Twinning Project STRENGTHENINGE OF EXTERNAL AUDITING CAPACITIES (AL13IBFI01)

The twinning project is implemented jointly by the Supreme Audit Institutions of Albania, Poland and Croatia. Its title and main objective is to STRENGTHEN EXTERNAL AUDITING CAPACITIES in Albania by the further development of the Albanian SAI as an effective and independent auditor of public funds whose activity is based on international auditing standards and EU best practices.

According to the Lima Declaration, passed in 1977 by the XII Congress of the International Organization of Supreme Audit Institutions INTOSAI, an independent, competent and credible SAI is an essential element of an accountable, transparent and effective administration in any state.

Also the Association Agreement between Albania and the European Union indicates that the candidate state must have an efficient system of public internal financial control and external audit.

Through this project, the EU partners, the SAIs of Poland and Croatia would like to share their experience with Albanian colleagues and support them in building a strong and reliable public auditing for the benefit of the Albanian state and people.

However, it is not the project's intention to copy the practices of the Polish, Croatian or other EU countries' institutions or promote the Member States' national approaches. The Member States want to support their Albanian colleagues by sharing their own experience and assisting them in development of solutions tailored to needs and specific requirements of the Supreme State Audit of Albania.

In 2015, the Parliament of Albania adopted a new Act on the Supreme State Audit which indicates directions for the development of the public auditing in Albania, including new aspects of audit, like performance or IT audit. The new law significantly affects the activity of the Albanian SAI. Within the implementation of the project, the Polish and Croatian SAIs would like to support Albanian colleagues to benefit from those changes as much as possible and implement them effectively into everyday practice of the Albanian Supreme State Audit.

What we do within the project

All planned activities are carried out in line with the modern audit framework in the public sector, as defined in the International Standards of Supreme Audit Institutions (ISSAI).

The project is divided into three components:

1. Improvement of legislative framework for audits

The first component tackles the legal framework of the Supreme State Audit. The partners have jointly analyzed regulations related to the activity of Supreme State Audit to identify potential risks. A concept of a commentary to the legal provisions has been elaborated and an activity programme to effectively apply the new law has been proposed. Draft guidelines/manual concerning the audit recommendations tracking is also going to be developed.

2. Development of audit methodologies and reporting capacities

The second component consists of five subcomponents:

2.1. Role of SAI in fraud and corruption prevention

The existing policies and practices have been reviewed and discussed on the improvement of fraud and corruption awareness and audit policies and practices in Albania. Such issues as a whistleblowing system in the Supreme State Audit, fraud and corruption audit methods and their practical use both in stand-alone audits and as part of other audit activities have been reviewed. A draft manual dedicated to fraud and corruption component of auditing has been developed.

2.2. Financial and compliance audit

In the area of financial and compliance audit a discussion on strategic planning, based on overall risk analysis and essential points of public interest has been conducted and a new approach has been proposed. Guidance and training is going to be provided as well as selected audits are going to be supported by expert guidance and advice.

2.3. Performance audit

In the area of performance audit, relevant training on modern techniques has been provided and pilot audits on selected topics are being carried out to practically test the improved methodology and ensure that ALSAI's whole performance audit process is fully aligned with international standards and best EU practice, as well designed to meet the Albanian context.

2.4. IT audit

As regards IT audit, a new area of the activity of the Supreme State Audit, a training module for Albanian auditors has been provided. Moreover, a plan to create an IT audit help system has been designed in order to enhance IT audit knowledge transfer in ALSAI. Expert support in a pilot IT audit is going to be provided.

2.5. Audit quality control and assurance

The relevant manuals and guidance are reviewed and amended. Once agreed, they are going to be tested in a number of pilot audits, and then be subject to a final review.

3. Strengthening of ALSAI institutional capacity and improving impact of ALSAI audit results

The third component focuses on strengthening of institutional capacity of the Supreme State Audit of Albania.

The planned activities contribute to the increase of efficiency of the organisation in its planning and operational activities.

One of them is the revision of the human resources policy, which is going to
- strive at the professional development of staff,
- provide training,
- develop required competences and skills
- and, generally, support the staff in their work.

Another main area of this component is enhancing awareness of stakeholders and general public on auditing and its results. Here, we focus on the way how the audit reports are prepared and make their contents interesting to various stakeholders: Members of Parliament, the media and individual citizens.

At the same time, we put much attention to the communication policy, which should:
- ensure very good communication with various stakeholders
- increase their participation in the activity of SAI,
- lead to better transparency of the activity of the Supreme State Audit.

The project's implementation started in March 2016 and is planned to end in March 2018.