)



Source: NAIS edited by ALSAI

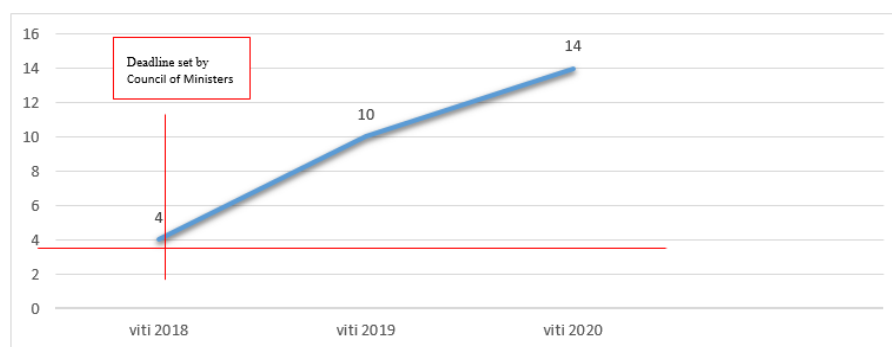
Graph no.7 Transfer of Human Resources depending on NAIS and the number of users in e-albania (years 2017-2020)



Source: NAIS edited by ALSAI

In terms of centralization of infrastructure, the process was incomplete and in process as well as outside the legal deadlines set.

Graph no.8 Capital transfer of ICT systems of Institutions to NAIS



Source: NAIS edited by ALSAI

There is no action plan for the transfer of assets from institutions under the administration of NAIS in violation of legal provisions. Institutions have not taken measures to set up working groups to identify IT systems and hardware infrastructure, as well as to determine the list of tangible and intangible fixed assets capital transfer object. The process of centralization of the Information Technology infrastructure of NAIS has resulted in economy but the results can and should have been higher. Supporting the NAIS strategy only in the Cross-cutting Strategy 2015-2020, Indicators and Action Plan of the strategy 2015-2020, as well as the national ICT Plan 2018-2021, carries the risk of misaddressing the necessary resources. These strategic documents do not set out exhaustive policies for the operation of the National Information Society Agency. They are designed as comprehensive cross-cutting government strategies at the macro level which include NAIS. NAIS does not have a specific strategy for its development, therefore the strategy action plan and performance measurement indicators of the specific strategy. Despite the efforts made, NAIS has not taken sufficient regulatory and organizational measures to manage change. As a result of the lack of specific objectives and a good action plan defined in accordance with DCM no. 673, process monitoring is performed as appropriate and as needed. VKM no. 673, dated 22.11.2017, "On the reorganization of the National Agency for Information Society", as amended, has resulted in more than two cases of opposition or overlap with the laws of operation of other institutions on the administration of information technology systems.

Lack of identification and administration of critical elements in function of the provisions of DCM no. 673 dated 22.11.2017, which has made the process of centralization of structures and infrastructures of institutions and state administration bodies under the responsibility of the Council of Ministers not to be well planned. This process has also affected the non-maximization of the interaction and cooperation of information systems regarding the automation and interaction of data.

ALSAI notes that DCM no. 673 is not in accordance with law no. 90/2012 "On the organization and functioning of the state administration", in its article 10, provides the manner of establishment and functioning of autonomous agencies, which stipulates that: "Autonomous agencies are established and closed by law." This public entity despite having the name as Agency, its legal status lies between the status of subordinate institutions and the status of Autonomous Agencies. Regarding the above, it was recommended that NAIS in cooperation with the responsible structures take the necessary legal steps to draft the law "On the functioning and organization of the National Agency for Information Society". ALSAI found non-compliance between legal acts on the administration of the National Register of Licenses, Authorizations and Permits.

ALSAI ascertains that there is an overlap of competencies and responsibilities on the administration

of service delivery counters by state administration institutions between ADISA and NAIS, recommending taking measures to establish a joint group in order to draft, determine and propose of necessary changes in the regulatory basis for the rights of administration and organization of service delivery counters.

Also, to improve the situation, the implementation of 15 organizational measures was required.

4. Audit of Information Technology systems in the General Directorate of Customs.

The objective of this audit is to determine whether the entity's objectives are properly achieved using IT resources, including compliance with legal and regulatory requirements, confidentiality, integrity, and the availability of the information and data systems contained therein. for the period of activity from 01.01.2019 until 31.12.2020.

At the end of this audit it was concluded that: the lack of procedures and regulatory acts in terms of information technology systems have affected an unmonitored development of institutional activity and without delegating individual responsibilities for actions performed in the system.

With the movement of the ICT structure under the auspices of NAIS, the administration of data has been verbally delegated, for which the General Directorate of Customs is responsible, positioning the institution in conditions with high security risk in the loss or alienation of state data. e critical.

The understanding of this responsibility, and the commitment of responsible institutions such as GDC and NAIS as technical support, in the protection of critical data, should be in accordance with the rules adopted by decision-making bodies, so as not to compromise data from exceeding competencies unlicensed.

DPD Management Structures in cooperation with NAIS, have not taken the necessary measures to create the Disaster Recovery Plan (DRC) and Business Continuity Plan (BCP), an action which could have left out of operation the customs system with the event of November 26 2019.

To improve the situation, ALSAI has recommended and requested the implementation of 23 organizational measures

5. Audit of Information Technology systems in Posta Shqiptare sh.a. (Albanian Post)

The purpose of the audit was to determine whether the institution achieves its objectives by using IT resources effectively and in accordance with: legal / regulatory requirements, integrity, and the availability of information systems and data contained in it, for the period of activity from 01.01.2019 until 30.06.2021.

At the end of the IT audit in Posta Shqiptare JSC found that: the lack of institutional strategy and strategy in terms of information technology carries the risk of poorly addressing the resources needed to support the activity of Posta Shqiptare.

Also, the lack of proper controls and mechanisms in order to create, maintain, develop IT resources and the lack of regulatory acts in terms of information technology systems have affected an unmonitored development of institutional activity and without delegating individual responsibilities for the actions of committed.

The developments of the main information system "Eterna" that has given the Albanian Post company many opportunities to increase services, have occurred in the conditions of copyright and in the absence of ownership with source code. These elements have negatively affected the participation of economic operators and the good use of public funds.

In our judgment, the identification and administration of critical elements in service delivery and

ensuring data security as well as continuity in service delivery through information technology is insufficient.

6. Audit of Information Technology systems in the Institute of Food Safety and Veterinary

The Institute of Food Safety and Veterinary conducted an audit to determine whether the institution achieves its objectives by using IT resources effectively and in accordance with: legal / regulatory requirements, integrity, and the availability of information systems and data contained in it, for the period of activity from 01.01.2020 to 30.06.2021. At the end of this audit, ALSAI has ascertained that: Lack of institutional strategy and lack of strategy in terms of information technology, carry the risk of miss-addressing the resources needed to support the activity of ISUV;

The lack of information technology structure in IFSV and regulatory acts on the identification of IT needs, has led to the treatment and solution of problems, carry a high risk in terms of data security; ISUV has invested in the field of information technology systems without implementing the legal and sub-legal provisions as well as the necessary regulatory basis for their functioning by not using effectively the state budget funds;

Investments in information technology systems have not definitively solved the problems of information security, ensuring business continuity, and have not ensured disaster recovery.

In the opinion of the audit team, IFSV for the development of services and infrastructure should be based on best practices and standards of NAIS.

To improve the situation, 23 organizational measures and a measure for compensation of damage were recommended for 7 unimplemented components described and required in the maintenance contract of the LIMS system, in the amount of 1,704 thousand ALL, a value which constitutes economic damage to the State Budget.

II.2.6 Audits for the implementation of recommendations in previous audits

Based on Law no. 154/2014 "On the organization and functioning of the Supreme State Audit", as well as in compliance with the requirements of the INTOSAI Professional Declaration Framework (IEPP), in order to meet the objectives, set in the Institutional Development Strategy 2018-2022, The President of ALSAI with decision No.67, dated 23.06.2020 has approved the manual for monitoring the implementation of recommendations and the institutional register of implementation of recommendations.

ALSAI, in addition to determining the first issue in each audit for the implementation of recommendations given in the previous audit, has monitored the follow-up of the implementation of recommendations:

- After 20 days- The implementation plan of the recommendations forwarded to ALSAI by the subject after receiving the report of recommendations;
- After 6 months - which contains detailed information forwarded by the audited entity on the progress of the implementation of the recommendations implementation plan;
- Special audit to verify the implementation of recommendations.

In the framework of institutional cooperation, as well as in implementation of the requirements of the Assembly Decision 49/2017, dated 20.04.2017 "On the establishment of a mechanism for systematic monitoring of the implementation of the recommendations of independent institutions" and Assembly Decision no. 134/2018 "On the approval of the Annual and Periodic Monitoring Manual", ALSAI during 2021 has conducted special audits to verify the implementation of

recommendations and has prepared a summary report on the status of implementation of recommendations left to audited institutions.

- ALSAI has forwarded with letter no. 500, dated 30.04.2021 in the Assembly of Albania “Summary report on the implementation of the recommendations of the audits completed during the period 01.01.2020-30.06.2020 and with letter no. 500/2, dated 30.12.2021 has forwarded the “Summary report on the implementation of the recommendations of the audits completed during the period 01.07.2020-31.12.2020.

- Also with the memorandum 500/1 prot., Dated 30.06.2021 has forwarded to the Minister of State for Relations with the Parliament, the Summary Report, which contains the Report “On Verification of the Implementation of Audit Recommendations completed during the period 01.01.2020–30.06.2020 and with the letter no.500 / 3 dated 30.12.2021 has forwarded the “Summary report on the implementation of the recommendations of the audits completed during the period 01.07.2020-31.12.2020.

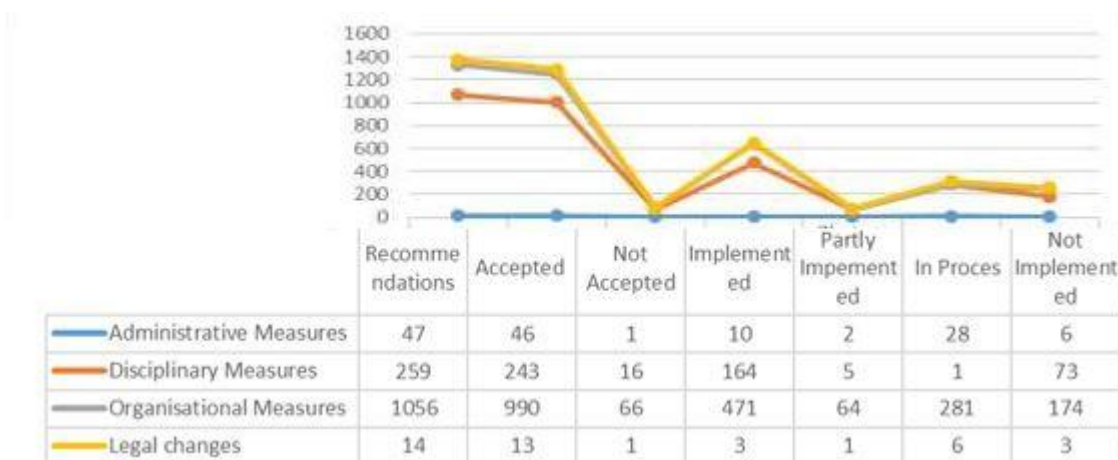
- ALSAI forwarded to the Assembly of Albania with letter no. 163 prot., Dated 04.02.2022 Consolidated report which provides detailed information on the implementation of audit recommendations performed and evaded in the period 01.01.2020-31.12.2020. The above report was forwarded to the Minister of Relations with letter no. 163/1 prot., Dated 04.02.2022 with the aim of increasing the accountability of the management of public funds by the audited entities.

For the year 2021, it has conducted a special audit for 62 entities audited in 2020, regarding the level of implementation of the recommendations left, from which it resulted that a total of 1376 measures were given: for legal improvements, organizational measures, administrative measures and disciplinary measures. Of the recommended measures, a total of 1292 or 93% were received and 84 measures or 6% of them were not accepted.

Graph no.9: Level of implementation of the recommendations left by ALSAI

Measures for legal, organizational, administrative and disciplinary improvements recommended 1376 measures, of which **1292 measures or 93%** of the recommended measures were accepted and 84 measures or 6% of the recommended measures were not accepted.

From the verification of the implementation of the recommendations it resulted that out of **1292 accepted measures, 720 measures or 55% have been implemented (fully and partially), 316 or 24.4% are in the process of implementation and 256 measures have not been implemented or 19.8%.**



Source: ALSAI

More specifically as follows:

A. Recommended "Measure for compensation of damage" in the amount of 1,570,143 thousand ALL, of which the value of 1,511,279 thousand ALL or 96% was accepted and the value of 58,864 thousand ALL was not accepted. From the verification of the implementation of the recommendations in 62 subjects it resulted that from the value of the received compensation the compensation of the damage in the amount of 69,683 thousand ALL has been fully implemented, it has been partially implemented in the amount of 216,811 thousand ALL or 14% and the value of 49,563 thousand ALL is in process of the value received for compensation of damage, the compensation of damage in the amount of 1,175,219 thousand ALL or 77% has not been applied. ALSAI has requested from all entities the acceleration of the implementation of the compensated measures of the accepted but unimplemented damage.

B. Recommended 14 "Measures for legal improvements", out of which 13 measures were accepted. From the verification of the implementation of the recommendations it results that from the accepted measures 4 measures have been implemented (fully and partially), 6 measures are in the process of implementation and 3 measures have not been implemented.

C. Recommended 1056 "Organizational measures", of which 990 measures or 93% of them were received. From the verification of the implementation of the recommendations it results that from the accepted measures 471 measures or 47.5% have been fully implemented, 64 measures or 6.4% have been partially implemented, 281 or 28% are in the process of implementation and 174 or 17.5% of them have not been implemented.

D. Recommended 259 "Disciplinary measures", out of which 243 measures were accepted and 16 measures were not accepted. From the verification of the implementation of the recommendations, it results that from the accepted measures 164 measures or 67% of them have been implemented, 5 measures have been partially implemented, in the process 1 measure and 73 measures or 30% of them have not been implemented.

E. Recommended 47 "Administrative measures", of which 46 measures or 97% were accepted. From the verification of the implementation of the recommendations it results that from the accepted measures 10 measures have been implemented (fully and partially), 28 measures are in the process of implementation and 6 measures have not been implemented.

**COMMUNICATION
AND
COOPERATION WITH STAKEHOLDERS**

III. COMMUNICATION AND COOPERATION WITH STAKEHOLDERS

III.1 Objectives of the Communication Strategy

For the implementation of the Development Strategy 2018-2022, ALSAI has as objective the information of the citizens, the Parliament and other stakeholders on the economical, efficient and effective use of public funds. This objective is intended to be achieved through an effective communication and promotion of ALSAI audit results, to convey to the public the role and usefulness of the institution in improving governance and the fight against corruption.

In order to achieve this objective, in 2021 ALSAI has continued its work towards:

- ✓ **Promoting the constitutional role of ALSAI and public awareness of audit results through the preparation and publication of audit information sensitive for the Parliament and the public.**

ALSAI has continued publication of the final audit reports and relevant press releases on its official website. In 2021, 100 final audit reports were published as well as 54 press releases, in which were presented the most impactful findings and the opinion that resulted from the audit. Another 30 final audit reports are in the process of publication.

The publication of the final audit reports on the web has been very helpful, especially for the media, which with its articles has further highlighted the impact of ALSAI work to the public opinion. Also, the published reports have been accessible to the professionals in various fields and to the citizen.

Three statistical bulletins have been prepared and published, which summarize the results of all audits conducted from January to December 2021. This bulletins reflect the status of economic damage found, missing revenues and expenditures not performed in compliance with the principles of effectiveness, efficiency and economy (3E), proposals for legal improvements, administrative measures, recommended disciplinary and administrative measures, as well as cases of criminal charges submitted to the Prosecutor's Office.

In the framework of ALSAI engagement to the uncompromising fight against corruption and misuse of public funds, 12 of the press releases have informed the public about the criminal charges that ALSAI has submitted to SPAK and the Prosecution.

- ✓ **The intensification of the cooperation with non-governmental organizations to promote the audit results, in order to increase the awareness level for identification of cases of corruption and fraud with public funds.**

ALSAI Participation in the activity of the Institute for Democracy and Mediation with the topic "Fight against money laundering in Albania - The role of civil society."

✓ **Increasing ALSAI public profile through the intensification of the cooperation with the print and audiovisual media.**

66 press releases were published, out of which 12 regarding the criminal charges submitted to SPAK and the Prosecution. 262 articles were published by the print media for FSCs audit activity.

✓ **Intensification of communication with homologue SAIs aiming the exchange of professional experiences.**

During 2021, representatives and auditors of ALSAI participated in 44 meetings, seminars, workshops and trainings with a total of 437 days.

✓ **Increase of internal communication in ALSAI and exchange of information between Directorates and Audit Departments.**

The structure's communication within ALSAI has continued, aiming to draft various reports such as: - ALSAI Report for the implementation of the recommendations submitted to the Parliament and the Minister for Relations with the Parliament; - Implementation of the resolution of the Albanian Parliament; Statistical bulletins; Report on the implementation of the progress-report recommendations for 2020 and 2021; -Report on the implementation of the Public Financial Management Strategy; -Report for chapter 32 "Financial Control"; Report to the Albania-EU subcommittee on economic, financial and statistical issues; -Report on SIGMA assessment of public administration principles; -Publishing audit reports on the website of the institution, etc.

III.2 ALSAI and Media

ALSAI, through continuous communication with the Parliament, media, citizens and civil society, is committed to increase transparency that is an indicator that has had a increasing trend year after year by following an open and cooperative policy with the media, but also with citizens through complaints to the institution, to guarantee an independent and credible institution.

During 2021, only in the printed media were published 262 articles and 400 articles were broadcasted in social media and television news editions, referencing final audit reports results and the press releases, which were published on the official website. Among the audit reports promoted and reported by the media, which had in focus sensitive findings related to the use of public funds, health or well-being of citizens, it is worth mentioning the following ones:

- Report on the implementation of the State Budget 2020;
- Final report of the thematic audit exercised in NFA;
- Performance audit report on "Effectiveness of Covid-19 pandemic situation management";
- Final audit report "On the compliance of the activity of the Minister of State for Reconstruction and the State Commission for Reconstruction";
- Thematic audit report "On the implementation of legal procedures related to decision no.32, on 02.07.2020 of the State Commission for Reconstruction, for the facilities of the Municipality of Durrës";

- Performance audit report on "Effectiveness of the service of Institutions for the Execution of Criminal Decisions";
- Final report on the audit conducted in the General Directorate of Prisons;
- Final audit report to the State Advocacy;
- Public-private partnership contracts in health, incinerators, etc.

The findings and recommendations evidenced by ALSAI and reported by the media through extensive television chronicals, contributed to the increase of the public profile of the institution and its activity.

The investigative show "Top Story" on Top-Channel has reported in the documentary called: "Salary data leakage –Investigations on policy and tax evasion scandal" the findings of ALSAI resulted in the audit conducted at National Agency of Information Services, for the years 2017-2020, regarding the effectiveness of the service centralization process.

Through a special TV chronicle entitled "Prisons without doctors and expired medicines", the informative television "Report TV", based on indications taken from the audit report conducted in the Institutions for the Execution of Criminal Decisions and the General Directorate of Prisons, has included in this chronicle details of ALSAI findings and recommendations.

ALSAI activity was also covered by the international media "Voice of America" in the chronicle called: "Albania: Public procurement, budget economic damage over 120 million dollars in the last decade", addresses the situation of corruption in Albania in the field of public procurement, taking as the evidence audits results conducted by ALSAI and the Ministry of Finance and Economy.

Another international media outlet such as Deutsche Welle (DW) published an article entitled: "Tirana: OSCE for Transparency and Anti-Corruption Accountability". The article also addresses the role of ALSAI in auditing public procurement contracts.

Massive media coverage was also made on penal charges submitted to SPAK and the Prosecutor Office by ALSAI. Dozens of articles have been published in print, audio-visual and online media on audit issues about reported indications of offense elements.

12 press releases have been published on the website of ALSAI regarding indications of offense elements submitted to Prosecutor's Office.

Press releases on penal charges have also served as indications for the media to continue to address these issues further with special articles and chronicles. ALSAI press release have brought to the attention the penal charges for 5 employees of the Ministry of Interior, National Food Agency, employees of the Municipality of Kurbin, employee of the Ministry of Health and Social Protection, etc.

III.3 Transparency Program

In the framework of the legal right for information, recognized by the Constitution of the Republic of Albania, as well as the detailed rules defined in Law no. 119/2014 "On the right to information" on how to exercise this right, in 2021 ALSAI has received 38 requests for information through the dedicated email address of the Coordinator for the Right for Information: info@klsh.org.al, out of which 35 were within the competence of ALSAI and were answered within the legal deadlines, while 3 of them were outside the competence and jurisdiction of the institution.

The requests for information were mainly for making available copies of various audit reports performed by ALSAI.

ALSAI, during the period January - December 2021 has continued to correctly and professionally treat all the requests and complaints of citizens, who in any cases have received answers, even when the issue raised by them was outside the competence of the institution, they were officially directed to respective competent institution for proper answer of their problems or concerns.

During this period ALSAI has handled 399 letters and complaints, of which 117 outside the competence and jurisdiction of the institution. Out of 282 complaints within the competence of ALSAI, 273 of them have been verified and answered, while 9 are in the process of verification.

III.4 Inter-Institutional Cooperation

ALSAI Cooperation with institutions within the country

ALSAI over the years has paid special attention and has been active for intensifying cooperation with various institutions within the country, with the aim of increasing transparency and accountability for the use of public funds and uncompromising fight against corruption, to serve in this way to the socio-economic development of the country and realization of the strategic objectives of Albania for the full membership in the European Union.

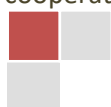
In 2021, ALSAI has continued the cooperation with law enforcement bodies and other institutions which contribute to the efficient management of public finances.

Cooperation with the National Bureau of Investigation

The chairman of ALSAI, Mr. Arben Shehu, on January 18, 2021 held a meeting with the Director of the National Bureau of Investigation, Mrs. Aida Hajnaj. The discussion were focused on the ongoing process of work of ALSAI and the National Bureau of Investigation. The chairman of ALSAI and the head of NBI emphasized the importance of the intensification of the work for the identification and bringing before the justice bodies the violators of the law.

ALSAI cooperation with international institutions

ALSAI in fulfillment of the objectives of the Development Strategy 2018-2022 appreciates the cooperation with international institutions which serves to increase the institutional and



professional capacities of its staff, thus fulfilling the vision of being a model institution that leads by example. In 2021 ALSAI has intensified its cooperation with various international institutions which have been focused on staff capacity building for specific areas such as public procurement, audit of concession contracts and those of public-private partnership, as well as the audit work in specific areas.

Cooperation of ALSAI with the OSCE Presence in Tirana and the Italian National Anti-Corruption Authority (ANAC).

ALSAI Chairman, Mr. Arben Shehu welcomed at the premises of ALSAI on April 29, 2021, the head of the OSCEs Presence in Tirana, Ambassador Vincenzo Del Monaco, with whom he discussed about the possibilities for a fruitful cooperation between the parties aiming to improve the audit work of ALSAI. Mr. Shehu and Ambassador Mr. Del Monaco agreed to deepen the cooperation in the future for the benefit of increasing the professional capacity of ALSAI staff.

ALSAI chairman, Mr. Shehu and Head of OSCEs Presence, Mr. Vincenzo Del Monaco and the president of ANAC, Mr. Giuseppe Busia held on June 15, 2021 an online meeting, in which Mr. Del Monaco underlined how an independent supervisory institution such as ALSAI plays a crucial role in the fight against corruption. In order to agree on the training plan of ALSAI staff, on September 28, 2021, a meeting was held online with representatives of ANAC, in which it was discussed in concrete terms about the modalities of conducting training sessions and topics of interest for ALSAI.

In this context, the OSCE Presence in Albania will partner with the Italian National Anti-Corruption Authority (ANAC) to strengthen the professional capacity of ALSAI in conducting audits focusing on public procurement and increasing their quality. The first meeting to determine the needs of ALSAI and develop a concrete training program was held on July 16, 2021.

Based on this plan, the first training session was held on November 15-17, 2021 in which have participated 50 auditors. The training was focused on the new Public Procurement Law: processes, critical points and modalities of investigation, contract award and its implementation, specific areas related to the economic damage resulting from procurement procedures, as well as the identified costs and effective costs of contract implementation. The trainings of the ALSAI staff from ANAC will continue during 2022.

ALSAI cooperation with the INTOSAI Development Initiative (IDI)

ALSAI has expressed its committed to be part of IDI initiative "Strategy, Performance Measurement and Reporting (SPMR)". As part of this initiative, ALSAI supported by IDI through training and expert assistance will conduct the self-assessment of the institution's performance using the INTOSAI Performance Measurement Framework Methodology, drafting a new Institution Development Strategy and monitor the implementation of this new strategy. On 23-26 November 2021, IDI experts held a meeting in Tirana with the working group set up in ALSAI, which with their assistance is working on drafting the self-assessment report on ALSAI performance.

During 2022, IDI will continue the training of the ALSAI working group that will draft the new

Development Strategy of ALSAI, while the current strategy expires by the end of 2022.

ALSAI Cooperation with SIGMA

In the Development Strategy 2018-2022, ALSAI has considered SIGMA one of the main and important partners, not only for the contribution to the annual monitoring and evaluation of the activity of ALSAI since 2000, but also for the substantial support that has provided during the process of adaptation of the new Organic Law of the institution in 2014, the development of training plans on financial audits, compliance, performance and information technology.

In June 2021, ALSAI requested the support of SIGMA for drafting the Communication Strategy 2022-2025. ALSAI also requested support for the finalization of the Manual for Budget Implementation Audit and SIGMA expressed its willingness to support ALSAI in the above issues.

ALSAI Chairman, Mr. Arben Shehu held a meeting on October 19, 2021 with the advisors of SIGMA, Mr. Alastair Swarblick and Mrs. Pilar Ormijana to discuss areas where SIGMA can support ALSAI. The concrete steps for drafting the above documents were also the subject of the online meeting held on December 17, 2021 between the representatives of ALSAI and the advisors of SIGMA.

The project "Strengthening the supervision of concession contracts and public-private partnerships in Albania" funded by the Secretariat of Economic Affairs of Switzerland (SECO).

In recent years, the number of concession contracts and public-private partnerships has increased, expanding in the providing of services to citizens. In order to audit these contracts, ALSAI has aimed to increase the professional capacity of staff to provide complete, impartial and objective assessments regarding the tendering of concession contracts and their monitoring. For this purpose, in the framework of the agreement signed with the Swiss Embassy for the financing by the Secretariat of Economic Affairs of Switzerland (SECO) of the project "Strengthening the supervision of concession contracts and public private partnership in Albania", ALSAI is currently in the tendering process of experts who will train its auditors and draft specific guidelines for auditing concession and PPP contracts.

In the framework of the cooperation on this project, the chairman of ALSAI, Mr. Arben Shehu hosted a meeting on September 29, 2021 with the head of the SECO program for macroeconomic support, Mr. Thomas Stauffer and the Deputy Chief of Mission Mr. Patrick. In this meeting was discussed the implementation of the project, the concrete steps that will be taken, as well as the determination of both parties to continue cooperation in the future.

ALSAI cooperation with other institutions that monitor the progress of reforms in Albania.

In the framework of the monitoring that various international institutions do for the implementation of public finance management reforms, representatives of ALSAI have participated and reported on the institutional activity and the contribution of the public external audit institution in the following meetings:

Meeting on "compliance review" for the implementation of the Public Financial Management Strategy held on April 30, 2021 and September 27, 2021. In the report drafted by experts it has been noted that, ALSAI has had improvements in institutional procedures consisting of revisions of compliance manuals, performance and financial audits.

Meeting with representatives of the International Monetary Fund held on June 10, 2021 and October 5, 2021. The report published by the IMF²⁰ appraises ALSAI for the publication of audit reports issued for the expenditures related to minimization of the consequences of the Covid-19 pandemic and earthquake. These audits, identified shortcomings in the coordination, monitoring and transparency of the use of these specific funds. The IMF has encouraged audited entities to address the deficiencies identified in the ALSAI audit.

Cooperation of ALSAI with non-governmental organizations.

Civil society organizations and professional associations are considered by ALSAI as valuable partners and the continuous communication as an added value which helps ALSAI to get acquainted with various problems of society and citizens in which an increased risk in the use of public funds is noticed. ALSAI has continued its cooperation with the NGOs even after the completion of the audit work, assessing that they can significantly affect the messages and recommendations of ALSAI to be widely known, properly understood and implemented.

ALSAI cooperation with UN Women

In 2021 ALSAI has signed a cooperation agreement with UN Women Albania. Based on this agreement ALSAI and UN Women are committed on advancing the implementation of commitments for gender equality and monitoring gender responsive budgeting.

UN Women will support ALSAI on building professional capacities of its staff on how to implement a gender perspective in audit activities and will provide technical support with experts in the process of developing a gender audit methodology.

The signing of the memorandum was followed by a training session with ALSAI staff on March 8, 2021, which was focused on aspects of gender equality legislation and gender responsive budgeting in Albania. In the framework of this cooperation, initiated between ALSAI and UN Women, representatives of ALSAI have also participated in the activity entitled "Gender mainstreaming in public financial management and the role of integrated financial management systems", held on 7-8 September 2021 and the training on "Transformational financing for gender equality towards more transparent, inclusive and accountable Governance in the Western Balkans", held on 20 December 2021.

²⁰ IMF Country Report No. 21/259, page 13

ALSAI cooperation with the Institute for Democracy and Mediation

Based on Cooperation Agreement between ALSAI and the Institute for Democracy and Mediation (IDM), representatives of HAC have participated in the online forum held on June 25, 2021 with the topic "Fight against money laundering in Albania – The role of civil society" in which the discussions were focused on: the current money laundering situation. Also, ALSAI has participated in the forum held on November 11, 2021, with the topic "The role of civil society in the fight against state capture in Albania", in which was discussed the policy document drafted by IDM and recommendations on how to strengthen the role of civil society in Albania against forms of state capture, its cooperation with other social actors and how to make the fight against corruption a joint effort.

ALSAI cooperation with the Institute for Political Studies and the Center for European Security Studies in the Netherlands

In the framework of the project "Capacity Development, Cooperation and the Culture in Security Sector Oversight in Albania, Kosovo and Northern Macedonia (DECOS)" funded by the Ministry of Foreign Affairs of the Netherlands and implemented by the Institute for Political Studies and the Center for European Security Studies in the Netherlands, representatives of ALSAI have participated in trainings held in May 2021, June 2021, September 2021, as well as October 2021, which were focused on a comprehensive and democratic oversight of the security sector in Albania, the challenges in improving the democratic oversight of this sector, the processes related to state security, the security of citizens within the security sector reform and the fundamental issues of security sector oversight by civil society. In order to intensify the cooperation of ALSAI with the Center for European Security Studies on July 21, 2021, representatives of ALSAI had a meeting with the Director of this Center, Mr. Merijn Hartog, in which it was agreed the participation of ALSAI staff in the trainings that will take place in the framework of the implementation of the DACOS project.

ALSAI activities in the framework of its membership in the International Organization of Supreme Audit Institutions (INTOSAI)

The United Nations, through resolution A / 66/209 on the independence of SAIs has praised their crucial role in promoting good governance, accountability, integrity and the fight against corruption. In this context, INTOSAI and the UN Office on Crime and Drugs (UNDOC) have signed in 2019 the memorandum of understanding, through which the parties commit to create opportunities and synergies to improve the effectiveness and practices in addressing the global challenge of corruption. In order to implement in practice the cooperation between SAIs and anti-corruption institutions, INTOSAI and UNDOC have organized in Vienna, on October 21-22, 2021, the first meeting at the level of experts for drafting of the guide "Establishment and intensification of labor relations between the Supreme Audit Institutions and the Anti-Corruption Institutions in the prevention and fight against Corruption".

One of the experts who will approve this document is also a representative of ALSAI. The current draft of this guide highlights the role of ALSAI for "promoting good governance,

implementation of ethical standards and raising awareness on the risks of fraud and corruption" emphasizing the concrete actions for signing cooperation agreements with the Special Prosecution, the General Prosecutor's Office and several civil society organizations, highlighting also the increased number of criminal charges for the period 2012-2021 with about 347 reports of violations found during the audit work.

Activities in the framework of membership in the European Organization of Supreme Audit Institutions (EUROSAI)

The European Organization of Supreme Audit Institutions (EUROSAI), held online on April 14, 2021 the XI Congress, which was attended by the Chairman of ALSAI, Mr. Arben Shehu.

At this Congress which was attended by 48 Supreme Audit Institutions was voted by a qualified majority the amendment of the EUROSAI Statute, which makes possible the membership of the National Audit Office of Kosovo, making it the 51 member with full rights.

During the activity was discussed the Strategic Plan 2017-2023 approved at the X Congress of EUROSAI in Istanbul, in which the main objectives were: to support effective, innovative and relevant audits by promoting and mediating professional cooperation, as well as the assistance of SAI- addressing new opportunities and challenges, supporting and facilitating the development of their institutional capacities.

Participation of ALSAI in EUROSAI Working Groups

ALSAI as a member of the European Organization of Supreme Audit Institutions (EUROSAI) is member of:

- EUROSAI Working Group on Environmental Audits;
- EUROSAI Task Force for Municipality Audit;
- EUROSAI Information Technologies Working Group;
- EUROSAI Working Group on Audit of Funds Allocated to Disasters and Catastrophes;
- Working Group on the First Strategic Objective of EUROSAI.

The activity of these working groups has continued during 2021 in order to concrete implementation of the planned activities approved.

EUROSAI Working Group on Environmental Audit (WGEA)

Pursuant to the action plan of this working group for the years 2020-2024, ALSAI by assessing the benefits that come from the exchange of experiences on topics of common interest was part of the SAIs that conducted a parallel audit on "Management of interventions in the event of sudden pollution of the Adriatic Sea". At the end of the audit, in the joint statement signed in Trieste on 23 September 2021, the supreme audit institutions of Albania, Bosnia and Herzegovina, Croatia, Italy, Montenegro and Slovenia have agreed on the "The urgency for the respective governments to adopt measures aiming to strengthen the preventive and management response systems for marine pollution caused by sudden and accidental spills of hydrocarbons and other hazardous and harmful substances that are most often transported to the Adriatic Sea.

The SAIs believe that the environmental risk associated with the occurrence of serious maritime accidents requires cross-border co-operation in emergency management, which can

be achieved through the adoption of a joint emergency plan for all countries bordering the Adriatic Sea.

With the aim to increase cooperation for the protection of the Adriatic Sea as a common natural heritage, SAIs recommend the establishment of a Standing Committee or a cooperation platform for the exchange of information and good practices, as well as the development of joint focused environmental projects in the prevention and response of management to marine pollution”.

Also, within this working group, ALSAI is conducting a parallel audit with the topic "Plastic waste". The final report of the audits performed by the supreme audit institutions of Albania, Poland, Serbia, Hungary, Malta, North Macedonia, Romania, Portugal, Turkey, Bulgaria and Slovakia will be approved during 2022.

EUROSAI Task Force of Municipality Audit (TFMA)

The managing of the situation caused by the Covid-19 pandemic is in the focus of the parallel audit of the EUROSAI Task Force of Municipality Audit and ALSAI has agreed to participate in the audit with the topic "Revenues from municipal taxes and fees to ensure quality services for citizens during the pandemic ", which will be carried out in cooperation with the supreme audit institutions of North Macedonia, Montenegro, Poland, Romania, Turkey and Slovakia. The final report of this audit is expected to be published by the end of 2022.

EUROSAI Working Group on Information Technologies (ITWG)

In the framework of the project meeting of the Working Group for IT Self-Assessment ALSAI as a member of the EUROSAI Working Group for IT Audits, in 2021 has expressed its readiness to conduct in 2022 the self-assessment of the Information Technology structure with the support of experts of this working group.

EUROSAI Working Group on Audit of Funds Allocated to Disasters and Catastrophes

Due to the situation created by fires in summer of 2021, in Albania and some European countries and with the aim of exchanging experiences for the prevention and management of damage caused by fires to citizens and the environment, ALSAI has proposed to members of the EUROSAI Working Group on Audit of Funds Allocated to Disasters and Catastrophes to conduct a coordinated audit with the topic "Audit to prevent and eliminate the consequences of fires". Regarding this proposal, the confirmation of the the other SAI members of the working group who will be involved in conducting this coordinated audit is expected.

Activities within the network of SAIs candidate and potential candidate countries to EU.

In the framework of the support that the National Audit Office of Sweden gives to the network of SAIs of candidate and potential candidate countries to EU, in addition to the training for performance audits conducted in 6 blocks during 2021, ALSAI under the supervision of Swedish experts is conducting performance audit on "Passenger rights in air transport", which will be concluded within the first quarter of 2022.



In 2021, ALSAI has continued to intensify the cooperation with homologue SAIs on issues of common interest.

On June 4, 2021, ALSAI Chairman, Mr. Arben Shehu had a meeting with the two Deputy Heads of the National Audit Office of Bulgaria. The discussions were focused on the role of SAIs in auditing urgent measures for Covid-19 pandemic, as well as the communication and cooperation with stakeholders.

In the framework of the Memorandum of Understanding signed by ALSAI and SAI of North Macedonia, on September 7, 2021, ALSAI Chairman, Mr. Shehu received on an official visit the Auditor General of the State Audit Office of North Macedonia, Mr. Maksim Acevski. In this meeting it was agreed to continue and deepen the cooperation between the two SAIs in areas of common interest such as: audits for the consequences caused by fires and protection of forests focusing on equipment and units in the field; exchange of reports on disasters caused by snow and exchange of reports on the crisis management system.

In order to deepen the cooperation and gain experience in conducting Information Technology audits, environmental audits and conducting self-assessment of the performance of ALSAI, on September 15, 2021, the Chairman of ALSAI, Mr. Shehu received in a meeting the Director of External Relations of the Office of the Auditor General of Norway and the advisors to the Auditor General of Norway. ALSAI and SAI of Norway have agreed on signing a memorandum of understanding and draft a specific action plan for the cooperation between the two institutions, which will include training of staff for IT audits, financial audits and environmental audits, as well as expert support of ALSAI auditors for performing these audits.

On October 27, 2021, ALSAI Chairman, Mr. Arben Shehu received in a meeting the Auditor General of the National Audit Office of Kosovo, Mrs. Vlora Spanca. In this meeting, the heads of the two institutions expressed their full commitment to deepen the cooperation and exchange of experiences between ALSAI and NAO Kosovo. They also discussed about the audit activity of the two institutions, the audits on the use of funds for the Covid-19 pandemic and the sound implementation of the state budget.

Exchange of experiences on topics of common interest within EUROSAI working groups, meetings, seminars, workshops, roundtables and trainings.

Although the Covid-19 pandemic limited the development of activities with physical presence within the INTOSAI and EUROSAI community, in order to meet the objectives of the Strategy of INTOSAI 2017-2021 and EUROSAI 2017-2024, meetings, seminars, roundtables, workshops and trainings were conducted online.

At the center of activities organized by homologue institutions and other international institutions were issues related to: independence of supreme audit institutions; the contribution of SAIs in the fight against corruption; audits conducted by SAIs to prevent the consequences of the Covid-19 pandemic; exchange of experiences for conducting performance audits and Information Technology; audit of public procurement procedures; follow-up of the implementation of SAI recommendations.

During 2021, representatives of ALSAI have participated in 44 meetings, seminars, workshops and trainings with a total of 437 days / people.

III.5 ALSAI and the Parliament

Supreme audit institutions and parliaments are the two most important institutions for holding governments accountable for the good governance of public funds and property. As stated in ISSAI 120 "Supreme Audit Institutions should maintain relations with Parliament and relevant parliamentary committees to help them better understand audit reports, so that they can take appropriate action to ensure transparency and the accountability of the executive".

The independent constitutional institution of Highs State Control aware of the crucial role it plays in informing the Albanian Parliament, considering it as the main partner, during 2021 has informed the Parliament through the submission of reports which provide detailed information on the use of public money by both, central and local self-government institutions.

With the letter no. 341/19, on 31.03.2021, ALSAI has forwarded to the Parliament the Performance Report of ALSAI for 2020 and on June 24, 2021, ALSAI Chairman, Mr. Arben Shehu presented to the members of the Parliament the concrete results of the institutional and audit activity.

In order to fulfill the constitutional obligation for informing the Parliament on the implementation of the state budget, ALSAI with letter 1126/1, on 21.10.2021 has submitted the Report on the Implementation of the State Budget 2020. In the presentation of this report in the Committee for Economy and Finance on October 26, 2021.

ALSAI has also continued to inform the Parliament through the submission of special audit reports. Thus, during 2021, ALSAI has submitted to the Parliament 57 audits reports performed during this year.

In fulfillment of the obligations deriving from the Decision of the President of the Assembly, no. 134/2018 "On the Manual of annual and periodic monitoring of independent institutions", ALSAI in 2021 has informed the parliament on the progress of implementation of the recommendations given to the audited institutions. A report on the follow-up of the implementation of the recommendations for the audits performed in the period January-June 2020 has been forwarded to the Parliament of Albania with letter no. 500, on 30.04.2021 and the report on the implementation of the recommendations in the period July-December 2020 was submitted to the Assembly with letter no. 500/2, on 30.12.2021.

In order to increase the responsibility for the management of public funds by the audited entities, the above-mentioned reports were also submitted to the Minister of State for Relations with the Parliament (documents no. 500/1, on 30.06.2021 and no. 500/3, on 30.12.2021).

In 2021 ALSAI has continued to update with information in the electronic platform of the Albanian Parliament regarding the recommendations given for central institutions and their subordinate entities and the status of their implementation. In this platform, for 2021, there is information on monitoring the implementation of recommendations by 12 entities.

Table no. 5: Number of recommendations and their status until December 2021.

Central Institutions: 12 institutions in total	No. recomandations	from these recommendations		Nga rekomandimet e pranuar			
		Accepted	Not accepted	Implem ented	Partially impleme nted	In proces	Not implem ented
Legal improvements	9	8	1	3	1	3	1
Organizational measures	124	102	22	56	7	27	12
Disciplinary measures	30	18	12	14	0	0	4
Administrative measures	6	6	0	0	0	6	0
Total	169	134	35	73	8	36	17

Source: ALSAI

Parliament has been periodically informed about the results of the audit work performed during 2021 through two statistical bulletins. Also, the Sector of Communication, Publication and Foreign Relations in cooperation with the Audit Departments, in 2021 has prepared the Report on the Implementation of Recommendations for the audited entities during 2020. This report has been forwarded to the Albanian Parliament and the Minister of State for Relations with Parliament, pursuant to the requirements of the decision of the Parliament.

On December 15, 2021, ALSAI Chairman, Mr. Arben Shehu participated in the annual meeting of the heads of independent institutions with the Speaker of the Albanian Parliament, Ms. Lindita Nikolla. In his speech, Mr. Shehu was focused in particular on the cooperation of ALSAI with the Albanian Parliament and underlined that: "This will bring a more positive result in increasing the professional work of all institutions, but also the result of the work as a whole in order to meet the expectations of all Albanian citizens. We must increase our personal and institutional commitments within the legal and factual possibilities that each of the institutions has". Mrs. Nikolla supported the position of ALSAI Chairman, underlining that the leaders of independent institutions should be at the level of the responsibilities for which they have been mandated ensuring in this way the independence and the effectiveness of their work. This meeting took place after the submission of annual activity reports by independent institutions and the approval by the Parliament of the respective resolutions on their institutional activity, which contain recommendations and concrete tasks for this institutions.

On 21.01.2022, following the meetings held to review the functioning of the inter-institutional mechanism for monitoring the follow-up and implementation of the recommendations of independent institutions, which is based on the decision of the Assembly no. 49/2017, a meeting was held for the presentation of the Draft Decision prepared "On annual and periodic reporting and inter-institutional mechanism for monitoring the implementation of the recommendations of independent institutions", which reflects the suggestions proposed by the representative of ALSAI and by representatives of other institutions regarding the reporting mechanism.

Implementation of the resolution of the Albanian Parliament

The Assembly of Albania by recognizing ALSAI as the highest institution of external audit, its essential role for increasing transparency and accountability, as well as supporting and encouraging it to work and contribute to good governance through prevention and uncompromising fight against Corruption has approved on 24.06.2021 "The Resolution for the evaluation of ALSAI activity for 2020". With this document, the Assembly has encouraged ALSAI to continue its work in 2021-2022 in several directions.

In order to highlight the progress of ALSAI for the implementation of the recommendations of the Parliament's Resolution, ALSAI has approved the Action Plan no. 755/1, on 01.09.2021, in which are clearly defined 20 measures to be taken, relevant structures for the implementation of specific recommendations, deadlines and results indicators such as:

- ✓ **Increasing the number of financial audits, improving their quality with professional opinions in fulfillment of the requirements of the progress report of the European Commission**

ALSAI has significantly increased the number of financial audits compared to 2020. Thus in 2021, 21 financial audits and 41 combined audits were performed²¹ compared to 5 financial audits and 16 financial and compliance audits conducted in 2020. This increase has intended to fulfill the obligation of ALSAI to audit every year and give an opinion on the financial statements of local self-government institutions.

- ✓ **Establishing an approach to performance audits towards areas of public sensitivity, aiming that the results of the audit for the 3 E-s can have a direct impact on improving services to citizens and sound management of public finances**

The Performance Audit Department is in the process of drafting a specific document which will identify areas that pose a risk to public finances.

In fulfillment of sub-objective 1.4 of ALSAI Development Strategy 2018-2022 "Increasing focus towards performance auditing", during 2021 the percentage of performance audits in relation to the total audits planned by ALSAI is 13.3%.

Due to the importance of managing the funds to cope with the consequences of the earthquake of November 2019 and the measures taken by state institutions to minimize the consequences of the Covid-19 pandemic, the Performance Audit Department conducted the audits on: "Effectiveness of programs for coping with the consequences of natural disaster in 2019" and "Effectiveness of pandemic situation management Covid-19".

Performing quality performance audits is intended to be achieved through continuous training of the staff, which has been focused on the concrete recognition and implementation in the audit work of international standards for performance audits and the Performance Audit Manual. 30 auditors were trained in training sessions related to this manual.

- ✓ **In order identify the areas not covered with audit by ALSAI, as well as to plan their audit activity for an unlimited and independent access to the audit of institutions and organizations that users of public funds**



The Performance Audit Department, referring to ALSAI Audit Program for 2022 will carry out an audit that will focus on auditing the implementation of the UN Sustainable Development Objectives. The main objective and focus of this audit will be to provide recommendations related to the implementation of these objectives and the establishment of state structures that should enable their coordination and achievement.

- ✓ **In order to apply of best Information Technology audit practices, in full compliance with INTOSAI standards, updating the information about the audited entities and important e-government projects, taking into account the cost / benefit ratio and systems security**

The IT Audit Department has compiled a database of entities according to the legal definition of IT Audit, which contains 267 entities for which the preliminary risk has been assessed. 36 entities or 13% are rated to have a high risk in their operational activity. This department has compiled an information on IT audit coverage until 31.12.2021, which shows that by the end of 2021, 15% of the list of entities included in the database have been audited.

In order to apply the best IT audit practices, in full compliance with INTOSAI standards, during 2021 by the Technology Audit Department were conducted trainings which were focused on international auditing standards for Information Technology, Information Technology Audit Manual, the Active Audit Manual of IT and IDEA program. The trainings were also illustrated with examples of audits performed by homologue SAIs published in CUBE²². 45 auditors were trained in these trainings.

- ✓ **In order to improve the quality of the audit and to develop it in full compliance with International Standards on Auditing**

ALSAI is working to improve the Regulation of Audit Procedures, a process which is in the phase of collecting opinions from auditors and heads of Departments.

Quality control during the audit process and its consolidation in each link has been performed by the Directorate of Standards and Audit Quality Assurance which has drafted the report on quality control for 2021. Also, ALSAI has set up the review team of the quality of some of the audit files, which from 17.01.2022 has started the process of their evaluation. The process is foreseen to end on 28.02.2022. Increasing the professional capacities of the staff to ensure the necessary quality of the audit has been in the focus of the Integrated Professional Development Plan approved by the Decision of the Chairman no. 14, on 08.02.2021. In April 2021, the training on the Quality Management Guide was conducted with auditors from the seven audit departments, in which have been trained 115 auditors.

- ✓ **ALSAI commitment for drafting a memorandum of understanding with the Assembly, in order to refer the audit findings in the function of parliamentary control and increase public accountability, in implementation of the recommendations of the progress report of the European Commission**

ALSAI has submitted to the Parliament with letter no. 996, on 20.09.2021, its proposal for signing of a memorandum of understanding, which will serve to increase parliamentary control over the implementation of recommendations.

- ✓ **Increasing transparency by enabling the development of an interactive**

communication with the citizen through the official website, where ALSAI should publish full decisions and audit reports, according to the deadlines set by law and recommended by the EC

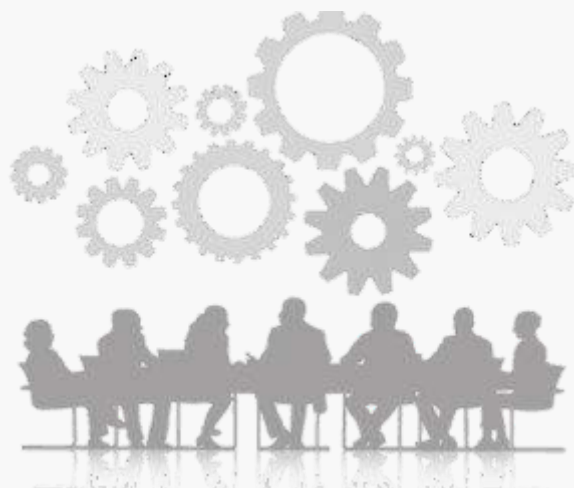
ALSAI has accomplished this recommendation through the publication on the official website of the Annual Performance Report for 2020; Budget Implementation Report for 2020; 100 audited reports finalized in 2021; 66 press releases out of which 12 press releases have informed the public about the criminal charges that ALSAI has submitted to SPAK and the Prosecution office for concrete violations related to abuse of office, violation of equality in tenders, etc.

Due to the celebration of the 96th anniversary of the establishment, on 25-28 May 2021 ALSAI organised "the open week" for citizens who had the opportunity to visit the premises of ALSAI, its museum and to get acquainted with the audit work.

ALSAI has also participated in the 24th Book Fair "Tirana 2021", which took place in Tirana on November 17-21, 2021, giving in this way the opportunity to the public to get acquainted with 110 ALSAI publications published over the years.

²²<https://eurosai-it.org/about/activities/the-cube>

MANAGEMENT AND STRATEGIC DEVELOPMENT



IV. INSTITUTIONAL MANAGEMENT AND STRATEGIC DEVELOPMENT

IV.1 Performance Evaluation based on the PMF Indicators

During year 2021, ALSAI has continued the implementation of the Performance Measurement Framework (PMF), a consolidated methodology for ALSAI, which was approved at the XXII INCOSAI in Abu d'Habi, in December 2016.

The framework was developed to support Supreme Audit Institutions (SAIs), to achieve the objectives arising from ISSAI 12 "Values and Benefits of Supreme Audit Institutions - Making a Difference in Citizens' Lives", a standard which orientates how a SAI must work in order to:

- ✓ Strengthen the accountability, transparency and integrity of public sector entities;
- ✓ Demonstrate continued commitment to citizens, Parliament and interest groups;
- ✓ Become a model organization leading by example.

The evaluation of performance indicators, through this instrument, not only determines the dynamics of the development of the institution over the years, but it is the basis on which the institution further predicts strategic developments, relying on concrete information and data, which identify aspects and actions to be taken to ensure full compliance with accepted standards, performance management, determination of opportunities to improve and monitor the work, as well as to increase transparency and accountability.

IV.1.a Performance analysis based on indicators

The framework, (in the form of a matrix of detailed indicators), is organized in 6 domains, which are broken down into well-defined dimensions and criteria. Providing evidence for each criteria and scoring the dimensions provides an evaluation that offers information about the overall activity. This framework constitutes a clear methodological manual which aims to measure the performance of SAIs, against the established standards of INTOSAI based on best practices. Systematic monitoring of performance indicators enables ALSAI to track progress in key aspects and provide important information on which managerial and organizational decisions can be based.

ALSAI PMF evaluation for year 2021 is carried out by an internally appointed assessment team, that has been trained and assisted by the INTOSAI Development Initiative (IDI) and the Norwegian SAI. This assessment will serve as a good basis for drafting the ALSAI Strategic Plan for the next 5 years, in compliance with the ALSAI role, and also with the ISSAIs.

The performance measurement through this instrument consists of 25 indicators, which assess the activity of ALSAI in 6 domains, as follows:

Domain A: Independence and Legal Framework;

Domain B: Internal Governance and Ethics;

Domain C: Audit Quality and Reporting;

Domain D: Financial management, Assets and Support Services;

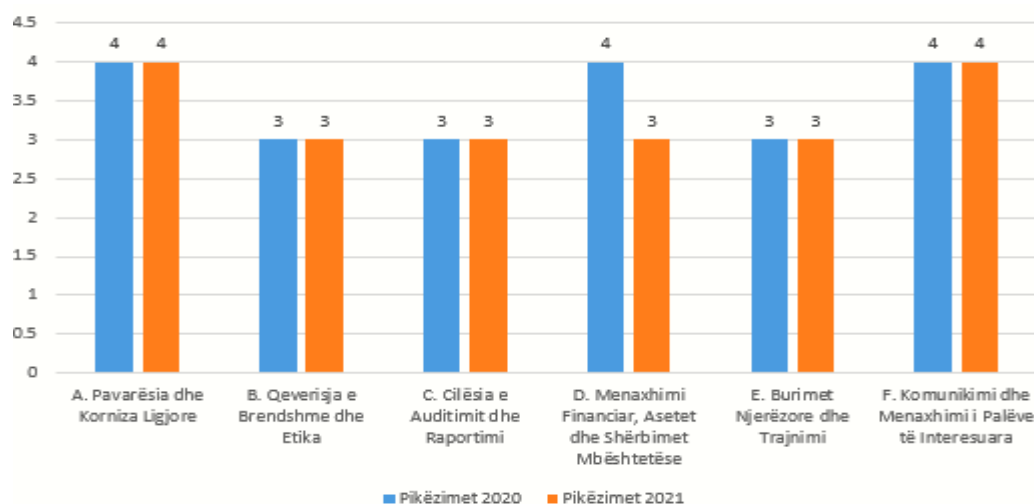
Domain E: Human Resources and Training;

Domain F: Communication and Stakeholder Management.

Each domain is detailed in dimensions and indicators, which are subject to an analytical evaluation. Based on the evaluation, the respective scoring is done, where for each dimension in particular and field in general, the scoring level varies from 0 to 4, and for 2021 resulted as in the following graph.



Graph no. 10: Evaluation of performance indicators for each domain for 2020 - 2021



As shown in the graph, referring to the aggregate indicators for each domain, for 2021 ALSAI represents stability in terms of five areas of evaluation and a decrease from 4 points to 3 in domain D "Financial Management, Assets and Support Services". Notwithstanding the above, within each area / dimension, we find aspects that reflect both improvements in comparison to 2020 as well as aspects and directions that need to be improved, and require a structuring of the institutional management activity for the next year, namely:

There have been improvement in dimensions such as: "Administrative planning process" (SAI 3 (iii); "Quality Control System" (SAI 4 (iii)), "Content of the audit plan" (SAI 7 (ii)), "Policies and Financial Auditing Standards" (SAI 9 (i)); Financial Audit Coverage (SAI 8 (i)); Performance Audit Coverage, Selection and Objectives (SAI 8 (ii)); Quality Control in Financial Auditing (SAI 9 (iii)); etc. And

There have been no differences in dimensions such as: Coverage, selection and objectives of compliance audit (SAI 8 (ii); Planning and implementation of Compliance Audit (SAI 16 (i) and (ii)) Coverage, selection and audit objectives of compliance (SAI 8 (iii)); Financial Management (SAI 22 (i)); and Human Resources Strategy (SAI 22 (ii)).

Given that the year 2022, coincides with the last year of the Strategic Plan, all issues that need improvement, according to the Framework, will be addressed with priority in the new Strategic Plan, for which preparations have begun.

IV.4.1b Summary of PMF indicators for 2021

The evaluation of specific indicators of each dimension that constitute each domain is based on the self-assessment approach, carried out by the ALSAI evaluation team, which this year was assisted experts of the INTOSAI community, specifically by IDI and SAI of Norway. The results of the scoring process according to specific criteria are presented aggregated in the table below.

Table no. 6: Summary of ALSAI PMF Scoring for 2021

Indicator	Field	Dimensions	Evaluation(point) 2021	
	A. Independence and Legal Framework			
SAI-1	Independence of SAI	(i) Appropriate and effective constitutional framework	4	4
		(i) Financial independence/autonomy	3	
		(i) Organizational independence/autonomy	4	
		(i) Independence of the Head of SAI and its Officials	4	
SAI-2	Mandate of the SAI	(i) Sufficiently broad mandate	4	4
		(ii) Access to information	4	
		(iii) Right and obligation to report	4	
B. Internal Governance and Ethics				
SAI-3	Strategic Planning Cycle	(i) Content of the Strategic Plan	4	4
		(ii) Content of the Annual Plan/Operational Plan	3	
		(iii) Organizational Planning Process	4	
		(iv) Monitoring and Performance Reporting	4	
SAI-4	Organizational Control Environment	(i) Internal Control Environment – Ethics, Integrity and Organizational Structure	4	3
		(ii) System of Internal Control	2	
		(iii) Quality Control System	4	

		(iv) Quality Assurance System	4	
SAI-5	Outsourced Audits	(i) Process for Selection of Contracted Auditor	NA	NA
		(ii) Quality Control of Outsourced Audits	NA	
		(iii) Quality Assurance of Outsourced Audits	NA	
SAI-6		(i) Leadership	4	4
	Leadership and Internal Communication	(ii) Internal Communication	4	
SAI-7	Overall Audit Planning	(i) Overall Audit Planning Process	4	3
		(ii) Overall Audit Plan Content	4	
C. Audit Quality and Reporting				
SAI-8	Audit Coverage	(i) Financial Audit Coverage	3	3
		(ii) Coverage, Selection and Objective of Performance Audit	4	
		(iii) Coverage, Selection and Objective of Compliance Audit	3	
SAI-9	Financial Audit Standards and Quality Management	(i) Financial Audit Standards and Policies	4	4
		(ii) Financial Audit Team Management and Skills	3	
		(iii) Quality Control in Financial Audit	4	
SAI-10	Financial Audit Process	(i) Planning Financial Audits	2	2
		(ii) Implementing Financial Audits	3	
		(iii) Evaluating Audit Evidence, Concluding and Reporting in Financial Audits	2	
SAI-11	Financial Audit Results	(i) Timely Submission of Financial Audit Results	3	3
		(ii) Timely Publication of Financial Audit Results	3	

		(iii) SAI Follow-up on Implementation of Financial Audit Observations and Recommendations	3	
SAI-12	Performance Audit Standards and Quality Management	(i) Performance Audit Standards and Policies	4	4
		(ii) Performance Audit Team Management and Skills	3	
		(iii) Quality Control in Performance Audit	4	
SAI-13	Performance Audit Process	(i) Planning Performance Audits	3	3
		(ii) Implementing Performance Audits	3	
		(iii) Reporting on Performance Audits	3	
SAI-14	Performance Audit Results	(i) Timely Submission of Performance Audit Reports	3	3
		(ii) Timely Publication of Performance Audit Reports	3	
		(iii) SAI Follow-up on Implementation of Performance Audit Observations and Recommendations	2	
SAI-15	Compliance Audit Standards and Quality Management	(i) Compliance Audit Standards and Policies	4	4
		(ii) Compliance Audit Team Management and Skills	3	
		(iii) Quality Control in Compliance Audit	4	
SAI-16	Compliance Audit Process	(i) Planning Compliance Audits	2	2
		(ii) Implementing Compliance Audits	1	
		(iii) Evaluating Audit Evidence, Concluding and Reporting in Compliance Audits	3	
SAI-17	Compliance Audit Results	(i) Timely Submission of Compliance Audit Results	3	2

		(ii) Timely Publication of Compliance Audit Results	1	
		(iii) SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations	3	
SAI-18	Jurisdictional Control Standards and Quality Management (for SAIs with Jurisdictional Functions)	(i) Jurisdictional Control Standards and Policies		NA
		(ii) Jurisdictional Control Team Management and Skills		
		(iii) Quality Control of Jurisdictional Controls		
SAI-19	Jurisdictional Control Process (for SAIs with Jurisdictional Functions)	(i) Planning Jurisdictional Controls		NA
		(ii) Implementing Jurisdictional Controls		
		(iii) Decision-making Process During Jurisdictional Controls		
		(iv) Final Decision of Jurisdictional Controls		
SAI-20	Results of Jurisdictional Controls (for SAIs with Jurisdictional Functions)	(i) Notification of Decisions Relating to Jurisdictional Control		NA
		(ii) Publication of Decisions Relating to Jurisdictional Control		
		(iii) Follow-up by the SAI on the Implementation of Decisions Relating to Jurisdictional Control		
D. Financial Management, Assets and Support Services				
SAI-21	Financial Management, Assets and Support Services	(i) Financial Management	3	3
		(ii) Planning and Effective Use of Assets and Infrastructure	4	
		(iii) Administrative Support Services	3	
E. Human Resources and Training				
SAI-22	Human Resource Management	(i) Human Resources Function	3	3
		(ii) Human Resources Strategy	3	
		(iii) Human Resources Recruitment	4	
		(iv) Remuneration, Promotion and Staff Welfare	3	
SAI-23	Professional Development and Training	(i) Plans and Processes for Professional Development and Training	3	4

		(ii) Financial Audit Professional Development and Training	4	
		(iii) Performance Audit Professional Development and Training	4	
		(iv) Compliance Audit Professional Development and Training	4	
F. Communication and Stakeholder Management				
SAI-24	Communication with the Legislature, Executive and Judiciary	(i) Communications Strategy	4	4
		(ii) Good Practice Regarding Communication with the Legislature	4	
		(iii) Good Practice Regarding Communication with the Executive	4	
		(iv) Good Practice Regarding Communication with the Judiciary, Prosecuting and Investigating Agencies	4	
SAI-25	Communication with the Media, Citizens and Civil Society Organizations	(i) Good Practice Regarding Communication with the Media	4	4

As shown in the table, the aggregated indicators by domains, identify the fact that ALSAI continues to maintain a relatively good performance, and specifically for three of the six domains, the rating is 3 (out of 4 maximum rating) and for the other three areas, the rating is 4.

Area A, "Independence and legal framework", covers the legal mandate and independence of ALSAI. The purpose of this field is to assess the institutional basis on which ALSAI operations are based. Although the independence and legal framework of a Supreme Audit Institution is not under the direct control of the SAI, this area is included in the Framework because the independence and legal framework contribute significantly to the effectiveness of the SAI.

Regarding the organizational and managerial independence of ALSAI, the institution is financed from the state budget, based on the proposal of a draft budget presented by the institution. However, during 2021, as a result of the change of law no. 68/2017 "On local self-government finances", ALSAI was assigned with new tasks for audit coverage, which required the increase of audit missions without proportionally increasing its budget, in order to accomplish these tasks. Also, although referring to the legal framework in place, ALSAI has the mandate and unlimited access to information, during the audit activity in the last two years, cases of opposing reactions and/or obstacles in providing the full information required have been identified, thus limiting auditors from obtaining reasonable assurance to subsequently support audit opinions.



The need to improve the legal framework in order to strengthen the true independence of ALSAI, is not only an organic request of ALSAI, it is at the same time a recommendation of international experts. Pursuant to ISSAI 12, ALSAI has tried to promote, provide and maintain an appropriate and effective constitutional, statutory and legal framework, by engaging, a working group to work on proposals of changes in law no. 154/2014 *"On the organization and functioning of the Supreme State Audit"*.

The set of dimensions and indicators of **Area B "Internal Governance and Ethics"** aims to assess whether the SAI is managing effectively the activities/operations and through good governance, setting a good example for other institutions; Specifically, this field measures the overall performance of ALSAI, in the field of internal governance and ethics. Aspects of this field are: Strategic Planning Cycle, Organizational Control Environment, External Resources Audits, Internal Management and Communication, and General Audit Planning. This field's score is 3, even for 2021.

Although the assessment is above average, there are still aspects to be further improved such as: (a) the need to link the annual plan to the strategic plan in budgetary terms for assessing the resources needed to achieve the objectives (SAI 3 (ii)); as well as (b) the need to perform at least once in 5 years, the evaluation of the internal control system of ALSAI (SAI 4 (ii)).

In fact, an integral part of this system is the assessment of the Control Environment, Ethics, Integrity and Organizational Structure, which has been subject to assessment by a team of assessors (i.e. within a period of 5 years, dictated by international auditing standards), run by the Dutch Court of Audit. The evaluation process was carried out based on the SAINT methodology, which was applied to all INTOSAI members.

Thus, on an overall assessment of the Area B, it is concluded that steps have been taken to ensure good governance, adopting and acting in accordance with the principles of good governance, and the principles dictated by International Standards on Auditing, in this area.

Area C, "Audit quality and reporting", aims to assess the quality and results of audit work, through dimensions that include three aspects: Principles; Processes and, Results, for the three types of audit, foreseen in the mandate of ALSAI, respectively: financial, performance and compliance audit.

Also, the analytical system of indicators by dimensions enables the analysis of the causes of the "root's problem" by identifying measures/recommendations in order to improve the audit aspects. Referring to the evaluation system, aspects that need improvement in this area are:

Clear definition of materiality and risk as a whole for each audit as well as for its specific elements; drafting the report in a shorter and easily understandable form; documenting the identification and assessment of risks of material misstatement of the financial statements due to fraud; or due to non-compliance with the legal and regulatory framework in place; developing a materiality assessment practice to determine whether "Follow-Up" requires further investigation; Increasing the level of publications of the audit

reports on the official website of ALSAI; Timely submission of reports, etc.

Quality assurance in the audit process for 2021

During 2021, ALSAI's auditors and the management have systematically continued the efforts to keep the increase of quality assurance as a priority.

An important element, with an impact on the quality of the audit activity, is the regulatory framework on which the control and assurance of audit quality is based, as well as its monitoring, such as the Regulation on Audit Procedures of ALSAI, Financial Audit Manual, Compliance Audit Manual, Performance Audit Manual, Recommendation Implementation Audit Manual, etc. as an integral part of it.

Also, the implementation of the ISSAI 40- "Quality Control for Supreme Audit Institutions" remains a priority, which is reflected even in other audit documentation.

An integral part of the regulatory framework for audit quality and assurance is the Audit Quality Management Guideline, which has generally found application in the content of audit quality opinions, but not in the documentation through checklists of the audit stage's, levels of quality supervision and monitoring.

The Directorate of Standards and Quality Assurance for most of the time during 2021 has been composed of a staff of about 5 experienced auditors, who have surely tried to implement the requirements of the Regulation of Audit Procedures of ALSAI and of relevant audit manuals, in addition to audit engagements and other tasks assigned by senior management. The activity of this directorate includes participation in trainings as trainers and trainees.

It should be noted that quality control in ALSAI is applied as a "hot review" for each audit, focusing on the Final Report and the Draft Chairman's Decision, and when is possible at this stage, it is also applied in the audit files. This process is documented, at the department level by the chief auditors, the respective directors, and it also documented by the Directorate of Standards and Quality Assurance of the Audit, as well as by the General Director.

Audit quality itself is ensured when it is recognized and implemented by each auditor, by assisting and making accountable all auditors starting from the audit team leader, as well as through monitoring by the chief auditor and the director of the audit department.

Quality assurance is performed on an annual basis, through a "cold review" of the audit files created, for each audit phase: the planning phase, field audit phase and reporting phase. This review procedure of audit quality aims to eliminate issues and continuously to improve the audit work.

The primary objective of audit quality control is to ensure that audits are performed in compliance with the Auditing Standards, Rules of Procedure and relevant manuals through all stages of the audit: planning, field audit and reporting, while maintaining independence, objectivity, professional scepticism, as well as by applying in each case the Code of Ethics.

Referring to the Regulation of Audit Procedures of ALSAI, opinions on the quality of the



audit are given after studying the final report and the draft Chairman's Decision, within three working days from the submission of the material to be forwarded for issuing. During the quality control activity, it is intended to expand the range of work in terms of reviewing the draft report, the use of the REVZONE system during the audit, the physical file with audit documents and the inclusion of the given opinion in the file.

The year 2021, like the previous one, with the serious situation created by the pandemic Covid-19, put through great challenges to the auditees, the auditors and consequently the SAI itself.

In general, from the "hot" quality control review during the audit issuing process, it is concluded that the Final Audit Reports are generally structured according to Article 35 of the Regulation on Audit Procedures and Document no. 14 (standard document part of this regulation). It resulted that the audit reports follow the directions according to the audit program, the findings are formulated respecting the form and elements of the finding and the observations of the auditees and the respective comments are reflected, etc.

After reviewing the draft final audit reports, possible changes and reformulations of the findings and recommendations were suggested to be considered in the final report, before following the approval process.

For year 2020, after reviewing the final audit reports, some of the identified problems for which possible changes and reformulations of findings and recommendations had been suggested, didn't show up again in 2021.

Summary of "cold" quality control of audited files issued in 2021.

In accordance with International Auditing Standards (ISSAI 40 and ISSAI 1900); Internal Regulation of the Organization and Functioning of ALSAI (point 10.5.7.2); Regulation of Audit Procedures in ALSAI, article 41, point 4, as well as the Quality Management Guide (Checklist 5), with the Order no. 7 dated 11.01.2022 of the Chairman of ALSAI "*On quality assurance control in the audit process for 2021*" are defined deadlines, working group, main directions where this activity should be focused and the checklist. The implementation of this Order for quality assurance through annual "cold" control is carried out for 30% of audit files issued in the period January - December 2021 or for 44 randomly selected audit files. In this process, in addition to the Directorate of Standards and Quality Assurance staff, other experienced auditors were in the process, in total a team of 12 auditors were engaged. It should be noted that during this activity it was taken into consideration that the auditors involved in the quality control group of a certain department, review the files of another department, in accordance with provisions of the Quality Management Guide. Detailed evaluation for each file is done according to the form approved by this order and the verification list, which includes 20 indicators for the stages of the full cycle of the audit process: planning, field phase, reporting and issuing, the final results of which are identified after the closing meeting with the audit team.

At the end of the quality control activity for 44 audit files it resulted that, 50% of the reviewed files are rated "good" and 50% meet all evaluation criteria and rated "very good".

All problems identified pose challenges for the coming years.

Area D, "Financial management, assets and support structures" assessment results, also in line with the previous years' assessments, showed that ALSAI has an appropriate organizational management and support services structures, that ensure good governance and support internal control and management practices (in accordance with the requirements of ISSAI 12, Principle 9). This conclusion includes both the asset management and the support services structures of the institution.

In an overall assessment of Field D, it is concluded that, some aspects related to organizational management and support structures that ensure good governance, and that support internal control and management practices (in accordance with the requirements of ISSAI 12, Principle 9) need some improvements which will be addressed and implemented in the coming years. This conclusion includes both the asset management and the support services of the institution.

Area E, "Human Resources and Training", SAI-23 "Professional Development and Training", states that: "To ensure that the staff is always sufficiently qualified, to have continues professional development and updates on auditing standards and methods, SAI should have a strategic approach to professional development".

ALSAI, during 2021 has achieved strategic objectives on professional development and training, investing in improving both the methodological basis and the staff training, in order to increase the professional capacity of ALSAI.

In accordance with the Performance Measurement Framework of SAIs (Field-E / SAI-23), the following 4 dimensions have been evaluated: Plans and Processes for Professional Development and Training, Professional Development and Financial Audit Training, Professional Development and Performance Audit Training and Professional Development and Compliance Audit Training.

During 2021, SAI-23, dimension (i), has maintained the same level as a year ago, while for the other three dimensions (ii; iii and iv) dedicated to professional development and training in financial auditing, compliance and performance has resulted in maximum rating.

Field F, "Communication and management of stakeholders", identifies one of the main objectives of ALSAI, effective communication with stakeholders in order to ensure understanding of the ALSAI's work, and demonstration of its importance to the stakeholders. This area carries two dimensions: Communication with the Legislature, the Executive and the Judiciary (SAI 24); and Communication with the Media, Citizens and Civil Society Organizations.

In the overall assessment of this field, ALSAI had a stable performance in 2021 compared to 2020.

In order to strengthen communication and cooperation, ALSAI has approved the Development Strategy 2018-2022, part of which is the Communication Strategy, in order to convey to citizens, Parliament and other stakeholders, the results on improved governance through the fight against corruption.



The SAIs' tools and approach for successful communication with stakeholders focus on: publication of audit reports; publication of the SAI activity report, as well as the report on budget execution; publication of press releases and other relevant information on audits; publication of the entire legal and regulatory framework on which ALSAI's activity is based; the publication of Professional Standards on Ethics related to the integrity of the auditor; addressing citizens' requests and complaints related to misuse of budget funds, mismanagement of assets, or violation of public service, etc.; organizing an annual "open week" for citizens, for them to have the opportunity to get acquainted with ALSAI and its activity; effective communication with Parliament through the submission of audit reports that are of high public interest and that contribute to the promotion and improvement of socio-economic reforms; agreements with law enforcement institutions aimed at contributing to the fight against corruption, fraud, misuse and abuse of public funds; signing memorandum of cooperation with similar institutions and stakeholders such as, universities and NGOs, with the aim of exchanging information and share experience.

Following the above, ALSAI is currently drafting the new Communication Strategy, under the assistance of SIGMA.

ALSAI has approved the Guideline for the institutionalization of relations with the Parliament, which aims to be achieved through:

- Memorandum of Understanding between the two institutions in order to strengthen the role of Parliament for the implementation of the recommendations of ALSAI and working with a concrete plan for their implementation;
- Based on the EU progress reports, which recommend increasing the oversight by the Parliament, of the audited units, on the implementation of the SAI recommendations, through more parliamentary hearings, as well as through the establishment of a regulatory framework for periodic monitoring of the measures taken, ALSAI has proposed the establishment of a parliamentary sub-committee which will monitor the activity of ALSAI²³;
- Based on the periodic reports that ALSAI submits to the Parliament, it would also require to hold hearing sessions by the respective parliamentary committees, with the auditees, regarding the implementation of the recommendations of ALSAI;
- ALSAI has also signed a Memorandum of Cooperation with the Ministry of Finance and Economy, and a Joint Secretariat has been established, which role is to discuss periodically the implementation of ALSAI recommendations.

Aspects that continue to be a challenge for the year that has begun will be the assessment of the impact that ALSAI has on stakeholders. For this, at the beginning of 2022, the cooperation with SIGMA and IDI has started. Also, it continues to be of particular importance for ALSAI, strengthening the cooperation with the Executive and the Legislature in order to increase the implementation of ALSAI recommendations through the use of instruments built in cooperation with these institutions.

²³Albania Report 2020

IV.2. The implementation of the Institutional Development Strategy 2018-2022

The year 2021, marks the fourth year of the process of implementation and monitoring the Strategy for the ALSAI's Development, for the period 2018-2022, approved by the Decision no. 228 of the ALSAI's Chairman, dated 31.12.2017, which frames the main directions of institutional developments, based on the Action and Monitoring Plan, approved by the Decision no. 1353/4 of ALSAI's Chairman, dated 24.04.2018, revised in 2021 and approved by the Decision no. 195 of the ALSAI's Chairman, dated 25.11.2021 "Action Plan for the reporting year 2021, of the Institutional Development Strategy of ALSAI for the period 2018-2022".

The strategic objectives of the institution, set out in the Strategy for Institutional Development 2018-2022, are in coherence with the objectives of the Strategic Plans 2017-2023 of EUROSAL and Strategic Plan 2017-2022 of INTOSAI.

Based on the level of indicators of the Performance Measurement Framework of a Supreme Audit Institution (approved as an ISSAI standard document at the XXII Congress of INTOSAI), it results that the objectives set in the Development Strategy 2018-2022, for the period 2018-2021, were achieved 65 out of 65 sub-objectives or 100%, deriving from three Goals and 21 Strategic Objectives, for the reporting year 2021.

Monitoring the implementation of Development Strategy, is considered as an effective instrument through which, ALSAI systematically follows the progress, ensuring that it is moving towards the set objectives and at the same time has important information for effective decision making and in time. Through monitoring, the evaluation and measurement of the current level of Performance Indicators against predictions was carried out, which served ALSAI for:

- Providing an up-to-date information on the progress of Strategy in general (Situation Indicators);
- Identifying in time, difficulties or potential risks that affect the achievement of objectives (Warning Indicators);
- Better decision making and timely response to challenges (Policy Indicators);
- Establishing and strengthening effective cooperation between all structures of ALSAI;
- Maintaining effective and realistic implementation of the Principle of Transparency, through communication of ALSAI results to the public, Parliament and stakeholders.

The Operational Plan (revised), has foreseen a system of measures that have been taken during 2021, as well as those that will be implemented for 2022, as the last year of implementation of the Strategy 2018-2022, synthesized in 3 Strategic goals". Detailed in concrete objectives and sub-objectives are:

The First Strategic Goal is related with increasing the impact of audit work focused on the 6 - E.

This goal has addressed high level issues, such as the Objective for "Strengthening



the Independence and the mandate of ALSAI", as well as in the technical and methodological plan of the audit approach.

Strengthening the institutional independence of ALSAI is a priority and currently, ALSAI has a modern organic law and largely in accordance with INTOSAI standards, approved by Albanian Parliament, with the help of the expertise of European Union. In order to strengthen its independence and mandate, ALSAI is in the process of reviewing its organic law and for this purpose, a project which is planned to be presented to the Albanian Parliament within the fourth quarter of 2022.

Regarding the technical and methodological plan of the audit approach, ALSAI has paid maximum attention to the implementation of the obligations deriving from Institutional Development Strategy 2018-2022 and the recommendations left by the European Commission and Albanian Parliament. For this purpose, the Chairman of ALSAI approved during 2021, two action plans for implementation of these recommendations, namely: Action Plan approved by the Chairman of the Supreme State Audit with no. 1243 prot., Dated 12.11.2021, "On the implementation of the recommendations of European Commission Report for Albania dated 19.10.2021"; Action Plan approved by the Chairman of the Supreme State Audit with no. 755/1 prot., Dated 01.09.2021 "On the implementation of the recommendations of Albanian Parliament Resolution for the evaluation of the activity of ALSAI for 2020, approved on 24.06.2021".

These objectives are seen from the perspective of increasing the audit impact, through the provision of quality audit products, aiming for ALSAI to become a driver of positive changes and improvements in terms of promoting good governance in the country. Methodological development has continued to support and promote change by becoming the vanguard of developments in ALSAI.

ALSAI has approved the updates of internal administrative and organizational regulatory framework, as well as the audit manuals and specific guidelines in order to implement in practice the ISSAI / IFPP Standards " INTOSAI Framework of Professional Pronouncement ". ALSAI has made available to auditors a considerable number of methodological manuals and guidelines, according to state audit typologies, which serve them in the daily routine and practice of audit work.

During 2021, ALSAI approved the Performance Audit Manual, improved, ISSAI / IFPP-4900 "Guidance on Authorities and Criteria to be considered while examining the regularity and propriety aspects in Compliance Audit" in the spirit of INTOSAI Framework of Professional Pronouncement, as well as in the implementation of these recommendations conducted a series of trainings on increasing audit capacity in financial audit, compliance, performance, in the audit of PPP and concessions, as well as on improving the quality of audit in accordance and implementation of ISSAI / IFPP-140.

The second Strategic Goal is related to "Optimization of professional capacities, audit skills, work procedures, logistics and other support functions".

Under this objective, ALSAI for the reporting year 2021, has paid special attention to the continuous professional development and training of ALSAI staff, as one of key priorities in building and strengthening human resource capacities. The ongoing training process works effectively, continuously improving in form and content and consolidating, in the spirit of the XXII INTOSAI Congress, where 192 member SAs agreed "to define professionalization as an ongoing process by which auditors and their SA organizations ensure high levels of expertise, competence, ethical conduct and quality, based on professional standards (ISSAI)" European Commission Report on Albania; Resolution of the Albanian Parliament on the activity of ALSAI for 2020, as well as the Performance Measurement Framework of SAs.

Through training and continuous professional development, ALSAI:

- Ensures that auditors maintain and enhance the knowledge and skills you need to provide a professional service;
- Improving the quality of audit work, helps auditors make a significant contribution to teamwork, makes auditors more effective in the workplace and helps them advance in their careers, and opens to auditors opportunities, new knowledge and new areas of skills.
- Makes the product of ALSAI, understandable for stakeholders, significantly affecting the increase of transparency, good governance and use of public money. It leads to an increase in the trust of individual professionals, and consequently of the public in ALSAI.
- Gives a deeper meaning to the concept of being a professional;

ALSAI has continued to improve and consolidate a continuous professional development, as effective as possible and for the benefit of audit results, which has been monitored and implemented by the Directorate of Methodology and Development in ALSAI, as the structure in charge of managing the process, established terms of reference, and critically trace the links of this process.

During 2021, 3059 training days were completed in total, by 129 auditors, or 27.2 training days for auditors. The objective, 25 days of training, for each auditor during 2021 is achieved. Achieving this objective was made possible through the realization

of 21 activities within the country and organized by ALSAI and 40 activities held abroad, or organized by institutions / organizations abroad, as well as a variety of activities / trainings organized by ASPA, where the staff of ALSAI has actively participated and has conducted 1858 audit training days for 2021.

ALSAI also has a significant number of auditors who have successfully completed internships at ECA and fellowships at the US Government Audit Office (GAO), or who hold international certifications in various fields.

Under the **Third Strategic Goal**, ALSAI has integrated modern elements of communication and has completed the monitoring of the Communication Strategy 2017-2019, establishing a real basis for communication and transparency. Also, work is underway to draft a new Communication Strategy, with the assistance of SIGMA.

The third strategic objective is oriented and based on the spirit of Principle 8 of International Auditing Standard ISSAI P-20, which promotes and encourages transparency and accountability, where it is emphasized that “SAI-s communicate in a timely and extensive manner on their activities and results of audit through media, websites and other means”. Here are some tangible dimensions:

On the official website of ALSAI there are 4 new communication nodes with the public and the staff of ALSAI. For each report published on the website, ALSAI drafts a summary press release in which it states the main findings and issues with high impact, in order to convey the information in the simplest possible way to the citizens and stakeholders. These reports have been echoed by the print and audiovisual media in 262 articles and 400 television chronicles.

ALSAI communication is also consolidated through cooperation agreements signed during the implementation of the strategy. Thus, ALSAI has signed 63 cooperation agreements, of which 36 with NGOs and Public and Private Universities, 18 with counterpart institutions and others with state institutions. Collaborations with University professors and with various NGOs, have been continuously valued maximally by ALSAI.

In order to increase communication, during 2021 the cooperation with foreign institutions and bodies has also continued in the implementation of signed agreements.

The results of this monitoring on three "Strategic goals", show that for 2021, as the fourth year of implementation of Institutional Development Strategy 2018-2022, sub-objectives have generally been achieved or are in the process of implementation.

The Institutional Development Strategy and the Strategy Monitoring Action Plan, for three strategic goals, derive from:

Table nr. 7: Realization in activity level or sub-objectives

No.	Description	Number of activities			Realization of (sub objectives)	
		Strategic goal No. 1	Strategic goal No. 2	Strategic goal No. 3	No.	In %
I	Number of activities/sub objectives	34	25	12	71	*
I.1	Activities to be carried out until 2021	31	22	12	65	100
I.2	Activities to be carried out in the year 2022	3	3	0	6	*

The realization at the level of "Activities" or "Sub- objectives" is at a satisfactory level, since out of 65 activities planned to be realized during 2021, 62 activities or 95% of them have been fully realized, while are in process of realization 3 activities, or 5% of them. According to the revised Action Plan, from 71 activities, deriving from three strategic goals and 21 objectives, 6 (six) or 8.4% of them are planned to be realized in 2022.

Under the objectives partially realized and in process:

1. Under objective (1.10.5) "ALSAI will conduct Integrity Audits of public servants, based on the best international experiences".

In relation to the realization of this sub-objective, ALSAI has worked on drafting the methodological basis and training of staff in relation to integrity audits. ALSAI has published: Into Saint "SAI Integrity Self-Assessment Manual; EUROSAL "Strengthening the Ethical Infrastructure in SAI and Auditing Ethics in the Public Sector"; ISSAI Code of Ethics 30 / IFPP-130 "Ethics audit in public sector organizations, how to implement ISSAI-30", and is in the capacity building phase, through staff training.

ALSAI is a member of the EUROSAL Task Force on Ethics Auditing and has participated in international activities, for the dissemination of culture and integrity in public institutions.

The annual staff training program includes topics related to ethics and integrity management, which consists in the mandatory implementation of ethics rules, as well as awareness and education of employees to maintain a high integrity profile of ALSAI auditors. Also, SAI auditors have actively participated in trainings provided by ASPA, focusing on integrity and ethics issues.

2. Under objective (3.1.1) "Agreeing on the Memorandum of Cooperation with Parliament on cooperation procedures and its implementation in terms of areas related to: Submission of SAI reports to the Albanian Parliament; Parliament requests for SAI audits; Deputy Support on the role of government accountability. The realization of this sub-objective requires the finalization from Albania Parliament the establishment of a parliamentary sub-committee on external audit".

During 2021, ALSAI again has presented to the Parliament the letter no. 996, dated 20.09.2021, in which ALSAI has proposed the signing of a memorandum, which will serve to increase parliamentary control over the implementation of

recommendations.

As above, the realization of this sub-objective, but also of some processes that derive from it, such as the development of hearing sessions, between the Parliament and the audited entities, are depending on the establishment of the parliamentary committee.

3. Under the objective (3.4.2) "Establishment of joint audit groups with departments within ALSAI", is realized by 80%.

ALSAI, during its audit activity in 2021, has continued with the establishment of performance audit groups with the participation of auditors from various audit departments, and three performance audits have been conducted by other departments. One performance audit was performed by the IT Audit Department and 2 audits were performed by the Assets and Environment Audit Department. However, during 2021, no performance audits initiated by other audit departments were conducted, with the participation of performance auditors and under the direction and assistance of this department.

The objectives to be realized in 2022, as the last year of the implementation of SZHI 2018-2022.

Out of 71 sub-objectives of Institutional Development Strategy 2018-2022, six sub-objectives remain to be realized during 2022, of which, 5 of them are conditioned by cooperation with other institutions and bodies, such as the Parliament, the Ministry of Finance and Economy and SIGMA/OECD, specifically:

Under objective (1.1.1) which focuses on the approval of changes in Law no. 154/2014 "On the organization and operation of the Supreme State Audit" and the realization of the three sub-objectives (2.4.5; 2.4.6 and 2.4.7) is dependent on the realization of the sub-objective (1.1.1) approval of legal changes .

Under the objective (1.3.3) "Preparation of the Specific Guide for Auditing the Implementation of the Budget" with the assistance of SIGMA/OECD. For the realization of this sub-objective, ALSAI has continued communication with SIGMA, with the aim of finalizing it during the year 2022, as well as the working group has been set up with the Order of ALSAI Chairman no. 20, dated 04.02.2022.

Under the objective (1.8.3) "Development of common Methodology for following audit recommendations (external and internal)". ALSAI, in the absence of a response from the Ministry of Economy and Finance, for the drafting of a common methodology on the audit of the implementation of recommendations, in 2020 approved the Follow-up Manual for Implementation of the Recommendations left by ALSAI, approved by the Decision of ALSAI Chairman no. 67, dated 23.06.2020.

IV.2 Development and management of human resources

The development of human resources has been and remains one of the most important challenges of institutional management, with a direct impact on the quality of audit activity. Referring to the guidelines and best practices of INTOSAI community, for capacity building and development, ALSAI has continued to invest in the

development of human resources.

Throughout 2021, ALSAI has continued to address Human Resources Management, in line with the objectives defined in the Human Resources Policy Document, approved by ALSAI Chairman Decision no. 228, dated 31.12.2017, in the following directions follows:

- Documentation and implementation of best practices, suitable for the ALSAI, based on the INTOSAI Standards in the field of human resources management;
- Rigorous implementation in the field of legal regulatory framework;
- Ensuring transparency, accountability and good governance in human resources management process;
- Recruitment of young people/individuals with high educational results in one or two majors, with knowledge of different foreign languages, or who simultaneously possess academic titles, experts and specialists with outstanding contributions in various fields such as technology information, etc.;
- Ensuring continuous professional development, development of capacities, as well as conducting training in a continuous manner;
- Development and implementation of an objective system of staff evaluation based on performance, on fulfillment of individual objectives and professional competency requirements, etc.

The changes of Organizational Structure.

ALSAI has an effective Organizational Structure which efficiently and effectively adapts the institutional goals, to the tasks and commitments of each organizational unit, Department/Directory/Sector in the framework of fulfilling the constitutional legal obligations as well as the strategic objectives of the institution.

The current structure reflects a functional productivity and ensures the effective planning, implementation, control and reporting of performance activities of ALSAI.

The organizational chart of ALSAI and the structural organization reflect the requirements of COSO model against the five components (control environment, risk management, activity control, information and communication), requirements that ensure flexibility and effective internal control systems, forming in this way an integrated system that reacts dynamically to changing eventual conditions. This structure enables effective lines of interaction and reporting in order to fulfill responsibilities at the structural unit level. Effective reporting lines have been installed within each unit, which enables the communication of quality information aimed at achieving the unit's objectives.

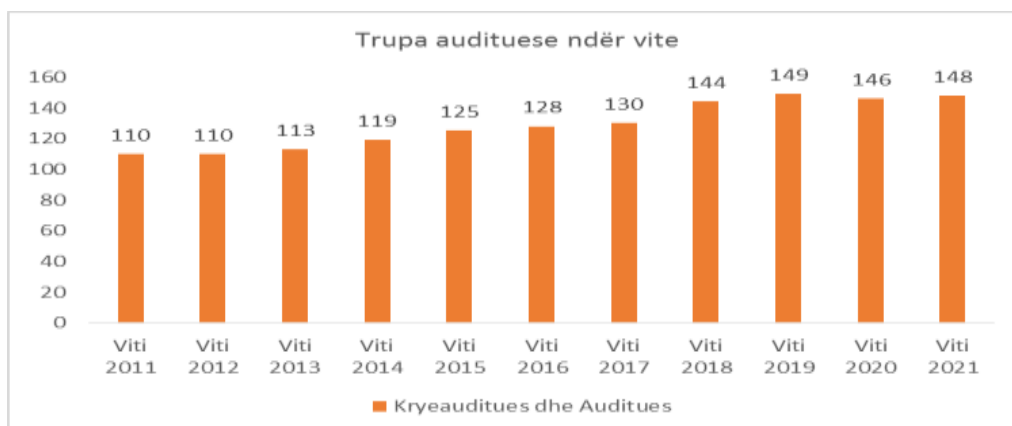
Throughout 2021, with the aim of designing an effective and functional structure as well as focusing managerial activity in the direction of increasing the supervisory and controlling role, several changes were made in the structure of Legal Department, starting with the name, which changed to Legal Department, Implementation Control of Standards and Ethics. The structure of Methodology Department of Standards and Quality Assurance was merged and two new structures were created: the Department of Audit Standards and Quality Assurance, which became part of Legal Department, Implementation Control of Standards and Ethics, and the Directory of

Methodology and Development which passed under the General Director. Also, structural changes in Legal Department of Implementation Control of Standards and Ethics were the merging of 2 sectors: "Legal Consulting Sector" and "Court Representation Sector" into a single structure with the name "Legal Sector". Also, the new structure "Ethics and Integrity Sector" was created, part of Legal Department, Implementation Control of Standards and Ethics.

On the developments of the organic structure

For the year 2021, by Decision no. 4, dated 27.01.2017 of ALSAI Chairman, "On the Structure of the Order of Jobs, the Classification of Jobs and the Level of Salaries in ALSAI", as amended, the organic structure with a total of 218 employees was approved. In total, the number of Senior Auditors and Audit staff in 2021 is 148 employees, which is about 78.7% of the actual total number of employees. Below is reflected the structure of employees, which has continued to change in favor of audit team.

Chart no. 11 Audit bodies 2011-2021

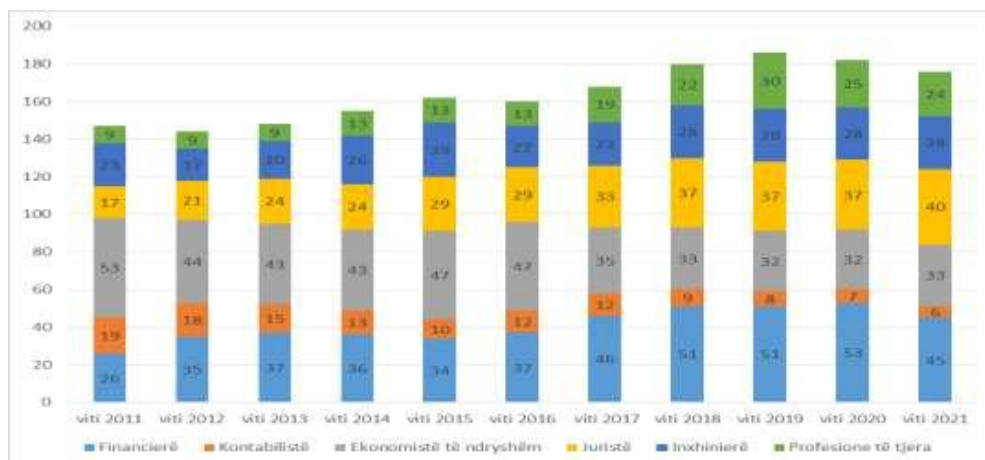


Source: ALSAI

Organic structure according to graduation profile

Classified by education, in the organic structure for 2021, employees with higher education occupy 176 employees or about 93.6% against the total number of employees. Divided by education background, the classification of employees with higher education for the years 2011-2021 is presented:

Chart no. 12 Profile of employees with higher education



Source: ALSAI

In line with the objectives of human resources policy document, as well as with the aim of methodological professional training in order to improve performance, a part of the employees have completed their studies in second branches or have attended studies and graduated or been certified inside and outside the country in response to new developments in the field of public auditing. At the end of 2021, respectively:

1 Leader who has the title of Associate Professor, **2** Leaders and auditors who have the title of Doctor of Science;

26 Managers and auditors have a second university degree;

2 Managers with internationally recognized professional degrees in accounting and auditing, such as the International Certificate in Accounting and Auditing (CIPFA) and the International CPA Certificate;

4 employees holding the Approved Accounting Certificate and **2** Accounting Expert employees; **15** employees have a certificate in Internal Auditors;

15 employees have a certificate in Real Estate Appraisal;

7 employees have training certificates developed by IDI (INTOSAI Development Initiative);

16 auditors of ALSAI have received training, through 5-month internships from the European Court of Auditors (ECA) and 4 audit managers, through 4-month fellowships from the US Government Audit Office, GAO.

The structural composition of the staff according to functions.

For the year 2021, the composition of employees according to the resulting functions and tasks:

16 management personnel (which includes the Chairman, the Cabinet Director, the General Director, the General Secretary, the Directors of Departments and Directorates, Advisors) that constitutes, 8.5% of the actual total number of employees in 2021;

13 Chief Auditors, which constitutes 6.9% of the actual total number of employees;

136 auditors comprising 72.3% of the total number of employees;

31 administrative support employees (sector managers, specialists, lawyers; Chairman assistant, service workers, drivers, cleaning workers) which constitutes 16.4% of the actual total number of employees of the total actual number of employees in 2021.

On the processes of recruitment, selection and admission of staff.

Valuing and considering as an important factor the fair and rational management of human resources for ensuring the quality of audit work, as well as taking into account the fact that policies for human resources should support the retention and development of a qualified and competent staff, throughout year 2021, effective policies were implemented in terms of recruiting personnel with appropriate educational qualifications and in general with experience, for the quality and competence of auditing and institutional activities.

Employee recruitment policies throughout the year 2021 have been applied in line with human resources development and management strategy in order for ALSAI to provide the appropriate staff with the appropriate qualifications, skills and experience to meet current and prospective needs. As a very important process for the performance of institution, during 2021, 32 employees were recruited according to all procedures, rules and legal provisions in force on the civil servant law. During 2021, 10 employees were recruited through appointment acts and temporary contracts.

Promotion and career promotion policy.

Throughout 2021, care has been taken for career development within the institution, evaluating it as an important factor that serves the best direction and ensuring the increase in the quality of audit activity. Currently, professional development and career advancement is realized through the system of periodic evaluation of individual performance and skills, testing of knowledge from professional training and transparent competition (as important as the recruitment process) for management positions. Every employee of ALSAI has the right to promotion, and every staff member of ALSAI is proof of this. The purpose of the promotion policy at ALSAI is to ensure the use of the potential of employees in line with the institutional regulatory framework and ISSAI International Standards.

During the year 2021, 9 tests were conducted and promotion in category was approved for 15 auditors and managers, while in 2020, 3 tests were conducted and promotion in category was approved for 7 auditors and managers, thus giving them the opportunity to develop of professional careers within the institution, through competition.

Gender Equality insurance policies

In the human resources management process, ALSAI has aimed to include gender integration in all policies, aspects and institutional activities, respecting the principle of gender equality and aiming to eliminate the phenomena of discrimination due to gender.

For 2021, it turns out that 43% of the staff and employees are women and 57% are

men. Based on the principle of gender equality, recruitment and promotion processes have been developed in accordance with the Civil Service Legislation, developing selection, employment and appointment procedures, including management positions, in accordance with the requirement for equal representation of women and men.

Chart no. 13 Ratio of male-female employees in the period 2011-2021



Source: ALSAI

The policy of ALSAI in support of women's career development is reflected in the significant number of female leaders occupying managerial leadership levels, representing 9 leadership positions against 16 leaders in total for the entire institution, such as: Secretary General, 1 General Director, 1 Senior Advisor, 3 Department Directors, 2 Directorate Directors and 1 Chief Auditor.

Similarly, the gender representation for the High Management Level for the category (Secretary/General Director), which is the highest management level in the institution for 2021, results in a female management position at the level of 100%.

Age and seniority at work

Very important indicators of the policies followed in terms of guaranteeing continuity of work and combining the experience of old auditors with new staff, are the age and seniority indicators.

During these years the age indicator has recognized the trend of decreasing the average age of employees, this is due to the recruitment of young employees with professional skills that respond to the dynamic development of new technologies, new fields that public sector develops.

The average age of employees in ALSAI, at the end of 2021 is 41.9 years, from 50 years in 2011, so the average age in the 10-year period 2011-2021 has decreased by about 8.1 years.

Chart no. 14. Average age 2011-2021

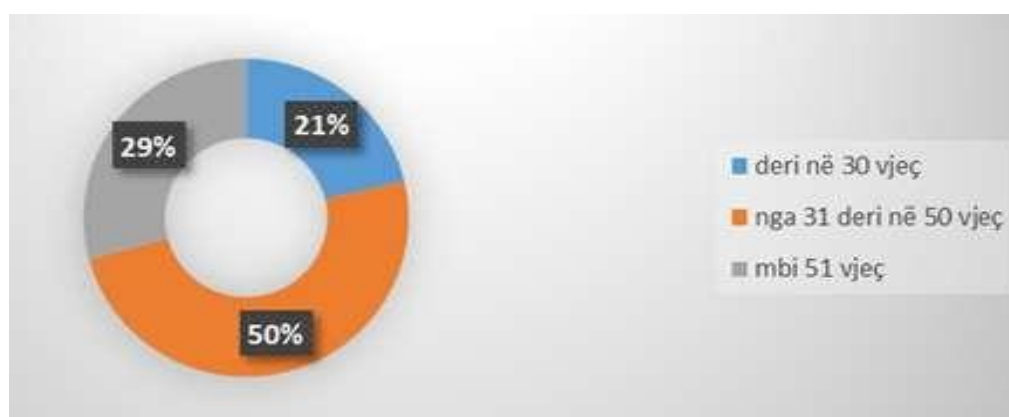


Source: ALSAI

Seniority in institution.

For the year 2021, seniority of employees at ALSAI Institution is 8.5 years. There are 40 employees under the age of 30, 93 employees from the age of 31-50, while there are 55 employees over the age of 51.

Chart no. 15 Composition of audit team



Source: ALSAI

IV.4. Professional development and training

Albania Supreme Audit Institution, pursuant to Article 39, points 1 and 2, of Law no. 154/2014, "On the organization and operation of ALSAI" has the legal obligation to conduct trainings. The employees of ALSAI have the right to receive professional training, according to the plans approved by the institution, and in accordance with the identified needs.

Based on the INTOSAI standard, IFPP 100 "Basic principles of auditing in the Public Sector", it is emphasized that: auditors must individually and in a team possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes knowledge and practical experience of audit types, expertise with applicable standards and legislation, understanding of entity's operations, and the ability and experience to exercise professional judgment. For all SAIs, it is necessary to recruit

personnel with appropriate qualifications, to provide staff development and training, preparation of manuals and instructions, methodologies for conducting audits and assigning sufficient audit resources. Auditors must maintain their professional competence through continuous professional development.

Also, during 2021, ALSAI has ensured a systematic and planned process of training and professional development, which includes adding and updating the knowledge and skills necessary for the effective performance of audit tasks, in cooperation with ASPA, with institutions other high audit institutions or with professional, domestic or international organizations.

In order to guarantee an improvement in audit work quality and product, in accordance with the principles and International Professional Auditing Standards of INTOSAI, by-laws, it is necessary for the authorized state auditors of ALSAI to become professionally qualified through the intensification and improvement of relevant trainings.

However, it is important that auditors take the initiative to make continuing professional development a priority and seek self-education. Research areas and competencies for work effectiveness, no matter what level they are within the organizational hierarchy, each team member must be aware of personal job descriptions, roles and functions commensurate with that position.

The job description outlines the expected duties and responsibilities that provides a way to assess areas in which the required competencies and skills can be improved. This assessment is a good measure and can guide audit staff, but not only, to better actions to strengthen capabilities. The purpose and vision of ALSAI, for professional development of the ALSAI staff, is the construction and updating of methodological base and the professional development of auditors, for the creation of audit capacities capable of performing the audit function, in accordance with the standards and the professional requirements of the audit field and meeting the challenges of profession. The obligation of ALSAI to ensure the continuous professional development of the staff is materialized both in strategic documents and the annual ones, integrated in professional development of audit staff:



- Implementation of the Institutional Development Strategy of ALSAI 2018-2022, Goal no. 2 "Optimization of professional capacities, auditing skills, work procedures, logistics and other support functions" and Action Plan for the reporting year 2021, approved by the Decision of ALSAI Chairman no. 195, dated 25.11.2021;

- Implementation of the objectives defined in the Action Plan approved by the

Chairman of ALSAI with no. 755/1, dated 01.09.2021 "On the implementation of the recommendations of the Resolution of Albania Parliament for the evaluation of the activity of ALSAI for the year 2020, approved on 24.06.2021";

- Implementation of the objectives defined in the Action Plan "On the implementation of the recommendations of the European Commission's Report for Albania", approved by ALSAI Chairman no. 1243, dated 12.11.2021;

- Implementation of the objectives "On the realization of the indicators referred to the Performance Measurement Framework (PMF)".

Realization of strategic objectives for 2021

The strategic objectives derived from the above documents have a common focus on improving the methodological basis and raising audit capacities through increasing the number of financial audits, improving their quality with professional and qualified audit opinions in compliance with progress report requirements of the European Commission; Create an approach of performance audits towards areas of public sensitivity; Apply information technology audit good practices; To improve the quality of audit reports, as well as to strengthen professional capacities through training and cooperation with international auditing institutions.

Chart no. 16. Realization of the objectives of IDS 2018-2022, on the development of professional capacities:



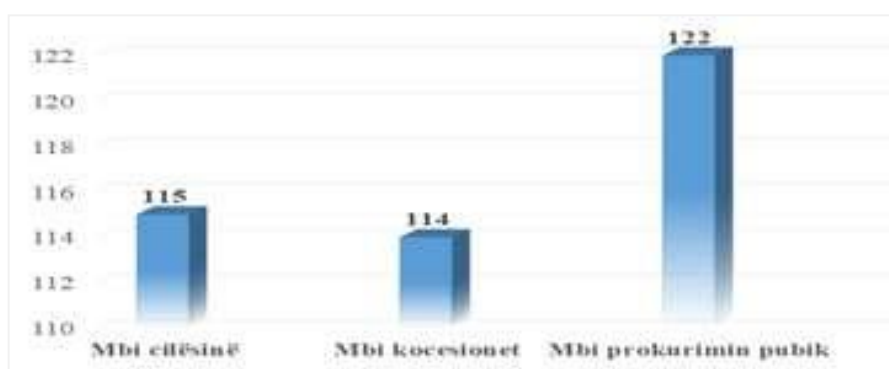
Objective 2.4, which derives into 7 sub-objectives, is presented with the realization of 4 sub-objectives, and 3 sub-objectives have not been realized, conditioned by the changes of Law no. 154/2014 "On the organization and functioning of ALSAI" and which require the certification of external auditors in the public sector.

b. The implementation of the recommendations of the Resolution of Albania Parliament for the evaluation of the activity of ALSAI for the year 2020, approved on 24.06.2021.

During the year 2021, all the recommendations according to the Resolution of Albania Parliament were implemented, which focused on the increase of audit capacities in the financial audit, performance, IT field, improvement of audit procedures, as well as the generation of audit reports as more qualitative, recommendations that converge with our strategic objectives, but also with the recommendations of the European Union Report.

c. Realization of the recommendations of the European Commission's Report on Albania", approved by ALSAI Chairman no. 1243, dated 12.11.2021. Drafting and Development of a specific training plan with a focus on the implementation of the requirements of the ISSAI/IFPP-140 standard "Quality Control and Assurance" and the practical implementation of the Audit Quality Management Guide, in the context of the implementation of the revised Regulation of Procedures of the Audit and the revised Performance Manual to be in accordance with INTOSAI standards, as well as the strengthening of the audit capacities of ALSAI in the audit of public procurement procedures and public-private partnership contracts, through continuous staff training, were the two recommendations of the EU, have the focus on increasing the professional capacities of ALSAI.

Chart no. 17. Realization of Trainings (Audit Day/Training):



Source: ALSAI

During the year 2021, ALSAI planned and carried out trainings on the "Quality Management Guide", on Concessions-PPP, Public Procurement, the implementation of which is presented in the chart above.

b. Realization of the indicators referred to the Performance Measurement Framework (PMF):

Table no. 8: Realization of indicators

Indicator	Page	Field (E) Human Resources and Training	Evaluation Dimension	Assessment Results Year 2020 1= not enough 2=enough 3= good 4= a lot good	Assessment Results Year 2021 1= not enough 2=enough 3= good 4= a lot good
SAI-23	147	"Professional Development and Training"	(i).Plans and Processes for Professional Development and Training	3	→
SAI-23	147	"Professional Development and Training"	(ii). Professional Development and Financial Audit Training	3	↔ 4

SAI-23	147	"Professional Development and Training"	(iii) Professional Development and Performance Audit Training	3	 4
SAI-23	147	" Professional Development and Training"	(iv) Professional Development and Compliance Audit Training	3	 4

Based on the "Framework of Performance Measurement Indicators", the Directorate of Methodology and Development, on the measurement of the indicator ISA-23 "Professional Development and Training", has fulfilled almost all the requirements according to 4 dimensions, marking in 2021 and improvement with from 1 point, in 3 dimensions.

On the improvement and update of the methodological base:

Performance Audit Manual: During this year, in terms of the regulatory basis, audit standards and manuals, the Directorate of Methodology and Development supported the working group for the successful implementation of the update of the Performance Audit manual. referring to the changes of the ISSAI-s and the approval of the IFFP "Professional Declarations of the INTOSAI Framework" which was approved by the DecisionALSAI Chairman, no. 196, dated 26.11.2021.

This manual aims to provide up-to-date instructions for auditors who perform performance audits in ALSAI, describing all the stages that go through the performance audit cycle, starting from strategic planning to the completion of the audit report and the follow-up process, as well as quality assurance. The manual provides a conceptual, methodological and procedural structure within which auditors can develop their audit work, also specifying references where more detailed information on the issues under consideration can be found.

- ISSAI/IFPP-4900, the Directorate of Methodology and Development, in fulfillment of the Integrated Professional Development Program for the year 2021, realized the familiarization of the auditing staff of ALSAI with ISSAI/IFPP-4900 "Guide on the legal framework and the criteria that will to be taken into account when considering the aspects of regularity and propriety in compliance audit", as a standard to assist auditors during compliance audits. Following the training on the ISSAI/IFPP compliance audit standards (ISSAI/IFPP-100; 400-499; 4000-4899), conducted training with the audit staff on ISSAI/IFPP-4900.
- ALSAI auditors were introduced to the structure, hierarchy and status of auditing standards revised by INTOSAI, " INTOSAI Framework of Professional Pronouncement " (IFPP).

Also:

- During 2021, the process of drafting the Budget Audit Guide has started. The Budget Audit Guide will be a practical help for auditors of the Department of State Budget Audit, but also of other audit departments. This guide will be drafted in cooperation and assistance of SIGMA. will be realized during the year 2022. Its drafting is aimed at standardizing the drafting of Budget Implementation Report, as well as defining the audit

procedures, methods and techniques that must be applied.

- During the year 2021, the process of revising the Regulation of Audit Procedures in ALSAI, approved by Decision no. 63, dated 22.06.2020, based on the need to reflect the changes of ISSAI/IFPP, Audit Manuals in ALSAI, as well as the recommendations of NIK experts (Project IPA-2013), has started according to the Order of ALSAI Chairman no. 72, dated 23.07.2021 "On the establishment of the working group for the identification and proposal of changes in the Regulation of Audit Procedures in ALSAI".
- The Regulation of Audit Procedures is intended to be a flexible document, enabling its use by the auditors in an appropriate manner, according to practical circumstances, and to be applied while conducting the ALSAI audit missions.

Annual objectives on staff training

The development and training of auditors is a process of strategic investment of time, energy and resources in the improvement of auditing capacities, specifically:

Improved performance: Auditors who participate in the necessary training are better able to perform their jobs. The training gives auditors new skills, a broader understanding of their responsibilities within their role and vice versa, as well as increased self-confidence.

Evaluation: Investment in training is an indicator that auditors are valued and supported by the institution and challenged through training opportunities, feel more satisfied with their product.

Skills development: For auditors who feel they need to improve in a certain area, training is an ideal way to do so. A training program enables the auditors to strengthen the necessary skills, to then apply them in the auditing process.

Consistency: Consistency is particularly important for institutional policies and procedures, auditing etc. All ALSAI employees must be familiar with, and aware of, the expectations and procedures that ALSAI applies.

Reputation increases: If we will have an effective strategy on training, in addition to being an institution at the right level, according to the requirements of international standards, but on the other hand, we will be an institution at the service of citizens. Qualitative audits will serve better in evaluating how public money is spent, in contributing to improving governance, increasing transparency, fighting against corrupt phenomena, etc.

In the Professional Development Plan of 2021, it is determined that ALSAI has several opportunities for the realization and time distribution of trainings, depending on the circumstances and the workload with the scheduled audit engagements, which may include:

internal training, provided by internal trainers; internal training, provided by external trainers; external training: a mix of internal and external training; Cost-effective alternative e-learning that public auditors want to follow in time; Mentoring, mainly with new and newly recruited auditors.

Training indicator.

In the Institutional Strategy Development 2018-2022, as well as in the Integrated Development Professional Program approved by Chairman Decision no. 14, dated 08.02.2021, the indicator of 25 days/training per year for each auditor was approved.

Table no. 9: Data on the realization of the indicator of 25 days of training/auditing per year:

Departments	Auditors training day Plan According to the indicator (25 days)		Training day/auditing Realization		
	Auditors fact	Planned training days	Training days realized in total	Average training day fact	Average training day fact/plan in %
	(3)	(4=2*3)			
Asset and Environment Audit	14	350	375	26	107
State Budget Audit	20	500	558	27	112
IT audit	10	250	294	29	118
Performance Audit	23	575	653	28	113
Central Institutions Audit	19	475	486	25	102
Joint stock companies and foreign investments audit	18	450	435	24	97
Local Self-Government audit	25	625	708	27	113
	129	3,225	3,509	27.2	109

Topics addressed, for the development of professional capacities.

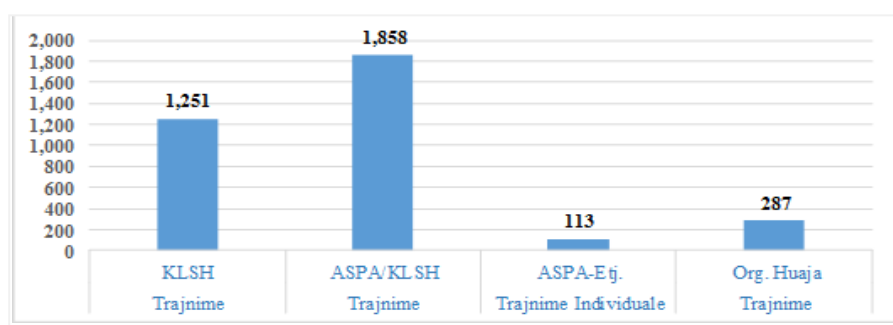
Based on INTOSAI's International Standards of External Auditing, ISSAI 100, the Internal Regulation of the Organization and Administrative Functioning of ALSAI, in implementation of the Professional Development Program of ALSAI for the year 2021, approved by the Decision of the Chairman of ALSAI no.14, date 08.02.2021, as well as the monthly programs carried out in fulfillment of the obligations of the Action Plan, as well as other training programs approved in fulfillment of the Action Plan approved by the Chairman of ALSAI on Parliament Resolution on the Performance of ALSAI- 2020 and the Action Plan approved by ALSAI Chairman, on the recommendations of the European Union, ALSAI has carried out a series of trainings, provided within the institution; from ASPA; from foreign institutions and organizations, as well as from trainings attended individually by ALSAI staff, focused on Audit Standards, Audit Procedures Regulation, Audit Manuals and specific guidelines, in sensitive issues such as public procurement; PPP and concessions; issues of corruption and preventive measures against it - the role of ALSAI, etc.

ALSAI values the cooperation with counterpart SAI and international organizations as very important. The trainings developed with the assistance of specialized organizations in very sensitive areas, such as procurement and concession agreements and Public-Private Partnership (PPP), not only bring the best international practices before the auditors, but also serve for the exchange of experiences between the two parties. In this context, we are highlighting the following two trainings developed during 2021 and beyond:

50 auditors participated in the training conducted on Law 162/2020 on Public Procurement: processes, critical points and investigation modalities, as well as best practices presented by ANAC;

25 auditors participated in the workshop organized between ALSAI-Agency of Public Procurement within the assistance of SIGMA/OECD.

Chart no. 18 Trainings during 2021 according to the organizers



Source: ALSAI

Table no. 11 Trainings carried out by internal sources of ALSAI.

No.	Training topic	Period
1	On auditing standards and the legal framework of ALSAI	March
2	"Quality Management Guide"	APRIL
3	On the Public-Private Partnership (PPP) agreements, the recognition of the legal basis and regulatory acts in the field of concessions, the best practices of auditing in the field of concessions, refer also to ISSAI 5220 "Instructions on the best practices of auditing private financing/ public and concessions & Fiscal Transparency Code, IMF";	May
4	On public procurement: - Knowledge of the legal basis and regulatory acts in the field of public procurement, the best auditing practices in the field of procurement, the main risks; - Recognition and implementation of the Procurement Manual.	JUNE
5	"Training on the Regulation of Audit Procedures in the HCSH & Audit Manuals" - On the audit procedures in ALSAI; - On audit manuals, focus on identifying risks, determining materiality and providing an audit opinion, on compliance audits and financial audits	July
6	Development of training on: - Specific topics according to the nature and needs of the departments themselves; - Presentation of best practices, (audits conducted during the year 2020 and the first six months of 2021)	September
7	Training development: - Familiarity with the RevZone system; - Practical approaches to the system;	October
8	Training development: "On auditing standards and the legal framework of ALSAI";	October

9	On recognition and implementation of ISSAI 4900 "Guidance on the legal framework and criteria to be taken into account when examining the aspects of regularity and propriety in compliance audit", as well as ISSAI 400 & 4000;	November
10	Training on Audit CAAT techniques "IDEA Program".	November
11	Training on "Financial Auditing and Financial Statements, legal basis, Financial Auditing Standards; Standards on Financial Reporting".	November
12	Training on "Performance Audit Manual", revised and approved by Chairman Decision no. 196, dated 26.11.2021.	December
13	Training on "IT Audit Manual".	December
During the year 2021, 13 activities were developed and 1,251 auditors training/days were realized.		

Table no. 12 Activities carried out in cooperation with international organizations

	The subject
January	1. Meeting of SAIs for the audit of plastic waste
February	1. Sigma's activity on anti-covid issues
March	1. The 11th meeting of the EUROSAI Task Force on Audit and Ethics; 2. Parallel Performance Audit Training 3; 3. Meeting for the Parallel Audit "Management of Plastic Waste"
APRIL	1. Webinar on the arrears audit manual; 2. XI Congress of EUROSAI; 3. Spring Session of the EUROSAI Working Group on Environmental Audits; 4. Parallel Performance Audit Training 3.
May	1. IT Working Group at EUROSAI - seminar on the topic: "From codification to action - SAIs explore the world of artificial intelligence"; 2. Meeting for the audit of sea pollution; 3. Meeting for the parallel audit "Management of Plastic Waste"; 4. Conference of SAI-s of Poland on the topic "Independence of SAI-s".
JUNE	1. EUROSAI Project Group Seminar for following up on the implementation of recommendations; 2. The first meeting for the coordinated audit for the Audit of Municipalities; 3. UN session with INTOSAI: "The mandatory role of supreme audit institutions for the prevention and fight against corruption in modern times"; 4. Parallel Performance Audit Training 3; 5. SIGMA seminar for the presentation of the financial inspection guide; 6. UN/INTOSAI Symposium on "Working during and after the pandemic: Experiences of Supreme Audit Institutions (SAIs) for strengthening effective institutions and achieving sustainable societies"; 7. The third seminar of SIGMA related to the situation of Covid-19.

September	<ol style="list-style-type: none"> 1. SAI Indonesia Seminar on "Information Technology Audits in the Industrial Age; 4.0: Opportunities and Challenges"; 2. Parallel Performance Audit Training 3; 3. EUROSAI Strategic goal 1, Professional cooperation 5-th meeting; 4. Training within the IDI initiative "Strategy, Performance Measurement and SPMR Reporting" <ul style="list-style-type: none"> - Presentation of the Performance Measurement Framework of SAI-s and SPMR; - Domain A/B/C; - Domain D/E/F - Planning for the engagement of the PMF performance framework of the SAI / Gender engagement of the interested subject - Webinar with questions and answers dedicated to interested subjects (20-24.09.2021; 28-30.09.2021 & 1/4/8.10.2021) 5. Meeting of NATO auditors, 6. Meeting of EU contact persons,
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October	<ol style="list-style-type: none"> 1. 19-th Meeting of the EUROSAT Working Group on Environmental Audits; 2. Contact Committee meeting; 3. The first meeting of experts for the drafting of the document for intensification of relations between SAI-s and anti-corruption agencies will take place in Vienna; 4. Planning for engagement of SAI's PMF performance framework / Gender engagement of the interested entity; 5. SAI performance measurement framework, question and answer session; 6. Webinar dedicated to interested subjects; 7. Webinar with questions and answers dedicated to interested subjects, September 20-24 (5 days); September 28-30 (3 days); October 1, 4, 8 (3 days); November (1 day).
November	<ol style="list-style-type: none"> 1. The 5-th meeting of EUROSAT Task Force for the Audit of Municipalities; 2. Roundtable on the new public procurement law and auditing, SIGMA/OECD; 3. Meeting with the Norwegian SAI experts for IT audits; 4. Meeting with Norwegian experts for environmental audits, 5. The 14-th meeting of EUROSAT Working Group on IT Audits; 6. New Public Procurement Law: processes, critical points and investigation modalities, ANAC; 7. Awarding of the contract and implementation: economic damage related to the procedures - the determined costs and the effective costs of contract implementation; 8. Meeting of EUROSAT Working Group for the audit of Funds allocated for disasters and catastrophes; 9. The IDI Summit with the theme "What is the impact of SAI-s audit; 10. Meeting with IDI experts for self-assessment of ALSAI performance .
December	<ol style="list-style-type: none"> 1. Meeting with the experts of SAI of Norway for IT audits; 2. The conference on "The Future of Anti-Corruption - innovations of integrity through technology and partnership"; 3. Parallel Performance Audit Training 3.
TOTAL	40 activities, spread over 107 days and realized 287 training audit days.

Training organized by ASPA

During 2021, the staff of ALSAI was present in trainings developed by ASPA, as well as participated in trainings developed on the following group-topics. 1,858 days of auditors and non-auditors staff / training were carried out by the staff of ALSAI.

- Financial audit and financial statements;
- PPP/concessions;
- Public procurement;
- Trainings on anti-corruption issues, preventive measures, the role of the ALSAI;
- Law on Communication, ethics and managerial level;
- Financial Management and Internal Control/Audit;
- Local self-government;
- Budgets and budget planning;
- IPA funds;
- Evaluation of projects;
- Information technology;
- European Law,.
- civil servant and administrative law etc;



**ASSESSMENTS OF ALSAI ACTIVITY BY
EU, SIGMA AND THE COMUNITY OF INTOSAI**



V. ASSESSMENTS OF ALSAI ACTIVITY BY EU, SIGMA AND THE COMUNITY OF INTOSAI

In year 2021, ALSAI's activity has been subject to assessments process by several international institutions, which monitor the activity of Albanian institutions for the progress of the reforms in light of the European integration process and the commitments of the Albanian government for an effective of public finances management.

ALSAI activity assessment by European Commision presented in "the Albania Report 2021"

On October 19, 2021 European Commision has published the Albanian Report -2021²⁸ and in its assesment for the chapter 32 *"Financial Control"* has noted that: *"In line with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) Albania's constitutional and legal framework sanction the independence of the State Audit Institution (SAI). In accordance with its 2018-2022 strategic development plan, the SAI is implementing actions to improve its institutional capacity. A working group has been established in order to improve current legislation. In recent years, the SAI has taken measures to improve the professional development of its audit staff. In 2020, detailed tasks in the field of ethics and integrity were defined. The SAI continued to raise awareness among academia and civil society on the importance of external audit. The number of performance audits has increased accounting for approximately 11% of all conducted audits in recent years. The impact of audit work has shown some progress. ALSAI compiles annual reports on their performance and those are published on its website and reported to the Parliament. ALSAI reported that 75% of its recommendations are in the process of being implemented, and some of them have been fully implemented"*.

The report states that *"The quality of audit work needs to be further improved to fully comply with the INTOSAI standards and... Despite a high rate of recommendations being accepted by institutions, the rate of fully implemented recommendations needs to be improved"*.

In order to implement the recomandations of the European Commision Albania Report 2021, ALSAI has approved the action plan no. 1243, on 12.11.2021, which sets out 9 measures for the implementation of three recommendations related to: increasing parliamentary control over audited institutions for the implementation of external audit recommendations, through more frequent parliamentary hearings and the establishment of a parliamentary monitoring framework to regularly evaluate government actions for the implemantation of the audit recommendations, improve the quality of audit work and increase its impact. The plan defines the responsible structures, timelines and relevant indicators.

SIGMA assesment for ALSAI activity on the principles of public administration in Albania

In 2021, SIGMA conducted the evaluation process for the principles of public administration in Albania by comparing the data and the performance with the year 2017²⁵. Part of this assessment is also ALSAIs activity and in the report published in December 2021, the institution is appraised for:

²⁵https://ec.europa.eu/neighbourhood-enlargement/albania-report-2021_en²⁹Monitoring report 2021 "The principles of public administration", <http://www.sigmaweb.org/publications/Monitoring-Report-2021-Albania.pdf>,

- **Budget Reporting Method and its transparent review.**

Regarding this indicator, ALSAI has an increase of +2 points in the quality of annual financial reporting for the use of public finances, -2 points in the parliamentary debate on ALSAI's reports. The assessment for the deadline on submitting the ALSAI's report to the Parliament remains unchanged compared to 2017 review.

- **Ensuring the independence, mandate and organization of the supreme audit institution, from the constitutional and legal framework and respecting them in practice.**

Regarding the organizational and managerial independence of ALSAI, the adequacy of the mandate and the approximation of the methodology with ISSAI, as well as the access to information and SIGMA's assessment is the same as in 2017. The perceived independence of ALSAI from the population (%) has a increase to 39%. compared to 26% in 2017.

SIGMA's conclusion on this point of the report is as follows: "There were no significant changes to the constitutional and legal framework governing the work of the State Supreme Audit Institution (SSAI) in the period since the assessment in 2017. The framework is closely aligned with international standards and continues to be applied and respected in practice. Although public perception of the SAI's independence by the public is still low, it has considerably improved since 2017."

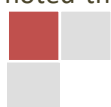
- **Implementation by ALSAI of standards in a neutral and objective way, to ensure high quality audits, which have a positive impact on the functioning of the public sector.**

Regarding this, SIGMA has considered that the indicator of external audit coverage mandate has remained unchanged since 2017. The compliance of the audit methodology with ISSAI's has been evaluated with +3 points, emphasizing the updating of audit manuals and their compliance with international auditing standards. However, the SIGMA report states that *"ALSAI has approved the risk-based audit methodology and on the basis of this methodology prepares the annual audit plan. It remains unclear what this represents in terms of planned state budget coverage."*

Audit quality control and quality assurance was also evaluated with +1 point, noting the review of quality control and quality assurance procedures according to international standards. On this issue SIGMA finds that: *"The latest quality assurance reports (for audits finalized in 2019) represents progress in line with international standards from 60% to 80%. However, the latest quality assurance report shows poor documentation, failure to prioritize recommendations, poor drafting of reports and weaknesses in determining the evaluation criteria which continue to require the attention of ALSAI's management level"*.

ALSAI was evaluated with +1 point regarding the implementation of recommendations in % referring to the high percentage of recommendations accepted by audited entities, which for 2019 was 80%, out of which 50% were implemented, while the rest was reported in the process of implementation.

SIGMA's report evaluated with -4 points the use of ALSAI's reports by the legislature, noting that the Parliament has formal procedures for handling the two mandatory ALSAI's reports. ALSAI's reports were discussed in Parliament in 2020, but not in 2019. There has been no hearing on other HSS reports since 2018 and consequently there are no independent conclusions and recommendations from the Parliament on the work of ALSAI. SIGMA also noted that ALSAI has been proactive in submitting its proposals for the establishment of a



parliamentary sub-committee which will be focus in its work and the signing of a memorandum of understanding between the two institutions. SIGMA notes that substantial Parliament commitment and action on these issues has not yet been secured. In this report SIGMA states that the lack of commitment of the Parliament oversights an important element that contributes to the effectiveness of the external audit system.

SIGMA's conclusion for the activity of ALSAI is: *"ALSAI has updated all audit methodologies and quality assurance procedures, in full compliance with international standards. However, much work remains to be done to implement them in practice and to improve the quality of audits. While resources have shifted to financial and performance audits, the audit work is still focused on compliance audits. The persistent lack and structured commitment by the Parliament to support the work of ALSAI is a significant limitation for the overall effectiveness of the external audit system "*.

The short-term recommendations of SIGMA (for a period of 1-2 years) for ALSAI's activity: ALSAI should build on its Memorandum of Understanding of 2017 with the MoFE on following up the implementation of audit recommendations and enhance engagement with Parliament to explain the impact of its work.

The Parliament should consider the draft amendments to the ALSAI's Law to clarify the full extent of the ALSAI's mandate, to avoid disputes between the ALSAI and any legal entities on the mandate of the SAI.

Evaluation of ALSAI's activity by the United Nations Development Program in the framework of the survey "Trust in governance 2020"

The United Nations Development Program and the Institute for Democracy and Mediation has conducted during year 2020 the public opinion poll "Trust in Governance"²⁶, which enables the annual monitoring of public trust and perception of governance in Albania. The report published based on this survey provides an overview of public perceptions on issues such as: trust in public institutions, transparency and institutional accountability, corruption, level of citizen engagement in policy-making and decision-making, satisfaction with the provision of public services and the implementation of non-discriminatory laws and policies. In this survey it is estimated that the surveyed citizens tend to believe that the most efficient accountability mechanism in the country is ALSAI with 60.7%, followed by media (52.8%), Parliament (48.1%), civil society (44.8) and the Ombudsman (44.3%).

Council of Europe report in the framework of the assessment for local and regional authorities

In the framework of the monitoring that the Council of Europe conducts for the implementation of the European Charter of Local Self-Government, on March 18, 2021, ALSAI, Mr. Arben Shehu held an online meeting with representatives of the Council of Europe delegation, Mr. Xavier Cadoret and Mrs. Carla Dejonghe. In this meeting the discussions were focused on the latest legal developments that have an impact on the finances of municipalities in Albania, the financial situation of municipalities, financial supervision procedures, implementation of ALSAI's recommendations, the procedure of consultation with local authorities on financial issues and the impact of the COVID-19 sanitary crisis at the local level, etc.

ALSAI has forwarded additional information in response of the Council of Europe

questionnaire.

The report drafted by experts states that, ALSAI conducts about 20 audits each year focusing on the legality of the use of public funds and the effectiveness and efficiency of local management. The report estimates that out of 362 recommendations made in 2018 by ALSAI, local self-government institutions have accepted 357 recommendations. After the evaluations made, the report reaches the same conclusions which ALSAI has presented in its report for the years 2019-2020, emphasizing that: *“Given the large number of competencies and responsibilities transferred to municipalities in 2015 and the role that they are expected to play in economic and social development, the financial resources at their disposal, including those of the larger authorities, are still insufficient to meet all their needs and enable them to perform the functions in a completely satisfactory way”*.

²⁶https://www.al.undp.org/content/albania/en/home/library/democratic_governance/trust-in-governance-opinion-poll-2020.html



FINANCIAL BUDGET INDICATORS OF ALSAI



VI. BUDGET AND FINANCIAL INDICATORS OF ALSAI

ALSAI has monitored the budget for 2021, by evaluating the performance of budget funds and comparing the actual performance indicators with those planned. Through this monitoring report, the level of realization of ALSAI budget funds is evidenced, detailed at the level of budget expenditure categories against the planned indicators, thus enabling reallocation and providing additional information to improve the budget planning and management process. In continuation, the respective structures of ALSAI have performed the monitoring of budget indicators in order to continuously pursue the objectives and defined in the Policy Statement of ALSAI program, included in the Institutional Development Strategy 2018-2022.

Program 01120 "Audit activity of ALSAI"

The allocated budget for the program "Audit activity of ALSAI", is based on the Policy Statement drafted during the Mid-Term Budget Plan(MBP) 2021-2023 process and is in function of this Statement. The budget policy of ALSAI is focused on high quality and timely fulfillment of legal obligations, objectives, and priorities of the institution provided in Strategic Development Plan 2018-2022, considering the requirements of international auditing bodies and EU and is monitored in the framework of European Integration.

In terms of budget requests, assessing the current financial situation, budget management is focused on financing expenditures in order to meet the priority strategic objectives that ALSAI has programmed for the period of 2021-2023.

The report of the 2021 expenses in the program, by the articles

Table no.13: Actual program expenditures by articles 2021

Article.	Description of the article	Actual Budget 2020	Annual Initial budget	AN nr.26, dt. 22.06.2021	AN nr.34, dt. 03.12.2021	Fact 2021	Plan/Fact	%
1	2	3	4	5	6	6	7	8
600	Wages	257,973	269,000	273,000	253,000	247,281	5,719	97.7%
601	Social insurance	40,143	42,000	42,000	42,000	40,073	1,927	95.4%
	Expenses Salaries and	298,116	311,000	315,000	295,000	287,354	7,646	2
602	Insurance	50,823	80,850	80,850	52,850	51,593	1,257	97.6%
605	Goods and Services	118	150	150	150	61	89	40.7%
606	Transfer Corr. of	2,160	1,847	1847	1,847	1273	574	68.9%
	foreign	53,101	82,847	82,847	54,847	52,927	1,920	96.5%
230+231	Current Transfer	13,764	20,000	20,000	20,000	7,586	12,414	37.9%
	Current Expenses							
231	Investment. financing		19,853	19,853	19,853	0	19,853	0.0%
231	INTERNAL				1,383	1,115	268	80.6%
	Investment. Foreign Financing	13,764	39,853	39,853	41,236	8,701	32,535	97.7%
Totali	GRANTS	364,981	433,700	437,700	391,083	348,982	42,101	97.7%

In support of Law no.137 / 2020 "On the budget of 2021", Normative Act, no. 26, dated 22.06.2021 and no. 34, dated 03.12.2021 "On some changes in Law 137/2020" On the budget of 2021 ", and following the instruction of Minister of Finance and Economy no. 9, dated 20.07.2018, "Standard procedures of budget implementation" amended, supplementary instruction of Minister of Finance and Economy no.4, dated 25.01.2021 "On the implementation of the budget of 2021", Instruction no. 22, dated 17.11.2016 "On standard budget monitoring procedures in central government units", for 2021, the budget execution performance is presented as follows:

Analysis of ALSAI implementation budget for 2021

Based on Law 137/2020, "On the budget of 2021" for ALSAI the fund in the total amount of 433,700 thousand ALL was approved.

- By Normative Act, no. 26, dated 22.06.2021, For some changes in Law 137/2020 "On the budget of 2021", the budget of ALSAI, has been increased in the amount of 4,000 thousand ALL in the item "Salary and Insurance" thus passing the value for 437,700 thousand ALL and at the same time the number of employees has increased by 15 persons, so in total the number of employees for ALSAI is 218 employees.

- By Normative Act, no. 34, dated 03.12.2021 For some changes in Law 137/2020 "On the budget of 2021", the budget of ALSAI has been reduced in the amount of 48,000 thousand ALL and specifically the item "Salary and Insurance" in the amount of 20,000 thousand ALL and item "Goods and services" in the amount of ALL 28,000 thousand. During 2021, the budget of ALSAI has been increased in the amount of 1,838 ALL in the item "Grande from foreign donors", thus passing to the total value of 391,083 thousand ALL.

1- Wages, Social and Health Insurance. Account 600-601.

The fund allocated from the state budget for 2021 with the Law no. 137/2020 "On the budget of 2021", for the item "Wages and Insurance" is in the amount of 311,000 thousand. For year 2021, the expenditure fund for "Wages and Insurance" programmed in the amount of 295,000 thousand ALL, according to Normative Act, no. 34, dated 03.12.2021 "On some changes in Law 137/2020" On the budget of 2021 ", has been realized in the amount of 287,354 thousand ALL. or were realized to the extent of 97.4%. The amount spent on the item "Personnel Expenses", includes the salaries of employees and temporary external experts contracted and paid in accordance with the documents and contracts signed with them.

2- Expenses for Other Goods and Services- Account 602: The fund allocated from the state budget for year 2021 in Law no. 137/2020 "On the budget of 2021", for the item operating expenses, is in the amount of 80,850 thousand ALL, or 19% of the budget plan of 2021.

For year 2021, the operating expenses fund, programmed in the amount of ALL 52,850 thousand, according to the Normative Act, no. 34, dated 03.12.2021 "On some changes in Law 137/2020" On the budget of 2021, has been realized in the amount of 51,593 thousand ALL. or 97.6% of the budget.

With this item of expenses, the coverage of the administrative needs of expenses such as



expenses for security service, electricity, water, telephone, etc. have been covered. A significant part in operating expenses is occupied by travel and per diem expenses within the country in the amount of 34,370 thousand ALL and representing 67% of the actual expenses of this item.

3- Current and foreign transfers. Account 605: For the reporting period 2021, the membership fee obligations for INTOSAI and EUROSAI have been settled, in the amount of 61.2 thousand ALL from 150 thousand ALL planned.

4- Transfers for family budgets. Account 606: During the exercise period 2021, a Special Fund was provided by the Ministry of Finance and Economy in the amount of 1,847 thousand ALL, for retirement of employees, case of accident and illness and was realized in the amount of 1,273 thousand ALL or realized in the amount of 68, 9%.

5- Expenditures for capital investments. Account 230-231: Based on Law no. 137/2020, "On the budget of 2021", the budget plan with destination "Capital Investments" is in the amount of 39,853 thousand ALL, of which 20,000 thousand ALL investments with Internal Financing and 19,853 thousand ALL for capital investments with Foreign Financing. The following table presents the annual plan and realization of Capital Investments with Domestic and Foreign Financing for year 2021.

Capital Investment Expenditures

A-Internal Financing

Table no.14: Expenditures

Nr.	Description	Amount
1	Renewal License Firewall and e-mail security	1,640
2	Design, development, implementation and maintenance of the ALSAI website	613
3	Switch Layer	443
4	Antivirus expentiture	204
5	Security equipment/external cameras	144
6	Xerox photocopy	357
7	Money safe	117
8	Hard Disk	28
9	Switch	18
10	Video Recorder	36
11	Installation and configuration of devices	73
14	Reconstruction of the building	1,420
15	Door shopping	100
16	Washing machine	75
17	Electric Vacuum Cleaner	18
18	Local Cost	2,300
	Total investments	7,585

Currently, for 2021, **ALSAI** has conducted several procurement procedures regarding:

- Purchase of internet service for the vehicle park of the institution. In order to increase security in the premises of vehicle fleet to enable the use of these premises in order to

efficiently use all assets of the institution by the institution, this procurement procedure was undertaken. For this purpose, it was necessary to purchase the internet service for the ALSAI vehicle fleet.

- Purchase of Firewall and E-Mail Security licenses in the amount of 1,640 thousand ALL. The information platform used by ALSAI is based on virtualization technology. 3 physical servers are hosts of 12 virtual machines through which the management of all necessary technological services to meet all IT the requirements and needs of the institution. These servers are protected by a Firewall device which has a respective license whose support has a 1-year term. Also, in the IT infrastructure of ALSAI, a software for electronic protection of communication (e-mail) has been implemented which also operates under license. Procurement of renewal of the above-mentioned licenses has served ALSAI for optimal operation of information technology equipment, increasing network security and facilitating the work of users of technological infrastructure in ALSAI.

- Purchase of Photocopy machines: in the amount of 357 thousand ALL. This procurement was carried out as it makes possible the provision of support in printing the documentation created during the work processes ALSAI. These devices were deemed necessary as the evaluation showed that the institution was equipped with 2 copies Multifunction Color MFD Basic which were procured in 2015 and have a 5-year physical depreciation. It has also served to assist the institution in terms of increasing the flow of documentation produced by the institution.

- Purchase of surveillance system in the amount of 299 thousand ALL. Until the beginning of 2021, the institution did not have any documented surveillance system in use, to cover with film footage the premises of ALSAI vehicle park. Procurement of a surveillance system with cameras for the premises of the vehicle park has served to increase the level of security in order to protect the assets of the institution. This system has served and continues to serve the institution to guarantee the protection of physical security of the park premises as well as the vehicles owned by the institution.

- Design, development, implementation and maintenance of ALSAI's Web site in the amount of 791 thousand ALL. ALSAI aims to use information technology by applying contemporary standards and best practices and aims to be in line with technology developments. Also, given the changes in the management of institution and the managerial approach, as well as in order to improve and modernize the technology used for development and management of ALSAI website that was born as a necessity the implementation of the procedure 'Design, development, implementation and maintenance of the website of ALSAI'.

- Reconstruction of premises of ALSAI, in the amount of ALL 2,606 thousand.

Reconstruction of internal premises came as a need upon the Normative Act of the Council of Ministers, no. 26, dated 22.06.2021 "On some changes and additions to law 137/2020" On the budget of 2021 ", as amended", for ALSAI, an addition to the number of employees for 15 employees has been approved, in number of approved employees for ALSAI, regarding 2021 it is 218 employees. Funds for this purpose are provided from the approved funds of "Information Equipment", as ALSAI has resulted in a saving of funds in the amount of 3,015 thousand ALL from the performance of procurement procedures and for objective reasons has canceled a procurement procedure of this item.

For 2021, ALSAI has procured funds in the amount of 9,700 thousand ALL for purchase of a car,

but this procurement procedure for 2021 has not been successful.

Local cost for year 2020 is realized in the amount of 2,300 thousand ALL. The Directorate of National Fund with letter no. 4146, dated 01.03.2021. recorded in ALSAI no. 318, dated 03.03.2021, forwarded the request for the amount transfer of 54,141.36 Euros to the account of the National Fund. This amount is related to the funds funded by the European Union for the twinning project "Strengthening external audit capacity". This project was implemented in ALSAI in the period 16 March 2016 - 13 July 2018 and was funded by European Union in the amount of 2 million euros and 100 thousand euros from State Budget. After the completion of project implementation phase, an audit was performed by Audit Agency of the EU Accredited Assistance Programs for this project leaving a recommendation to the CFCU (Central Finance and Contracting Unit)- structure of Ministry of Finance, stating *"the EU contribution should be recalculated in accordance with the principle of co-financing and the part related to the National Contribution in accordance with financial agreement will be reimbursed from the national budget"*

B-Foreign Financing

B.1 During the period August 2021, in the second tier bank, in the account 72111100 'income from the donor INTOSAI', for ALSAI were collected the amount of 1,383 thousand ALL.

The purpose of the Grant is to provide short-term support through ICT solutions, staff training and security equipment to enable the continuation of COVID-19-influenced SAI operations. To be considered for this grant SAI must be a member of INTOSAI.

The funds of this grant were procured and realized in the amount of 1,115 thousand ALL in order to purchase desktop computer equipment that would serve to support the auditors of ALSAI. These funds have been used by ALSAI in implementation of DCM no. 432, dated 28.06.2006 "On the creation and administration of revenues generated by budgetary institutions". ALSAI, since 2018 has in use a information management system that helps the auditors to manage documentation and guide senior management to analyze vulnerabilities and reflect in real time the status and development of audit projects.

Procurement of computer equipment will enable the increase of the level of use and the creation of facilities for the proper functioning of this system, enabling the increase of the number of auditors who will use the information system SIMMPA, in the unit of time.

Using this computer will reduce the physical time of the auditors by using the time efficiently to enhance the performance of the audit process. In the case of ALSAI, taking into account the fact that the institution has not tendered desktop computers since 2018, the purchase of computers will enable the reduction of data processing time through IT systems, enabling auditors to focus and deepen in audit work.

B.2 Based on Law no. 137/2020, "On the budget of 2021", the budget plan for Destination Capital Investments with Foreign Financing in article 231 has been approved in the amount of 19,853 thousand ALL and is foreseen for the implementation of the project "Strengthening the role of External Audit in supervision of public-private partnership in Albania". For 2021, ALSAI has initiated the procurement procedure for this project, but at the end of the exercise period this procurement procedure was not possible to be realized. The project "Capacity building in auditing public procurement, concessions and PPPs" has been prepared by ALSAI since 2016,

as part of the application for support from INTOSAI - IDI Donor Cooperation.

The project was declared the winner by IDI, who referred the proposal to the World Bank under the SAFE Program, but due to the high number of applications ALSAI was suggested to contact the office of SECO (Swiss State Secretariat for Economic Affairs).

After the bilateral meetings held mainly during the end of 2019, it was agreed to finance the project in the total amount of 264'000 USD, of which 239'100 USD are SECO financing and 24'900 USD (10% of the value) financing from state budget for ALSAI. The project will have a duration of 2 years and the agreement for its start was signed at the premises of ALSAI, on March 9, 2020 by the President of ALSAI, and by the Ambassador of the Swiss Confederation in the Republic of Albania.

The main goal of the project is to increase the contribution of ALSAI to strengthen government accountability in the use of public funds through more professional and comprehensive audits of public procurement, concessions and public-private partnerships, using IT tools in conducting financial audits, compliance and performance in line with international auditing standards and good professional practices for the public sector.

The overall objective of the project is to promote public oversight and increase the quality, transparency and prevention of corruption in public bids, concessions and public-private partnerships (PPPs). The project will enable better quality audits and will provide value-added recommendations on the good management of PPP contracts, improving the legal framework for the implementation of relevant public tenders and the conclusion and implementation of concession contracts. This two-year project will significantly help towards a more professional audit of public funds in the field of concessions and PPPs in Albania. This project will be procured by ALSAI during 2022.

Internal Audit Conclusion on Financial Statements 2021

The mission of Internal Audit in ALSAI is to provide objective assurance and provide management advice to add value and improve the operation of ALSAI. Internal Audit helps the SAI to achieve the objectives, through a disciplined and systematic activity, to evaluate and improve risk management, as well as control and governance processes. Regarding the issues of financial management and control, the areas of Control Environment, Risk Management, Control Activities, Information, Communication and Monitoring are covered.

In the framework of the internal audit activity, based on the Annual Work Plan, the audit mission was performed "On the audit of the financial regularity of the economic and financial activity of the Supreme State Audit for the period from January 1, 2021 to December 31, 2021".

During this audit, the object was to give a general judgment on the functioning of internal control systems and to give an opinion on the implementation of the budget for 2021, including the regularity of transactions in the financial statements of the institution. The audit was conducted based on the evaluation criteria, such as the legal and regulatory framework of the functioning of the institution, as well as other acts which regulate the financial activity of the institution. This audit had four main directions:



1. Evaluation of the internal control system for Financial Management and Control;
2. On the drafting and implementation of the budget of the institution;
3. Audit of regularity of expenditures and financial reporting for 2021;
4. Auditing the implementation of recommendations left by past audits.

The audit showed that the SAI has generally implemented the requirements of law no. 10296, dated 08.07.2010 "On financial management and control", as amended, concluding that:

The financial statements have been prepared based on Law no. 25/2015, dated 10.05.2018 "On accounting and financial statements", while the structure, operation and closing of annual accounts is done based on instruction no. 25, dated 09.12.2021 "On the procedures for closing the annual accounts of the budget of 2021." as well as the instruction no. 8 dated 09.03.2018 "On the procedures of preparation, presentation and reporting of annual financial statements in the units of general government".

From the reconciliations kept in the registers of the Finance Sector, in the expenditure orders reconciled with the treasury, it is noticed that in 2021 all the relevant columns are systematically kept and in them are attached according to the chronological number and respective dates up to the minutes for each transaction entry and exit to the warehouse. From the audit of all expenditure procedures for the exit of the bank, it was concluded that the requirements and procedures provided by the legislation in the field have been implemented. Pursuant to Law no. 137/2020, "On the budget of 2021", and Normative Act, no. 26, dated 22.06.2021 and no. 34, dated 03.12.2021 "On some changes in the Law 137/2020" On the budget of 2021 ", the approval of the opening and review of budget funds for 2021 has been made, for the institution of the Supreme State Audit, where for 2021 the fund was approved in total in the amount of 433,700 thousand ALL.

By Normative Act, no. 26, dated 22.06.2021 "For some changes in Law 137/2020" On the budget of 2021 ", the budget of ALSAI, has been increased in the amount of 4,000 thousand ALL in the item "Wages and Insurance" thus passing the value for 437,700 thousand ALL and at the same time the number of employees has increased by 15 persons, so in total the number of employees for ALSAI is 218 employees.

By Normative Act, no. 34, dated 03.12.2021 For some changes in Law 137/2020 "On the budget of 2021", the budget of ALSAI has been reduced in the amount of 48,000 thousand ALL and specifically the item "Salary and Insurance" in the amount of 20,000 thousand ALL and item "Goods and services" in the amount of 28,000 thousand ALL. During 2021, the budget of ALSAI has been increased in the amount of 1,838 ALL in the item "Grande from foreign donors", thus passing to the total value of 391,083 thousand ALL.

Specifically, for the budget of 2021, based on the Normative Act, no. 34, dated 03.12.2021 "On some changes in Law 137/2020" On the budget of 2021 ", it resulted that:

The expenditure fund for "Wages and Insurance" programmed in the amount of 295,000 thousand ALL was realized in the amount of 287,354 thousand ALL. or were realized to the extent of 97.4%.

The operating expenses fund "For goods and services" programmed in the amount of 52,850 thousand ALL was realized in the amount of 51,593 thousand ALL, or were realized in the amount of 97.6%.

For current and foreign transfers, the obligations for membership fees for the organizations

INTOSAI and EUROSAI have been settled, in the amount of 61.2 thousand ALL out of the planned 150 thousand ALL.

For transfers to family budgets, a Special Fund was provided by the Ministry of Finance and Economy in the amount of 1,847 thousand ALL, for retirement of employees, case of accident and illness and was realized in the amount of 1,273 thousand ALL or realized in the amount of 68.9%.

For capital investments, the destination budget plan was in the amount of 39,853 thousand ALL, of which 20,000 thousand ALL investments with Internal Financing and 19,853 thousand ALL for capital investments with Foreign Financing.

Local cost for 2020 is realized in the amount of 2,300 thousand ALL.

For the year 2021, ALSAI has carried out several procurement procedures, among which, in relation to:

- Purchase of Firewall and E-Mail Security licenses in the amount of 1,640 thousand ALL; - Purchase of Photocopies: in the amount of 357 thousand ALL; - Design, development, implementation and maintenance of the Web site of ALSAI in the amount of 791 thousand ALL; - Reconstruction of the internal premises of ALSAI, in the amount of 2,606 thousand ALL; - Purchase of surveillance system in the amount of 299 thousand ALL; - Purchase of internet service for the vehicle fleet of the institution with a contracted fund of 43.2 thousand ALL; For 2021, ALSAI has procured funds in the amount of 9,700 thousand ALL for the purchase of a car, but this procurement procedure for 2021 has not been successful;

During 2021, a total of 15 recommendations were given for which it was concluded that, by the audited structures and the managerial level, 12 recommendations were fully accepted, partially 1 recommendation and 2 recommendations were rejected, as and the Action Plan for the implementation of the recommendations left, for each of the performed audits, has been prepared and sent in time.

Regarding the implementation of the recommendations left by the previous audits, it is concluded that:

- The updated regulations with all the changes in the progress have been published on the website of ALSAI; Internal Regulation on: "Organization and Administrative Functioning of the Supreme State Audit", approved by Decision of the President of ALSAI No. 85, dated 30.06.2015, as amended and "Regulation of Audit Procedures in the Supreme State Audit" approved by Decision of the President of ALSAI No. 107, dated 08.08.2017, amended, etc. This recommendation is considered implemented.

- Regarding the inclusion in the accounting of account 215- "Means of transport" for the gross book value of 35,152,000 ALL, from the Finance Sector has been transferred to the warehouse separately, but has not been removed from the accounting pending a final decision by the competent authorities judicial. With the letter no. 1002/4, dated 15.02.2019 has been addressed The appeal to the Administrative Court of Appeal of Tirana and ALSAI is waiting for the notification from the Court of Appeal of Tirana for the development of the judicial process. This recommendation is considered "in process of implementation".

- Regarding the establishment of the commission for the verification of all means of transport temporarily deregistered and assessed as out of use, of which 3 vehicles were deregistered during 2019, it is concluded that this issue has been addressed in the implementation of the

Inventory for 2021, according to order no. 17, dated 04.02.2021 "On the performance of the Inventory of Assets in ALSAI", report no. 206/6 prot, dated 24.05.2021 "On the valuation of assets proposed for decommissioning", Order no. 65, dated 18.06.2021 "On the establishment of the Evaluation Commission of some items", Order dated 28.09.2021 "On the establishment of the Disposal Commission" and minutes on the disposal of assets dated 15.12.2021. This recommendation has been implemented.



ANNEXES



ANNEXES

A.1 Financial statements 2021

The financial statements of ALSAI are presented in ALL, the Albanian currency.

No.	Acco.	Designation	Closed Exercise	Previous Exercise
1	A	ASSETS	817,148,093	878,290,185
2		I. Short-term assets	50,801,152	49,727,765
3		1. Monetary means and their equivalents	2,264,314	1,996,859
4	531	Monetary means in the Cashier		
5	512,56	Monetary means in the Bank		
6	520	Availability in the Treasury	2,264,314	1,996,859
7		2. Current Inventory status	17,283,015	19,666,066
8	31	Materials	17,283,015	19,666,066
9	32	Small inventory		
10		3. Receivable Accounts	31,253,823	28,064,840
11	468	Different debtors	2,972,409	2,942,167
12	4342	Operations with the State (Correct)	28,281,414	25,122,673
13	486	Expenses of future periods		
14		4. Other short-term assets	0	0
15		II. Long-term assets	766,346,941	828,562,420
16	20	1. Non-material long-term assets	162,710,926	187,997,146
17	201	Premiums of the emission and repayment of loans		
18	202	Studies and research	162,097,574	187,997,146
19	203	Concessions, Patents, Licenses and similar to these	613,352	
20	21	2. Long-term material assets	603,636,015	640,565,274
21	210	Land, Territories, Terrain		
22	212	Buildings and Constructions	511,102,989	535,863,947
23	214	Technical installations, machines and equipment	48,260,895	49,606,349
24	215	Transport Vehicles	2,727,505	2,290,449
25	218	Economic inventory	41,544,626	52,804,529
26	25-26	3. Long-Term Financial Assets	0	0
27		4investments	0	0
28	B	LIABILITIES	33,250,682	30,171,882
29		I. Short-Term liabilities	33,250,682	30,171,882
30		1. Payables Accounts	33,250,682	30,171,882
31	401-408	Suppliers and accounts related to them	3,201,395	1,402,279
32	42	Obligations to personnel	16,432,436	15,659,435
33	431	Tax obligations to the state	2,033,884	1,973,357
34	435	Social insurance	6,613,699	6,167,543
35	436	Health insurance		
36	466	Creditors for assets in storage	1,996,859	1,996,859

37	4341	Operations with the state (obligations)	2,972,409	2,972,409
38		2. Other short-term liabilities	0	0
39		II. Long-Term Liabilities	0	0
40	C	NET ASSETS/ FUNDS (A-B)	783,897,411	848,118,303
41	D	CONSOLIDATED FUND:	783,897,411	848,118,303
42	101	Accumulated deficit	786,280,461	849,950,598
43	12	Carried results		
44	85	The result of the Exercise Activity	-2,383,050	-1,832,295
45	E	TOTAL LIABILITIES (B+C)	817,148,093	878,290,185

A. At the end of the 2021 reporting period, the Total **Assets in the Balance Sheet** is presented at the value of **817,148,093 ALL**, of which:

1. Tangible Fixed Assets result in a total net value of 162,710,926 ALL at the end of the exercise period. In this item of expenditure, the funds for the realization of projects with Foreign Financing, belonging to the IPA 2013 project "Strengthening the capacities of external audit" are in the amount of 162,097,574 ALL, and the value of 613,352 ALL belongs to the expenses for the design and maintenance of the website of the institution.

2. Tangible Fixed Assets (TFA) results in a value of 603,636,015 ALL at the end of 2021. The revaluation value of the building, library fund, computer equipment, etc. are declared with the purchase cost and the respective additions, minus the depreciation, based on the Instruction of the Ministry of Finance no. 8, date on 9.03.2018 "On the procedures for the preparation, presentation and reporting of annual financial statements in the general government units".

- **Account 212 "Buildings and Constructions"** is presented in the Active of the balance sheet with a net value of 511,102,989 ALL and it consists of:

- The historical cost of the Reconstruction of the building in the amount of 110,163,443 ALL,
- Revaluation of the Building, based on the Valuation Act no. 588/1 prot., dated on 25.06.2018, in the amount of 502,824,300 ALL.

- The value of the building project is 3,480,000 ALL.

- The value of the reconstruction carried out during the year 2021, in the amount of 1,519,775 ALL due to the approval of the required increase in the number of employees of ALSAI by 15 people.

- Reduced by depreciation, which is calculated based on the instruction of the Ministry of Finance no. 8, date on 9.03.2018 "For the procedures of preparation, submission and reporting of annual financial statements in the general government units, and at the end of the period, the net value of the building is 511,102,989 ALL.

- **Account- 215 "Vehicles of transport"** in the value of 2,727,505 ALL. This item of the active was added in 2021 for the value of 950,000 ALL and decreased by the value of 512,944 ALL, as a result of the depreciation calculated for 2021.

- **Account- 214 "technical installations, machinery and work tools"**, in the net value of 48,260,895 ALL. Account 214 for the year 2021 is reduced by the depreciation of the year 2021.

- **Account- 218 "Economic inventory"**, in the amount of 41,544,626 ALL. This item of the active was increased by the purchases of 2021 for the value of 4,267,270 ALL and was reduced by the value of 14,886,391 ALL with the depreciation of 2021 and in the value of 640,782 ALL for disposals.

3. Current actives at the end of 2021 result in a balance of 50,801,152 ALL which consists of:

- **Class 3 "Inventory status"**, in the amount of 17,283,015 ALL at the end of 2021.
- **Class 4 "Collection request on debtors"**, at the end of the exercised period of 2019, it is presented in the amount of 31,253,823 ALL. This value represents the right of the institution over third parties, which remains unpaid at the end of 2021, and consists of:
 - **Account 4342 "Other operations with the state (debtor)"**, in the amount of 28,281,414 ALL. This account represents the budget obligations, for employee salaries as well as social and health insurance, and salary tax for the month of December 2021 ascertained but not liquidated, which are expected to be liquidated with next year's budget funds. This account has a counterparty in the liabilities side of the balance sheet:
 - account 42 "Personnel and related accounts", in the amount of 16,432,430 ALL;
 - account 431 "Liabilities to the state for taxes", in the amount of 2,033,884 ALL;
 - account 435 "Social insurance", in the amount of 6,613,699 ALL;
 - account 401+467 "Various creditors", in the amount of 3,201,395 ALL, this value consists of invoices for the month of December 2020, not transferred to the bank in 2021, but paid with the funds of 2021.
 - **Account 468, "Various debtors"** in the amount of 2,972,409 ALL, which represents the value of the damage caused to our institution in the events of September 14, 1998; and Execution Order for compensation for damage to the staff of the ALSAI.

B. From the summarized data, it results that the Passive of the Accounting Balance sheet, as of 31.12.2021, is presented in the amount of **817,148,093 ALL**, of which:

1.Short-term liabilities in the amount of 33,250,682 ALL.

2.Account 101 "Accumulated fund", in the amount of 783,897,411 ALL.

The accumulated funds, at the end of 2021, has decreased in the amount of 64,220,892 ALL, compared to 2020. Their own funds during 2021 have undergone the following movements:

Balance of the opening account of the current period for 848,118,303 ALL

- **Added with 10,028,034 ALL as follows:**
 - Budgetary funds for paid purchases during 2021 for 7,584,997 ALL
 - Grant from international organizations (INTOSAI) for the value of 1,382,857 ALL
 - Grand capital from state institutions in the amount of 950,000 ALL
 - From the carried results in the value of 110,180 ALL

- **Decreased by 74,248,926 ALL** as a result of the decrease from:
 - Amortization of TFA's (Tangible Fixed Actives) in the value of 71,225,094 ALL and reduction of economic inventory from decommissioning, and paid by employees for inventory differences in the value of 640,782 ALL.
 - Account 85 Result of the Exercise Activity, in the amount of minus 2,383,500 ALL.
- The item Their Own funds in the liabilities of the balance sheet is presented in format no. 4 of the financial statements of ALSAI.

A.2 Evidences of Reported Penal Cases during January – December 2021

Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
1	District Cadastral Agency of Sarandë	Nr. Prot 784/16 date 10.05.2021	3	1) Former Director 2) Former law specialist 3) Former Cartographer	<i>"Abuse of office"</i> , art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing.
2	The Directorate of The Northern Region of Shkodër	Nr. Prot 559/13 date 10.05.2021	4	1) Former Director 2) Former Director 3) Head of the contract management sector, also member of the limited fund estimate drafting group; 4) Former specialist, also member of the limited fund estimate drafting group.	<i>"Abuse of office"</i> , art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing.
3	District Cadastral Agency of Korçë	Nr.Prot.21/34 date 09.08.2021	5	1) Former Director and Former data entry specialist Former Director of Agency for Legalization of Urbanization and Integration of Informal Areas/Buildings.	<i>"Violation of the quality of participants in public tenders or auctions"</i> , Art. 258 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing.

Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
				And Former Data entry specialist 3) Director of Agency for Legalization of Urbanization and Integration of Informal Areas/Buildings of Korçë 4) Former Data entry specialist Korçë 5) Former Data entry specialist Korçë			
4	National Food Authority	Nr.Prot.9 79/8 date 09.11.20 21	1	1) Director of the National Directorate	"Abuse of office", art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing.
5	Tropoja Municipality	Nr.Prot.3 61/26 date 09.11.20 21	6	1) Director of District Directorate of Forests, Pastures and Agriculture 2) Director of the District Directorate of Planning and Development of Territory 3) Construction technician for civil emergencies 4) Construction technician 5) Employee in the Service Sector 6) Employee in the Service Sector	"Abuse of office", art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Local Self Government Auditing
6	Tropoja Municipality	Nr.Prot.3 61/27 date 09.11.20 21	3	1) Former Deputy Mayor 2) Former Director of Tourism, Services and Transportation 3) Former Director of the Economy sector	"Violation of the quality of participants in public tenders or auctions", Art. 258 of the Criminal Code of	Under investigation	Department of Local Self Government Auditing

					the Republic of Albania.		
7	Diber Municipality	Nr.Prot.9 9/13 date 17.12.20 21	2	1) Head of the Finance sector 2) Head of Procurement Sector	<i>"Violation of the quality of participants in public tenders or auctions"</i> , Art. 258 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Local Self Government Auditing

Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
					and “Unauthorized computer interference” art. 192/b of the Criminal Code of the Republic of Albania.		
8	Kurbin Municipality	Nr.Prot.773/14 date 17.12.2021	6	1) Deputy Mayor, also Head of the Bid Evaluation Committee 2) Assets manager, also specialist of the Procurement Sector 3) Director of Planning, Development and Control of the Territory, also a member of the procurement sector 4) Engineer, also member of the Bid Evaluation Committee 5) Director of the Legal Sector, also member of the Bid Evaluation Committee	“Violation of the quality of participants in public tenders or auctions”, Art. 258 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Local Self Government Auditing
9	Ministry of Internal Affairs	Nr.Prot.846 date 30.07.2021	5	1) Member of the Bid Evaluation Committee 2) Member of the Bid Evaluation Committee 3) Member of the Bid Evaluation Committee 4) Member of the Bid Evaluation Committee 5) Member of the Bid Evaluation Committee	“Abuse of office”, art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Central Government Auditing Department
10	State Inspectorate	Nr. Prot.121/16	10	1) Former Director of the Procurement, Investments and Concessions Sector in the Ministry of Health and Social Protection,	“Violation of the quality of participants in public tenders or		Department of Assets and Environment

	of Market Supervision	date 25.01.2022		also Head of the Concessions Committee	<i>auctions</i> ", Art. 258 of the Crimminal Code of the Republic of Albania.	Under investiga tion	Auditing
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Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
				<p>Head of Hospital Standards & Protocols Sector in the Ministry of Health and Social Protection, also member of the Concessions Committee</p> <p>3) Head of Program and Budget Monitoring Sector in the Compulsory Health Care Insurance Fund, also member of the Concessions Committee</p> <p>4) Coordinating doctor in the QSUT biochemical laboratory, also a member of the Concession Commission</p> <p>5) Head of the Procurement Sector, in the Ministry of Health and Social Protection ,also a member of the Concession Commission</p> <p>6) Economist at the Concession Handling Agency, also a member of the Concession Committee</p> <p>7) Economist at the Concession Handling Agency, also a member of the Concession Committee</p> <p>8) Director of the Directorate of Health and Social Protection Development Policies and Strategies, also Head of th Bid Evaluation Committee</p> <p>9) Director of National Bio-Medical Technical Center, also a member of the Bid Evaluation Committee</p>			



Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
				10) Head of the Management of Administrative and Judicial Complaints Sector, also a member of the Bid Evaluation Committee			
11	Compulsory Health Care Insurance Fund	Nr. Prot.579/41 date 25.01.2022	2	1) Director of Cabinet in the Ministry of Health and Social Protection 2) Former Director	<i>"Abuse of office"</i> , art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	State Budget Auditing Department
12	Durrës Port Authority	Nr. Prot.877/72 date 25.01.2022	7	1) General Executive Director, also Director of the Contracting Authority 2) Legal specialist in the Procurement Sector, also a member of the Procurement Unit 3) Head of the Procurement Sector, also a member of the Procurement Unit 4) Specialist in the Cost and Budget Sector, also a member of the Procurement Unit 5) Head of the Finance Sector, also a member of the Bid Evaluation Committee 6) Head of the Programming Sector, also a member of the Bid Evaluation Committee 7) Specialist in the Cost and Budget Sector, also a member of the Bid Evaluation Committee	<i>"Violation of the quality of participants in public tenders or auctions"</i> , Art. 258 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Public Enterprises and Foreign Investment Auditing

Nr.	Subject of Audit	Date of filing	Personal Nr.	Job Position	Applicable legislation on the violation	Current state of proceedings	Department Responsible for finding the violation
13	District Cadastral Agency of Lushnje	Nr. Prot.72 8/10 date 25.01,2 022	5	1) Former Director of the Agency for Legalization of Urbanization and Integration of Informal Areas/Buildings, District Directorate of Lushnje 2) Head of Legalization Sector, District Cadastral Agency of Lushnje ; 3) Former Director of the District Cadastral Agency of Lushnje, currently a Specialist of the Cadastral and Cartography Sector; 4) Cartography Specialist 5) Specialist in the Legalization, Urban Planning and Cartography Sector	<i>"Abuse of office"</i> , art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing
14	District Cadastral Agency of Berat	Nr. Prot.53 6/11 date 25.01,2 022	3	1) Former Director of the Agency for Legalization of Urbanization and Integration of Informal Areas/Buildings 2) Former Data Entry Specialist 3) Former Head of the Legalization Sector and Former Director of the Agency for Legalization of Urbanization and Integration of Informal Areas/Buildings	<i>"Abuse of office"</i> , art. 248 of the Criminal Code of the Republic of Albania.	Under investigation	Department of Assets and Environment Auditing

A.1 Evidence of economic damage and lack of effectiveness according to subjects

Summarized evidence of violations with economic damage found in the performed audits for the incomes and expenses for the period January - December 2021

Thousand ALL

No	Entity	Total Discove red	Recomme nded for compens ation
1	Fier Regional Directorate of Taxes	2,314,751	2,314,751
2	Tirana Customs Branch	290,225	290,225
3	Korçë Regional Directorate of Taxes	3,323	3,323
4	General Directorate of Customs	14,201,279	14,201,279
5	Durrës Regional Directorate of Pre-University Education	247	247
6	General Directorate of Prisons	10,912	10,912
7	Thematic Audit for the Implementation of Legal Procedures Related to: Decision No. 32, Date 02.07.2020 of the State Reconstruction Commission; For the Procurement Procedure as well as for the implementation of the Works in the Object "Reconstruction, side addition and the new gym at the "14 November " middle School.	2,760	2,760
8	Central Purchasing Agency	17,398	17,398
9	Ministry of Health and Social Protection	25,307	25,307
10	"Mother Teresa" University Hospital Center	3,238	3,238
11	Ministry of Internal Affairs	13,443	13,443
12	Këlcyrë Municipality	16,343	16,343
13	Konispol Municipality	4,776	4,776
14	Krujë Municipality, Project: Reconstruction, demolition procedures and reconstruction procedures of the middle school, Thumanë	7,105	7,105
15	Korçë Municipality	13,017	13,017
16	Pogradec Municipality	3,376	3,376
17	Kuçovë Municipality	1,272	1,272
18	Lushnje Municipality	1,018	1,018
19	Tropojë Municipality	9,587	9,587
20	Shkodër Municipality	16,429	16,429
21	Peqin Municipality	6,924	6,924
22	Durrës Municipality	5,528	5,528
23	Sarandë Municipality	6,790	6,790
24	Kukës Municipality	41,804	41,804
25	Selenice Municipality	6,028	6,028
26	Dibër Municipality	10,361	10,361
27	Kurbin Municipality	6,565	6,565
28	Tepelenë Municipality	4,934	4,934
29	Fushë Arrëz Municipality	8,271	8,271
30	Gjirokastër Municipality	1,418	1,418
31	Has Municipality	1,196	1,196

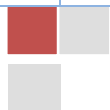
32	Kavajë Municipality	30,998	30,998
33	Memaliaj Municipality	101	101
34	Përmet Municipality	806	806
35	Pustec Municipality	300	300
36	Divjakë Municipality	986	986
37	Gramsh Municipality	1,544	1,544
38	Pukë Municipality	2,300	2,300
39	Shkodër Regional Directorate of Roads	27,219	27,219
40	State Inspectorate of Environment, Forests, Waters and Tourism, Tirana	67,974	67,974
41	National Coastal Agency	1,283	1,283
42	National Food Agency, Tirana	4,146	4,146
43	Agency of Protected Areas	9,300	9,300
44	Market Surveillance Inspectorate	7,434	7,434
45	National Agency for Territorial Planning	3,230	3,230
46	DVASHK Vlora	5,867	5,867
47	Electricity Distribution Operator	7,940	7,940
48	Project: Provision of public services centered on the citizen", ADISA	464	464
49	Albanian Radio Television	62,040	62,040
50	Albanian road authority	46,133	46,133
51	Durrës Port Authority	456,429	456,429
52	Vlora Psychiatric Hospital	28,784	28,784
53	Durrës Regional Hospital	1,359	1,359
54	University Hospital of Trauma	3,871	3,871
55	Vlora Regional Hospital	990	990
56	"Shefqet Ndroqi" University Hospital	9,954	9,954
57	Shkodër Regional Hospital	3,846	3,846
58	National Housing Authority	2,887	2,887
59	Civil Aviation Authority	233	233
60	Kurbin Water Supply and Sewerage JSC	2,117	2,117
61	"Connectivity of Regional and Local Roads" Project in the ADF	1,693	1,693
62	Vlora Water Supply and Sewerage	1,297,527	1,297,527
63	Albcontrol	5,063	5,063
64	The project "Improvement of the Health System" in the MHSP	2,090	2,090
65	Project: "Energy Efficiency, the Program for the Electricity Transmission Sector" in the TSO	4,746	4,746
66	IT Audit: State Geospatial Information Authority (SGIA)	2	2
67	IT Audit: Institute of Food Safety and Veterinary (IFSV)	1,704	1,704
	Total	19,158,985	19,158,985

Evidence of the reflection of the irregularities of the legal provisions in force, for missing income or expenses not in accordance with the principles of effectiveness, efficiency and economy, which have brought a negative financial effect on the incomes of the entities and the state budget for the period January-December 2021

Thousand ALL

No.	Name of the Entity	A Amount in income	B Amount in expenses	TOTAL
1	Ministry of Finance and Economy (Apparatus)	0	872,365	872,365
2	Durrës Regional Directorate of Taxes	0	494	494
3	Directorate of Debt and Coordination of Foreign Aid	0	10,801,000	10,801,000
4	Mandatory Health Care Insurance Fund (MHCIF)	0	2,933,243	2,933,243
5	Tirana Customs Branch	221,067	0	221,067
6	General Directorate of Customs	0	78,141	78,141
7	General Directorate of Taxes	0	377,601	377,601
8	MFE: The General Directorate of the Budget	0	18,609,500	18,609,500
9	Durrës Regional Tax Directorate	362,207	0	362,207
10	General Directorate of Public Property	823,595	0	823,595
11	Korçë Regional Tax Directorate	217,863	0	217,863
12	Durrës Regional Directorate of Pre-University Education	0	215,626	215,626
13	General Directorate of Prisons	0	223,429	223,429
14	Thematic Audit for the Implementation of Legal Procedures Related to: Decision No. 32, Date 02.07.2020 of the State Reconstruction Commission; For the Procurement Procedure as well as for the implementation of the Works in the Object "Reconstruction, side addition and the new gym at the "14 November " middle School.	12,488	0	12,488
15	Central Purchasing Agency	0	334,335	334,335
16	Agricultural and Rural Development Agency	0	10,000	10,000
17	Ministry of Health and Social Welfare	0	130,484	130,484
18	"Mother Teresa" University Hospital Center	0	771,092	771,092
19	State Advocacy	38,286	622,523	660,809
20	Ministry of Internal Affairs	0	319,941	319,941
21	Public Health Institution	0	49,838	49,838
22	Fier Drainage Board	0	22,524	22,524

23	Këlcyrë Municipality	70,302	23,968	94,270
24	Konispol Municipality	33,507	12,646	46,153
25	Krujë Municipality, "Thematic Audit": Reconstruction, demolition procedures and reconstruction procedures of the middle school, Thumanë	0	40,672	40,672
26	Municipality of Tirana "On the compliance for the public-private partnership project, construction of schools"	0	51,291	51,291
27	Korçë Municipality	316,083	0	316,083
28	Pogradec Municipality	70,762	224,936	295,698
29	Lushnje Municipality	1,477,445	0	1,477,445
30	Tropojë Municipality	26,081	4,750	30,831
31	Shkodër Municipality	240,784	135,672	376,456
32	Peqin Municipality	35,477	25,532	61,009
33	Durrës Municipality	939,684	91,177	1,030,861
34	Sarandë Municipality	245,065	16,958	262,023
35	Kukës Municipality	413,471	102,196	515,667
36	Selenicë Municipality	0	0	0
37	Dibër Municipality	253,996	102,221	356,217
38	Kurbın Municipality	264,356	524,003	788,359
39	Tepelenë Municipality	35,463	2,777	38,240
40	Delvinë Municipality	38,526	42,884	81,410
41	Dropull Municipality	11,092	0	11,092
42	Finiq Municipality	172,678	0	172,678
43	Fushë Arrëz Municipality	0	0	0
44	Gjirokastër Municipality	133,242	66,1870	199,429
45	Has Municipality	75,240	4,600	79,840
46	Kavajë Municipality	432,583	731,8280	1,164,711
47	Libohovë Municipality	23,473	0	23,473
48	Memaliaj Municipality	35,137	0	35,137
49	Përmet Municipality	51,084	0	51,084
50	Pustec Municipality	15,039	0	15,039
51	Bulqizë Municipality	1,023,094	0	1,023,094
52	Divjakë Municipality	552,573	0	552,573
53	Gramsh Municipality	51,862	119,431	171,293
54	Klos Municipality	43,803	36,504	80,307
55	Librazhd Municipality	102,959	0	102,959
56	Përrenjas Municipality	58,782	0	58,782
57	Pukë Municipality	26,514	0	26,514
58	Shkodër Regional Directorate of Roads	0	83,135	83,135
59	State Inspectorate of Environment, Forests, Water and Tourism, Tirana	613,480	33,470	646,950
60	National Coastal Agency	0	2,451	2,451
61	LDSCA Stimulated Areas	0	53	53



62	LDSCA Korça	25,402	0	25,402
63	Regional AKU Tirana	286,701	3,531	290,232
64	Agency of protected areas	0	3,132	3,132
65	Market Supervision Inspectorate	700	0	700
66	LDSCA Berat	27,373	0	27,373
67	National Agency for Territorial Planning	0	15,416	15,416
68	LDSCA Vlora	12,684	0	12,684
69	Electric Power Distribution Operator	0	881,418	881,418
70	Project: "Modernization of Social Assistance", Ministry of Health and Social Protection	0	0	0
71	Project: Provision of public services centered on the citizen", ADISA	0	0	0
72	The Restructuring Plan of AEC JSC in AEC JSC	0	690,794	690,794
73	Albanian Radio Television	0	53,247	53,247
74	Albanian road authority	0	782,682	782,682
75	Durrës Port Authority	0	1,982,020	1,982,020
76	Psychiatric Hospital "Ali Mihali" Vlora	0	6,105	6,105
77	Durrës Regional Hospital	0	31,388	31,388
78	University Hospital of Trauma	0	0	0
79	Vlora Regional Hospital	0	14,269	14,269
80	"Shefqet Ndroqi" University Hospital	0	37,908	37,908
81	Shkodër Regional Hospital	11,197	45,755	56,952
82	Kurbin Water Supply and Sewerage JSC	0	432,874	432,874
83	National Housing Authority	30,882	260,411	291,293
84	Civil Aviation Authority	0	24,193	24,193
85	"Connectivity of Regional and Local Roads" Project in the ADF	0	0	0
86	"Water supply of rural areas III" Project in the ADF	0	0	0
87	Vlora Water Supply and Sewerage JSC	0	37,637	37,637
88	Albcontrol	0	109,095	109,095
89	General Directorate of Maritime Durres	0	3,942	3,942
90	The project "Improvement of the Health System" in the MHSP	0	68,501	68,501
91	Project: "Energy Efficiency, the Program for the Electricity Transmission Sector" in the TSO	0	0	0
92	Performance Audit: Safe Motherhood: Natal and Postnatal Hospital Health Care	0	15,512	15,512
93	Fines for traffic code violations, from the State Police	993,924	5,388	999,312

94	Performance Audit: "Development of Mountain Tourism"	0	4,740	4,740
95	Audit Topic: "Performance of the Fire Protection Service in Albania"	0	135,472	135,472
Total		10,948,006	44,496,908	55,444,914

Evidence of Disciplinary and Administrative Measures recommended by ALSAI for the period January - December 2021

In numbers

No	Name of the Entity	GJITHSEJ MASAT		
		A) WITH THE STATUS OF A CIVIL EMPLOYEE	B) WITH WORK CODE	C) ADMINISTRATIVE MEASURES
		Rec	Rec	Rec
1	General Directorate of the Treasury	1	0	0
2	Tirana Customs Branch	1	0	0
3	Social Security Institute	0	1	0
4	MFE: The General Directorate of the Budget	1	0	0
5	MFE: General Directorate of the Debt	0	0	0
6	Fier Regional Tax Directorate	13	0	0
7	General Directorate of Harmonization at Internal Public Financial Control	1	0	0
8	Ministry of Finance and Economy (Apparatus)	1	0	0
9	Compulsory Insurance and Health Care Fund	0	1	0
10	General Directorate of Customs	10	0	0
11	General Directorate of Taxes	1	0	0
12	Durrës Regional Tax Directorate	14	0	0
13	Tirana Treasury Branch	1	0	0
14	General Directorate of Customs	1	0	0
15	General Directorate of Public Property	1	0	0
16	Financial Supervision Authority	11	0	0
17	Korçë Regional Tax Directorate	0	0	0
18	Durrës Regional Directorate of Pre-University Education	1	7	13
19	General Directorate of Prisons	15	0	1
20	Ministry of Infrastructure and Energy (Thematic Audit)	1	0	0
21	"Mother Teresa" University Hospital Center	0	31	12

22	The Commission for the Civil Service Supervision	1	0	0
23	State Advocacy	0	1	0
24	Agency for Agricultural and Rural Development	1	0	0
25	Central Purchasing Agency	0	5	0
26	Department of Public Administration	0	0	0
27	Ministry of Health and Social Protection	4	1	0
28	Ministry of Internal Affairs	1	0	11
29	The Minister of State for Reconstruction and the State Commission for Reconstruction	0	0	0
30	Thematic Audit for the Implementation of Legal Procedures Related to: Decision No. 32, Date 02.07.2020 of the State Reconstruction Commission; For the Procurement Procedure as well as for the implementation of the Works in the Object "Reconstruction, side addition and the new gym at the "14 November " middle School.	0	0	18
31	Këlcyrë Municipality	6	0	4
32	Konispol Municipality	4	0	0
33	Krujë Municipality, "Thematic Audit": Reconstruction, demolition procedures and reconstruction procedures of the middle school, Thumanë	1	0	8
34	Municipality of Tirana "On the compliance for the public-private partnership project, construction of schools"	0	0	0
35	Korçë Municipality	0	0	7
36	Dibër Municipality	13	4	9
37	Durrës Municipality	8	5	0
38	Kuçovë Municipality	1	1	0
39	Kukës Municipality	1	0	0
40	Kurbin Municipality	8	8	2
41	Lushnje Municipality	7	0	2
42	Peqin Municipality	0	0	0
43	Pogradec Municipality	1	1	0
44	Sarandë Municipality	6	0	0
45	Selenicë Municipality	7	5	0
46	Shkodër Municipality	22	4	4
47	Tepelenë Municipality	8	0	0
48	Tropojë Municipality	2	3	9
49	Peqin Municipality (F)	0	1	0
50	Delvinë Municipality	6	5	0

51	Dropull Municipality	0	0	0
52	Finiq Municipality	1	0	12
53	Fushë Arrëz Municipality	3	2	0
54	Gjirokastër Municipality	16	3	0
55	Has Municipality	4	4	0
56	Kavajë Municipality	15	0	14
57	Libohovë Municipality	2	0	0
58	Memaliaj Municipality	9	2	0
59	Përmet Municipality	0	0	0
60	Pustec Municipality	6	2	0
61	Bulqizë Municipality	8	20	0
62	Divjakë Municipality	13	4	10
63	Gramsh Municipality	0	0	0
64	Klos Municipality	2	0	0
65	Librazhd Municipality	0	0	0
66	Përrenjas Municipality	4	12	0
67	Pukë Municipality	2	0	0
68	Shkodër Regional Directorate of Roads	0	4	11
69	State Inspectorate of Environment, Forests, Water and Tourism, Tirana	59	0	3
70	Local Directorate of the State Cadastre Agency Saranda (Thematic)	0	3	0
71	National Coastal Agency	11	0	1
72	SCA-General Directorate	0	1	0
73	Local Directory of the State Cadastre Agency Stimulated Areas	0	14	0
74	LDSCA Korça	0	19	0
75	Regional Directorate of the National Food Authority Tirana	0	20	0
76	Protected Areas Agency	0	1	0
77	LDSCA Saranda (Thematic Audit 2)	0	9	0
78	Market Surveillance Inspector	24	4	7
79	LDSCA Lushnje	0	16	0
80	LDSCA Berat	0	14	0
81	NAF Thematic	0	10	0
82	National Agency for Territorial Planning	0	1	0
83	LDSCA Krujë	0	7	0
84	LDSCA Vlorë	0	16	0
85	The Restructuring Plan of AEC JSC in AEC JSC	0	0	0
86	Albanian Radio Television	0	27	6
87	Albanian road authority	2	0	5
88	Durrës Port Authority	0	80	2
89	Psychiatric Hospital "Ali Mihali" Vlora	1	0	0

90	Durrës Regional Hospital	0	20	0
91	University Hospital of Trauma	0	21	0
92	Vlora Regional Hospital	0	9	0
93	Shefqet Ndroqi University Hospital	0	12	1
94	Shkodër Regional Hospital	0	22	2
95	Kurbin Water Supply and Sewerage JSC	0	8	0
96	National Housing Authority	0	6	1
97	Civil Aviation Authority	1	0	0
98	"Connectivity of Regional and Local Roads" Project in the ADF	0	3	0
99	"Water supply of rural areas III" Project in the ADF	0	0	0
100	Electric Power Distribution Operator	0	40	0
101	Project: "Modernization of Social Assistance", Ministry of Health and Social Protection	0	0	0
102	Project: Provision of public services centered on the citizen", ADISA	0	1	0
103	Vlorë Water Supply and Sewerage JSC	0	9	0
104	The General Maritime Directorate of Durrës	0	5	0
105	The project "Improvement of the Health System" in the MHSP	8	3	0
106	Performance Audit: Development of Mountain Tourism	1	0	0
TOTAL		374	538	175

Measures for legal changes or improvements for the period January - December 2021

In numbers

	ENTITY	Recommended organizational measures
1	MFE: General Directorate of Debt	1
2	Compulsory Health Care Insurance Fund	1
3	General Directorate of Customs	1
4	General Directorate of Taxes	2
5	General Directorate of Customs	1
6	General Directorate of Public Property	3
7	Regional Directorate of Pre-University Education Durrës	4
8	Ministry of Education, Sports and Youth (Thematic)	1
9	State Advocacy	2
10	Ministry of Health and Social Protection	6
11	Këlcyrë Municipality	2
12	National Coastal Agency	3

13	LDSCA Korçë	1
14	Vlora Regional Hospital	1
15	Performance Audit: The effectiveness of the process of centralizing the provision of services by NAICT for the period 2017-2020	3
16	Performance Audit: The effectiveness of the legalization process and the impact on the administration of public assets	6
17	Performance Audit: The effectiveness of the measures taken to improve the real estate registration and administration system	2
18	Performance Audit: Safe Motherhood: Natal and Postnatal Hospital Health Care	3
19	Performance Audit: SII (Social Insurance Institute) Reserve Fund	3
20	Performance Audit: The effectiveness of policies in the preservation and administration of archaeological site, for the 2016-2019 period	12
21	Performance Audit: "The effectiveness of the management of the COVID-19 pandemic situation"	3
22	Performance Audit: Rural economy with focus on agrotourism	1
23	Performance Audit: The effectiveness of the activity of the National Library	1
24	Performance Audit: "Plastic Waste Management"	1
25	Performance Audit: "Cleaning the City"	
26	Performance Audit: "Development of Mountain Tourism"	4
27	Audit Topic: "Performance of Residential Social Care Institutions for Orphan Children"	1
28	Metrological Inspection Performance	10
29	Fines for traffic code violations, from the State Police	3
30	Audit Topic: "Performance of the Fire Protection Service in Albania"	8
TOTAL		90

Organizational measures recommended by ALSAI for the period January - December 2021

In numbers

No.	Entity	Recommended organizational measures
1	General Directorate of the Treasury	22
2	Tirana Customs Branch	11
3	Institute of Health Insurance	27
4	MFE: The General Directorate of the Budget	32
5	MFE: The General Directorate of the Debt	15
6	Fier Regional Tax Directorate	26
7	General Directorate of Harmonization of Internal Public Financial Control	18

8	Ministry of Finance and Economy (Apparatus)	28
9	Compulsory Health Care Insurance Fund	48
10	General Directorate of Customs	27
11	Durrës Regional Tax Directorate	12
12	General Directorate of Taxes and MFE	11
13	General Directorate of Taxes	32
14	Durrës Regional Tax Directorate	4
15	Tirana Treasury Branch	12
16	General Directorate of Customs	13
17	General Directorate of Public Property	16
18	Financial Supervision Authority	17
19	Korçë Regional Tax Directorate	11
20	Regional Directorate of Pre-University Education Durrës	46
21	General Directorate of Prisons	36
22	Ministry of Education, Sports and Youth (Thematic)	4
23	Ministry of Infrastructure and Energy (Thematic)	4
24	"Mother Teresa" University Hospital Center	44
25	The Commission for the Civil Service Supervision	24
26	State Advocacy	22
27	Agency for Agricultural and Rural Development	38
28	Central Purchasing Agency	11
29	Department of Public Administration	10
30	Ministry of Health and Social Protection	24
31	Ministry of Internal Affairs	33
32	The Minister of State for Reconstruction and the State Commission for Reconstruction	18
33	Thematic Audit for the Implementation of Legal Procedures Related to: Decision No. 32, Date 02.07.2020 of the State Reconstruction Commission; For the Procurement Procedure as well as for the implementation of the Works in the Object "Reconstruction, side addition and the new gym at the "14 November " middle School.	25
34	Public Health Institution	45
35	Fier Drainage Board	6
36	Këlcyrë Municipality	22
37	Konispol Municipality	29
38	Krujë Municipality, "Thematic Audit": Reconstruction, demolition procedures and reconstruction procedures of the middle school, Thumanë	9
39	Municipality of Tirana "On the compliance for the public-private partnership project, construction of schools"	9
40	Korçë Municipality	14
41	Dibër Municipality	15
42	Durrës Municipality	48
43	Kuçovë Municipality	16

44	Kukës Municipality	27
45	Kurbin Municipality	16
46	Lushnje Municipality	12
47	Peqin Municipality	17
48	Pogradec Municipality	30
49	Sarandë Municipality	20
50	Selenicë Municipality	26
51	Shkodër Municipality	20
52	Tepelenë Municipality	13
53	Tropojë Municipality	32
54	Dibër Municipality (F)	9
55	Kurbin Municipality (F)	11
56	Durrës Municipality (F)	6
57	Kuçovë Municipality (F)	9
58	Peqin Municipality (F)	9
59	Pogradec Municipality (F)	2
60	Sarande Municipality (F)	6
61	Konispol Municipality (F)	5
62	Këlcyre Municipality (F)	6
63	Delvinë Municipality	6
64	Dropull Municipality	11
65	Finiq Municipality	8
66	Fushë Arrëz Municipality	9
67	Gjirokastër Municipality	23
68	Has Municipality	13
69	Kavajë Municipality	28
70	Libohovë Municipality	20
71	Memaliaj Municipality	19
72	Përmet Municipality	10
73	Pustec Municipality	12
74	Bulqizë Municipality	11
75	Divjakë Municipality	20
76	Gramsh Municipality	17
77	Klos Municipality	11
78	Librazhd Municipality	13
79	Përrenjas Municipality	11
80	Pukë Municipality	12
81	Shkodër Regional Directorate of Roads	25
82	State Inspectorate of Environment, Forests, Water and Tourism, Tirana	16
83	LDSCA Saranda (Thematic)	10
84	National Coastal Agency	33

85	General Directorate SCA	19
86	Local Directory of the State Cadastre Agency, Stimulated Areas	20
87	LDSCA Korçë	47
88	National Food Authority Tirana, regional office	33
89	Protected Areas Agency	31
90	LDSCA Saranda Thematic 2	6
91	Market Surveillance Inspectorate	19
92	LDSCA Berat	53
93	LDSCA Lushnjë	26
94	National Food Authority, Thematic	2
95	Territorial Planning Agency	17
96	LDSCA Krujë	20
97	LDSCA Vlorë	35
98	Electric Power Distribution Operator	50
99	Project: Modernization of Social Assistance, Ministry of Health and Social Protection	12
100	Project: Providing public services centered on the citizen, ADISA	13
101	The Restructuring Plan of AEC JSC in AEC JSC	4
102	Albanian Radio Television	58
103	Albanian road authority	46
104	Durrës Port Authority	56
105	Psychiatric Hospital "Ali Mihal" Vloa	35
106	Durrës Regional Hospital	29
107	University Hospital of Trauma	30
108	Vloa Regional Hospital	49
109	Shefqet Ndroqi University Hospital	25
110	Shkodër Regional Hospital	30
111	Kurbin Water Supply and Sewerage JSC	27
112	National Housing Authority	28
113	Civil Aviation Authority	18
114	"Connectivity of Regional and Local Roads" Project in the ADF	8
115	"Water supply of rural areas III" Project in the ADF	14
116	Vlorë Water Supply and Sewerage JSC	29
117	Albcontrol	25
118	General Directorate of Maritime Durres	9
119	Project: "Modernization of Social Assistance", in the MHSP	2
120	Project: Provision of public services centered on the citizen", ADISA	0
121	"Improvement of the Health System" Project in the MHSP	22
122	"Integrated Urban Development and Tourism" Project in the ADF	12
123	Project "Energy Efficiency, Program for the Electricity Transmission Sector" in the TSO	9

124	IT Audit: State Geospatial Information Authority	15
125	Performance Audit: The effectiveness of the process of centralizing the provision of services by NAICT for the period 2017-2020 (NAICT)	15
126	IT Audit: Shkodër Municipality, Directorate of Revenue, Local Taxes and Fees. (SHM)	21
127	IT Audit: Re-audit, General Directorate of Customs (GDC)	23
128	IT Audit: Institute of Food Safety and Veterinary (IFSV)	23
129	IT Audit: Re-audit, Albanian Post Office JSC	52
130	Performance Audit: The effectiveness of the legalization process and the impact on the administration of public assets	23
131	Performance Audit: The effectiveness of the measures taken to improve the real estate registration and administration system	13
132	Performance Audit: Safe Motherhood: Natal and Postnatal Hospital Health Care	16
133	Performance Audit: SII (Social Insurance Institute) Reserve Fund	8
134	Performance Audit: The effectiveness of policies in the preservation and administration of archaeological sites for the 2016-2019 period	50
135	Performance Audit: The effectiveness of the management of the COVID-19 pandemic situation	19
136	Performance Audit: Rural economy with focus on agrotourism	18
137	Performance Audit: The effectiveness of the activity of the National Library	30
138	Performance Audit: Plastic waste management	16
139	Performance Audit: Cleaning the city	12
140	Performance Audit: Development of mountain tourism	27
141	Performance Audit: Effectiveness and efficiency of motor vehicle parking management on the streets of the city of Tirana and Korça	32
142	Performance Audit: Performance of residential social care institutions for orphans	32
143	Performance Audit: Metrological Inspection Performance	19
144	Performance Audit: Fines for traffic code violations imposed by the State Police	17
145	Performance Audit: The effectiveness of the programs for dealing with the consequences of the natural disaster of November 2019	34
146	Performance Audit: Performance of the Fire Protection Service in Albania	53
Total		3,074

Evidence of the consideration of complaints and requests addressed to ALSAI for 2021

Consideration of complaints and requests	No.	Verified result		Verifications on continues	Out of the competences of ALSAI
		Right	Wrong		
Key areas of public concern					
For financial administration and procurements	53	24		6	23
Administration and return of property	165	121		1	43
Tax, Duties and Customs	24	18		2	4
Others	157	110			47
Total	399	273		9	117

A.2 Institutions audited by ALSAI during 2021


STATE BUDGET AUDIT DEPARTMENT		
1	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
2	2	Durrës Regional Directorate of Taxes (Financial control)
3	3	Fier Regional Directorate of Taxes
4	4	Tirana Customs Branch
5	5	Ministry of Finance and Economy (Apparatus)
6	6	Ministry of Finance and Economy: General Directorate of Harmonization of Financial Management and Internal Control
7	7	Ministry of Finance and Economy: Directorate of Debt and Foreign Aid Coordination
8	8	Ministry of Finance and Economy: General Directorate of the Budget
9	9	Ministry of Finance and Economy: General Directorate of the Treasury
10	10	General Directorate of Taxes and Ministry of Finance and Economy (Thematic Audit)
11	11	Compulsory Health Care Insurance Fund
12	12	Social Insurance Institute
13	13	General Directorate of Customs (First part of the 2020 Budget)
14	14	General Directorate of Taxes
15	15	General Directorate of Customs
16	16	Tirana Treasury Branch
17	17	Durrës Regional Tax Directorate/Compliance
18	18	Large Taxpayers Directory

19	19	Ministry of Finance and Economy: Directorate of Property Administration
20	20	Financial Supervision Authority
21	21	Korça Regional Tax Directorate
CENTRAL INSTITUTIONS AUDIT DEPARTMENT		
22	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
23	2	Regional Directorate of Pre-University Education Durrës
24	3	Ministry of Education, Sports and Youth (Thematic Audit)
25	4	General Directorate of Prisons
26	5	Ministry of Infrastructure and Energy
27	6	Minister of State for Reconstruction, Durrës Municipality and Institute of Reconstruction (Thematic Audit) Decision no. 32
28	7	Department of Public Administration (Thematic Audit)
29	8	Ministry of Health and Social Welfare
30	9	"Mother Teresa" University Hospital Center, Tirana
31	10	Ministry of Internal Affairs
32	11	Commission for Civil Service Supervision
33	12	Minister of State for Reconstruction
34	13	State Advocate
35	14	Agricultural and Rural Development Agency
36	15	Concentrated Purchasing Agency
37	16	Thematic Audit: "On the implementation of recommendations for the second half of 2020"
38	17	Fier Drainage Board
39	18	Public Health Institution
LOCAL GOVERNMENT UNITS AUDIT DEPARTMENT		
40	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
41	2	Këlcyrë Municipality
42	3	Konispol Municipality
43	4	Krujë Municipality: Reconstruction, demolition procedures and reconstruction procedures of the middle school, Thumanë
44	5	Municipality of Tirana "On the compliance for the public-private partnership project, construction of schools"
45	6	Korçë Municipality
46	7	Pogradec Municipality
47	8	Kuçovë Municipality
48	9	Lushnjë Municipality
49	10	Tropojë Municipality
50	11	Shkodër Municipality
51	12	Peqin Municipality
52	13	Durrës Municipality
53	14	Sarandë Municipality
54	15	Kukës Municipality
55	16	Selenicë Municipality
56	17	Dibër Municipality
57	18	Kurbin Municipality

58	19	Tepelenë Municipality
59	20	(Audit for the financial statements of the year) Dibër Municipality 2020
60	21	(Audit for the financial statements of the year) Kurbin Municipality 2020
61	22	(Audit for the financial statements of the year) Durrës Municipality 2020
62	23	(Audit for the financial statements of the year) Kuçovë Municipality 2020
63	24	(Audit for the financial statements of the year) Peqin Municipality 2020
64	25	(Audit for the financial statements of the year) Pogradec Municipality 2020
65	26	(Audit for the financial statements of the year) Sarandë Municipality 2020
66	27	(Audit for the financial statements of the year) Konispol Municipality 2020
67	28	(Audit for the financial statements of the year) Këlcyrë Municipality 2020
68	29	Gjirokastrë Municipality
69	30	Has Municipality
70	31	Kavajë Municipality
71	32	Klos Municipality
72	33	Pustec Municipality
73	34	Fushë Arrëz Municipality
74	35	Përmet Municipality
75	36	Memaliaj Municipality
76	37	Libohovë Municipality
77	38	Dropull Municipality
78	39	Gramsh Municipality
79	40	Delvinë Municipality
80	41	Finiq Municipality
81	42	Bulqizë Municipality
82	43	Përrenjas Municipality
83	44	Librazhd Municipality
84	45	Pukë Municipality
85	46	Divjakë Municipality
ASSETS AND ENVIRONMENT AUDIT DEPARTMENT		
86	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
87	2	State Inspectorate of Environment, Forests, Water and Tourism, Tirana
88	3	Directorate of the Northern Region of Shkodër
89	4	The Local Directorate of the State Cadastre Agency Sarandë and Sarandë Municipality
90	5	<i>Performance Audit on the topic:</i> Effectiveness of the measures taken to improve the real estate registration and administration system
91	6	<i>Performance Audit on the topic:</i> In the State Cadastre Agency: The effectiveness of the legalization process and the impact on the administration of public property
92	7	NAF Regional Directorate, Tirana District
93	8	National Coastal Agency
94	9	National Protected Areas Agency
95	10	Local Directorate of SCA Saranda (Thematic Audit)
96	11	Local Directory of SCA Stimulated Areas
97	12	Local Directorate of SCA Korça
98	13	General Directorate of SCA
99	14	Former ZVRPP + former Aluizni (LDSCA) Kruje

100	15	Former ZVRPP + former Aluizni (LDSCA) Berat
101	16	Former ZVRPP + former Aluizni (LDSCA) Lushnje
102	17	National Agency for Territorial Planning (NATP)
103	18	State Inspectorate of Market Supervision
104	19	Unauthorized use of the substance "ethylene oxide" in the production of the product "Ice Cream" in the National Food Authority and RDNFA
105	20	Thematic Audit: "On the implementation of the recommendations made by ALSAI in the second part of 2020"
106	21	Former ZVRPP + former Aluizni (LDSCA) Vlorë
PUBLIC COMPANIES AND FOREIGN INVESTMENTS AUDIT DEPARTMENT		
107	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
108	2	Thematic Audit: "On the implementation of the recommendations made by ALSAI in the second part of 2020"
109	3	Electric Power Distribution Operator
110	4	Albanian road authority
111	5	Durrës Port Authority
112	6	"Ali Mihalj" Psychiatric Hospital, Vlorë
113	7	Durrës Regional Hospital
114	8	University Hospital of Trauma
115	9	Vlora Regional Hospital
116	10	"Shefqet Ndroqi" University Hospital
117	11	Shkodër Regional Hospital
118	12	Kurbin Water Supply and Sewerage JSC
119	13	National Housing Authority
120	14	Civil Aviation Authority
121	15	Albanian Radio Television
122	16	Water Supply Sewerage JSC Vlora
123	17	AlbContoll
124	18	The General Maritime Directorate of Durrës
125	19	<i>Project: "Modernization of Social Assistance", Ministry of Health and Social Protection</i>
126	20	<i>Project: "Agency for the Delivery of Integrated Services Albania" (ADISA)</i>
127	21	<i>Project: "Improving the health system", Ministry of Health and Social Protection</i>
128	22	<i>Project: "Integrated Urban Development and Tourism", Albanian Development Fund</i>
129	23	<i>Project: "Energy efficiency, program for the electricity transmission sector", Transmission System Operator</i>
130	24	<i>Project: "Modernization of Social Assistance", Ministry of Health and Social Protection</i>
131	25	<i>Project: "Agency for the Delivery of Integrated Services Albania" (ADISA)</i>
132	26	The Restructuring Plan of the AEC JSC in the AEC JSC
133	27	"Connectivity of Regional and Local Roads" Project in the Albanian Development Fund
134	28	Project: "Water supply to rural areas III", in the Albanian Development Fund

INFORMATION TECHNOLOGY AUDIT DEPARTMENT		
135	1	Thematic Audit: "On the implementation of the recommendations made by the ALSAI in the first 6 months of 2020"
136	2	Thematic Audit: "On the implementation of the recommendations made by ALSAI in the second part of 2020" and the first 6 months of 2021
137	3	IT Audit: State Geospatial Information Authority
138	4	IT Audit: General Directorate of Customs
139	5	IT Audit: Directorate of Revenue, Taxes and Local Fees, Shkodër Municipality
140	6	IT Audit: Albanian Post Office JSC
141	7	IT Audit: Institute of Food Safety and Veterinary (IFSV)
142	8	IT audit: Effectiveness of the process of centralizing the provision of services by NAICT for the period 2017-2020
PERFORMANCE AUDIT DEPARTMENT		
143	1	<i>Performance Audit on the topic:</i> Effectiveness of policies in the preservation and administration of archaeological sites
144	2	<i>Performance Audit on the topic:</i> Emergency Fund at the Social Insurance Institute
145	3	<i>Performance Audit on the topic:</i> Safe Motherhood: Natal and Postnatal Hospital Health Care
146	4	Performance Audit: Mountain Tourism Development
147	5	Performance Audit: Plastic Waste Management
148	6	Performance Audit: Cleaning of the city in the Vlora Municipality
148	7	Performance Audit: Rural Economy with focus on Agrotourism
150	8	Performance Audit: Effectiveness and Efficiency of the management of motor vehicle parking on the streets of the city of Tirana and Korça
151	9	Performance Audit: The effectiveness of the management of the Covid-19 pandemic situation
152	10	Performance Audit: The effectiveness of the activity of the national library
153	11	<i>Thematic Audit: "On the implementation of the recommendations made by ALSAI in the first 6 months of 2020"</i>
154	12	Performance Audit: The effectiveness of the programs for dealing with the consequences of the natural disaster of November 2019
155	13	Performance Audit: Effectiveness of motor vehicle parking on city streets
156	14	Performance Audit: Performance of the Fire Protection Service in Albania
157	15	Performance Audit: Metrological Inspection Performance
158	16	Performance Audit: Fines for traffic code violations, from the State Police



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