



REPUBLIC OF ALBANIA
ALBANIAN SUPREME AUDIT INSTITUTION



100
YEARS ALSAI

ANNUAL PERFORMANCE REPORT 2024



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MESSAGE OF THE CHAIRMAN OF ALSAI, MR. ARBEN SHEHU

ALSAI throughout 2024, has continued with dedication and based on its constitutional and legal mission, to exercise the auditing mandate of public funds and state property, aiming to ensure accountability, transparency, and improvement of management in the public sector.

Throughout this year, ALSAI has carried out 159 audits at all levels of government and all types of audit, including compliance audits, combined audits, performance audits, and audits of information technology systems. The 205 audits covered public entities, central government, local government, independent institutions, and state-owned enterprises. As a result of these audits, 194 audit opinions and conclusions were issued, complemented by over 4378 specific recommendations for improving the situation in the governance of public funds.

At the core of ALSAI's mission is the rigorous implementation of International Standards of Supreme Audit Institutions (ISSAIs), aiming to ensure the legal, regular and effective management of public funds, in order to maximize value for citizens. The guiding principle of our work is that every budgetary unit should be accountable for the use of the resources entrusted to it, in line with policy objectives and the public interest as the ultimate standard.

The financial audits carried out have revealed recurring phenomena of misclassification of expenses and revenues, failure to register public assets, incomplete registration of arrears, and inaccurate reporting of these items. Many of these issues stem from weaknesses in internal control systems and the lack of supporting legal documentation, resulting in distortion of financial statements and incorrect



representation of the financial situation of the institutions.

In the compliance audits, the management of public assets continues to be a high-risk area, as unregistered properties, lack of property certificates, and depreciated assets not included in the balance sheets have been found. In some institutions, delivery acceptance documents are missing, and it is unclear who is responsible for the management of public assets. Furthermore, violations of procurement legislation continue to be identified, such as: lack of real competition, biased criteria, unjustified evaluation of operators, and weaknesses in contract management. Instances of contracts awarded to a single operator have been observed, along with procedures lacking necessary documentation and violations in the application of selection criteria. In some cases, procurements were made for services covered by existing contracts, resulting in duplicate costs to the public budget. The audit of public contract implementation revealed payments for incomplete work, a lack of penalties for contractors, and other related issues.



In many public institutions, formal budget planning exists but often lacks a real connection to actual needs or strategic priorities. Supporting documentation for budget requests is frequently inadequate, and projects are sometimes submitted beyond approved ceilings without clear justification. Budget execution has shown frequent deviations and ongoing adjustments, increasing the risk of arrears and placing added pressure on future budgets. In the area of public revenues, audits have uncovered issues in the collection and administration of customs and tax revenues, as well as the persistent non-recovery of related debts. Additionally, problems such as incorrect tariff classifications and the continued failure to apply punitive measures have remained unaddressed. Another area requiring special attention is human resources management. There is a lack of clear division of responsibilities, absence of disciplinary processes, and instances of unfair dismissals, which continue to impose additional costs on institutional budgets due to court rulings in favor of dismissed employees. Performance audits have shown that the focus on results remain limited, with outcomes often negligible or impossible to measure. Measurable indicators are generally lacking, and inter-institutional coordination is frequently absent. Policies tend to remain formal, without being supported by integrated budgeting or concrete implementation plans.

In the files of information technology systems, audits have revealed significant weaknesses in systems management, information security, and the efficient use of technology, including noncompliance with established standards and the absence of effective recovery plans. In 2024, the Albanian Supreme Audit Institution continued its active follow-up on previously issued recommendations, conducting 13 audits to assess their implementation status. Despite a high acceptance rate of 99%, only 70% of recommendations were found to be fully

implemented, partially implemented, or in the process of being implemented. This number remains largely unchanged from the previous year, highlighting the need for improvement in the pace of implementation. The ALSAI will continue to apply institutional pressure to encourage the full and timely implementation of its recommendations, considering it as a key mechanism for enhancing the public administration effectiveness.

The results of these audits were submitted to the Assembly, together with 139 audit reports, in accomplishment with ALSAI's mission to support parliamentary oversight of executive actions and to emphasize the importance of implementing recommendations to address identified issues. A key development in 2024 was the enhancement of this communication through the Subcommittee on External Public Audit established in July 2024, supported by a dedicated unit within the SAI. To further strengthen its role as an auditing institution, the ALSAI intensified efforts to promote transparency and raise public awareness on issues related to the management of public funds. Monthly news bulletins were published, and 2 social media profiles were launched to disseminate key findings to the wider public. This proactive approach is intended to keep citizens and stakeholders informed and engaged.

In pursuit of its institutional strategic objectives, ALSAI continued in 2024 to focus on strengthening its internal capacities by approving and implementing the staff professional development program. This included specialized training in performance auditing, IT auditing, risk management, and data utilization. The process was further supported through cooperation with counterpart institutions in Kosovo, Norway, Turkey and North Macedonia, involving participation in training sessions, workshops, and parallel audits.



On the international level, ALSAI maintained and expanded its role as an active member of the public audit community. Engagement in the INTOSAI and EUROSAI networks, along with the collaboration with partner institutions from the region and beyond, has facilitated experience sharing and the promotion of best audit practices. Cooperation has also continued with key strategic partners such as IDI, SIGMA/OECD, and SECO.

As a contributor in the fight against corruption, ALSAI has emphasized the importance of strengthening internal controls within public institutions, with the goal of preventing irresponsibility and neglect in the use of public funds and in the delivery of services to citizens. This is achieved by highlighting not only the identified violations in audit reports, but also, by underlying systemic issues that contribute to their recurrence.

Dear Reader,

The year 2024 marked another year of continuity for the Supreme Audit Institution of Albania in fulfilling its mission as a guarantor of accountability, transparency, and integrity in the management of public funds. In line with its mandate, ALSAI conducted extensive audit activities across institutions at all levels and categories, ensuring a holistic coverage of the public sector.

ALSAI once again reaffirmed its commitment to fully meeting its constitutional and legal responsibilities, while preserving its credibility as an independent and professional institution serving the public interest. This commitment is grounded in the understanding that public trust must be earned each day, through systematic, objective work, impartial analysis, and independent judgment.

Important challenges lie ahead, including the continued digitalization of processes, the

strengthening of the SAI's preventive role, and increasing its impact on good governance and transparency through recommendations that go beyond observations.

The future demands for all stakeholders involved, the Assembly, executive institutions, civil society and citizens, to commit toward building up a new culture of governance: in which transparency, accountability, and integrity are not distant goals, but fundamental and steadfast norms of an efficient and trustworthy administration.

On this path, ALSAI remains fully devoted to exercise its role with professionalism, independence, and dedication, continuing to serve as a public institution in the service of citizens, a supervision mechanism to reforms and an independent voice, whenever the public interest is affected.

ARBEN SHEHU









01

MISSION, VISION, AND
OBJECTIVES

1 MISSION, VISION AND OBJECTIVES



Mission

The Supreme Audit Institution of Albania is an independent constitutional institution that, through expertise and high-quality audits, supports the Assembly and informs the public and stakeholders in a continuous, impartial, and comprehensive manner about the accountability demonstrated by the government and public entities in managing taxpayers' money. Its ultimate goal is to contribute to the improvement of public services.

Vision

ALSAI aims to be a model institution that leads by example, promoted increased accountability and transparency, and enhances the quality of public services. Through high-quality audits and active involvement in the fight against corruption, it works to strengthen institutional integrity and foster public trust.

Objectives

As outlined in the Institutional Development Strategy 2023-2027, the SAI's strategic objectives for 2024 are:

- Enhancing the SAI's role as a supporter of the Assembly, to enable more effective accountability and thorough oversight of public fund management by audited entities.
- Increasing the impact of audit work on good governance, by improving the implementation rate of audit recommendations.
- Strengthening professional capacities, with a focus on acquiring and applying innovative knowledge and methodologies in audit work.

In line with INTOSAI P-12 "The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens", the SAI has adopted guiding principles that define how it fulfils its mandate to strengthen accountability, transparency, and integrity within government and public sector entities. These principles emphasize: reinforcing accountability and transparency in public institutions; demonstrating due regard for citizens, Assembly, and other stakeholders; and positioning the SAI as a model organization that leads by example.









02

EXECUTIVE SUMMARY

KEY INDICATORS, YEAR 2024



159 AUDITS

In accordance with its legal mandate and institutional strategic objectives, ALSAI conducted 159 audits during 2024, exceeding the 155 audits initially planned. These included financial, compliance, performance, information technology systems audits, as well as combined audits, audits on the implementation of previously issued recommendations, and thematic audits focused on specific issues.

Financial audits	45
Compliance audits	43
Combined audits	35
Performance audits	15
IT audits	8
Audits on the implementation of previously issued recommendations	13



194 OPINIONS / MESSAGES / CONCLUSIONS

Based on audit evidence and the professional judgement of auditors, taking into the account the audit criteria, the materiality of findings, and their impact, the following 194 audit opinions, messages, and conclusions were issued. These reflect the SAI's assessment of how public institutions have met their obligations in the use of public funds and delivery of services.

Financial	80*
Compliance audits	78*
Messages	15
IT Conclusions	8
Other Conclusions	13



4378 RECOMMENDATIONS

For the shortcomings, irregularities, and issues identified during the audit missions, ALSAI has issued relevant recommendations aimed at improving the situation. These recommendations have been classified by type, as follows:

Organizational measures	2594
Legal improvements	28
Disciplinary measures	993
Administrative measures	66
Financial effects (number of cases)	697
Financial effects (value in Thousand ALL)	16,472,676

* opinions/conclusions on financial and compliance audits



KEY INDICATORS, YEAR 2024



205 AUDITED ENTITIES

In accordance with its legal mandate, the Albanian Supreme Audit Institution conducted audits in 2024 across 205 entities, including independent institutions, central government bodies, local self-government units, public companies with over 50% state ownership, and foreign-funded investment projects. These audits were carried out as follows:

Independent institutions	13
Central government bodies	80
Local self-government units	75
Public companies	20
Asset management institutions	17



70% LEVEL OF IMPLEMENTATION* OF RECOMMENDATIONS

In fulfillment of its legal obligation, ALSAI conducted audits to assess the implementation status of 3937 recommendations issued in previous audits. The aim was to verify the extent to which these recommendations have been addressed. The results are presented as follows:

Measures accepted from which:	3882
Fully implemented	1261
Partially implemented	578
In the process of being implemented	866
Not implemented	1177



1.94 HUMAN RESOURCES EFFICIENCY LEVEL

Human Resources Efficiency level refers to how effectively ALSAI manages its human resources to successfully achieve the objectives outlined in the annual audit plan.

In 2024, it resulted that each auditor was, on average, engaged in more than one audit simultaneously, with an average of 1.94 audits per auditor.

* The implementation indicator reflects the number of recommendations that are fully implemented, partially implemented, or in the process of being implemented.



KEY INDICATORS, YEAR 2024



ORGANIZATIONAL STRUCTURE

For human resources management, ALSAI adheres to the applicable legal framework. The recruitment procedures in 2024 were developed in alignment with the institution’s Development Strategy 2023-2027 and the approved human resources management policies. These procedures are designed to ensure that ALSAI recruits qualified staff with the necessary skills and experience to meet both current and future needs.

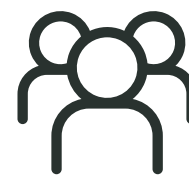
Total employees	216
Total auditors	162
Internships at ECA and GAO	6
CPA/CIPFA Certification	2
IDI Certified Employees	3
CEF “Advanced Internal Auditor”	
Certifications	3
Internal Auditor Certifications	21



COMMUNICATION AND COOPERATION

In line with the Communication Strategy 2022-2025, ALSAI has continued to publish audit results, which have received extensive coverage in both print and audiovisual media, thus increasing the visibility of its audit work. Cooperation with both domestic and international partners has also remained strong, in accordance with relevant agreements.

Published audit reports	106
Requests/ Complaints handled	326
Articles/ Chronicles on ALSAI	1830
Parallel audits	3
New cooperation agreements	2
Project with SECO completed	1
Project with IDI completed	1



PROFESSIONAL DEVELOPMENT

In compliance with its legal obligations, ALSAI has successfully implemented the Integrated Professional Development Program for employees. This was achieved through cooperation with both internal partners such as ASPA (Albanian School of Public Administration), and external partners, including counterpart SAIs, INTOSAI, EUROSAI, IDI, CED, the World Bank, and other.

Training Days per Year (auditors)	26
Training Days per Year (non-auditors)	20
Topics with foreign trainers	75%
Topics with local trainers	25%
International conferences and trainings	58



2 EXECUTIVE SUMMARY

Based on the constitutional and legal obligations, additionally, in the capacity of the external public audit institution, ALSAI has conducted during 2024, 159 audit missions in the public institutions covering financial audits, compliance audits, performance audits, IT systems audits, combined audits, thematic audits, and follow-up audits on the implementation of previously issued recommendations. Specifically, ALSAI conducted 45 financial audits, 43 compliance audits, 35 combined audits, 15 performance audits, 8 IT audits, and 13 audits on the implementation of recommendations.

In terms of audit scope, and in accordance with its mandate, ALSAI carried out these audit missions across 205 entities. These included 97 central government public entities, 75 local self-government units, 13 independent institutions, and 20 public companies with a state ownership share exceeding 50%.

In accordance with the mission of ALSAI and International Auditing Standards, the primary objective of audits is to issue an overall audit opinion or conclusion, accompanied by relevant recommendations aimed at addressing identified issues or shortcomings and improving the performance of the audited entities. Accordingly, in the audits conducted during 2024, a total of 194 audit opinions, messages, and conclusions were issued. These included 80 financial audit opinions/ conclusions, 78 compliance audit opinions/ conclusions, 15 performance audit messages, 8 IT audit conclusions, and 13 conclusions related to the implementation of previously issued recommendations.

Regarding the quality of audit opinions, 29 audits resulted in unmodified opinions, indicating that only in these cases the financial statements were deemed accurate and in compliance with relevant laws and financial principles. These opinions reflect situations

where the audited institutions demonstrated proper financial reporting and no significant violations or material errors were identified.

In 7 audits, where deficiencies were assessed as material, fundamental, and widespread, ALSAI issued adverse opinions. The remaining audits received qualified opinions, indicating the presence of material but not pervasive errors in financial statements.

It is important to note that each audit report undergoes a rigorous quality control process conducted by a dedicated unit within the SAI. This structure ensures that the audit procedures, conclusions, and opinions comply with International Auditing Standards and are supported by sufficient evidence and professional judgment. Accurate classification of audit findings ensures that the resulting recommendations and messages are clear and appropriately reflect the severity and significance of the issues identified.

In total, the audit opinions and conclusions issued were accompanied by 4378 recommendations, which include: 2594 organizational measures, 28 proposals for improvements in the legal framework, 1059 disciplinary and administrative measures, 184 measures addressing economic damage and 513 measures to correct irregularities with a negative financial impact.

These recommendations aim not only to address existing shortcomings and assign responsibility, whether individual or managerial, but also, and most importantly, to prevent their recurrence to the future.

As part of its audit responsibilities and in compliance with legal obligations, ALSAI conducts follow-up audits to verify the implementation of recommendations issued in previous audits. In 2024, verification was carried out for 97 audits conducted in 2023. It was found that approximately 70% of the



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recommendations have been fully implemented, partially implemented, or are currently in the process of being implemented by the responsible institutions.

This implementation rate, while indicating progress, also highlights a gap when compared to the high level of recommendation acceptance

(90%). To address this, ALSAI has continued to urge institutions to fully implement all recommendations.

Regarding main findings, for which the corresponding recommendations have been formulated and included in the final audit report, these are grouped by area as follows:

Issues related to the audit of financial statements

In the financial and combined audits, several issues were identified that affect the quality of financial reporting and the adherence to accounting principles and standards. One of the most widespread problems is the misclassification of expenses and revenues, which distorts the financial statements and undermines their reliability. For instance, there were instances where investment expenditures were recorded as operating expenses, or revenues that had been realized were not recognized in the financial statements within the appropriate reporting period. Such issues were observed in both central and local government institutions.

These deficiencies often stem from a lack of supporting documentation and weak internal control systems. Another significant issues identified related to the incomplete registration of assets and the absence of proper ownership documentation, particularly for immovable property. Audits conducted in various municipalities revealed properties that were not recorded in the accounting systems, assets lacking ownership certificated, and assets that had not been subjected to depreciation.

Repeated problems have been identified concerning the receipt and improper classification of assets, in violation of accounting principles. These issues contribute to the distortion of financial statements and increase the risk of mismanagement or unauthorized disposal of public assets. In some cases, audits revealed a lack of harmonization between accounting records and the data reported to the Treasury, which undermines the reliability of financial reporting and complicates the audit process.

Another persistent issue is the violation of public accounting principles in the inaccurate recording of liabilities, including debtors and creditors. Several audits found instances where liabilities were recorded in reporting periods different from when they were actually incurred. Additionally, a notable concern is the absence of complete and up-to-date liability registers, particularly regarding obligations to suppliers or those resulting from court decisions.

In audits of several municipalities, deficiencies included missing evidence of arrears, failure to calculate interest on overdue payments, and the non-recording of liabilities recognized by judicial rulings. These weaknesses not only lead to inaccuracies in financial reporting but also pose a significant risk of increased future liabilities and unjustified penalties, ultimately resulting in additional budgetary burdens.

In the audits of institutions with subordinate structures, a lack of consolidation of financial information between central and subordinate units was identified. Financial statements were prepared only for the central apparatus, excluding data from regional directorates or other spending units. Violations were also found regarding legal deadlines for submitting financial statements, lack of reconciliations between balance sheets for the respective years, and financial statements that did not include all transactions for the period.



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Another systemic issue revealed by the financial audits is the lack of capacity and effectiveness within internal audit units. In some institutions, particularly at the local level, the internal audit unit is either non-functional or produces reports that are formal and not based on risk analysis. Furthermore, audit units have not fully exercised their functions throughout the year. In summary, the financial audits highlight recurring issues such as misclassification, failure

to register assets, delayed reporting, lack of reconciliations, and weak internal audit functions, underscoring the need for further improvements in public financial management systems.

Issues Related to Compliance in Public Institutions' Activities

In 2024, ALSAI conducted several compliance and combined audits to assess public institutions' adherence to the applicable laws and regulatory frameworks. Overall, the compliance audits revealed widespread non-compliance with legal and regulatory requirements, particularly in areas such as procurement, fiscal reporting, and contract implementation. These issues are systemic and present at multiple levels of governance.

One of the most common issues identified is the lack of budgetary discipline throughout the financial cycle, including planning, approval, execution, and reporting. In some instances, funds were reallocated toward projects that had not undergone the full evaluation process, resulting in inefficient use of available resources.

Shortcomings in budget planning were identified due to delays and inaccuracies in the preparation of budget requests by line ministries. Issues included the submission of incomplete documentation and additional requests that exceeded the approved ceilings. In response, ALSAI recommended strengthening

budgetary discipline, ensuring strict adherence to deadlines, and maintaining proper formats and justifications for new projects during the drafting of the annual and medium-term budgets (MTBP).

The Reserve Fund exceeded the legal limit of 3%, with a portion amounting to 304.6 million ALL being used for expenses that were not truly unpredictable but could have been anticipated during the budget drafting process.

Regarding **budget execution and public investment management**, significant budgetary reallocations were noted. Specifically, 2,514 reallocations were identified within the 2023 budget, 454 of which occurred beyond the legal deadline of November 15. Some investment funds were cut at the time of signing contracts and subsequently reallocated, increasing the likelihood of creating arrears.

In 2023, approximately 9.226 million ALL was paid to settle arrears, while new liabilities amounting to around 2.474 million ALL were also generated. In light of this, ALSAI stressed the importance of implementing stronger budget monitoring practices to prevent the interruption of investment funds before completing their full cycle. It also emphasized the need to avoid unforeseen delays outside the three-year plan, promote the timely execution of investment projects, and prioritize the reduction of arrears, as they continue to burden the budgets of subsequent years.

The audit of the Compulsory Health Insurance Fund (CHIF) identified shortcomings in the drug reimbursement process. Specifically, CHIF did not provide detailed reimbursement data at the beneficiary level with unique identification codes, making it impossible to conduct full verification of the legitimacy of the reimbursements. Despite this limitation, the audits for 2021 and 2022 revealed 60 cases of improper reimbursements for patients who had



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passed away. These cases, spread across various regions, doctors, and pharmacies, highlight significant weaknesses in the reimbursement control system.

Regarding **the regularity of the List of Reimbursable Medicines (LBR)**, it was found that the list was not drafted and approved in a timely manner. Additionally, cheaper alternative medicines were not included in the scheme, leading to an additional cost of around 114 million ALL for the CHIF's budget.

Repeated violations of legal deadlines for the registration of procurement orders, contracts, and the settlement of invoices in the Government Financial Information System

(GFIS) were also identified. This issue was widespread among local self-government units but was also present in central institutions and public companies.

In the area of Public-Private Partnership (PPP) contracts and concessions, violations of financing criteria, monitoring deficiencies, and inadequate assessments of long-term budgetary impacts were found. In some instances, payments continued for services that were either not performed or performed in lower volumes than projected. Such issues were observed in significant contracts in the health sector, where reported expenses exceeded the approved budgets, and liabilities were settled in ways that contradicted the contractual terms, including VAT.

Additionally, commitments without available funds were identified, totaling 6.7 billion ALL. As of December 31, 2023, accumulated liabilities for water supply and sewage enterprises amounted to approximately 30.9 billion ALL, with sub-borrowing entities holding liabilities of 2.4 billion ALL. Meanwhile, the stock of arrears for central and local government units stood at 8.1 billion ALL.

The audit on **the regularity of the activity of the fiscal revenue administration institutions** found

that: The General Directorate of Customs had deviations from the legal framework in customs activity during 2023. These deviations were assessed as material, though not widespread, leading ALSAI to issue a qualified opinion and highlight issues such as the lack of involvement in the planning of customs branches' revenues.

The audit of the General Directorate of Customs revealed deviations from the legal framework in customs activity during 2023, which were assessed as material, though not widespread. As a result, ALSAI issued a qualified opinion and highlighted the lack of involvement in the planning of customs branches' revenues as a key issue.

Weaknesses were found in the functioning of anti-smuggling controls, where the relevant Directorate failed to take appropriate measures in some cases. Even when unpaid customs duties (tax evasion) were discovered, the customs authorities did not impose double penalties nor classify the violations as "negligent customs offenses".

Another issue affecting collected customs revenues is violations related to tariff classification, customs valuation, and the calculation of customs duties. These included unfair treatment of prices for imported goods, partial or selective use of the transaction method, misclassification of products, and tax and excise duty evasion.

As of December 31, 2023, the stock of customs debt amounted to 47.6 billion ALL across 4,495 debtor entities. However, the recovery of customs debt remains at an unacceptable level, with only 1.2% of the debt stock being recovered during 2023, indicating a lack of implementation and control capacities.

To address these issues, ALSAI recommended improvements in internal control and risk management, better coordination between planning and control structures within the customs administration, realistic revenue



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planning, and more targeted and effective controls to reduce opportunities for smuggling and abuse.

The audit of the Tax Administration (General Directorate of Taxes) revealed problems in the collection of tax revenues and the administration of obligations. Although the GDT has made improvements in several areas, ALSAI identified material deviations that led to a qualified opinion on the compliance of its activities. These deviations were based on the following issues:

An increased tax debt stock. As of the end of 2023, the total arrears of tax liabilities amounted to around 155.2 billion ALL, affecting over 181,000 debtor taxpayers. During 2023 alone, the stock of liabilities increased by 40 billion ALL. Furthermore, approximately 2.35 billion ALL in tax liabilities were not recorded in the electronic C@TS system. For this reason, ALSAI recommended that the DPT implement and intensify restrictive measures, such as asset freezes and activity bans, as well as fully integrate all obligations into the central system to ensure complete presentation and monitoring.

Irregularities in tax audits. Regarding the regularity of tax audits, which serve as a mechanism for monitoring and ensuring fiscal legality, the tax audit plan was found to be largely unfulfilled. According to DPT data, out of 2,982 tax audits planned for 2024, 109 audits (approximately 4%) were not initiated at all. This shortcoming is attributed to the lack of coordination between the Risk Management Directorate and the Regional Tax Directorates responsible for conducting field audits.

Lack of coordination and reconciliation. Additionally, the audit of the Verification and Coordination Directorate revealed that there is no systematic reconciliation with the Risk Management Directorate regarding the controls carried out and the results of operational plans.

In general, the SAI's recommendations for tax administration aim to increase the efficiency of revenue collection. The implementation of these recommendations will help reduce evasion, improve tax collection, and increase transparency toward businesses. ALSAI also suggested continuing the digitalization of tax services and supervision, with the aim of reducing direct contact between inspectors and taxpayers, thus minimizing the possibilities of corruption.

Another problematic area identified is the management of revenues from public services and own resources, especially in local units. Audits of some municipalities found discrepancies between reported revenues and those actually collected, lack of reconciliation with banks or payment registers. In some cases, revenues from local taxes were not recorded on time or were used for purposes other than their legal destination.

The lack of proper management of public assets is another phenomenon that poses a direct risk to the economic interests of the state. In institutions charged with the administration of collateral and bankrupt loans, such as the Credit Processing Agency, there has been a lack of documentation, failure to register confiscated assets, and an inability to identify or evaluate them. Data systems are incomplete, with many unidentified records, while the necessary legal actions to pursue debtors, including in cases of inheritance or bankruptcy, are lacking.

Several combined audits have found problems with the recording of arrears, which have been reported in a fragmented or inaccurate manner in the financial statements, reflecting them in later periods and affecting real budget planning. In some cases, neither the acts of legal recognition of obligations nor the decisions establishing the violations that had led to the respective payments existed.

Audits conducted during 2024 identified problems in the **field of procurement**,



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widespread across central and local administration institutions, universities, hospitals, and public enterprises. These issues are primarily related to ineffective procurement planning, restriction of competition, irregularities in the drafting and implementation of contracts, as well as a lack of internal control.

In the audited municipalities, annual procurement plans were often not aligned with budgets or real needs. In some cases, qualification criteria were set in a way that limited competition, while in others, supporting documentation for the evaluation and selection of operators was missing. There were also procedures involving only one competing operator, tender documents with unjustified or biased criteria, and unsubstantiated determination of the limit fund. In some instances, procurement was used for services covered by existing contracts, resulting in the duplication of costs. Delays in the

implementation of contracts, lack of penalties, and payments for unfinished or incompletely completed works were also identified. Additionally, the structure for technical supervision and contract administration was often absent or not functioning properly.

Problems were also found in the administration of human resources across various public institutions. One of the most recurring findings related to unfair dismissals and the lack of supporting documentation for the relevant decisions. There were instances where dismissals occurred in violation of the Labor Code and specific civil service laws, without a proper disciplinary process or without providing an opportunity for appeal. These practices led to additional costs for the state budget due to the consequences of these decisions. Cases of overlapping functions or a lack of clear division of responsibilities were also noted, increasing the risk of abusive decision-making and undermining institutional integrity.

Overall, the combined audits revealed that compliance and financial statement problems are often intertwined, which mutually affect reporting inaccuracies, lack of transparency, and mismanagement of assets, liabilities, and budgetary funds available to institutions. The findings once again highlight the need to increase institutional capacities, strengthen the internal control system, improve accountability, and evaluate existing oversight and monitoring mechanisms.

Regarding **performance audits**, the Supreme State Audit conducted 15 audits during 2024, focusing on assessing the effectiveness, economy, and efficiency of public institutions in performing their tasks and functions, in areas of public sensitivity such as health, education, culture, gender equality, environment, and public services.

In the **health sector**, audits revealed issues in the management and distribution of medical equipment. In hospitals like QSUNT and the Trauma Hospital, the lack of biomedical engineers has created dependence on external services for equipment maintenance and repair. This has not only increased costs but has also led to uncertainty in resource management. Additionally, national strategies for distributing these devices do not reflect the demographic realities and needs of the population, resulting in inefficient distribution and unmet health needs.

Another critical issue identified was the care of patients with mental health problems in specialized hospital services. The audit highlighted the lack of a comprehensive approach to their treatment, while psychiatric hospitals face severe shortages in accommodation and service capacities. The Psychiatric Hospitals in Elbasan and Vlora continue to struggle in treating chronic patients, while insufficient cooperation between the Ministry of Health and Social Affairs and the



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Ministry of Justice has hindered the establishment of specialized institutions.

In the field of the environment, audits identified serious problems in the treatment and disposal of urban and hospital waste. The four municipalities audited, particularly Durrës and Vlorë, have failed to implement integrated waste management systems, resulting in waste being deposited in inappropriate conditions that endanger public health and pollute the environment. A particularly alarming issue is the burning of waste in open spaces, where the release of hazardous substances poses a major threat to both the environment and the local community.

In terms of hospital waste, regional hospitals in Shkodër, Durrës, Vlorë, and Korçë showed significant shortcomings in documentation and infrastructure for the treatment and storage of hazardous waste. Climate change also represents a major challenge for Albania, where the overall commitment remains limited. The National Climate Change Adaptation Plan, drafted in cooperation with UNDP in 2023, has not yet been approved and lacks legal force for implementation. Furthermore, the absence of a strategic framework for climate finance and the failure to establish a dedicated sector for climate issues within the Ministry of Tourism and Environment have hindered the implementation of adaptation measures. While the law on climate change stipulates the creation of a special fund for the environment, it has not yet been implemented, limiting financial resources for necessary projects.

In the social and gender equality field, audits revealed problems with the adoption process and the empowerment of women in rural areas. Legal adoption procedures are often complicated, with stringent restrictions that do not always prioritize the best interests of the child. The lack of a harmonized legal and administrative framework for adoptions has

resulted in significant delays and complications, sometimes discouraging potential adopters. Gender equality, particularly in rural areas, also remains a critical challenge that requires special attention. Women in these areas continue to face barriers to accessing essential resources and services, hindering their personal and professional development. The lack of public transportation, nurseries, and kindergartens negatively impacts their opportunities for employment and inclusion in the labor market, creating obstacles to their economic and social advancement.

In the fields of education and culture, audits revealed issues with the Excellence Fund for students, where overlapping responsibilities between the managing institutions resulted in a lack of coordination and transparency. Career guidance for young people in the pre-university education system was also found to be ineffective due to the absence of sustainable mechanisms. As a result, many young people do not receive adequate support to identify and develop their potential. Regarding culture, the audit found that Albanian cultural assets listed by UNESCO, such as Berat and Gjirokastra, face significant challenges in preservation and management. The lack of approved management plans and dedicated funds has hindered maintenance and restoration efforts, endangering both their physical condition and their status as part of the world heritage.

In the field of public space management, public beaches constitute an important asset for citizens; however, audits have revealed significant shortcomings in meeting safety and quality standards. In many cases, public beach structures are disorganized and do not meet the minimum criteria for access and comfort. Furthermore, the increase in contracted beach areas has not been proportionally reflected in the revenues collected from the relevant fees. This disproportion has resulted in a lack of



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sustainable investments to improve these spaces, limiting citizens' access to quality areas for recreation and relaxation. The absence of strategic interventions and infrastructure investments has negatively impacted the value and functionality of these spaces, highlighting the need for a more coordinated and transparent approach.

Overall, the performance audits for 2024 have shown that a results-oriented approach and impact measurement have not yet been fully adopted as part of public institutions' management practices. A lack of inter-institutional coordination, inefficient resource use, and weaknesses in planning and monitoring have undermined the efficiency and effectiveness of programs, policies, and strategies, ultimately affecting the quality of public services and diminishing citizens' trust in public institutions.

The information technology audits conducted by ALSAI during 2024 aimed to evaluate the security, functionality, integrity, and efficiency of electronic systems used by public institutions for service delivery and data management. A total of eight IT audits were carried out, focusing on institutions that operate systems critical to the functioning of the state and public services. These audits revealed several issues, highlighting significant weaknesses in the planning, development, maintenance, and protection of IT systems within the public sector. Furthermore, the findings pointed to a complete absence of an institutional culture for managing IT-related risks.

A recurring problem is the lack of policies and procedures for IT infrastructure and system management, which exposes institutions to both internal and external threats. Other identified risks include the absence of formal documentation for managing user access, inadequate control of administrative privileges, and improper allocation of critical

roles—all of which raise the risk of data manipulation or unauthorized system use.

It was also found that there is a lack of personnel or training in cybersecurity and system management, which significantly increases the risk of human error and mismanagement of critical systems. A shortage of staff in IT departments was also noted. Furthermore, in many institutions, periodic training is not conducted for end users, while IT personnel often lack specialized training, certifications, or adequate preparation for the technologies they manage.

The audits also pointed to deficiencies in data security and storage practices, including weaknesses in backup management. Poor control over data access levels and inadequate data handling protocols have jeopardized the integrity and confidentiality of sensitive information. For example, in the e-Gjoba road traffic offense management system, the absence of clearly defined data management rules has created uncertainty regarding the protection of state data. Similarly, at the National Coastal Agency, data generated by the electronic permit system is vulnerable to manipulation, as it is transmitted through unsecured channels.

There is a lack of clear division of responsibilities for systems administration and cybersecurity. In some institutions, there are no dedicated roles for data management and protection, making it difficult to implement effective information security and privacy measures. Additionally, database management procedures are often undocumented or not consistently followed, creating risks to data integrity and availability.

Another widespread issue is the lack of control over system functionalities, including the absence of structured testing, technical documentation, and policies governing source code changes. In key IT projects, deficiencies were identified in formal documentation, non-compliance with technical specifications, and a



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lack of regular reporting. This was evident in the implementation of the 2018 and 2022 e-Gjoba system contracts, where persistent operational issues were observed through the end of 2023. These shortcomings have negatively impacted both service quality and system reliability.

In some institutions, IT systems lack proper input validation mechanisms, increasing the risk of inaccurate or incomplete data entries. For example, in the Economic Assistance System, the absence of such controls heightened the likelihood of incorrect outcomes. Similarly, in the National Agency of Natural Resources (NANR) mining permit system, inadequate data control has led to missed deadlines and duplicated information, undermining the accuracy of reports.

Another common issue in subordinate and local government institutions is **insufficient investment in technological infrastructure**. Some institutions rely on outdated equipment for communication and data storage, which fails to meet required security standards. For instance, limited IT investment in the National Coastal Agency has negatively affected both operational efficiency and data security.

Overall, IT audits confirmed that Albania's public sector faces serious challenges in the security and management of digital systems.

The identified weaknesses — including the absence of clear policies, limited specialized capacities, and inadequate access controls — expose institutions to significant risks. These findings underscore the urgent need for improvements in IT management and the strengthening of cybersecurity measures.

In terms of institutional organization and management, in addition to its core audit mission, the Supreme Audit Institution of Albania has continued in 2024 to diligently fulfill its supporting functions aimed at strengthening institutional capacities, engaging with the public, and cooperating with the Assembly of

Albania, national institutions, and international audit organizations. All activities were carried out in alignment with the strategic objectives outlined in the Institutional Development Strategy 2023–2027.

In relation to Goal No. 1 of the Strategy, during the year 2024, ALSAI has maintained an ongoing relationship with the Assembly of Albania, as the institution to which it reports and from which it secures institutional support for the exercise of its mandate. In this way, it has continued to send final audit reports, reports on the implementation of recommendations made in previous audits, as well as sending periodic Statistical Bulletins. As a novelty for 2024, with the establishment of the Subcommittee on External Public Audit within the Committee on Economy and Finance, hearings have been organized to review the 2025 budget draft law, as well as to discuss the results of the required audits, at the end of which the Subcommittee has issued recommendation reports for the audited institutions, with the aim of promoting the full implementation of the recommendations of the SAI.

Regarding Goal No. 2 of the Strategy, one of the areas with direct impact on increasing the audit work is the follow-up of recommendations left in audits carried out in previous periods. This legal task has been carried out in a standardized manner, through thematic audits “on the implementation of recommendations”, thus contributing to increasing accountability and awareness for the implementation of the SAI's recommendations in particular and legality and accountability in the public system as a whole. In this regard, ALSAI has also paid special attention to communicating the results of its audit work to the public, the media and interested parties, using mechanisms such as publishing audit reports, statistical bulletins and announcements on various activities on its official website.



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In accordance with the recommendations of the Assembly, since November 2024, a monthly information bulletin has been drafted and published, and two profiles have been opened on the social networks Instagram and Facebook, in which the SAI's activity is reflected in the general public. Also, during 2024, ALSAI continued to play an active role in international audit networks as a member of INTOSAI and EUROSAI. Cooperation has been developed with partner institutions such as: IDI (INTOSAI Development Initiative), CEF (Center of Excellence in Finance), World Bank, SECO, etc., in the context of increasing capacities and adopting best practices. ALSAI auditors have participated in joint trainings and projects. ALSAI has also strengthened partnerships through bilateral agreements with counterpart institutions such as cooperation with the National Audit Office of Kosovo, Norway, the Turkish Court of Accounts, North Macedonia, the European Court of Auditors (ECA) and SIGMA/OECD and GAO. These collaborations are focused on harmonizing standards, conducting joint or parallel audits, and exchanging technical expertise.

In order to increase transparency and interaction with citizens, the SAI, following an open communication policy, has regularly managed complaints, suggestions or information sent by citizens, which have then been reviewed in order to plan audits or assess the importance or public sensitivity of the issue raised.

In relation to Goal No. 3 of the Strategy, a central component of institutional development during 2024 has been the professional development of audit and non-audit staff, through a structured training program that relies on both the institution's internal capacities and cooperation with local and foreign partners. A series of internal and external trainings have been

organized, covering topics related to: performance audits, IT audits, the use of data in auditing and professional ethics. The application of the mentoring scheme and internal review of the work of auditors has continued, with the aim of ensuring quality and aligning with INTOSAI standards.

Regarding the organization and functioning of the institution, even during 2024, ALSAI has taken care of increasing institutional capacities. The structure of the institution enjoys a balanced gender representation, with a significant participation of women. ALSAI has maintained an internal organization that responds to the needs of its mission. The organizational structures are divided according to the departments of auditing the state budget, central government institutions, local self-government units, companies with state capital, as well as two structures dedicated to conducting performance audits and information technology audits, supported by important structures such as the methodology and strategic planning and the quality control and assurance structure. In addition, the internal organization ensures the administration and continuity of the audit activity, through dedicated support structures.

For 2024, the approved number of employees for the ALSAI was 243 employees, at the end of the year, 216 employees resulted, of which 162 were auditors.

Regarding ethics and integrity, ALSAI attaches importance to cultivating an ethical and professional environment for its staff. During 2024, the Code of Ethics document was reviewed, and training was provided on ethics, conflict of interest prevention and anti-corruption awareness.

In summary, with a qualified and well-trained staff, ALSAI has managed to fulfill its audit objectives with quality and on time. Continuous



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investment in human resources and their professionalism constitutes a guarantee that ALSAI will continue to be a competent, efficient and reliable institution in its supervisory role.

Overall, the year 2024 marked a period of further consolidation of the SAI's role as a guarantor of public funds, where in addition to the important audit findings, the institution has significantly strengthened its internal capacities, interaction with institutional actors and the public, as well as its position in the network of international counterpart institutions. This sustainable institutional development is essential for increasing credibility, strengthening integrity and fulfilling its constitutional mandate with high responsibility in the service of the public interest.

As the only institution of external public financial control, ALSAI has made maximum efforts to play its key role in improving public governance, **increasing accountability and preventing corruption**. During 2024, ALSAI has emphasized this role in several directions:

In terms of increasing accountability and transparency in public administration, through each recommendation issued, which aims to strengthen internal financial and organizational controls in the audited institutions, quantifying in each case the negative impact of the lack of these controls, assigning responsibilities and deadlines for implementation. This, for greater attention from the responsible/supervisory institutions, which are obliged to report on the implementation of ALSAI recommendations.

Also, monitoring the implementation of recommendations ensures that institutions do not neglect their obligations. This culture of accountability imposed by ALSAI helps to create a more responsible and corruption-resistant administration. In particular, through recommendations for improving the legal and regulatory framework, systemic improvements

are aimed at closing the gaps for interpretation and harmonization of legal and sub-legal acts, and consequently the gaps for abuse.

Thus, the SAI's contribution goes beyond individual institutions and positively affects public governance reforms as a whole.

Among other things, ALSAI has referred cases with criminal elements to the justice authorities. During the year 2024, ALSAI has sent 13 criminal reports, which include cases where the audit revealed actions or omissions with serious violations of the law. In addition to the reports, ALSAI has forwarded, at the request of law enforcement bodies, 35 other informative materials on issues that require further investigation.

Regarding internal **budgetary and financial aspects**, the SAI, according to the budget law no. 97/2023 and the following normative acts, for the year 2024, the budget was approved in the amount of 630.5 million ALL, divided into: personnel expenses, operating expenses (goods and services), and capital expenses, the realization of which is presented as follows:

The fund for salaries and social insurance (personnel expenses) of 538.1 million ALL was realized at a rate of 97.7%. These expenses include the salaries of auditors and support staff, as well as payments for external experts, engaged under a temporary contract for specific expertise.

Operating expenses (goods and other services) of 75.5 million ALL, which constituted about 12% of the annual budget, were realized at a rate of 94% and were used to cover the costs of the institution's daily operation. It is worth noting that a very large portion (57%) of the actual operating expenses for 2024 were for travel, meals and accommodations within the country in order to carry out audit activity in the districts.



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The special fund (special expenses) available, of 1.5 million ALL, for specific cases such as retirements, financial assistance for accidents or illnesses of employees, etc., was used at a rate of 77%. The unspent portion, about 23%, is returned to the budget as savings.

The item “Capital Expenditures” approved for investments by ALSAI for 2024 was 15 million ALL. To this amount was added during the year a remaining portion from a foreign grant (donor project) from the previous year, in the amount of 3,181 thousand ALL, which could be used for capital purposes. In capital investments, IT equipment, the reconstruction of premises and the purchase of a new vehicle were mainly prioritized. These expenses were realized at a rate of 70%.

ALSAI has achieved good budget implementation, on average over 95% in all main items. This means that the institution has been provided with adequate financial resources and has used them effectively to fulfill its mission. The high implementation of operating expenses indicates realistic planning of needs and careful administration.









03

2024 AUDIT
ACTIVITY

COMPLIANCE AUDITS

Compliance audit is the independent assessment of whether a particular subject matter is in compliance with the applicable regulatory framework identified as criteria. Compliance audits are conducted to assess whether activities, financial transactions and information, in all cases, are in compliance with the regulatory framework that governs the audited entity. At the end of this type of audit, an opinion or conclusion is issued. An opinion is a clear statement in a standardized format, which may be unqualified, qualified, adverse or negative, specifically:

Unqualified opinion, in cases where no material issues of non-compliance with audit criteria have been identified.

Qualified opinion, in cases where compliance deviations are material but not widespread.

Adverse opinion, in cases where compliance deviations are material and widespread.

Disclaimer of opinion, in cases where the auditor is unable to obtain sufficient appropriate audit evidence on compliance and the potential effects are material and widespread.



43
Audits



46
Audited entities

- 4 independent institutions
- 29 central institutions
- 7 local self-government institutions
- 9 public company



43
Opinions/
Conclusions

- 1 unqualified opinion
- 1 unqualified with an emphasis of matter
- 26 qualified opinions
- 3 adverse opinions
- 12 conclusions



1433
Recommendation

- 8 legal improvements
- 763 organizational measures
- 410 disciplinary and administrative measures
- 203 financial effects



Financial effects
8,853,973 (thousand ALL)



3.1 COMPLIANCE AUDITS

In the Ministry of Finance and Economy:

In the General Directorate of Budget, the General Directorate of Treasury, the General Directorate of Public Debt and Foreign Aid Coordination and the Ministry's Apparatus, for the period of activity of 2023, problems and shortcomings have been identified in all phases of budget planning, approval, execution, monitoring and reporting, for which a **qualified opinion** has been given based on the following:

During the budget planning process in line ministries, there have been delays in submitting requests, shortcomings in completing the formats and additional requests submitted in the technical phase, beyond the final ceilings; with the annual budget law, with amendments, a contingency fund of 14,980 million ALL has been planned, which is not foreseen as a separate item in the organic budget law.

The approved Reserve Fund has exceeded the limit approved in the Organic Budget Law of 3%, respectively with Normative Act No. 5 it is calculated at 3.13% and with Normative Act No.6 at 3.38% of the total approved expenditures, meanwhile the Reserve Fund results to have been used in 5 cases, in the amount of 304.6 million ALL even for expenditures that do not meet the criterion of "unpredictability", i.e. they were known during the budget drafting phase; the detailing of public investment projects has been carried out without going through the full cycle of public investments.

During 2023, after the Eurobond issuance, the total liquidity surplus of all currencies is in the range of 75-131 billion ALL. The majority of the surplus has accumulated during the year in the TSA in Euro, due to improper management of monetary assets, which together with unnecessary currency conversion, have led to increased expenses.

Regarding budget implementation, it was found that during 2023, the budget plan was detailed in 3 years, for contracts that provide for an invoicing period of less than one year, cuts in investment funds at the time of contract signing and reallocation to other investment projects, risking the creation of arrears. 454 budget reviews have been carried out, consisting of 4478 transactions after November 15; details and redistribution of budget funds have been carried out to cover arrears in the amount of about 14 million ALL, payments have been made to settle arrears in 2427 transactions in the total amount of 9,226 million ALL, of which payments for arrears for investments in the amount of 6,791 million ALL, or about 7.7% of domestically financed capital investments, distorting the volume of investments realized for the fiscal year 2023. It is found that new liabilities in the amount of 2.474 million ALL of the sub-borrowing entities have been created as a result of non-repayment of the respective liabilities.

Regarding the implementation of legal deadlines, 167 cases were found where the physical date and registration in the procurement order system belong to the budget year 2023, while the date of the physical contract belongs to previous years; 594 cases where the procurement order was registered in 2023 but the contract and physical procurement order belong to previous years; in 9137 contracts that were concluded during 2023, the 5-day deadline for registering contracts in the contracts module in FISG was not respected, from the date of their signing, where 27% of the total is occupied by contracts of local self-government units; 31,717 invoices totaling 74,084 million ALL were found, submitted to the Treasury outside the 30-day deadline.



3.1 COMPLIANCE AUDITS

Regarding the reporting, it is found that capital investments with internal financing realized from secondary income in the amount of 1,176 million ALL have been reported, investments that do not have an approved budget plan, in the consolidated fiscal indicators table; in 6 cases, ADF made a prepayment of contracts for 4 investment projects in the amount of 133,144 thousand ALL, which are included in realized investments; there are 39 investment projects, with loans and grants, in the amount of 1,216 million ALL, realized without having a budget plan and 47 projects in the amount of 775,769 million ALL were realized in excess of the approved budget plan; while 81 projects in the amount of 1,120 million ALL, have been misclassified in account 231 “Investments for the increase of long-term tangible assets” as they represent a different nature of expenditure.

The value of reconstruction funds distributed by DCM over the years is above the value determined in the budget laws for the years 2020-2023 in the amount of 29,428 million ALL, as the distribution of funds by DCM has not been accompanied by a change in the value of the reconstruction fund in subsequent budget years, according to Table 4 of the annual budget law.

The value of interest/delay interest that burdens the state budget for non-execution of the 3 main decisions of the ECHR, until 31.12.2023, is estimated at 3,442,744 Euros.

Despite the fact that the Directorate for Harmonization of Financial Management and Control assesses the quality of internal control, which also includes joint stock companies, it is found that such an assessment has not been carried out for them, thus not having consolidated information on the quality of the public internal control system as a whole.

In the General Directorate of the Compulsory Health Care Insurance Fund (CHCIF):

In the process of medicine reimbursement, for the period 01.01.2021-31.12.2022, material and widespread problems and deficiencies have been identified, on the basis of which an **adverse opinion** has been given, based on the following:

Despite the continuous requests to CHCIF to make reimbursement data available at the beneficiary level, including the unique personal identification number (ID), the audited entity presented this data with a patient code, which the audit found to not always be unique for each patient, making it impossible to conduct full tests on the accuracy of reimbursement beneficiaries.

Despite these limitations, alternative audit tests were performed on a portion of the reimbursement beneficiaries (for 2022, a total of 21,090 patients were tested and for 2021, a total of 13,885 patients), for whom, in the evidence submitted by CHCIF, it results that the patient code is the same as the unique personal identification number (ID).

Furthermore, according to information provided by the General Directorate of Civil Status, it has resulted that in 24 cases for 2021, in the amount of 150,518 ALL and 36 cases for 2022, in the amount of 221,843 ALL, prescriptions with reimbursement were executed for deceased beneficiaries. These cases have qualitative materiality and are widespread in regions, different doctors and pharmacies, part of the mandatory health care insurance scheme and included in the medicine reimbursement procedure.

The effects of these inaccuracies in reimbursement funds may prove more widespread across the entire population of reimbursement beneficiaries.



3.1 COMPLIANCE AUDITS

In addition to the above limitation, other inaccuracies have been identified in the process of planning and conducting controls, affecting the monitoring of the mandatory health care insurance scheme regarding this issue, which include:

The List of Reimbursable Medicines (LRM) was not drafted and approved on time, not respecting the history of its periodicity of approval. The lack of drafting the LRM in 2022 has brought financial effects to the CHCIF budget, as a result of the non-inclusion of at least 5 new alternatives with lower prices, referred to the drug registry by the Medicine Price Commission at the MHSP, for the amount of 939,384 Euros or 114,323 thousand ALL, as well as/or with an impact on the health of patients.

The category with the highest increase in reimbursement costs does not result in being part of the beneficiaries of health services according to the scheme by the criterion of being contributory or not, but results in being included by the criterion of the type of morbidity it carries, increasing the need for budgetary support. As a result, the budget for reimbursable medicines has been exceeded compared to the determinations made in the annual budget laws, creating arrears.

The breakdown of the budget at the level of regional directorate, health center and doctor carries problems related to the lack of evidence on the relationship between the allocated budget and the levels of population coverage.

There is evidence of a tendency for prescriptions to be filled at the doctor level, towards certain pharmacies, according to a non-normal distribution that indicates the possibility of a connection between them.

There are no controls implemented in the electronic prescription system to meet the criteria of the reimbursement process regulation, which has enabled the provision of

more than 3 medicine per prescription for certain categories, duplication of treatment with the same medicine for the same period in different prescriptions for the same patient, etc.

The electronic system for insured persons presents problems in reporting data that include incomplete, duplicated or outdated fields regarding patient code, ID, patient name, doctor, etc.

Controls carried out on pharmaceutical entities under contract with CHCIF, for the implementation of the mandatory health insurance scheme regarding the reimbursement of medicines, result in problems in terms of differences in inventory, availability of medicines or failure to fulfill control obligations for certain entities.

Even in the case where a closed-loop control was carried out, although cases of reimbursement on the same day as the patient's death were identified, the controlling structures did not document this and no conclusions were drawn on the legality of the reimbursement.

At the Compulsory Health Care Insurance Fund and the Directorate of University Hospital Services:

For the period of activity 01.01.2023- 31.12.2023, the ALSAI has concluded that the activity of the audited entity has deviations from the relevant legal framework, which are material but not widespread, for which a **qualified opinion** has been given, based on:

Even for 2023, the concession contract "For the provision of hemodialysis" has resulted in payments for unperformed services, specifically for 9241 cases under projection and 1557 cases over projection, in the amount of 103,527 thousand ALL.

Regarding the financing of PPP contracts, it has resulted that in three contracts, the value of annual financing, as well as their financing



3.1 COMPLIANCE AUDITS

projections in the 2023-2025 MTBP, are beyond the budgetary support foreseen for their implementation, specifically:

The PPP *“For the provision of integrated services for the supply of personalized sets of sterile surgical instruments, the supply of sterile single-use medical material in surgical rooms, the treatment of biohazardous waste and the disinfection of surgical rooms”*.

In 2022, 1,700 million ALL were foreseen, in 2023 1,750 million ALL, in 2024, 1,770 million ALL and in 2025, 1,790 million ALL, which also shows the increasing tendency of the financing of this contract, this is also confirmed by the payments made.

It is also found that the total number of surgical interventions by degree of complexity, in 2023, compared to 2022, has increased by 3.1% (63409 cases/61450 cases or in a monetary value of 1,749,982 thousand ALL/1,699,975 thousand ALL).

The PPP *“Hemodialysis Service”*, as a budgetary support for 10 years, according to forecasts, is in the amount of 7,221 million ALL in total. For 2022, the invoices received are in the amount of 807,647 thousand ALL, for 2023 they are 851,974 thousand ALL, meanwhile the budget forecast for these two years results in: 786,451 thousand ALL for 2022 and 835,385 thousand ALL for 2023.

Regarding the PPP *“Laboratory Service”*, it has resulted that in 2023, the number of examinations has increased by 182,816 cases, compared to 2022, while budgetary expenses have increased by 111,836 thousand ALL.

Regarding the financing and liquidation of expenses for the Concession Contract *“PPP-Basic Medical Checkup”* and *“PPP- Sterilization of medical equipment”*, the value of the expenses incurred for the provision of these services was liquidated with VAT, referring to the terms of the contracts, but in violation of the legal provisions.

Regarding the list of reimbursable medicines, it has continued not to be drafted and approved on time, not respecting the criterion of periodicity of its approval, with consequences on the level of reimbursement financing. Referring to the administered data, it results that due to the lack of drafting of the LRM in 2023 and the failure to include new alternatives with lower prices, significant amounts of money from the state budget have been spent ineffectively.

The controls carried out on entities with contracts with CHCIF for the implementation of the compulsory health insurance scheme regarding the reimbursement of medicines have revealed the same problems in terms of differences in inventory, availability of medicines or failure to fulfill control obligations for certain entities, as well as failure to conduct closed-loop controls.

In the Agency for the Management of Guarantees and Credits (formerly the Credit Treatment Agency):

For the period of activity 01.01.2021- 31.12.2023, the ALSAI has identified deviations from the legal and regulatory framework in force, which are material and widespread, for which an **adverse opinion** has been given, based on the following findings:

Based on the legal provisions according to which the Agency holds in its accounts funds equal to $\frac{1}{4}$ of the annual operating budget, it results that for 2023, 29,493 thousand ALL less was paid into the state budget.

The agency does not have a list of data on assets left as collateral at the time of obtaining the loan, to document their value and changes over the years. The Agency's failure to assess collateral has resulted in the failure to transfer these assets to the Agency and subsequently the inability to sell them at auction, jeopardizing the possibility of collecting loans.



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It results that there are: 5 movable assets seized by the Agency, without ownership documents for which no depreciation has been calculated over the years; 12 immovable assets, unaccounted for, for which the ownership certificate is missing; and 21 properties accounted for, but without an ownership certificate. The lack of ownership documents and the failure to accurately reflect their real value risk the alienation of these assets, their devaluation over time due to depreciation and, as a result, the lack of income from not selling them through auction procedures.

The Agency has not concluded cooperation agreements with all institutions provided for in the amended law "On the Credit Treatment Agency".

The Electronic Credit System does not provide an accurate reflection of the loans processed by the Agency, due to deficiencies in data completed over the years, inconsistencies found with the inventory and inconsistencies in the number and value of loans; deficiencies inherited over the years starting from the moment of receipt.

There are 7167 client records without any identifying data (except the name) with consequences on the possibility of loan recovery. The system does not provide an overview of the debtors' collateral, in order to analyze them and take appropriate measures by the Agency.

The Agency has not implemented all procedures and coercive measures for the collection of debts, as a result of: 66 companies for which the Agency has not addressed the Court to declare bankruptcy and appoint a liquidator; and no action has been taken to open an inheritance for any debtor who has passed away.

The account liabilities to KFW[^] (for loan agreements financed by KFW[^] for the Commodity Aid II, Commodity Aid III,

Commodity Aid IV projects) has been increasing, specifically, from the value of 2,013,983 Euros in 2022 to the value of 2,210,455 Euros in 2023.

In the Bank of Albania:

For the period of activity 01.01.2023- 31.12.2023, the ALSAI has concluded that the entity's activity is in accordance with the legal provisions and by-laws and regulations in force, for which an **unqualified opinion** has been given, except for some issues to be taken into consideration by management, such as: covering the negative reserve from the revaluation of currencies through the issuance of securities by the Ministry of Finance and Economy, within the deadline provided for in the law "On the Bank of Albania", as amended, and the Agreement "On the transfer of the net profit of the BoA to the MF, and the coverage of the losses of the BoA dated 20.01.2015", as amended.

Regarding the "Reserve as a result of the first-time application of IFRS", the Bank of Albania does not have any document, manual or instruction that determines the manner of implementing these standards, managing the transition to IFRSs, as well as the creation and use of the reserve created for this purpose.

For one auction, the auction commission has received two competing requests, with the same yield level requested by the same entity, not in accordance with the Ministry of Finance Instruction No. 31, dated 26.12.2013 "On the issuance by the Government of the Republic of Albania of treasury bills in register form", as amended.

In the Kakavija Customs Branch:

For the period of activity 01.01.2021 to 31.12.2022, the ALSAI has identified material, but not widespread, deviations from the legal and regulatory framework, for which a **qualified opinion** has been given, based on:



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Deficiencies and irregularities in customs procedures, customs valuation of goods and transport costs in imports, tariff classifications not in accordance with the definitions of the Nomenclature of Goods in the Republic of Albania (RA), customs declarations resulting in non-payment of excise duties, etc.

Cases have been found where: for some entities the value of imported items was treated with a transaction, even though the attached documentation does not meet the conditions to be treated as such; the same subject for the same imported item in many cases has been reassessed and in other cases not; declarations of prices of finished products below the price of the raw material; treatment of used goods with a transaction below the price of the raw material; as well as for goods imported from countries outside the European Community, whose treatment was done with a transaction at the moment of release for free circulation, these actions not in accordance with the requirements of customs legislation, resulting in missing revenues in the state budget, in the amount of 85,374 thousand ALL.

Also, problems have been identified regarding the measures taken both for the collection of customs debt, which results in the amount of 410,475 thousand ALL at the end of 2022, where the increase in debt results higher than its collection, as well as for the reporting of customs debt, by not correctly calculating the interest on arrears for 2021 and 2022 in the amount of 1,438 thousand All less, or the failure to make the administrative decision on time by the customs authority, after keeping the relevant records.

Deficiencies in administrative decision-making were found regarding the problems identified for entities operating at this customs, resulting in missing revenues of 93 thousand ALL for 4 cases, belonging to the year 2021; the procedures followed during the scanning of assets were

found to be not in accordance with the provisions in the legal acts regulating this process; deficiencies were found in the authorizations of fiscal warehouses regarding guarantee coverage according to customs legislation and controls carried out regarding excise duty; problems were found during customs supervision of entities operating under customs regimes, resulting in missing revenues in the amount of 1,605 thousand ALL.

Specific entities have imported goods of the nature of live animals for fattening classified in Chapter 1, based on the criteria and definitions of Instruction No. 2 dated 03.04.2017 "On the procedures for the treatment of live animals for fattening", for which the verification activity for imports of goods by the Kakavija Customs Branch at the homologous customs offices, issuing the goods, for the essential economic factors, which have brought about the condition of the AFF declaration (exemption from tariff and VAT), as well as the supervisory activity by the customs branches of the destination of the goods, is not documented.

In the Tirana Customs Branch:

For the period of activity 01.01.2022- 31.12.2023, the ALSAI has concluded that the activity of the audited entity has deviations from the relevant legal, sub-legal and regulatory framework which are material but not widespread, for which a **qualified opinion** has been given, based on: deficiencies and irregularities in customs procedures resulting in missing revenue, estimated at a total amount of 417,679 thousand ALL.

Cases of TPR-type customs regimes have been identified, resulting in violations of re-export deadlines and authorization of extensions of the deadlines of these activities, in the total amount of 31,550 thousand ALL.



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In the warehouse of seized goods, 497 different codes of seized items are recorded, in the amount of 11,892 thousand ALL for the year 2022 and at the end of 2023 in the amount of 24,341 thousand ALL. For these goods blocked on suspicion of infringement of intellectual property, the Directorate for the Protection of Intellectual Property (as the ascertaining directorate) does not in all cases make decisions to continue destruction procedures, but only a blocking report and in the absence of seizure reports, no decisions have been prepared by the legal sector to continue the confiscation procedure.

In a significant number of customs practices of food items, mainly chapters 1, 2, 3 and 4, 7 to 24 of the NG in the RA, the accompanying legal documentation with administrative effects in the amount of 2,500 thousand ALL for 125 declaration cases was missing.

For the items *“UHT milk with 3.6 fat and coffee milk”*, *“Surgical Gloves”* and *“Cold Garlic”*, *“Spray (light oils), Primer and Solvent”* and *“Lubricating Oil”*, issues related to the customs tariff rate, payment of the QPL tax (national tax on whey, powdered milk and cream) and national excise taxes for the goods *“Spray (light oils), Primer, and Solvent”* and *“Lubricating Oil”*, were found, for which the GDC must carry out control actions near the companies' headquarters in order to track and account for the missing customs revenues, estimated at 173,484 thousand ALL.

The customs debt in the Tirana Customs Directorate, for 2022, was 18.368 million ALL with 1407 debtors and in 2023, 18.620 million ALL with 1252 debtors, for which not all measures have been taken to collect the debts. In cases of decision-making for quantitative differences found in the quantity of goods resulting in excess and undeclared in the respective customs declarations by economic operators, a customs fine equal to twice the unpaid customs duties

was not applied and the customs violation was not treated as “Customs violations committed through negligence”.

Administrative decisions have been made for violations in the field of excise, for which ascertainment measures have been imposed by the GDC control structure, but for which no measure has been proposed for the confiscation of the goods subject to customs violations and their subsequent repurchase before the disposal and release of the goods.

Decisions have been made in violation of the customs legislation in force, related to non-compliance with the time limit for customs regimes of the TPR type in the total amount of 3,121 thousand ALL.

Contrary to the provisions of Article 256.1/b of the Customs Code, where the offense does not relate to goods, according to the provisions of letter “a”, a sanction of 20,000 ALL to 50,000 ALL is applied, no record of findings was kept, where the sanction for the offense was applied in 13,045 cases in the amount of 260,900 thousand ALL for the years 2022 and 2023.

In the General Directorate of Customs:

For the period of activity 01.01.2023- 31.12.2023, the ALSAI has found that the activity of the audited entity has deviations from the relevant legal, sub-legal and regulatory framework which are material but not widespread, for which a **qualified opinion** has been given, based on the following findings:

Customs branches are not included in the revenue planning process, but the plan is forwarded by GDC for implementation every month; The stock of unpaid duties increases at a higher rate than it decreases (is collected) and throughout 2023, the amount of duty repayment by entities results in the amount of 607,943 thousand ALL or 1.2% of the total unpaid customs duties, which indicates a failed situation in recovering the stock of duties created over the years.



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Regarding the procedures followed by the Directorate of Tariff and Origin, it was found that, during the procedure for issuing VAT Exemption Authorizations, for some previously authorized economic operators, the values in the investment plans do not reach the estimated value of 500 million ALL, with consequences in the non-payment of VAT duties on imports and the avoidance of VAT customs duties in the amount of 66,140 thousand ALL in 4 cases.

Goods were declared for the purpose of exemption from VAT customs duties in 7 cases in the amount of 16,651 thousand ALL, where no concrete verifications were carried out on the premises of the declaring entities in order to evidence the factual compliance of the physical condition of the exempted goods according to the respective authorizations in function of carrying out the investment.

51 customs declarations have been identified with injectable skin care products, fillers/botox from 9 entities, with a total declared value of 65,062 Euros and 75,743 Dollars, which do not result in being equipped with the certificate for the registration of the relevant medical device in the National Registry of Medical Devices by the National Agency for Medicines and Medical Devices, products which have been cleared and released for trade without the relevant approvals for both the manufacturer and the trader.

From the audit of control practices carried out by the Anti-Smuggling Directorate groups, it resulted that the controls were not finalized with a customs fine equal to twice the unpaid customs duties and the customs violation was not treated as “Customs violations committed through negligence”, for which unjustified differences in the amount of 1,245 thousand ALL were found.

There is a lack of efficient and effective management of the procedures established by excise legislation, a lack of planning, approval and exercise of controls by its three sectors, the Alcoholic Beverages Sector (ABS), the Tobacco and Other Products Sector (TOPS), the Measuring Equipment and Technological Lines Sector (METLS), in a uniform manner throughout the months of 2023 and a lack of documentation of explanatory reports on control programs for 2023.

In the General Directorate of Taxation (GDT):

For the period of activity 01.01.2023- 31.12.2023, the ALSAI has identified material, but not widespread, deviations from the relevant legal and regulatory framework, for which a **qualified opinion** has been given, based on the following:

The GDT does not document its contribution during the revenue plan preparation process, through analyses related to revenue forecasting, draft plans, or similar reports, having simply an implementing role for the revenue plan.

The GDT also reports as income tax prepayments, tax system fines, and penalties, despite the fact that the MFE does not include these incomes in the approved plan.

The balance of unpaid tax liabilities at the beginning of 2023 is presented in the amount of about 146.767 million ALL, belonging to a number of 182,490 debtor entities, and at the end of 2023, these liabilities result in the amount of about 155.165 million ALL, belonging to a number of about 181,023 debtor entities. The added liabilities during 2023 are 40 billion ALL or approximately 3 billion ALL more compared to 2022. The General Directorate of Taxation also has an unpaid tax liability outside the C@TS system, amounting to 2,351 million ALL.



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The VAT refund based on the annual budget law was programmed in the amount of 18,000 million ALL and was realized in the amount of 22,614 million ALL, resulting in an excess of 4,614 million ALL, or 25.63% more than the reimbursement plan. At the end of the 2023 fiscal period, there were 9 requests for VAT refunds received but not approved in the total amount of 100,570 thousand ALL, which, although the maximum deadline of 60 days from the date of their submission has passed, have not been reimbursed.

From the self-declarations of the Regional Tax Directorates, 109 controls out of 2982 planned controls or about 4% of the total have not been initiated, creating a stock of entities planned for control but not controlled, as a result of the lack of coordination between the Risk Management Directorate and the Regional Directorates. There is no coordination between the Risk Management Directorate and the Field Verification and Coordination Directorate regarding the issues, controls exercised and the results of the Operational Plans according to the lists generated for verification based on the broken risk criteria. The Risk Management Directorate at the GDT in the last 5 years has not carried out any audit proposals for entities registered as "NPOs", despite the high turnover that these entities realize, where from the activity database for the last 5 years, there are NPOs with turnover of up to 728,808 thousand ALL, but also for the other risks that these businesses carry. From the audit of the findings by FVCD inspectors, in the C@ts tax information system, regarding the verifications in the field, it has resulted that they are outside the scope determined for verification by the RMD risk analysis, according to the risk criteria. During 2023, field verification groups were not equipped with the electronic monitoring system "E-Inspector", which serves to record work actions, monitor inspectors during field inspections, identify and register

taxable entities, increase transparency and improve monitoring in the process of conducting inspections by the tax administration, automate work processes, and achieve objectives in the fight against informality.

It is found that the controls are not realized in the 2 most important RTDs, specifically RTD of Tirana and DLT. From the analysis of the data on the evidence of the stages in which the controls are in process, it results that the stock of unfinished controls by the Regional Tax Directorates continues to be considerable.

The audit of the implementation of legal procedural deadlines, in relation to cases followed by the Tax Investigation Sector, which are in process until 31.12.2023, results in exceeding these deadlines by up to over 6 months.

For 2023, the effect on the creation of arrears is estimated to be 311 million ALL.

In December 2023, the GDT is presented with an increase in the number of vacancies compared to the beginning of the year, where specifically 238 job positions are vacant, of which 207 are positions with civil servant status and 31 positions with a work code.

Of the total of 109 former employees who won the lawsuit, 77 of them are former civil servants with civil servant status and 32 former employees with a work code. Of the total of former civil servants, 56 of them are still unsettled.

At the beginning of 2023, arrears in the amount of 137,268,000 ALL result for the former employees who won the lawsuit.



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During 2023, new liabilities were created in the amount of 138,422 thousand ALL; and liabilities in the amount of 216,523 thousand ALL were liquidated, which is considered a negative financial effect on the state budget, resulting in a creditors' balance in the amount of 59,167 thousand ALL, of which liquidations of enforcement fees in the amount of 5,964 thousand ALL.

By order no. 69, dated 26.05.2023 of the Prime Minister, the organizational structure of the central tax administration was approved and by order no. 189, dated 08.08.2023 of the Minister of Finance and Economy, the organizational chart was approved, i.e. over 2 months later. The restructuring was still in process until the end of the audited period, and continued throughout 2024.

In relation to procurement procedures, shortcomings have been found in the development of the procedure for drafting the STD in relation to the established criteria, criteria have been found not in accordance with the nature and value of the contract, in an unsubstantiated manner, actions that directly or indirectly prevent the participation of the EO in the procedure or lead to the disqualification of the EO with the most advantageous offer.

Regarding the internal audit structure, after changing the name of a IAD sector, the Audit Charter has not been updated, nor has it been forwarded for approval to the head of the institution. The Internal Audit Committee has not sent to the GDT, the Decision on the Annual Plan 2023 and the Strategic Plan 2023-2025.

In the Regional Tax Directorate, Fier:

For the period from 01.01.2021 to 31.12.2023, the ALSAI has identified material, but not widespread, deviations from the relevant legal, sub-legal and regulatory framework, for which a **qualified opinion** has been given, based on

the following:

In the control reports of the tax inspectors, the collection of the previously recorded amount of around 465,322 thousand ALL was not requested, as tax evasion identified as a result of the invoicing of construction work situations below the approved average costs, leading to a reduction in VAT and profit tax payments, as well as unjustified differences in inventory, which were revalued as sales without a tax invoice.

Also, it was found that the VAT on fuel was credited outside the permitted norms, the incorrect application of the VAT adjustment coefficient for purchases as a result of sales excluded according to the authorizations for reconstruction works, the sales of construction objects below the reference price determined by DCM No. 168, dated 27.3.2019, the failure to apply penalties for late payments of profit tax installments, as well as the lack of justification for the monetary amounts claimed to have been lent by the partner of the company.

Other identified problems are related to deficiencies in the tax revenue monitoring process, in the procedures followed for the selection of entities subject to local control, non-implementation of control proposals by the Fier RTD in the amount of 30%, deficiencies in the systems applied resulting in differences in the VAT declaration at customs, compared to the declaration in the C@ts tax system, etc.

In the Regional Tax Directorate, Vlora:

For the period of activity 01.01.2021 - 31.12.2023, the ALSAI has identified material, but not widespread, deviations from the relevant legal, sub-legal and regulatory framework, for which a **qualified opinion** has been given, based on the following:



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In the control reports of the tax inspectors, the collection of the previously recorded amount of around 223,665 thousand ALL was not requested, specifically as a result of the unfair crediting of VAT for construction work situations, which were invoiced outside the construction permit deadline, inventory deficiencies, sales without tax invoices, incorrect crediting of fuel VAT, incorrect application of the VAT adjustment coefficient; as well as the benefit of the 6% VAT reduction, for entities operating in the field of accommodation structures, etc. Also, in the on-site control reports, there were inaccuracies in the transactions with the partner, carried out contrary to the principles and conditions of the market by not applying interest rates.

Other identified problems are related to the measures taken in the process of monitoring tax revenues, weaknesses in the procedures followed for the selection of entities subject to local control, failure to implement control proposals by the Vlora RTD, etc.

In the Social Insurance Institute:

For the period of activity 01.01.2021- 31.12.2023, non-material deficiencies were found for which an **unqualified opinion** with an emphasis of matter was given, based on the following:

The reporting of the income and expenditure plan and their analysis (fact/plan) was carried out including non-tax income, or "Other GDT and SII" in the amount of 1,740,926 thousand ALL. Consequently, the realization of income from contributions collected by GDT and SII, against the plan approved by the MFE is at the rate of 98.6% and not at the rate of 100% reported by SII.

From the Directorate of Pension Inspection (DPI), 9614 uninspected and uncertified files result, of which 8775 uninspected pension files, belonging to the year 2020, as well as 839 files belonging to the years 2019-2021, for review.

In the CMIS and PCAMS systems, 3 cases of unfair benefit were found, as the beneficiaries were economically active in the public administration at the moment of the pension, in violation of Law No. 7703, dated 11.05.1993 "On Social Insurance in the RA", as amended.

Regarding the right to pension benefits, unfair benefits have been found, as beneficiaries of disability and old age pensions have also been employed (this in 15 cases in the amount of 360,427 ALL uncertified by DPI and in 9 files in the amount of 192,754 ALL certified by DPI); and it has been found that in at least 20 cases, the pension withholding was made by the RDSI in the amount of 20% and not in the amount of 50%, these actions in violation of Law 7703, dated 11.05.1993, "On social insurance in the RA", as amended.

In the Financial Supervisory Authority:

For the period of activity from 01.01.2021 to 30.12.2023, it was found that the activity of the audited entity has material but not widespread deviations from the legal and regulatory framework, for which a **qualified opinion** was given, based on the following:

In the licensing procedures to carry out insurance brokerage activities, both in the life and non-life classes, delays have been observed in meeting the administrative deadlines foreseen. These delays have created a slowdown in the entry of new entities into the market.

Deficiencies have been identified in the decision-making of the FSA Board, which has not taken penalizing measures against insurance companies, despite repeated violations and the lack of improvement in their financial situation and indicators, contributing to increased risk in the insurance sector.



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It is noted that no measures have been taken to sanction insurance companies with fines for the violations found, creating potential damage in the range of 9,950 - 19,400 thousand ALL, thus negatively affecting the discipline and regularity of the insurance market.

It has been consistently observed over the years that the interest rate on the total amount of 6,948 thousand ALL has not been applied to insurance companies that have not paid the relevant part of the compensation fund. The lack of this measure has created a negative effect on the compensation fund, jeopardizing the coverage of the insurance companies' obligations towards the insured.

In the General Directorate for Financing and Contracting of EU, WB and other donor funds:

For the period of activity from 01.01.2021 to 30.06.2024, the ALSAI has concluded that the activity of the audited entity has material but not widespread deviations from the legal and regulatory framework, for which a **qualified opinion** has been given, based on the following:

In some projects, the initially foreseen objectives have been reduced without any justification from the beneficiary, while the responsible CFCU structures have not identified, reported or taken measures to address these changes.

Cases of non-fulfillment of objectives were identified, but this was not reflected in the reduction of working days dedicated to these activities. Engagement different from the terms of the contract was not accompanied by changes in financial reporting and progress reports.

Regarding projects financed by IPA, WB and other donors, irregularities were found in the maintenance of physical files, related to the lack of inventory sheets. In projects AI/IPA2017/06 and AL/IPA2017/8, the justification

documentation for payments and activities carried out was incomplete and in some cases inconsistent with the statements presented in the "working papers" of experts and working groups.

Deficiencies were found in the process of "on the spot" controls, which were not fully implemented and in accordance with the predicted plan; delays in approving final narrative reports leading to the postponement of payments for the following year and breach of contractual deadlines, the burning of VAT funds and the blocking of funds that could have been used for other payments or investments.

In some cases, the amount requested for final payment from beneficiaries was lower than that predicted in the contract. The responsible structures had not conducted an analysis of the impact of this change on the final results, creating a risk of not fully implementing the planned activities.

The planning of the VAT by the CFCU was found to be unrealistic, as the deductible value of the pre-financing payment was not taken into account and the calculations were carried out on approximate mathematical formulas, creating deviations between the planning and the actual execution of the funds.

The "Development of Public Sector Accounting" project, although completed in December 2022 after several postponements, during the audit phase in December 2024, still did not have a final product implemented. The responsible structures of the CFCU have not identified the reasons for the failure to achieve the expected outputs and have not taken measures to address the obstacles that have influenced the non-implementation of Public Accounting Standards in practice.

Two cases of contract termination without fulfilling all obligations set by the donor were



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found. The beneficiary (FSA) received full payment for the first phase of the project in the amounts of \$10,051 and €23,272, without providing the required final product.

In a WB-financed contract, CFCU did not withhold the VAT amount from the client, but paid it outside the predicted value in the contract, causing an ineffective expenditure in the amount of \$14,436.

In the State Attorney's Office

In the compliance audit of the activity, for the period 01.01.2023 - 31.12.2023, it was concluded in:

Inaccuracy in reporting the liabilities that the Republic of Albania has towards the claimants for the amount of 13,492,241 Euros, as a result of the mismatch between the data reported by the State Attorney's Office and the Ministry of Finance due to the use of different methodologies by the latter for reporting the liabilities.

Delay in the execution of arbitration awards, due to the failure of interested parties/respondents (RA/MIE, MTE), in relation to the procedures for the recognition of arbitration awards at the Court of Appeal, resulting in the non-collection of the amount of 10,013,972 Euros; 1,162,125 Dollars; and 108,550 pounds for 2 arbitration awards in the state budget; delay in the exercise of the request for the recognition of arbitration awards by the Court of Appeal due to the failure of the claimants to act in a timely manner, which has resulted in the non-execution of the obligation that the RA has towards them, in the amount of 108,439,747.08 Euros and 59,479,735.64 Dollars for 4 arbitration awards.

Delay in the execution of ECHR decisions, where for decisions that have been carried over, the obligation remains unexecuted, causing an increase in interest for failure to liquidate on time (during 2023, 3 decisions of the ECHR were executed with delay, carried over, causing the

obligation to make interest payments in total of 411 thousand ALL).

Failure to recognize liabilities in the financial statements, where liabilities and interests for arbitration awards have not been recognized and reflected in the financial statements of the Ministry of Infrastructure and Energy (MIE), leading to inaccurate presentation of liabilities and non-collection of acquired rights or non-payment of accepted liabilities.

The execution of ECHR decisions was carried out outside the legal deadline, where for 21 decisions issued in 2023, their execution resulted to have been carried out outside the relevant legal deadline.

Audit of the Concession Contract "For the Fuel Marking and Monitoring Service"

For the period from the date of review of the unsolicited proposal until 31.12.2023, the Ministry of Finance and the General Directorate of Customs concluded deviations from the legal and regulatory framework in the project proposal and approval phase, the procurement procedure and the conclusion and implementation of the contract, specifically:

In the project proposal and approval phase: the unsolicited proposal for concession was not based on the government's strategic priorities and resulted in the absence of a cost-benefit study to assess its impact on the state budget; the summary report resulted without the necessary analyses by the Project Identification Group (PIG), with a superficial assessment of the offer and unaccompanied by full studies regarding the documentation submitted by the concessionaire company; as well as the lack of involvement of interest groups, such as the Association of Hydrocarbon Companies, in this process, and the lack of consultations with other interested companies (such as Bankers Petroleum Albania LTD).



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In the procurement procedure phase: the bonus points proposed by GFI (8%) were not substantiated and differed from those approved by the DCM (6%), creating uncertainty and an unclear basis for assigning points; the documentation required for the evaluation of the bids was not in accordance with the requirements of the applicable legal framework, making it impossible to fully verify the procurement procedure; the assessment by the Competition Authority of the unsolicited proposal within the framework of cooperation with state institutions was missing.

At the contract conclusion stage: the contract does not provide for standard reporting and monitoring formats, procedures for handling intellectual property and secret technology assets (the marking solution used by the concessionaire), measures to prevent the assets of this contract from being left as collateral for the purposes of the Concessionaire company's financial commitments, penalties for the concessionaire in cases where the marking and monitoring services provided are not in accordance with the technical offer, with the requirements and criteria set out in the SCD; there were no permanent working groups from the contracting authorities to monitor the implementation of the contract, in contradiction with the Financial Management and Control Manual; the General Directorate of Customs lacked a training plan for employees and monitoring of the fuel marking process; the position of Project Manager was unfilled, creating deficiencies in project management; the documentation for monitoring and reporting the contract is incomplete and does not provide information on the controls carried out for its implementation.

During the contract implementation phase, violations were found in the implementation of the investments provided for in Annex No. 5 of the Contract, as for the period 2013-2022, the planned investment structure was not followed and their implementation resulted in 68%.

In the “Memorial” Regional Hospital, Fier

For the period from 13.05.2021 to 31.12.2023, it was concluded with a **qualified opinion**, based on the following findings: Delay in making some decisions by the Board of Directors, in some cases even up to 2 years.

In relation to the procurement procedure “Reagent Kits for the Biochemical Laboratory” for 2023, the structure responsible for the implementation of the contract has not received the medical materials according to the technical specifications set out in the STD. One of the qualifying criteria is the provision of equipment for performing immunological analyses and two biochemical apparatus, where for some of the biochemical and immunological analysis kits the presence of the equipment is a condition for their functioning.

Fier Memorial Regional Hospital, as a producer of hospital waste, has collected and stored infectious hospital waste exceeding the legal deadline of 45 days. From the hospital waste register, the amount administered for the period 01.04.2024-15.07.2024 is 6594 kg, an amount for which verification shows that the separation according to the relevant type and category has not been carried out.

For the 3 main services of hospital management and hospitalized patients for a period of 4 months, the laundry service, the hospital waste treatment and disposal service, and the food cooking and distribution service were not provided, for which the procurement procedures were not carried out. In the procurement procedure “Laundry Service”, the working group for calculating the limit fund is based on similar contracts executed by other Contracting Authorities such as MTUHS and not on the current service contract, with a difference of the estimated value of 315 thousand ALL above the limit fund.



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From the audit of the procurement procedure with the object: "Purchase of general medical materials for hospital needs", it resulted that the value of the limit fund of 10,689 thousand ALL excluding VAT calculated in the canceled procedure was re-procured after a period of about 3 months, in the amount of 13,705 thousand ALL excluding VAT, without being argued by the working group for the additional amount of 3,015 thousand ALL without VAT.

From the audit conducted on fuel expenses for the years 2021-2023, deficiencies were found in the recording of vehicle movements, both in the authorization and justification documents, while unjustified excesses in the fuel quantity of 10,599 liters were recorded in the consumption norms and distances/km described, as well as a 1,700 liters difference in fuel consumption for rented cars, which were declared as new but are in fact used and the actual norm is higher, causing economic damage in the amount of 2,123 thousand ALL.

Incorrect entries are found in the warehouse journal, reflecting the unrealistic inventory status. The supporting documentation indicates that some assets have not been recorded. The records of expenses and income do not reconcile with the expenses recorded in the bank and cash registers. In the Financial Statements, deficiencies were found in the recording of accounting data for income accounts, expenses for salaries and services, social and health insurance, which do not match the supporting documents.

In the implementation of the budget, expenditure overruns were found, and investments were made with budgetary funds and from own income, without approval from the Board of Directors. The audit team found that computer and medical equipment were purchased with CHCIF funding and contracts were signed without having funds available.

In the Elbasan Regional Hospital

For the period from 01.01.2020 to 31.12.2023, it was concluded with a **qualified opinion**, based on the following findings:

In the inventory process conducted regarding hemodialysis equipment, it resulted that 8 pieces of equipment are from 2004 and completely depreciated, as their average lifespan is 10 years. For 2 devices, which in 2016 were new, the Hospital Directorate has not taken any action or correspondence regarding the procedure to be followed, before, during and after the conclusion of the concession contract for these new and working devices.

The Ministry of Health has sent for follow-up the Concession/PPP Contract "For the provision of medical laboratory services" signed in April 2019, with the aim of securing or providing Medical Laboratory Services to the Population through certain conditions, rules or instructions specified in the contract. The audit results in an excess of the budget ceiling, specifically for 2021 by 116%, 2022 by 100.7% and 2023 by 109.3%. Therefore, referring to the implementation of the contract, it results in an excess of the determined budget ceiling and medical services were continued only for emergency tests.

Regarding the planning for medicines and medical supplies, for the years 2020-2024, they were drafted by the cost and planning sector, not based on the requests of service chiefs and pharmacies. This way of planning for medicines and medical supplies has brought problems, causing shortages for a significant amount of medicines and forcing the Contracting Authority to develop procurement procedures separately from those developed by the MHSP.



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Collegial bodies such as the Administrative Council and the Medical Commission do not function, based on the complete lack of documentation on the meetings held and the decisions taken. The audit of the procurement procedure with the object, "Purchase of fuel briquettes and pellets", resulted in the absence of a clear division of duties between designated officials and the committees established according to the relevant orders, particularly referred to here and the establishment by special order of the committee named "needs identification committee".

In terms of the internal audit assessment, it was found that this structure does not function as a separate structure and has only one employee, not yet certified, as part of the Legal Affairs and Audit Sector, this in violation of legal provisions.

In Albcontrol JSC

For the period from 01.10.2021 to 31.12.2023, it was concluded with a **qualified opinion**, based on the following findings:

For 2021, the company results in a low realization in both income and expenses. Revenues were realized at 92%, expenses at 71% and investments at 21%; for 2022, revenues were realized at 112%, expenses at 65% and investments at 6%; for 2023, the company realized the revenue item at 106%; while expenses were realized at 65% and investments at 19%. The realization of investments for the three years with low values is a negative indicator for the full realization of the objectives and highlights shortcomings in budget planning for expenses and investments. During the years 2021-2023, the company has borrowed from the Durrës Port Authority, GDRTS, the Civil Aviation Authority, the Albanian Investment Corporation JSC and the Ministry of Finance and Economy, due to lack of liquidity as a result of the blocking of funds by an Enforcement Order of the Belgian Court.

Albcontrol JSC has not included any item for these loans in the 2021-2023 Economic Development Program, but has made changes to the relevant items during the year according to reports from the General Director, in violation of the legal framework in force*.

During the audit of the procurement procedure with the object "Finance, procurement, budget and e-ticket system maintenance expenses" for 2022, in order to fulfill the purpose of the procurement procedure, authorization from Oracle was also needed for the EO participating in the competition, which based on the documentation provided and the official Oracle website, does not result in the economic operator EO having active authorization. So, the service from the EO is covered without an active authorized license.

Regarding the determination of the limit fund and the offers given, essential details on the exact determination of the value of the service, such as the number of licenses (users), are missing.

In the procedure with the object: "Training for ATCO AFIS Kukës" for the year 2022, it was found that the duration is planned to be no more than 9 weeks (theory and SIM) and the number of participants is 5 candidates for AFISO qualifications, which means that the investment for one candidate is 5,280 thousand ALL for 9 weeks. In relation to the documentation sent by the winning EO, for the fulfillment of the criterion for similar work up to the value of 40% of the limit fund, the documentation brought by the EO are the expired contracts between the EO and Albcontrol JSC, where doubts arise regarding the conclusion of the first contract with Albcontrol with no. 2185/4 Prot., in 2019 regarding the fulfillment of this criterion. From the audit of the documentation related to the market study, it was found that two out of three EOs from which offers were received do not

*Law No. 9901, dated 14.04.2008 "On traders and commercial companies", as amended, and Instruction No. 15 dated 02.05.2018 "On economic development programs of commercial companies with state capital" of the Minister of Finance and Economy



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have the field of personnel training as their object.

From the audit of the budget of the procurement procedure with the object “Contract for the purchase of replacement parts, technical maintenance, license renewal for the VIOP, Cisco, Wireless, Teleconferencing system”, it was found that item 5 “Technical support for the maintenance of the network, VOIP, Wireless system, IP phones, Teleconferencing, IT services and Network monitoring system for the 1-year period”, was set twice, once as a separate item and once as part of the separate items of the budget, which has brought a fictitious increase in the expenses incurred by the CA and an unfair benefit from the UEO, in the amount of 4,317 thousand ALL excluding VAT.

In the Regional Water Supply and Sewerage Company (WSS), Elbasan

For the period from 19.09.2022 to 31.12.2023, the regions of the former WSS of Cërrik, Belsh, Gramsh, Peqin and Librazhd for the period from 01.01.2020 as well as the former WSS Elbasan for the period from 01.01.2022 until the day of absorption by the Regional Company WSS Elbasan, an **adverse opinion** was concluded, based on the following findings:

Irregularities in the merger process into the Elbasan Regional Water Supply and Sewerage Company JSC regarding the transfer of assets. The supporting documents and accompanying transfer acts lacked complete and accurate data for the identification of the assets.

The former WSS JSC companies did not use well-argued norms from the relevant specialists in the depreciation of assets.

From the former WSS JSC companies, no impairments of financial assets transferred to the financial statements of the parent company have been performed.

Regarding the implementation of Works contracts: in 4 cases, unfinished works were

found with an economic damage of 1,335 thousand ALL.

SHRUKÉ JSC bank accounts were seized during the period 2021-2022, by the private bailiff. The liability to EDO Group JSC, up to the period of the on-site audit, results in the value of 2,044 million ALL, of which only for late interest this liability has reached the value of 986 million ALL. In addition to this obligation, due to inaction regarding its repayment, enforcement expenses in the amount of 14,224 thousand ALL have been paid, which are considered a negative financial effect on the budget of SHRUKÉ JSC.

In 2023, the value of the debt returned by debtors for obligations to the water supply is 288 thousand ALL, while the value returned for the payment of private enforcement is 3,778 thousand ALL.

Regarding various delays in payments, SHRUKÉ JSC and the Elbasan, Peqin and Librazhd - Përrenjas units, for the audited period have paid fines and interests for late payments in the amount of 10,621 thousand ALL, which is considered a negative financial effect on the budget of SHRUKÉ JSC.

In the General Directorate of the Albanian Radio and Television

For the period from 01.01.2020 to 30.06.2023, it was concluded with a **qualified opinion**, based on the following findings:

For the year 2022 and the first 6 months of 2023, ART has developed 27 shows in which 91 ART employees have been engaged and has spent 28,149 thousand ALL on salaries and 27,535 thousand ALL on honoraria for these employees. The engagement of 91 ART employees has not only created a legal relationship in the sale and purchase of rights, realized in the work environment, official hours and in function of the obligations arising from the position according to individual employment contracts, but also a double standard, in the relations of



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salaries and rewards with the ART employees. The amount of 27,535 thousand ALL constitutes economic damage to the ART and the State Budget and must be compensated.

Regarding the procurement with the object: "Supply-deployment, installation and configuration of a storage system to increase capacity for the needs of the ART", with a limit fund of 22,231 thousand ALL, the ART has not conducted a comprehensive and long-term cost-benefit assessment for the storage of video data. The audit team assesses that the ART has not justified the need for a system+storage investment, as it also owned the MAM system with Isilon Storage and LTO9 Tapes. The value of 13,860 thousand ALL for ART and the State Budget constitutes economic damage and must be compensated.

In the implementation of the contracts for 2023: with the object "purchase of lighting equipment for the needs of the ART", in the amount of 15,409 thousand ALL, the contract "Supply-placement, installation and configuration of a storage system to increase capacity for the needs of the ART", the contract with the object "Maintenance and support for the functioning of the storage system manufactured by DELL/or equivalent", in the amount of 3,097 thousand ALL, it was found that the technical and legal documentation for the purchase of equipment is not complete and accurate. Specifically, the devices are not accompanied by a certificate of origin, test reports, quality certificates, or warranty certificates for the goods, as a result, the audit team cannot express its opinion on the accuracy and authenticity of the equipment if it is the same as the one procured and for which the economic operators have won the procurement procedures and settled for the amount of 18,506 thousand ALL, which constitutes economic damage and must be compensated.

A duplicate payment of 252 thousand ALL was found in the small value purchase procedure "Professional inspection and measurement of all components of the stationary satellite uplink", year 2023.

In the implementation of the contract for cooperation/advertising exchange, for the value of 3,000 Euros for 5 spots, without determining the duration for each spot, a difference was found between the ART electronic invoice and the supplies made in the value of 1,172 Euros, which constitutes economic damage to the ART budget.

In the implementation of the contract for cooperation/advertising exchange, for the value of 250 thousand ALL, for 8 spots without determining the duration for each spot, a non-realization of 250 thousand ALL was found, in the complete absence of documents proving that the contract/exchange was realized, an amount which constitutes economic damage to the ART.

ART, for the artistic project "The 61st festival" of the song, has spent on its employees the amount of 3,153 thousand ALL above their monthly salary, creating a legal relationship of the sale and purchase of rights, realized in the work environment, official hours, as well as a double standard in the relations of salaries and rewards with the ART employees, an amount which constitutes economic damage to the ART.

From the audit of the salary level approved by the management council with decision no. 28, dated 22.07.2021 and no. 34, dated 07.12.2022 "On the approval of the amendment to the ART salary book", it was found that the classification was not made by establishing specific criteria for each job position, such as the level of diploma, education/qualification, nature of work, working conditions, professional training, seniority in the job, difficulty, experience and responsibilities,



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knowledge from years of experience, training, specializations as a condition to guarantee equality in setting salaries.

In 3 cases, for the amount of 4,679 thousand ALL, the ART rented various equipment for the realization of concerts, without first arguing whether or not it had the rented equipment.

In the procurement procedures with the object: "Purchase of services for the maintenance of the DVB-T2 distribution network", worth 7,330,000 Euros excluding VAT, year 2020, "purchase of fuel" worth 32,415 thousand ALL, year 2021, the qualification, the announcement of the winning economic operators by the TEC, as well as the conclusion of contracts, was carried out in violation of the legal framework in force.

In all procurement procedures for the audited period, a favorable qualification criterion was established: authorization from the manufacturer. The establishment of the manufacturer's authorization in the technical specifications and in the qualification requirements has oriented economic operators towards a specific manufacturer in the market, thus reducing competition and favoring only economic operators who have authorizations from specific manufacturers.

For the purchase of the DVB-T2 distribution network maintenance service, a framework agreement was concluded with the EO, dated 26.02.2021, for which it was found that payments were made without a test report between the parties and not according to the provisions in the annexes to the contract.

In 7 contracts for advertising broadcasts, the media broadcast plans were signed by the sales and management director, without delegation of authority. The advertisements broadcasted in 2021-2022 are not saved, have been deleted, have been separated from the broadcasted and archived matches. For the contracts for the broadcast of advertisements described above,

there are no broadcast programs available, nor any other document justifying the realization of the contracts.

Procurement of the contract with the object of "purchase of service for the OTT Platform", year 2020, with a limit fund value of 85,113 thousand ALL excluding VAT and a contract value of 84,858 thousand ALL excluding VAT, for an investment that envisaged the creation of the "ART Now" application accessible on all platforms such as Android, iOS and Smart TV devices, through which ART TV and Radio channels can be viewed, currently the service is no longer functional since the contract worth 101,829 thousand ALL excluding VAT ended in September 2021 and the ART has no access to this application.

It is established that the liquidation of unperformed services and penalties not applied for delays in the provision of services in the amount of 7,143 thousand ALL excluding VAT for two contracts, specifically: the contract with the object "purchase of service for the OTT Platform", year 2020, for which the winning UEO, MC Networking & ADVAN TECH, was liquidated with the amount of 6,834 thousand ALL excluding VAT, and the contract with the object "Purchase of service for TV and Radio signal transmissions with Optical Fiber", year 2022, for which the winning EO, VODAFONE, was liquidated with the amount of 299 thousand ALL excluding VAT.

It is also noted that none of the heads have taken any measures over the years to collect the income arising from 23 rental contracts, in the amount of 75,681 thousand ALL, of which the amount of 1,802 thousand ALL as a penalty was not applied to them for delays.

In the "Shipbuilding and Repair Yard" Company

For the period from the establishment of the company until 31.12.2023, it was concluded with a **qualified opinion** based on the following findings:



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This company has a higher level of expenses compared to the income it generates from its activity, resulting in financial difficulties and an inability to make new investments or incur expenses to maintain its assets.

In their current technical condition, the company's assets are not only ineffective for operations, but they also pose a potential risk to the life and health of employees and ship crews, state property and that of third parties.

The Steering Council, it turns out, during 2018 - 2019 and 2020 did not fulfill the obligation to hold meetings no less than 1 (one) time per month, as set out in Article 13 of the SRY Regulation.

The audit revealed that SRY initiated the procedure for the sale of containers by auction based solely on Order No. 405 dated 14.06.2016, of the Director of SRY, without obtaining approval from the Steering Council.

From the audit of the procurement procedure with the object "Purchase of paint and accessories for painting", the required quantity and specifications were not substantiated for the requested goods.

From the audit of the procurement procedure with the object "Purchase of work tools" in 2020, the certificate brought by the EO does not confirm that the goods brought are those specified in the STD, as in the case of the distributor ALBIO-EA. The Contracting Authority has also made fixed requests such as those requiring authorization from the distributor and manufacturer for certain and specific goods, without any argument.

The SRY has not compiled a risk register regarding the development of its economic and financial activity from 2017 to 2021. The Strategic Management Group has not been established; the risk coordinator has not been appointed and the internal control system of the SRY is considered ineffective.

The Ministry of Defense has not approved the salaries of SRY employees according to the salary levels set out in the DCM. For the years 2017 and onwards, although with the entry into

force of DCM No. 187, dated 08.03.2017, the financial treatment has not changed but has continued with the financial treatment according to DCM No. 717, dated 23.06.2009. This is despite the fact that the Administration of the SRY with letter no. 350, dated 27.06.2023 "Proposal for changing the salary level for the SRY", has addressed to the Ministry of Defense, it has not responded in any case. It is worth noting that no salary increase has been applied since 2015.

In the Energy Efficiency Agency

For the period from 01.01.2019 to 31.12.2023, it was concluded with a **qualified opinion**, based on the following findings:

The Energy Efficiency Agency (EEA) has not established a system of effective written rules for financial management and control; During the period 2019-2023, no internal regulation on the organization and functioning of the institution has been drafted; no training programs have been planned for employees, without taking the appropriate measures for the professional development of staff; The structure of the EEA is not completed with the full number of approved employees and no procedures were established for the vacant positions in order to fill them.

EEA has initiated the procurement procedure with the object "Pilot Project for Improving Energy Efficiency in Wastewater Treatment Plants", in the Durrës WSS, at the request of the latter, but without the request and cooperation of the National Agency for Water Supply, Sewerage and Solid Waste (NAWSSSW), which is the agency responsible for the procured object and has as its mission the implementation of specific state policy in the water supply, sewerage and wastewater treatment sector. Apart from the request of the Durrës WSS for the investment, there is no other documentation explaining on the basis of which criteria the EEA selected the Durrës Water Utility to carry out this investment.



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At the end of the investment with the object “Pilot project for improving energy efficiency in wastewater treatment plants”, the EEA did not monitor the actual energy efficiency achieved.

The final report on the energy efficiency of the project was not drafted on the basis of the actual electricity consumption, immediately after the investment was made, thus not really determining whether the investment made has achieved its goal of increasing energy efficiency.

In the contract with the object "Installation of lighting, parking, electrical supply system for cars, 2 km Smart City-Clean Energy Road", signed with the economic operator "Euroelektra" LLC, with a value of 98,999 thousand ALL including VAT and a completion deadline of 6 months from the date of handover of the construction site, it was found from the documentation of the file that the works have not been fully completed and the installed system has not yet been put into operation. The project for the implementation of this investment has not been provided with a construction/infrastructure permit and no technical opposition has been carried out for it.

The EEA is tasked with creating and updating a national database on final energy consumption and achievements in energy savings, which serves as a basis for assessing whether energy efficiency objectives have been achieved, but this task has not been carried out by this institution. The EECERT data entry system, which is the energy efficiency system of the EEA, has not had any maintenance or upgrades of its modules and presents various problems, both in data entry and in their processing. The audit resulted in the inability to generate various reports from this system, reports which were necessary to conduct surveys regarding data collection by independent energy auditors.

In the development of high-value public procurement procedures, it was found:

In 13 cases, irregularities were found in the drafting of specific criteria of the tender documents, as some of them were not technically and legally substantiated in the

minutes kept for this purpose, they are not proportionate and closely related to the implementation capacity, nature and value of the contract.

In 2 cases, economic operators who did not meet all the specific criteria set out in the tender documents were qualified and declared winners, for a total value of 64,765 thousand ALL excluding VAT.

On 31.12.2023, a liability to third parties in the amount of 93,379 thousand ALL excluding VAT was ascertained, which means that EEA has not taken the appropriate measures to liquidate creditors.

In the Ministry of Tourism and Environment, the National Water Supply and Sewerage Agency and the Municipality of Vlorë, for the Project “Construction of a regional integrated waste management center in Sherishte, Vlorë”

For the period from the start of the project until 31.03.2024, it was concluded with a **qualified opinion**, based on the following findings:

The project "Construction of a regional integrated waste management center in Sherishte Vlorë" had a completion deadline of 30.12.2021. From the review of the documentation made available, it has resulted that three amendments have occurred to the Basic Loan Agreement between KfW Frankfurt am Main and the RA, for the “Solid Waste Management Program” Vlorë Region in the amount of 12,000,000 Euros, approved by Law No. 20/2017 dated 23.02.2017, which relate to the extension of the deadline for the disbursement of funds by three years, until 30.12.2024. From the analysis of the factors that have led to the postponement of the implementation of this project beyond the anticipated deadline, in addition to objective causes, cases of lack of coordination of the actions that should have been taken by the various structures involved in its implementation are found, such as: timely review of the existing 2015 project, as it has gone



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out of time context; delays in obtaining the construction permit due to failure to approve it in time by the National Territorial Council; delays in carrying out procurement procedures beyond expectations, due to the failure to realistically plan the deadlines for the procedures, as well as delays in carrying out the works, associated with the following consequences:

These delays have led to postponement of the disbursement of funds and consequently the increase in the cost of the financial commitment fee beyond the initial disbursement planning, which according to the Loan Agreement, is 0.25% per year for the undisbursed loan amounts. Referring to the plan, changes in the disbursement deadlines and disbursement procedures, these expenses are estimated at 68,070 Euros, while in fact the payments until 31.12.2023 result in the amount of 108,293 Euros.

The postponement of the project implementation deadline and the disbursement of funds has also led to an increase in the value of the contract for the Technical Consultant/Supervisor. According to the initial Contract, which provided for completion within the limits of the last disbursement of loan funds, its value was planned at 1,395,940 Euros, while with its amendments, this contract amounts to 1,930,000 Euros, with an addition of 534,060 Euros, or 38% compared to the initial contract (including the effect of the grant addition and consequently the contracts for works, goods and services).

Furthermore, these 3-year delays have resulted in citizens not receiving timely and quality service; environmental pollution with consequences for the health of citizens living near existing landfills, but not only that, as an important component of this project is their closure, which has not been realized, as it is conditioned by the putting into use of the new landfill in Sherishte.

From the audit on the execution of partial payments, it has been found that in 6 cases the payments made are below 5% of the contract value or of the amount of 490,081 Euros, contrary to the condition of the contract. These payments were made with the approval of the "Technical Consultant", referring to the request of the State Administrator - SCAAA, dated 16.05.2022, and IPC no. 9, point 1.6, where the reduction of the minimum partial payment is specified up to 200,000 Euros.

According to the Contract "Works, design-supply and installation of waste processing plant/supply of equipment in Sherishte Vlora", the Municipality of Vlora, by letter no. 4114/1 prot., dated 06.10.2023, determines that the working group established to analyze issues related to the contractor's failure to fulfill contractual obligations, has reached the conclusion that the employee has violated and has not fulfilled some of the obligations and conditions set out in the contract. The Municipality of Vlora, in its capacity as employer, announces that it has made a decision to terminate the contract with immediate effect, on 21.11.2023. In addition to the performance guarantee, the Contractor owes the Employer (Municipality of Vlora), for failure to complete the works within the deadline specified in the contract for a period of 100 days, the amount of 980,162.4 Euros. This value constitutes the maximum applicable damages at the rate of 10% of the contract price.

From the verification of the works carried out at the facility, it results that for the construction of drainages according to item 5.1.11 (Drainage 4), the quantity of 160 ml has been certified. The audit found that technical specifications were not respected, mainly regarding the placement of the sand layer and the thickness of the concrete on the side walls of the canals. In all measured sections, the thickness of the concrete does not meet the parameters set out in the technical



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specifications, and no reinforcing iron was placed, leading to the conclusion that for the entire length (even in sections where measurements were not taken), there is no compliance with the technical specifications, which affects the durability of the drainages. The value of 132,000 Euros certified for the realization of drainage no. 4 was unjustly benefited by the Contractor and constitutes economic damage.

In the institution of the Ministry of Health and Social Protection, for the project “Empowerment of the National Traumatology Center of Tirana”

For the period from the start of the project until 31.12.2023, it was concluded with a **qualified opinion**, based on:

Unjustified delays in the implementation of the program, which have come mainly from the Albanian side, since from 2006 to 2014, no activity has been carried out for the project to put into motion the competent structures that would ensure the implementation of the obligations arising from the agreement and the timely achievement of the project objectives.

Procurement procedures began in 2015 and from this moment until the completion of the project, 5 years have passed.

There is no clear breakdown of the amounts allocated to each of the project components, the final project evaluation report has not been drafted, and the breakdown of these items according to the contracts concluded cannot be identified, as one of the contracts concluded may include equipment that serves 2 or more lots. There is no documentation of all phases of project implementation, in the storage of documentation, as well as in the follow-up and monitoring of the project by the responsible persons in charge of its management, in violation of the definition sanctioned in the Basic Agreement.

The project's objective of “Equipping with medical devices, making it suitable as a

reference point for traumatized patients” has been achieved with a delay of over 16 years, from the initial agreement.

The steering committee has not been established and consequently none of the tasks cited in Article 6 of the program agreement have been completed. For the amounts received from foreign contractors, the withholding of income tax in the amount of 749,475 Euros was not taken into account, a value which includes payments made to contractors.

Of the medical devices supplied for the period 2019-2020, 17 were inspected, worth 210,952 Euros, and it was found that, for these devices, no documentation was kept in the Medical Devices Information System (service card for documenting the history of the device) regarding defects (if any within the warranty period) and repairs.

From the compliance audit, carried out in the entity TSO JSC for the projects “Construction of the 400 kV Albania-Kosovo transmission line”; “400 kV Albania-Macedonia line”; “Construction of the 220 kV Tirana-Rashbull double-circuit transmission line and the 110 kV Tirana Ring, lots 1 and 2”

For the period from the date of the start of the projects until 31.12.2023, several deficiencies resulted which are the basis for issuing a **qualified opinion**, based on:

The “400 kV Albania North Macedonia Line” project was scheduled to be completed in December 2020, so the project is 3 years late until 23.12.2023. Furthermore, it turns out that from the date of finalization of the signing of the agreement to the approval of the construction permit, a period of 7.3 years has passed. According to the Loan Agreement, “400 kV Albania Macedonia Line (Fier Elbasan Qafë Thanë)”, had as its disbursement deadline 30.06.2020, a date which has been postponed twice, specifically to 30.12.2023 and 30.12.2025. Currently, as of 31.12.2023, we have a realization of 11.25%.



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Payments made by the TSO for the commitment fee “400 kV Line Albania North Macedonia”, until the end of 2023, amount to 802,441 Euros, from 458,750 Euros that were foreseen until the completion of the project, or 343,691.74 Euros more than programmed were paid, an amount that constitutes additional costs for the project, so the extension of the disbursement deadline is also accompanied by additional payments for the commitment fee.

From the audit of the commitment fee for the loan received for the project, it results that the payments made by the TSO for the commitment fee until the end of 2023 amount to 710,625.42 Euros, from 430,945.16 Euros that was foreseen until the end of the project, or 279,680.26 Euros more than programmed were paid.

The audit of project financing shows that disbursements have been slow and there are significant delays, resulting in no disbursements being made in 2015, 2016 and 2018.

The value of the contracts, for the two lots and the consultancy, is 40,141,726 Euros, after the amendments, it amounts to 49,173,745 Euros. Of this additional cost, 2,000,000 Euros are financed by the TSO (5% of the loan value) according to the Decision of the TSO Supervisory Council, no. 12 dated 21.12.2021. For this project, additional costs not covered by funds amount to 7,173,745 Euros.

The extension of the work deadline has led to an increase in the cost of the consultant/supervisor to the value of 1,845,986 Euros.

In relation to the commissioning of the “400 kV Albania - Kosovo Line”, the former Administrators of TSO JSC have issued internal orders: for the commissioning of various segments of the line up to the full commissioning, as well as for the project “Program for energy efficiency in the transmission sector - construction of the 220 kV Tirana - Rrashbull dual-circuit transmission line

and the 110 kV Tirana Ring”, for the installation of the new autotransformer and its secondary equipment at the Rrashbull substation, the Administrator has issued internal orders for their commissioning, with commissions composed of TSO JSC employees, who are not licensed.

In the Environmental Services project carried out at the Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development

For the period of activity from the project start date until 31.12.2023, the following has been concluded:

From the disbursement table made available to the audit team, for disbursements up to May 28, 2021, it is noted that by the end of the environmental services project deadline, 30.09.2019, not even half of the total project financing has been disbursed. The project has undergone two restructurings which, according to the Final Report drafted by the World Bank, arose as a request from the Ministry of Tourism and Environment, documentation that was not made available to the audit team, to analyze the causes and reasons for their restructuring. Also, operational costs have increased due to the project restructuring, making it possible to allocate planned costs for the development of project components to operational human resource costs, as well as to postpone the deadlines for the implementation of other consultancy contracts.

During 2020 and 2021, after the legal deadline for the completion of the project, \$11.86 million in funds were disbursed, which constitutes 57% of all funds made available for the 4 years of its life (2015-2019).

When analyzing the achievement of objectives, some of the subcomponents have undergone changes during the implementation of the project in terms of number,



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Many objectives are not measurable and very comprehensive, making it difficult to verify their achievement. The majority of the project funding, \$22.8 million, was spent on consulting services and operating expenses.

Regarding the subcomponent “On % of sediment delivery calculated in reservoirs, in pilot areas covered by PES (Watershed Service Payments)”, for which 3 contracts were signed and a total of 518,000 Euros were spent, it results unrealized. In the procurement procedure with the object “International consultant ALFIS planning, design and quality assurance”, with an estimated cost of 200,000 Euros in planning, it was represented by a procedure with the same object but with a different cost of 120,000 Euros. No further explanation is given for the increase in costs. The service was scheduled to be completed in 2016, but was implemented years later and there were contract amendments without providing the relevant reasons.

From the audit of the concession "On the concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company", carried out at the Ministry of Finance and Economy

For the period of activity from 09.12.2016 to 31.12.2022, deficiencies and violations of applicable legal and sub-legal acts were found, on the basis of which an overall audit conclusion was given.

The draft decision on the project and its accompanying report, forwarded to the Council of Ministers for approval by the former Minister responsible for the economy, is not in line with the requirements of the regulatory framework for concessions, the organization and functioning of the Council of Ministers, mainly in the content of the draft acts proposed for approval.

The procedure for granting a concession for the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments, by the MEDTE, is in violation of the regulatory framework for concessions.

The chosen form is through an unsolicited proposal, by the entity “Applus Noa Control” JSC, with the argument that: “The activity currently carried out by the General Directorate of Metrology (GDM) is not based on advanced technology, data processing, and work monitoring, and this causes a lack of efficiency in operations, as well as difficulties in monitoring the performed work”, having attached to the proposal, the feasibility study. The object requested in the proposal is not included in the areas defined in the regulatory framework of the concessions field. The accompanying report contains inaccurate data regarding the lack of effects on the budget of this draft decision, as the GDM from the fuel pistol verification service realizes 76,193 thousand ALL, which are transferred to the state budget and with the concession, these revenues are missing for the State Budget.

The opinions given by the Line Ministries, mainly the opinions of the Ministry of Justice, the Ministry of State for Relations with Parliament, contradict the definitions in the regulatory framework of the field, specifically in the DCM that defines the area of state responsibility of the above ministries.

MZHETS should have spoken out against granting the concession, as it has the duty to assess whether a draft act is in line with government policies. In this case, this draft act contradicts government policies, since in the consumer protection strategy 2015-2020, approved by DCM No. 753, dated 16.09.2015, the action plan does not define as an objective the provision of the metrological verification service of fuel dispensers through a concession/other legal form.



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In the followed procedure, the opinion of the General Directorate of Metrology was not taken, nor was the opinion of the Ministry of Environment taken, where according to the environmental impact assessment report, although at low values, the project may have an impact on the environment.

The concession of the verification service for fuel distributors has negatively impacted the effectiveness and efficiency of the investments made in the GDM for the purchase of auto-laboratories and necessary equipment for performing this service. Specifically, to provide this service, 63,975 thousand ALL were invested in the purchase of 9 auto-laboratories and the necessary equipment.

The 12-month period to undertake the necessary commitments to amend the metrology law or propose a new metrology law has not been respected, as the new metrology law was approved on 15.10.2020, while the concession contract was concluded on 21.08.2019.

Following the above situation, the MFE has addressed the GDM to discontinue the metrological verification service for fuels, as this service will be provided by the concessionaire, when the provisions of the regulatory framework of the field charged the GDM with performing this service.

So, according to this letter, GDM is ordered to be prohibited from performing the service for which it is legally obligated, solely due to the existence of the concession contract. Meanwhile, the concession contract provides that legal changes will be made to enable the provision of the service by the concessionaire, actions that have resulted in missing revenues of 62,756 thousand ALL, for the period March-December 2020.

The Concessionaire Company has not published on its website the names of gas stations that have not made payments and have not been verified, etc. and are found to be using measuring instruments with metrological problems, compromising transparency and the risk of mutual abusive actions.

From the audit of “Hydrocarbon Agreements concluded in the Republic of Albania” in the entities Ministry of Infrastructure and Energy (MIE), National Agency of Natural Resources (NANR) and Albpetrol JSC

For the period from the identification/proposal of concluding agreements until 31.12.2023, based on the found deficiencies, an overall audit conclusion was given.

It turned out that the MIE, NANR and “Albpetrol” JSC do not have periodic programs to conduct inspections of entities holding hydrocarbon permits.

No information was presented by MIE, NANR and “Albpetrol” JSC regarding the monitoring, general supervision of Hydrocarbon Agreements or inspections of the oil fields with concrete comparisons or assessments of technological indicators, investment realization, etc., with work plans, initial or revised budgets, with indicators reported in the relevant situations, in contradiction with the loan agreement and the respective 'LM', oil fields agreements and the Internal Regulations of NANR.

From the audit of the bid form submitted by the EO, for the “Povelcë” and “Frakull” oil fields, in relation to the assessment of financial and technical capacities, it was found that the company is not profitable for the years 2018 and 2019, and does not have sufficient liquidity for commitments in the hydrocarbon sector. Therefore, the company does not have either financial resources or technical capacities to fulfill the obligations arising from the Agreement.



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“Shell Upstream Albania” B.V. has not fulfilled the obligation arising from the DCM No. 652, dated 10.10.2022, which provides that “The Contractor will invest 1,000,000 USD in social investment projects related to renewable sources and energy transition as agreed with the MIE”.

There are no negotiations on the terms of the amendment to the Production Sharing Contract (PSC). The Negotiating Group established by Order No. 86, dated 04.05.2022, has not specifically named the representatives of NANR. The PSC Amendment was agreed and signed on 12.05.2022 between the Minister and the Legal Representative of SAB 4, NANR, who have begun implementing the PSC Amendment without waiting for its approval by the DCM.

Referring to Annex C "Accounting Procedures" of the Hydrocarbon Agreement for Block 4 regarding disputed costs and suspended costs, the parties, by the end of the audit period, have not found a solution regarding the status of suspended costs, in the amount of USD 2,954,441 (payment of experts from Shell subsidiaries in other countries for work performed on behalf of Block 4), as an expense incurred without economy.

The NANR has not utilized the opportunity for staff training in international institutions, estimated at 600,000 Euros per year, an obligation arising from Article 27.4 of the “Dumrea” Block PSC.

The liability of Bankers for the total amount of 54,009.9 tons of crude oil, not withdrawn for the year 2019 - 2023, on account of the Pre-Existing Production (PEP) and Albpetrol JSC's Share (PPA) under the Hydrocarbon Agreement is 18,659,033 USD, an amount which represents missing revenue for "Albpetrol" JSC.

It is established that "Bankers Petroleum Albania" Ltd does not pay the electricity obligation to Albpetrol JSC, the value of which until 31.12.2023 is 1,654 million ALL.

In EDO, APC and TSO companies, for the mutual obligations between them

In the period from 01.01.2020 to 30.11.2024, based on the deficiencies found, an overall audit conclusion was given.

In the process of verifying the presentation and recording of mutual liabilities in the financial statements of the EDO, APC and TSO companies, it was found that the financial statements were not approved within the legal deadlines by the Supervisory Councils and the Assembly of Partners of the EDO and APC companies, which makes the process of consolidating liabilities difficult.

In the relations between the parties, the legal representatives of the companies have not conducted verifications and assessments of mutual obligations after 2021, to review the situation and take corrective measures. EDO and APC, for the period until 30.11.2024, have a difference of 2.2 billion ALL. This issue is related to the obligations arising from the transitional relationships of the separation of companies and various penalties between the parties.

TSO and APC, for the period until 30.11.2024, have a difference of 1.5 billion ALL from invoices not accepted by TSO, which are penalties for non-payment on time, of electricity provided for imbalances, reserve activations and other services.

EDO in its relations with the TSO, for the period until 30.11.2024, has a difference of 2.3 billion ALL, which consists of invoices from the TSO to EDO in implementation of ERA decision No. 110, dated 14.05.2018, an amount appealed in court.



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The disagreements that energy system companies have among themselves regarding the respective debtor accounts hinder the process of consolidating the carried liabilities and their compensation/extinguishment.

The overdue liabilities have brought difficulties to liquidity and investment plans.

The process of consolidating the carried liabilities has been managed through several long-term restructuring agreements between the companies. EDO, which has the burden of payments to APC and TSO, has not made a payment plan for dividing the obligations that the DSO, USP and FMS companies will have to pay into installments, thus enabling the payment of obligations to APC and TSO. For the agreements that EDO has with APC and TSO, payments have been made only by the DSO company, but even those payments that have been made are incomplete and in conflict with the defined obligation.

EDO has an obligation to APC in the amount of 51.438 million ALL, of which 40.853 million ALL are for electricity sales invoices and 10.584 million ALL are penalties. For this obligation, the companies entered into the Agreement for the Settlement of Overdue liabilities in 2018, which was amended in 2021. Of the EDO payment installments, a portion is to repay the APC Restructuring Loan to the EBRD. Despite the agreement and amendment for the period 2021-2023, EDO has not realized the payment schedule to APC and has not provided explanations for the causes of non-payments. The failure to fulfill obligations by EDO to APC, as well as the emergency situation, has forced the State Budget to grant APC a loan of 68 million Euros and an additional capital of 20 billion ALL.

The provision of additional funds in the State Budget in this period has been achieved by increasing internal debt and, referring to data from the Ministry of Finance bulletin, the average cost of domestic debt for the years 2022-2024 has never been lower than 4%.

Financial cost of the liquidity that EDO owed to APC, but which was met by the State Budget through internal debt instruments, in the amount of 635,196 thousand ALL, is assessed as an inefficient expenditure by the State Budget.

In Korça County Prefecture

For the period 01.01.2022 - 31.12.2023, inaccuracies and irregularities have resulted which are material but not widespread and justify the issuance of a qualified opinion, specifically:

In the implementation of procurement procedures, it was found that in 2 cases criteria were set that were not in accordance with the required service/investment, were not substantiated and affected the participation of interested Economic Operators (EO); in 2 cases the method of calculating the limit fund was not substantiated; in 1 case the EO did not meet all the qualification requirements set out in the bid invitation; in 2 cases the goods were not delivered to the institution within the deadlines set out in the supply contract.

In budget planning, it was found that there are no documented requests for budgetary needs from each sector, but the MTBPs and the Annual Plan are drafted based on the realization of budget items of the two previous years; there are differences in the values of the MTBPs and



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Annual Project Plans both in relation to the initial plan and the amended one, problems that indicate a planning not based on the needs of the institution.

Regarding the compliance of the acts, it is noted that for the years 2022-2023, in some cases, the Prefect of Korçë County has given confirmation of legal basis for acts that are not considered normative acts but rather individual and collective administrative acts; measures have not been taken for on-site verification of the legality of normative acts within the legal deadline (every three months); necessary measures have not been taken to establish the Advisory Body; in 4 cases the Prefect of Korçë County has not addressed the competent court to request the declaration of invalidity of the reviewed acts; 13 normative acts have been confirmed which were sent by the municipalities with deficiencies in the accompanying documentation (5 acts concerning the lease of pasture forest fund areas without the legal status of the property, location plans and technical reports; 1 normative act for granting economic aid without the application and beneficiary selection forms for this aid, and 7 normative acts for granting financial aid to families affected by natural disasters without fire fall verification, family certificates, orders for the establishment of commissions for damage assessment, damage assessment minutes, etc.); in 6 cases, confirmation has been given regarding the legal basis of acts of the local self-government units not based on law and in 1 case, for Decision no. 111, dated 30.06.2022, of the Korçë Municipal Council, the start of works on state property was approved, for which the Prefect of Korçë County has neither confirmed nor refused the confirmation of legal basis.

In the Prefecture of Fier County

For the period 01.01.2022 - 31.12.2023, have been identified irregularities which are material but not widespread and justify the issuance of a **qualified opinion**, specifically:

In the implementation of procurement procedures, it has been found that in all audited procedures, invitations for bids addressed to the EO for participation are missing; the members of the commissions have not signed the declarations of independence; the calculation of the limit fund is not documented; procurement files have not been inventoried; in 1 procedure the EO declared the winner did not meet all the qualification requirements; in 1 procedure the technical opinion has not been carried out.

In the budget planning, differences were found in the values of the MTBPs and the Annual Project Plans both in relation to the initial plan and the amended one; by the head of the institution and the GMS, the necessary analyses have not been carried out to draft action plans for the collection of debts carried over the years, in the amount of 1,896 thousand ALL for 23 cases;

Regarding the compliance of acts, in 7 cases, the verifications of the decisions of the municipal councils regarding the use of the conditional fund for civil emergencies lack the basic documentation such as the damage assessment act, incorrect legal reference, etc. As a result, there is no unified decision-making for such nature decisions, causing the legality verifications to be contradictory for decisions that are of the same nature and object; in 1 case, the legality verification of the normative act with the object "On determining the procedure for negotiation with private developers who express interest in cooperating with the Municipality of Fier through agreements for properties owned by it" lacks the legal basis that



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attributes the municipality the right to determine through a municipal council decision the procedures and the criteria for using the negotiated procedure; in 3 cases, in the legality verifications of the decisions of the municipal councils regarding the updating of the property inventory, discrepancies were found in the surface area between the updated municipal properties and the legal status confirmed by ASHK, and the update form is not fully in accordance with the standard format, as it lacks data on whether or not the properties in question have been inventoried by decision of the Council of Ministers; in 2 cases, the Prefect of Fier County has not made an assessment on whether the decisions of the municipal councils are in accordance with Decision no. 9 dated 24.12.2020 of the Regulatory Commission of the CEC, regarding the rules for reporting the activities of public institutions before elections; in 1 case, for the legality verification of social plans, the legality of the extension of the deadline has been confirmed, while the regulatory framework specifies that the social plan is three years and does not foresee an extension of this plan for a budget year that is not included in the 3-year plan.

In the Prefecture of Shkodra District

In the audit on the compliance of activity for the period 01.01.2022–31.12.2023, have been identified inaccuracies and irregularities which are material but not widespread and justify the issuance of a **qualified opinion**, specifically:

In the implementation of procurement procedures, it is found that the documentation of the "low value purchase" procedures is done in an overly formal manner, without defining qualification criteria and technical specifications, without announcing a winner and without specifying the place and date of delivery of goods and services, or without being accompanied by a detailed justification of the need for expenses. Among the audited cases,

there is fragmentation of the fund for the purchases of the same nature, mainly those with a value under 100 thousand ALL, for which the implementation of the procedure through the electronic system has been avoided.

Regarding the compliance of acts, for the period 2022-2023, out of 46 Municipal Council Decisions not confirmed by the County Prefect, only in 3 cases the revised Decisions has been returned to the Prefect by the Municipalities, while for the other 43 cases the County Prefect has not taken measures for their further follow-up and is not found to have expressed any opinion on these Decisions even during the on-site verification process.

It is also noted that there is no documented correspondence with the Municipalities as to whether these decisions have been annulled and will not proceed with their approval; in 9 cases normative acts have been confirmed which were sent by the municipalities with deficiencies in the accompanying documentation such as irregular minutes of the Municipal Council meetings where it is noted that the number of Council members in the attendance list does not correspond with the number of those who voted or with the number of signatories of the minutes; in 11 cases normative acts have been confirmed for giving properties into use or removal from the pasture fund without a certificate of ownership and without the legal status of the property from ASHK, as well as in 9 cases without being accompanied by placement plans of the areas; in 7 cases for decision-making on properties, approvals have been given without conducting public consultation with the community; for 1 decision, legality has been confirmed for the compensation of the beneficiary by being treated under the applicable legal framework for the reconstruction of the house from scratch, whereas according to the ownership certificate the damaged area is only a part of the total area of the object; and in 20 cases decisions have



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been made for the granting for exploitation or use of public properties during the election campaign period.

In the Prefecture of Vlorë County

For the period 01.01.2022 – 31.12.2023, have been identified irregularities which are material but not widespread and justify the issuance of a **qualified opinion**, specifically:

Regarding financial management and control, a risk management strategy has not been identified or drafted; a risk register has not been prepared for all sectors, showing deficiencies in control activities for achieving sector objectives.

For Emergency and Civil Protection activities, for the years 2022 and 2023, no report has been drafted on the coordination and cooperation of activities with territorial branches operating in the county—a report that should have been submitted to the responsible ministry and the Civil Protection Committee. Periodic reports, which should have been submitted to the reporting institutions and the National Civil Protection Agency, are also missing.

In the implementation of procurement procedures, for the period 2022–2023, in 3 procedures, the standard procurement procedures for low-value purchases through the electronic procurement system were avoided by fragmenting the funds and conducting them through written procedures according to the model for expenditures up to 100 thousand ALL; in 14 audited procedures, the declarations on conflict of interest by the Bid Evaluation Committee were not completed.

Regarding the compliance of acts, for the period 2022–2023, the audit found that at the Prefecture of Vlorë County there is no register reflecting in detail the activity of the prefect in function of the verification of the legality of acts. Also, in 93 confirmed decisions, the audit found that in 60 cases, the Prefect gave a positive

assessment of the legality of the decisions even in cases where the Municipal Council Decisions were not documented with the minutes of the meeting; in 28 cases, the Municipal Council Decisions are found to be individual and not normative acts, yet the Prefect gave a positive legality assessment despite lacking competence; in 9 cases, the Municipal Council Decisions were confirmed even though they were found to be in contradiction with Article 91 of the Electoral Code; in 3 cases, the Municipal Council Decisions were found to be in contradiction with the substantive law.

In the Prefecture of Tirana County

For the period 01.01.2022 - 31.12.2023, have been identified irregularities, which are material but not widespread and justify the issuance of a qualified opinion, specifically:

Regarding the compliance of acts, in 37 decisions of the Kamëz Municipal Council for granting economic assistance, with a total value of 13,342 thousand ALL, it was found that the approval was given in violation of the criteria set forth in Decision of the Council of Ministers No. 597, dated 04.09.2019; in 5 cases, the decisions for granting economic assistance for health reasons were confirmed in violation of Law No. 10383, dated 24.02.2011; in 5 decisions of the Tirana Municipal Council, approved for property transfer for development, it was found that they were not accompanied by the necessary documentation, such as the minutes of the Municipal Council meetings and documents proving the property registration; in 3 cases, decisions for property transfer were not approved by the Council of Ministers and were not accompanied by the relevant minutes; as well as deficiencies in the documentation of decisions approved by The Tirana Municipal Council for providing financial assistance to families who have suffered damage from fire, floods, and earthquakes. In the Municipality of Kavajë, regarding the agreement between the



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Municipality and the private developer for the infrastructure impact tax, it was found that the agreement no. 227 protocol, dated 18.01.2022, which foresees the exchange of the payment obligation for the tax with residential apartments (value 11,843 thousand ALL), has no legal support, as the exchange of the tax with apartments is not foreseen in the law. In several cases, deficiencies were found in the documentation submitted for the review of legality, as in the case of Municipal Council Decision no. 67, dated 23.11.2022, for the approval of the civil emergency fund by the Municipality of Rrogozhinë, where the estimate of damage for the approved compensation of 692 thousand ALL was missing, as well as in Municipal Council Decision no. 35, dated 26.04.2022, for providing financial assistance for home damages, where the minutes of the condition assessment were missing, as well as deficiencies in the documentation of some decisions approved for emergency funds, where some decisions were approved in contradiction with the relevant legislation, such as in the case of Municipal Council Decision no. 72, dated 20.11.2023, for the approval of a fund of 3,349 thousand ALL for interventions in the former Paper Factory, which was confirmed in contradiction with the Normative Act no. 9, dated 16.12.2019, article 35.

In the Prefecture of Elbasan District

For the period 01.01.2022 - 31.12.2023, were found inaccuracies and irregularities, which are material but not widespread and justify the issuance of a qualified opinion, specifically:

Regarding the compliance of acts, in 21 cases, decisions of municipal councils were verified that were made 4 months before the election date, in violation of the Electoral Code and Decision no. 9 of the Regulatory Commission at the Central Election Commission; in 3 cases, deficiencies were found in the basic documentation of municipal council decisions for the use of the earmarked fund for civil

emergencies, such as the absence of the damage assessment act and incorrect legal references, leading to a non-unified decision-making for such decisions, as well as contradictions in the legality verifications for decisions that, by nature and purpose, are the same; in 5 cases regarding "On the removal from use of assets, buildings owned by the Municipality of Librazhdi," significant deficiencies were found in the mandatory property documentation for the objects, as well as the absence of information regarding the way of acquiring the properties (whether they were transferred from central government units to local ones, according to law no. 8744, dated 22.01.2001), and the reasons for their removal from use, expert evaluations, and proposed methods for decommissioning, according to instruction no. 11, dated 06.05.2016; in 2 cases, normative acts were confirmed for "On the approval in principle of the commencement of the procedure for the expropriation of private properties for the realization of public interest projects," without property certificates and without verification of the legal status of the property by ASHK, without the preventive value and the relevant documentation.

In the National Agency of Natural Resources

From the compliance audit on specific issues related to recruitment procedures, compensation for employees unjustly dismissed, as well as the realization of activities based on the objectives set by the unit, it was concluded that:

The internal control system established at AKBN did not function effectively, as irregularities were found in issues related to employment relationships, conflicts of interest in carrying out functional duties; shortcomings in the implementation of procurement procedures for small-value purchases; financial difficulties and lack of payment capacity; failure to pay financial obligations on time, resulting in



3.1 COMPLIANCE AUDITS

financial effects, interest delays, and penalties for the institution.

In the Polytechnic University of Tirana (UPT), from the compliance audit regarding issues related to asset registration, the following conclusion was drawn:

Asset no. 5/561, part of UPT's assets, has not been registered in the records at the State Cadastre Agency (ASHK), although the relevant buildings have been recorded in the accounting system since 1991 as part of long-term material assets. Furthermore, the procedures for registering state property in ASHK have not been finalized. In account 210, "Land, Plots, Terrains", UPT has not registered any plot as a long-term material asset, leaving their value as zero in the financial statements, contrary to the relevant legal acts. Additionally, this asset is only registered as land in the Cadastre, without reflecting the corresponding property in the asset record, for which the World Bektashi Headquarters has the right of first refusal, according to a decision by the Property Restitution and Compensation Commission. In the record for restrictions on the property, there is no documentation for unregistered illegal constructions, a fact confirmed by the audit and information from ASHK. Currently, the buildings are used for vehicle administration and storing the material base of UPT's faculties.

In the University of Tirana, a compliance audit was conducted regarding issues related to the criteria for evaluating candidates applying for the position of "Administrator of the Faculty of Law." Discrepancies and deficiencies were concluded in the procedures followed by the responsible structures, specifically: two different decisions of the Board of Administration were identified (Decision no. 56, dated 29.08.2018 "For the approval of the criteria that candidates must meet for the position of Administrator of key units at UT" and Decision no. 80, dated 06.02.2019 "On the approval of the employment procedure for administrative staff

at UT"), which created uncertainty in the way candidates were evaluated; it was also found that the legal criterion specified by Law no. 80/2015 and the Statute of the University of Tirana was not met, which requires the candidate to have a university education and work experience in the relevant fields.

In the Ministry of Justice

The audit of the contract "Improvement of the electronic monitoring system in the criminal field" revealed several irregularities as follows:

Implementation and monitoring of the contract: There were irregularities in the implementation and monitoring of contract no. 8383/10, concluded between the Ministry of Justice and the companies BOE 'Soft Solutions', 'Fastech', and 'Ratech'. The electronic monitoring system did not function as required and was not used by the justice system bodies, making the contract ineffective for the application of alternative sentencing. The contract was terminated on 19.09.2019, making it impossible to implement Law no. 10494 on electronic monitoring. The contract had deficiencies in drafting and completion, including gaps in several articles and the addition of points in the contract conditions that are in contradiction with the public procurement law.

The article on intellectual property and the transfer of contract materials from BOE to the Ministry of Justice was not implemented. BOE did not provide system maintenance for one year, as required by the contract. The contract was not signed on every page by the Authorizing Officer and lacked an agreement on the service level (SLA). Only some items from the invoice were submitted, and there is a lack of the necessary documentation for the full settlement of the contract. The acceptance certificate for goods and services is missing, in violation of public procurement rules. These irregularities have impaired the functioning of the contract and the implementation of the electronic monitoring system.



3.1 COMPLIANCE AUDITS

In the Albanian Radio Television, the audit on the organization of the 62nd National Festival of Song at RTSH revealed several irregularities as follows:

Although the organization was generally in compliance with the regulatory framework, several significant shortcomings were identified that affected the state budget. One of the irregularities was the exclusion of field specialists and the incorrect assignment of their duties in the festival's working group. Additionally, the preparation of technical requirements, which is part of the directing platform, went beyond the competences of the director and artistic director, causing problems in the preparation and organization of the set design.

Interviews with members of the working group revealed that the set design was not carried out by the working group. The members of the group, for the technical matters of the set design, should not have accepted and approved a document that was prepared by individuals or entities that did not have a contractual relationship with RTSH, especially when the document was not prepared by them.

The process of obtaining offers was not transparent. Correspondence and information on how the entities were informed about the offers are missing, causing ambiguity in the process of analysis and approval of the offers. Moreover, the financial budget for the festival's expenses was inaccurate and did not provide sufficient information on values and financial sources.

Another issue relates to the expenses for the accommodation of employees of the organizing entities. This item was not foreseen in the contract, and consequently, the accommodation expenses were made without a legal basis, causing harm to the state budget. The budget included overlapping goods and services, further creating financial damage to the state.

On the availability in the market and the treatment in the third line of therapy for patients diagnosed with Chronic Lymphocytic Leukemia (CLL) with the drug 'Ibrutinib 140 mg'

This audit addresses the issues encountered by patients with Chronic Lymphocytic Leukemia (CLL) regarding the lack of treatment with the drug 'Ibrutinib 140 mg' since September 2023. The State Supreme Audit Institution (ALSAI) has considered this audit important due to its impact on the lives and quality of life of patients, based on the Albanian Charter of Patient Rights, which guarantees the right to equal and unrestricted treatment, regardless of the ability to pay.

The audit revealed that the use of Ibrutinib was interrupted following a restriction set in the 2018 protocol, which stated that the drug should be used for a limited period of 18 to 24 months. This limitation contradicts previous practices where Ibrutinib was used indefinitely until the disease progressed or the patient could no longer tolerate it. This change was followed by a letter dated 12.09.2023, sent by the Hematology Service, which confirmed that the use of Ibrutinib is now limited to a period of 18-24 months. In this letter, the FSDKSH (Health Insurance Fund) emphasized that this limitation was imposed following the review of the Hematology Service's request to remove the restriction, taking into account previous guidelines and clinical practices.

However, this time restriction for the use of the drug has not been supported by any other document, and has created uncertainty and issues for patients who required continuous treatment. Furthermore, the audit has highlighted the lack of a clear organization of the responsible structures for the approval and monitoring of drug use protocols.



FINANCIAL AUDITS

Financial auditing is an important process aimed at assessing whether financial statements have been prepared in accordance with applicable standards and reporting frameworks. The main objective of the auditor is to ensure that the financial statements do not contain material misstatements due to fraud or errors. In conclusion, the auditor provides an opinion on the reliability of these statements, using one of the types of opinions outlined in the International Standards on Auditing, as follows:

Unqualified Opinion: This is given when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable reporting framework.

Qualified Opinion: This is given when the financial statements contain material but not pervasive errors that lead to a change in the financial outcome.

Adverse Opinion: This is given when the auditor has obtained sufficient and appropriate evidence and concludes that the irregularities are material and pervasive.

Disclaimer of Opinion: This is given when the auditor is unable to obtain sufficient and appropriate audit evidence.



45
Audits



45
Audited
Entities

- **3** independent Institutions
- **3** central and subordinate Institutions
- **39** local self-government Institutions



45
Opinions

- **6** unqualified opinions
- **10** unqualified opinions with emphasis on the matter
- **28** qualified opinions
- **1** adverse opinion



980
Recommendations

- **617** organizational measures
- **175** disciplinary and administrative measures
- **188** financial effects



Financial effects
2,218,392 (thousand ALL)



3.2 FINANCIAL AUDITS

In the General Prosecutor's Institution

The financial audit, for the period 01.01.2022 - 31.12.2023, was concluded with:

Unqualified opinion with emphasis of matter on the issue regarding the financial statements, as the audit resulted that the financial statements of the subject (individual and consolidated), present in a fair way, in all material aspects, the financial position of this institution, except some immaterial issues, not to be considered as alarming by the management of the institution such as: incorrect registration of the value of account 401 "Suppliers and accounts related to them" in the amount of 467 thousand ALL, a value carried forward from before the year 2010, losing the status of short-term liabilities; incorrect presentation of asset values in the statements as during the process of transfer of capital from one subject to another no complete justifying documents have been attached for some practices (authorization for withdrawal of the asset, handover report, accompanying ledger card of depreciation value calculation); misclassification of items: "Electronic equipment" and incorrect depreciation calculation with rate 20% and not 25%; assets revalued for disposal in the amount of 9,138 thousand ALL not classified correctly in account 24 "Tangible fixed assets damaged"; the institution has not carried out revaluation of assets, which although in working condition, in accounting result with value 0 (zero); the value 1,725 thousand ALL, is mistakenly debited in account 468 "Other Debtors" and not in account 486 "Prepaid expenses".

In the Constitutional Court

The financial audit for the period 01.01.2022- 31.12.2022, was concluded with:

Qualified opinion for the financial statements, as the audit resulted that the financial statements of the subject present fairly, in all material

aspects, the annual financial position of this institution, except for some immaterial issues, not to be considered by the institution's management as: lack of documentation of the process of planning the needs and the request for procurement, since in the procurement procedure file "Audit and evaluation of the functionality and security of IT systems and infrastructure", the analysis/technical report evaluating the current state of the IT systems is not attached; the documentation generated by the system after the verification carried out is not attached; there is no analysis on the necessity of disposing of the criterion "thermal cameras" (equipment, devices) by the operator, which are not in accordance with the object of the contract and the items of works foreseen in the bill of quantities in the procurement procedure "Reconstruction of the Courtroom in the Constitutional Court"; from the EO (Economic Operator) a cooperation contract for the implementation of the works has not been submitted from one of the them, who according to the cooperation agreement undertakes to carry out 94.3% of the implementation works.

In the High Inspectorate of Justice (ILD)

In the financial audit for the period 01.01.2021- 31.12.2023, we concluded:

Unqualified opinion for the financial statements, as the audit resulted that the financial statements of the subject present fairly, in all material aspects, the annual financial position of this institution.

In the High Prosecutorial Council

In the financial audit for the operational activity period from 01.01.2021 - 31.12.2023, was concluded:

Unqualified opinion with emphasis of matter on the issue regarding the financial statements, as the audit resulted that the financial statements of the subject present fairly, in all material aspects, the annual financial position of this



3.2 FINANCIAL AUDITS

institution, in addition to some issues related to the material, for considering the institution's management: some irregularities that are linked to the active ones, after the authorized employees, after the completion of the process of inventorying the active ones, have not issued an order for compensation in the system, in the difference of active ones, in contradiction with UMF Nr.30, dated 27.12.2011; a sum of 371 thousand ALL is removed from the value of the active ones and is registered in the active ones, but it has not been supported with the relevant documentation and justifications.

Some articles related to the errors in the active accounts, causing an overvaluation of the amortization expenses for the year 2022 with 29 million ALL; some notes in the account after the values of the assets with long-term and short-term maturities were not the same in the financial statements for the year 2022, the amortization is for the accounting error, and the account 214 "Technical installations, machinery and equipment" is presented as overvalued for the purpose of correcting it in the amortization account in the financial position as of 31.12.2022; non-compliance with budgetary discipline after 4% of the total of liquidated transactions for the years 2022 and 2023 are outside the 30-day period, 10% of the total of liquidated transactions have not been realized according to the principle "first in, first out," and KLP has not submitted monitoring reports for the period 2021-2023, as required by Directive No. 22, dated 17.11.2016; and some issues related to internal controls such as the lack of the Internal Audit Unit or the lack of the Risk Register.

In the financial audit for the annual financial statements of the Program **"Improving Equal Access to High-Quality Public Services through the Govtech Operation,"** defined as financial statements for special purposes (ISSAI 2800), for the fiscal period from 01.01.2023 to 31.12.2023, the conclusion was as follows:

Unqualified opinion as the audit did not identify inaccuracies or material discrepancies within the applicable financial framework. Despite the fact that the laboratories established in the schools under verification are in compliance with the technical specifications of the contract, discrepancies were found during the process of the transfer and handover of assets from the local government units (the part related to the management of school assets) in the implementation of points 42, 43, and 50 of the chapter "Handover of Supplied Assets" and the chapter "Actions Performed by the Implementing Officers' Structures," of Instruction 30 dated 27.12.2011, "On the Management of Assets in Public Sector Units," as amended. The Ministry of Education and Sports and the basic units of Local Government Administration did not establish handover committees for the supplied assets with field specialists, with the participation of no less than three people.

For the reporting carried out for the national program for the modernization of the water supply and sewage sector in Albania (the program) in the National Water Supply and Sewerage Agency,

For the period from 01.12.2023 to 31.12.2023, several shortcomings were identified in the implementation of the regulatory framework for financial reporting, which did affect the issuance of the unqualified audit opinion.

AKUK grants subsidies every year to Water Supply and Sewerage entities facing financial and economic difficulties. It was found that, for the year 2020, three types of subsidies were provided (for electricity, COVID, and tax liabilities), while for 2021 and 2023, the subsidy was given to cover electricity expenses. The financial situation of the water supply entities is not favorable, as subsidies have been used to make payments for employee salaries, social insurance, and taxes, which are outstanding



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liabilities. It was also noted that the water supply entities have outstanding electricity liabilities, further worsening the situation with interest charges for unpaid obligations.

From the audit of the actions taken with the accounts 600 "Salaries" and 601 "Social Security Contributions," it was found that the accounting entries were correct, except for one discrepancy in the December payroll, in accounts 600 and 601, as the bonuses for two employees and the corresponding withholding for income tax were included.

In account 231 "Capitalized Assets," it was found that the Contract Performance Guarantee of 5% of its value (or 16,863 thousand ALL) was not maintained, in violation of Article 6 "Deduction of the Contract Guarantee" of Contract No. 468, dated 08.02.2021, of the Municipality of Kuçova, valued at 354,143 thousand ALL, for the project "Construction of the Lumas, Pëllumbas, Bardhaj, Sheqes, Vodes, Krekez, and Koritas Water Supply, NJ A Lumas, as well as partial construction in the village of Tapi, NJA Perondi, Municipality of Kuçova." The value reported in BB account 231 is 4,718 million ALL, while the amount actually paid by the Treasury system is 4,504,646 thousand ALL, and the value of 213,675 thousand ALL is the contract guarantee held in a Treasury system account (Account 466).

In the Municipality of Belsh

It has been concluded with an **unqualified opinion**, with an emphasis on the matter regarding the financial statements, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: overstatement of the reported values of account 468 "Other Debtors" by 38 thousand ALL; inaccuracies in accounts 486 "Prepaid Expenses" and 467 "Other Creditors," which in the financial

position statement do not align, as they did not function with counter parties against each other; understatement of overdue liabilities, as the amount of 15,252 thousand ALL from unresolved judicial decisions was not recorded; inaccuracies in the recognized value of depreciation of long-term assets in accounts 214 "Technical Installations, Machinery, and Equipment" and 218 "Economic Inventory" due to the non-application of depreciation rates based on the type of activity.

In the Municipality of Bulqiza

It has been concluded with a **qualified opinion** on the financial statements, with the qualification being based on material and non-widespread irregularities as follows: overstatement of the reported values for accounts 31 "Materials" and 32 "Minor Inventory," for amounts of 452 thousand ALL and 4,441 thousand ALL; inaccuracies in account 213 "Roads, networks, water works," as the amount of 225,599 thousand ALL for one item transferred to the Water Supply and Sewerage Bulqiza was not deducted; understatement of the accumulated depreciation fund by 200,483 thousand ALL, due to adjustments/movements between asset accounts; the inventory process in the Municipality of Bulqiza was not carried out for any of its phases; the recognition and accounting of the amount of 42,132 thousand ALL was not done, which consists of local taxes and fees amounting to 3,577 thousand ALL, licensing fees for entities trading hydrocarbons amounting to 5,800 thousand ALL, infrastructure impact taxes amounting to 1,273 thousand ALL, and the rental of forests and pastures amounting to 31,482 thousand ALL.

In the Municipality of Delvina

It has been concluded with an **unqualified opinion**, with an emphasis on the matter regarding the financial statements, as the audit



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found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: some inaccuracies in account 26 "Long-term Financial Assets," which was reported undervalued by 46,500 thousand ALL, and in account 215 "Transport Equipment," which was reported overvalued by 6,702 thousand ALL.

In the Municipality of Devoll

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: in account 212 "Construction buildings" the amount of 94,936 thousand ALL has been recorded without identifying the asset it belongs to, and in account 213 "Roads networks water works" the amount of 572,125 thousand ALL, without naming the asset; account 26 "Equity participation" has been reported undervalued by 7,762 thousand ALL, for the share of the Water Supply and Sewerage Korça Sh.a; account 230 "Investments for long-term material assets" and 231 "Investments for long-term material assets" do not align with the total of account 115 "From own investment funds" and account 105 "Excess of internal capital grants"; account 468 "Other debtors" does not include the amount of 58,553 thousand ALL, which belongs to debtors from local taxes and fees of businesses and households.

In the Municipality of Dimal

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: inventory and updating have not been carried out for the values of land under construction and functional land, as well as the values of plots, forests, and pastures at

their current values in account 210 "Land, Plots, Terrain" and account 211 "Forests, Pastures, Plantations"; they have not been reflected in the corresponding account for assets withdrawn from use; 246 assets, which are in use by the Municipality, have not been recorded in the financial statements.

In the Municipality of Divjakë

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: understatement of accounts 7206 "Expected funding from the budget" by 21,049 thousand ALL, 231 "Investments" by 5,846 thousand ALL, 401-408 "Suppliers and related accounts" by 389,620 thousand ALL for investment projects for which tax invoices have been received; overstatement of the value of accounts 210 "Land, plots, terrain" by 2,553 thousand ALL, 211 "Forests, Pastures, Plantations" by 2,041 thousand ALL for assets that should have been accounted for in account 213 "Roads, networks, water works," as well as account 212 "Buildings and Constructions" by 3,293 thousand ALL due to incorrect accounting in accounts 210 "Land, plots, terrain" and 231 "Investments".

In the Municipality of Dropull

It has been concluded with an **unqualified opinion**, with an emphasis on the matter regarding the financial statements, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to the reflection in the financial statements of 25,311 hectares (ha), of which 10,641 ha of forest areas, 14,911 ha of pasture areas, 28.1 ha of non-productive land, and 30 ha of rocky and water land, transferred in its favor according to



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Decision of the Council of Ministers (DCM) No. 433, dated 08.06.2016 "On the transfer of ownership of Public Forests and Pastures to Municipalities, according to inventory lists, and currently administered by the Ministry of Environment and former Communes/Municipalities.

In the Municipality of Finiq

It has been concluded with an **unqualified opinion**, with an emphasis on the matter, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: the inclusion in account 202 "Studies and Research" of the amount of 8,030 thousand ALL, which has not been analyzed according to studies and projects; taking legal measures for the recognition in accounting of all assets owned by the municipality; analysis in explanatory notes of the financial statements of the amount of 99,236 thousand ALL in account 212 "Buildings and Constructions"; correction of the value of account 231 "Expenses in process for increasing the AQT" for payments for the projects "Reconstruction of the Dermish-Navaricë road" and "Reconstruction of the Karroq road"; as well as unblocking of funds amounting to 17,467 thousand ALL for 19 completed projects, handed over by the Municipality of Finiq, and subsequently correcting account 466, "Creditors".

In the Municipality of Fushë Arrëz

It has been concluded with an **unqualified opinion**, with an emphasis on the matter, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management,

related to: overstatement of account 466 "Creditors for funds in storage" by 9,194 thousand ALL, as the entities have not been notified to present the necessary documentation to liquidate the guarantee amount, for which the deadline set in the contract has passed; understatement of account 211 "Forests, Plantations" as the value of 394 properties with an area of 65,287,847 m² of forests and pastures, registered in 2012-2013 by the former Municipality of Fushë Arrëz and the former Commune of Qafë Mali, has not been accounted for.

In the Municipality of Gjirokastrë

It has been concluded with a **qualified opinion**, with an emphasis on the matter, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: the valuation and subsequent accounting of 10 long-term tangible assets of the type pasture, forest, land, and building, equipped with ownership certificates; conducting inventory, valuation, and registration in ASHK for properties transferred by DCM, as well as completing the information on their real status (how many of these properties are occupied, how many are functional, and how many no longer exist); accounting for liabilities for local taxes and fees, of which only 15,931 thousand ALL have been accounted for.

In the Municipality of Gramsh

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: account 24 "Damaged long-term assets" is understated by 9,400 thousand ALL as assets classified as damaged during the inventory process were not



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accounted for; account 468 "Various Debtors" is understated by 66,975 thousand ALL as liabilities from debtors for local taxes and fees were not accounted for; incorrect values were reported: 11,217 thousand ALL in account 211 "Forests, pastures, plantations", 376,538 thousand ALL in account 212 "Buildings and constructions", and 343,864 thousand ALL in account 213 "Roads, networks, waterworks," inherited from the balance sheets of the former communes of Gramsh and not analyzed for the effect of their physical inventory and depreciation calculation; discrepancies in the reported value of account 231 "For long-term material assets" amounting to 0 ALL, whereas in fact, for the year 2023, there are contracts in process for which payments have been made in the amount of 56,918 thousand ALL, which belong to account 212 "Buildings and constructions"; accounts 230 "Investments for intangible long-term assets" and 231 "Investments for material long-term assets" are reported with a value of 0 ALL and do not reconcile with account 105 "Surplus of internal capital grants" in the amount of 693 thousand ALL.

In the Municipality of Has

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: the value of account 202 "Studies and Research", amounting to 1,791 thousand ALL, which belongs to 27 investment project studies carried out in previous years, has not been capitalized according to the type of tangible assets, despite the fact that the works have been completed; the Finance Sector lacks the general ledger for recording accounting transactions from journals to the balance sheet, as well as the ledger of various transactions for recording adjustments in accounting records; account 423–429 "Personnel, advances, deficits, fines" in the amount of 914 thousand ALL has been inherited from the consolidation with the

former Gjinaj commune, for which there is no data on what it represents; account 7206 "Expected funding from the budget" is presented at the value of 18,586 thousand ALL, which does not reconcile with the balance of account 4342 "Operations with the state (receivables)" in the value of 19,759 thousand ALL, as this balance should reflect the liability the state has toward the institution for expenditures incurred during the fiscal period but still unpaid; in the accounting inventory of tangible assets, the balances at the end of 2023 in accounts: 210 "Land, Plots, Terrain" at the value of 1,074 thousand ALL; 212 "Buildings, Constructions" at the value of 966,447 thousand ALL; 213 "Roads, networks, waterworks" at the value of 1,627,644 thousand ALL; 214 "Technical installations, machinery, equipment, work tools" at the value of 75,859 thousand ALL, have been updated gross for all investments made during the year for each asset type based on project titles, without consolidating them into a single total value per asset; and the physical inventory of tangible and intangible assets, as well as short-term assets of the Municipality of Has and 4 Administrative Units, has not been conducted.

In the Municipality of Klos

It has been concluded with an **unqualified opinion** with an emphasis of matter, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: account 210 in the amount of 31,683 thousand ALL for project studies was found uncapitalized under the respective invested assets; account 467 "Various creditors" is presented with a value of 0 ALL, while in accounts 401–404 "Suppliers and related accounts," by the end of 2023, 15 unpaid invoices amounting to 89,311 thousand ALL, created in periods before November–December (60 days), are included, which should have been



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part of account 467 “Various creditors,” as they are classified as overdue liabilities; the process of classifying decommissioned and disposed assets has not been completed; the physical inventory of NTA (Non-Current Tangible Assets) recorded in accounts 212 “Buildings and constructions” and 213 “Roads, networks, waterworks” has not been conducted; in the asset register prepared, for a portion of long-term assets, their values have been recorded not in the year of creation but in the years when accounting began, reflecting added values from construction or maintenance.

In the Municipality of Konispol

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: account 468 “Various Debtors” is presented as understated by the amount of 412 thousand ALL; account 7206 “Small Inventory” is presented as understated by the amount of 25,040 thousand ALL; and account 26 “Long-term Financial Assets” is presented as understated by the amount of 449 thousand ALL.

In the Municipality of Krujë

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: account 468 “Various Debtors” is understated by the amount of 23,447 thousand ALL, due to unrecorded unpaid obligations for the infrastructure impact tax from legalization permits; account 202 “Studies and Designs” is overstated by the amount of 6,235 thousand ALL for a project that has been implemented; the amount of 1,359 thousand ALL inherited from the former Communes has not been analyzed and there is no information on whether these projects have been implemented; from account 213 “Roads, networks,

waterworks,” the value for 2 items related to water supply and sewerage, totaling 28,866 thousand ALL, which were transferred to UK Kuçovë, has not been deducted; in account 26 “Participation in Own Capital,” the value of 3,500 thousand ALL representing shares in the Sports Club “NAFTËTARI” has not been reflected; and newly incurred liabilities in account 467 “Various Creditors” for 2 cases totaling 15,442 thousand ALL have not been recorded.

In the Municipality of Kurbin

It has been concluded with an **unqualified opinion** with an emphasis of matter for the financial statements, as the audit found that the entity's financial statements fairly present, in all material aspects, the annual financial position of this institution, except for a few immaterial issues to be considered by the institution's management, related to: the recognition and reporting in the financial statements of all immovable properties that the Municipality of Kurbin possesses; the forest and pasture area of 11,350 hectares, transferred within the jurisdiction of the territory of the Municipality of Kurbin, and the pursuit of legal steps to obtain property ownership certificates; the necessary on-site verifications and corrections, in order to establish and update the forest fund register, as the existing data refer to statistics prior to 1990; as well as the drafting of forest management plans for forest economies, and their registration in cadastral records.

In the Municipality of Libohovë

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material but not widespread irregularities as follows: account 202 “Studies and research” is presented under intangible fixed assets in the amount of 5,645 thousand ALL, labeled as “other value” without an analysis



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of what it represents; account 212 “Buildings and constructions” under tangible fixed assets includes an unanalysed value of 4,687 thousand ALL; account 213 “Roads, networks, waterworks” has an unanalysed amount of 8,296 thousand ALL, without object identification or location; for four items under the respective classes of account 214 “Technical installations, machinery, equipment, work tools”, in the total amount of 19,372 thousand ALL, there is no accounting documentation regarding their origin; for accounts 202 “Studies and research”, 213 “Roads, networks, waterworks”, and 215 “Transport vehicles” in the fiscal year 2023, depreciation values have not been calculated; account 210 “Land, plots, terrains” does not reflect the actual situation, as it does not include the value of land beneath buildings, such as the municipality building, school buildings, kindergartens and nurseries, cultural centers, offices in Administrative Units, etc.; account 211 “Forests, pastures, plantations”, reported at 0 ALL, does not reflect the actual status since it does not include the value of 12,140 hectares of properties, including 7,918 ha of summer pastures, 3,006 ha of forest, 1,027 ha of winter pastures, 146 ha of non-productive land, 42 ha of barren land, 1 ha of arable land, 814 ha of winter pastures, and 864 ha of pastures transferred under the respective VKMs; account 212 “Buildings and constructions” does not reflect the real property of the local unit because for a portion of the assets carried over from former communes, no ownership documents exist; account 213 “Roads, networks, waterworks” does not reflect the real value since the 29 km road transferred to the Municipality of Libohovë under VKM no. 915, dated 11.11.2015, has not been accounted for; account 214 “Technical installations, machinery, equipment, work tools” does not present the actual value as the amount of 14,265 thousand ALL in goods received free of charge from the Albanian Development Fund (FSHZH) has not been recorded.

In the Municipality of Mat

It has been concluded with a **qualified opinion** for the financial statements, the qualification of which is based on material but not widespread irregularities as follows: consolidated financial statements have not been prepared for three (3) dependent enterprises, which are: the Services Enterprise, the Burrel Football Club, and Mat Market; account 101 “Surplus” at the end of 2023 is overstated by the amount of 550,100 thousand ALL; account 210 “Land, plots, terrains” is overstated in the amount of 22,942 thousand ALL, which consists of 5 assets that should have been recorded in account 212 “Buildings and Constructions”; account 468 “Other Debtors” is understated in the amount of 50,486 thousand ALL as a recognized liability from household subscribers.

In the Municipality of Memaliaj

It was concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material but not widespread irregularities as follows: the balance of account 468 "Various debtors" is presented at the value of 0 ALL, while according to the analysis of the debtors, they appear in significant values and should have been accounted for in this account and in the counterpart account 4341 "Operations with the state (liabilities)", in the amount of 783 thousand ALL; accounts 423, 429 "Personnel, advances, deficits and fines", account 431 "Taxes and fees", account 436 "Health insurance" in the amount of 10,431 thousand ALL should be classified in account 4342 "Other operations with the state (rights)", which is inaccurately presented at the end of 2023 in the value of 783 thousand ALL, for which there is no explanation of what it represents, since it does not reflect the liability that the state owes to the institution for recognized but still unpaid expenses, when their value at the end of 2023 is actually 61,416 thousand ALL and does not reconcile with the



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balance of account 7206 "Expected financing from the budget", which is inaccurately presented at the value of 11,214 thousand ALL. The remaining value at the end of 2023 of 3,911 thousand ALL of intangible long-term assets presented in the balance of account 202 "Studies and Research", for 20 investment study projects carried out, is not distributed according to the type of asset in which the investments were made, even though the works have been completed in previous years and for these assets depreciation at the rate of 15% of the remaining value has not been calculated; in account 210 "Land, plots, terrain" in the value of 119 thousand ALL and account 211 "Forests, plantations" in the value of 277 thousand ALL, they are not analyzed with descriptions of what they represent; account 231 "Expenses in process for the increase of AQT", is incorrectly reported with a value of 0 ALL, since for the investment project with the objective: "Construction of the Regional Water Supply System for the villages of Vasjar, Iliras, Qesarat, Anë Vjosë, Toç, Lulëzim, Zhulaj, Krahës and the City of Memaliaj" works are ongoing and the partial value of this contract financed with 174,224 thousand ALL, should have been accounted in this account and not in account 213 "Roads, networks and waterworks".

In the Municipality of Peqin

It was concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material but not widespread irregularities as follows: The account of Tangible Long-Term Assets, 210 "Land, plots, terrain", account 212 "Buildings and constructions" and account 213 "Roads, networks, waterworks", are presented with the historical accounting value without being compared to the physical inventory; account 468 "Various debtors" is undervalued in the amount of 6,151 thousand ALL, due to non-accounting of unpaid obligations for the infrastructure impact tax from legalization permits; account 202 "Studies

and designs", account 212 "Buildings and constructions", account 213 "Roads, networks, waterworks", are overvalued since the transfers of 36 items that belong to the inventory of Peqin Water Supply and Sewerage have not been accounted, in the amount of 589,691 thousand ALL.

In the Municipality of Përmet

It has been concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: account 24 "Long-term assets" is undervalued in the amount of 45,478 thousand ALL as the assets assessed as damaged from the inventory process according to the report dated 31.12.2023 have not been recorded; account 468 "Other debtors" is undervalued in the amount of 2,208 thousand ALL as the obligations from the leasing of assets owned by the Municipality of Përmet have not been recorded in this account; account 486 "Prepaid expenses" in the amount of 41,840 thousand ALL should have been recorded in account 467 "Other creditors"; the arrears must be registered in the debit of account 4342 "Operations with the state" (receivables) and in the credit of accounts 401-408 "Suppliers and related accounts" and 467 "Other creditors"; the accounts: 202 "Studies and research" in the amount of 7,182 thousand ALL, 210 "Land, plots, terrains" in the amount of 5,804 thousand ALL, 212 "Buildings and constructions" in the amount of 472,818 thousand ALL and 213 "Roads, networks, water works" in the amount of 949,127 thousand ALL, are reported with values inherited from the balance sheet of the former municipalities of Përmet not analyzed by number of objects for the purpose of physical inventory and depreciation calculation; account 231 "Expenses in process for the increase of NFA" is undervalued in the amount of 11,134 thousand ALL as one contract for works in process with the object "SEMP Piskovë + irrigation canal" has not been recorded.



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In the Municipality of Pukë

It has been concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: the difference between the values reported in account 4342 "Operations with the state, receivables" and the value in the liability accounts, in the amount of 30,633 thousand ALL, which in fact should have been presented as 54,359 thousand ALL; in account 213 "Roads, networks, water works" is included the amount of 85,000 thousand ALL under the name of the object "Gjegjan Water Supply" as capitalization of works without being taken over as an investment; the object "Luf Village Water Supply, Municipality of Pukë" with a value of 96,256 thousand ALL, which was taken over by the Municipality of Pukë on 13.11.2023, has been kept outside the accounting records; account 231 "Expenses in process for the increase of NFA" does not present a true reflection of the actual state of the assets as, for several contracts, works have been completed and payments made in the amount of 73,804 thousand ALL, but they continue to be presented as assets in process; the process of asset inventory has not been fully and properly documented.

In the Municipality of Pustec

For the period 01.01.2022 to 31.12.2022, a **qualified opinion** was concluded on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: the balance of account 4342 "Other operations with the state (receivables)" is presented in the amount of 7,047 thousand ALL, which does not reconcile with the total of short-term liability accounts on the liabilities side of the balance sheet; account 231 "Investment expenses in process" is presented with a value of 0 ALL, while two unfinished investment contracts were identified, for which the partial amount paid of 159,504 thousand ALL should

have been recorded in this account and not in account 213 "Roads, networks, water works"; the depreciation calculation of the assets in account 218 "Economic inventory" was made based on an incorrect depreciation rate of 10% instead of 20% or 25%, as applicable for this asset group; inaccuracy in the reported value of account 4341 "Operations with the state (liabilities)" which is presented in the amount of 29 thousand ALL, but there is no data to indicate what it represents, whereas the liabilities to the state from debtors at the end of the year were in the amount of 17,983 thousand ALL, corresponding to the balance of the counterparty account 468 "Other debtors" on the assets side of the balance sheet.

For the period 01.01.2023 to 31.12.2023, a **qualified opinion** was concluded on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: account 470 "Receivables" is undervalued by the value of the counterparty account 468 "Other debtors" in the amount of 22,486 thousand ALL; non-disclosure of the value of decommissioned assets under the "reductions" section of statements Format 7/a and 7/b in the amount of 2,196 thousand ALL; account 26 "Long-term financial assets - participation in own capital" is presented as undervalued in statements Format 1 "statement of financial position" and Format 7/a and 7/b in the amount of 64 thousand ALL; account 218 "Economic inventory" is overvalued by the amount of 12 thousand ALL, which includes 39 assets classified as "library fund-books" and belong to account 212/sub-account 2120 "creation of library fund" with a depreciation coefficient of 5%, for which account 2120 "creation of library fund" is undervalued by the same amount of 12 thousand ALL.

Upon completion of the procedures for writing off the damaged assets in the amount of 2,196 thousand ALL, the removal from accounting in the respective accounts was not carried out by the SFB in the preparation of the financial statements.



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In the Municipality of Selenicë

It has been concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: In the Statement of Financial Position no. 7/a, "Status and changes of long-term assets (historical cost)" and no. 7/b, "Status and changes of long-term assets (net value)", the reduction of the value 93 thousand ALL, which belongs to the assets taken out of use according to the respective minutes, has not been carried out; account 24 "Damaged long-term assets" is undervalued in the amount of 9,057 thousand ALL due to the non-accounting of assets assessed as damaged from the inventory process; account 4342 "Operations with the state (receivables)" is presented in the amount of 87,407 thousand ALL and does not match with account 7206 "Expected financing from the budget"; for account 210 "Land, plots, terrains", depreciation has been wrongly calculated in the amount of 58 thousand ALL; account 213 "Roads, networks, water works" is overvalued in the amount of 526,501 thousand ALL, which belongs to assets transferred to the Selenicë Water Supply Company; account 101 "Surplus (Accumulated Fund)/Accumulated Deficit" is undervalued in the amount of 1,440 thousand ALL; the accounts recorded as inherited values from the balance sheet of the former municipalities of Sevaster, Brataj, Kotë, Armen and Vllahinë have not been identified and presented by number for the purpose of their physical inventory as follows: Account 202 "Studies and research" in the amount of 31,079 thousand ALL; account 210 "Land, plots, terrains" in the amount of 140,307 thousand ALL historical cost; account 212 "Buildings and constructions" in the amount of 282,322 thousand ALL; account 213 "Roads, networks, water works" in the amount of 1,570,622 thousand ALL; account 214 "Technical installations, machinery, equipment, work tools" in the amount of 11,853 thousand ALL;

account 215 "Means of transport" in the amount of 11,678 thousand ALL; and account 218 "Economic inventory" in the amount of 38,702 thousand ALL; account 26 "Participation in own capital" is undervalued in the amount of 530 thousand ALL for the value of the shares of the Joint Stock Company Water Supply and Sewerage Selenicë; in account 466 "Creditors for items in custody" are evidenced values accounted with the designation "Without origin" or "Incorrectly transferred from revenues", in the amount of 764 thousand ALL, for which there is no accounting documentation available, and in this account is also included the amount of 18,800 thousand ALL, which belongs to immobilizations for 43 objects whose warranty period has expired and the Municipality of Selenicë has not taken any action to unblock these funds.

In the Municipality of Tepelenë

It has been concluded with an **unqualified opinion**, with an emphasis of matter for the financial statements, as the audit revealed that the financial statements of the entity present fairly, in all material respects, the annual financial position of this institution, except for some immaterial issues to be considered by the management of the institution, related to: the inclusion in account 468 "Other debtors" of the amount of 2,785 thousand ALL not transferred from the Water Supply and Sewerage, regarding local taxes and fees collected as a liability of the year 2023; the calculation of depreciation at the rate of 15% for the project "Study, closure, rehabilitation of urban waste from illegal dumping sites" reported in account 202 "Studies and research"; as well as compliance with the 30-day legal deadline for invoice payments, as 50 cases of invoices were found with a total value of 43,646 thousand ALL, paid with payment orders beyond the legal 30-day deadline.



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In the Municipality of Tropojë

It has been concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: Account 467 “Other creditors” is understated by the amount of 32,666 thousand ALL; account 4341 “Operations with the state (liabilities)” is overstated by the amount of 33,117 thousand ALL; account 466 “Creditors for items in custody” is overstated by the amount of 22,449 thousand ALL; account 468 “Other debtors” is understated by the amount of 6,748 thousand ALL; accounts 401–408 “Suppliers and related accounts” are understated by the amount of 5,021 thousand ALL; account 26 “Participation in own capital” is understated by the amount of 4,960 thousand ALL; account 215 “Transport means” is overstated by the amount of 3,452 thousand ALL; account 212 “Buildings and constructions” is understated by the amount of 1,522 thousand ALL; account 327 “Small inventory” is understated by the amount of 307 thousand ALL.

In the Municipality of Pogradec

It has been concluded with a **qualified opinion** on the financial statements, the qualification of which is based on material and not widespread irregularities as follows: The Municipality of Pogradec for the year 2023 has not prepared consolidated financial statements for three dependent units: the Enterprise of Parks and Recreation, the Enterprise of Public Works Infrastructure Maintenance, and the Educational Center. In account 202 “Studies and research” are included 41 projects for which the finance department has not carried out the accounting systematization of the account transaction by attaching it to the investment value; the municipality does not have an accounting, analytical register of assets for the following accounts: 210 “Land, plots, terrains” in the amount of 3,874 thousand ALL; 211 “Forests,

plantations” in the amount of 698,494 thousand ALL; 212 “Buildings and constructions” in the amount of 115,508 thousand ALL; 213 “Roads, networks, water works” in the amount of 1,077,389 thousand ALL; 214 “Technical installations, machinery and equipment” in the amount of 11,985 thousand ALL; and 215 “Transport means” in the amount of 9,276 thousand ALL. According to the National Business Center, the Municipality of Pogradec is a shareholder with 36.10% in the Regional Water Supply and Sewerage Company Pogradec J.S.C., with capital in the monetary value of 36,100 thousand ALL, which is not presented in the long-term financial assets of the balance sheet; in account 468 “Other debtors”, the balance of debtors for taxes and fees in the amount of 143,834 thousand ALL, as well as debtors from the infrastructure impact tax in the amount of 40,440 thousand ALL, are not included. On January 1, 2023, the Municipality of Pogradec had opening progressive arrears of 347,178 thousand ALL, funded from its own revenues, and in the 2023 annual budget plan, it did not plan a schedule for the repayment of arrears but has liquidated the amount of 146,099 thousand ALL.

In the Municipality of Vau Dejës

It has been concluded with a **qualified opinion** on the financial statements for the year 2022, the qualification of which is based on material and not widespread irregularities as follows: The reported value in the statements for account 210 in the amount of 6,208 thousand ALL, account 211 in the amount of 113,039 thousand ALL, account 212 with an increase of 25,482 thousand ALL from the previous year, and account 213 “Roads, networks, water works”, are not supported by analytical supporting documents; the reported value in the statements of financial position for the accounts: 214 “Technical installations, machinery and equipment”, which reflects the account balance for the Municipality



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of Vau Dejës and the former communes in the amount of 52,772 thousand ALL; account 215 "Transport means", which reflects the account balance for the Municipality of Vau Dejës and the former communes in the amount of 42,580 thousand ALL; and account 218 "Economic inventory", which reflects the account balance for the Municipality of Vau Dejës and the former communes in the amount of 104,505 thousand ALL, are not supported by analytical supporting documents; account 202 "Studies and research" is overstated in the amount of 65,649 thousand ALL; and account 26 "Long-term financial assets" is understated in the amount of 413,912 thousand ALL.

In the Municipality of Kamzë

In the financial audit for the period 01.01–31.12.2023, a **qualified opinion** was concluded, based on several material and not widespread irregularities as follows: in account 210 "Land, Plots, Terrains" 14 assets have been recorded with a certificate of ownership but not at fair value; in account 212 "Buildings and Constructions" 14 assets with a value of 1,003,473 thousand ALL have been recorded without a certificate of ownership, which are completed investment projects; and in account 213 "Roads, networks, water works" 97 assets with a value of 2,841,437 thousand ALL have been recorded without a certificate of ownership, which are also completed investment projects.

In the Municipality of Vorë

A **qualified opinion** has been concluded for the financial statements, based on material and not widespread irregularities as follows: In account 214 "Technical installations, machinery, equipment, and tools," the following have been incorrectly included: the asset "Decorative Trees" with a historical cost of 796 thousand ALL, as well as the asset "Finance5 Computer Program" with a historical cost of 390 thousand

ALL; in accounts 401-408 "Suppliers and related accounts," unpaid invoices from the years 2006-2020 were found, amounting to 11,506 thousand ALL; in account 467 "Other creditors," for the total amount of 363,290 thousand ALL for 2023, one subject was found with the same name, date, and debt amount, totaling 888 thousand ALL, and an amount of 60 thousand ALL had no designated creditor subject or individual; the unpaid tax liability in the Municipality of Vorë on 31.12.2023 was found to be 376,289 thousand ALL, compared to 302,825 thousand ALL reported by the Municipality of Vorë. The incomplete recording of all debtors from local taxes and fees for businesses or households, amounting to 462,440 thousand ALL, as well as the unreported overdue liabilities for the period 2004-2020, amounting to 27,219 thousand ALL, totaling 73,463 thousand ALL, does not reflect the true situation of debtors.

In the Municipality of Lezhë

A **qualified opinion** has been concluded for the financial statements, based on material and not widespread irregularities as follows: Account 101 has been overvalued by 825 thousand ALL in the balance sheet; account 467 "Other creditors" has been overvalued by 25,108 thousand ALL, which consists of 17 tax invoices for goods that have been registered in account 401-408 "Suppliers and related accounts"; the recognition and reporting of overdue liabilities in account 486 "Expenses of future periods" has not been carried out in this account, and its value has been overvalued by 165,278 thousand ALL.

In the Municipality of Kukës

A **qualified opinion** has been concluded for the financial statements, based on material and not widespread irregularities as follows: Inaccuracies and deficiencies in the accounts of AAGJ; the accounts "Studies and Research" (7,421 thousand ALL), "Land, Properties, Grounds"



3.2 FINANCIAL AUDITS

(202,601 thousand ALL), "Forests, Plantations" (22,187 thousand ALL), and others do not reconcile with the respective values in the balance sheet; the inventory of assets for the accounts "Materials," "Small Inventory," and "Economic Inventory" (28,854 thousand ALL) started after the closure of 2023 and there are deficiencies in documentation; Account 231 includes 51 assets (257,136 thousand ALL) that should have been distributed across the respective accounts. The accounts "Other Creditors" (86,669 thousand ALL) and "Other Debtors" (28,128 thousand ALL) have reported inaccurate values. Additionally, the Municipality of Kukës has not transferred investments (13,546 thousand ALL) to the Kukës Water and Sewerage Company (Sh.A.). These deficiencies require corrections in the financial statements.

In the Municipality of Mirditë

A **non-qualified opinion** has been concluded with emphasis on the matter for the financial statements, as they present fairly, in all material aspects, the financial position of the local government unit, except for a few immaterial matters as follows: The balance of account 211 "Forests, Pastures, Plantations" is presented with a value of 6,284 thousand ALL, with no changes from the previous year, as the inventory and evaluation by the commission appointed by the Institution's Head have not been carried out. Additionally, in the analysis of account 212 "Buildings and Constructions" with a gross value of 2,360,758 thousand ALL, assets were identified that have not been physically inventoried to verify the correspondence between the physical status and the accounting status. The balance of account 466 "Creditors for funds in custody" contains liabilities for work guarantees of the municipality to private entities, which have exceeded the term specified in the contracts but remain unclear due to the lack of information, with a value of 103,894 thousand ALL.

In the Municipality of Poliçan

An **unqualified opinion** has been concluded for the financial statements, as they present fairly, in all material respects, the financial position of the local government unit, except for some immaterial issues that should be considered by management, such as: lack of analyses for the account "Studies and Research," expired guarantees for certain projects without verification measures by the Municipality of Poliçan, and overstatement of the "Economic Inventory" account due to misclassified assets. Additionally, the value of forests and pastures of the Municipality of Poliçan is not properly reflected, and many transferred assets have not yet been registered.

In the Municipality of Kuçovë

A **qualified opinion** has been concluded for the financial statements, the qualification of which is based on material but not widespread irregularities as follows: account 468 "Other debtors" is understated by 23,448 thousand ALL due to the non-accounting of liabilities from the infrastructure impact tax arising from legalization permits; account 202 "Studies and designs" is overstated by 6,235 thousand ALL, and the amount of 1,359 thousand ALL from former communes has not been analyzed; the amount of 7,992 thousand ALL for cemetery arrangement has been incorrectly recorded under account 210 "Land, plots, terrains"; account 213 "Roads, networks, water works" has not deducted the amount of 28,866 thousand ALL for items transferred to the Kuçovë Water Supply and Sewerage Company; the amount of 3,500 thousand ALL for shares in the Sports Club "NAFTËTARI" has not been reflected, and loan liabilities of 15,442 thousand ALL have not been accounted for in account 467 "Other creditors".



COMBINED AUDITS

Referring to ISSAI 4000, when a compliance audit is combined with a financial audit, the conclusion/opinion on the compliance aspect should be clearly separated from the opinion on the financial statements.

The law(s) and regulations identified as audit criteria should include all laws and regulations that may affect the audit results.

At the conclusion of combined audits, the auditor issues an opinion on the financial statements and an opinion on compliance.



35
Audits



35
Audited entities

- 3 independent institutions
- 6 central institutions
- 25 local self-government institutions
- 1 asset management institution



70
Financial opinions/conclusions

- 7 unqualified opinions
- 4 qualified with emphasis of matter
- 50 qualified opinions
- 3 adverse
- 6 conclusions



35
Compliance opinions/conclusions

- 2 unqualified opinions
- 32 qualified opinions
- 1 adverse opinion



1604
Recommendations

- 8 legal improvements
- 850 organizational measures
- 442 disciplinary and administrative measures
- 304 financial effects



Financial effects
5,345,696 (thousand ALL)



3.3 COMBINED AUDITS

In the Ministry of Defense

In the financial and compliance audit of the activity for the period 01.07.2021 - 30.06.2023, the following conclusions were reached:

Qualified Opinion on the Financial Statements, the qualification of which is based on material and non-widespread irregularities as follows: inconsistency of expenses between the declaration in the financial statements and the treasury branch for accounts 602 “Purchase of goods and services”; 605 “Transfers to International Organizations”; and 606 “Transfers Paid by Other Institutions and Local Government Organizations”; inconsistency in the declared values in account 437-438 “Other state bodies”; difference in accounts 215 “Transport means”, 218 “Economic inventory”; and material differences between the assets recorded by the Inventory Commission and the assets presented in format 7/a of the financial statements.

Qualified Opinion on the Compliance of the Activity, the qualification of which is based on material and non-widespread irregularities as follows: Non-respect of budget discipline by continuing with projects not foreseen in the PBA specifically: 10 projects in the amount of 1,089,925 thousand ALL in 2021; 13 investment projects in the amount of 1,175,011 thousand ALL in 2022; Violations of public procurement rules: by not justifying the criteria foreseen in the legal framework in 10 cases, out of 45 procurement procedures audited; by qualifying operators who do not meet the established criteria; in 3 procedures, in the Institute of Geography and Military Infrastructure (IGJIU), in the selection of procurement procedures and qualifying criteria, the legal and sub-legal acts of the LPP were not applied. Violations found during the implementation of works: for inaccuracies in unfinished works, but paid for and overlapping work items in the amount of 4,268,613 ALL; non-respect of legal provisions in the

implementation of the contract “Design Project-preventive construction of the necessary infrastructure for UAV at the Kuçova Air Base” and ‘Design Project-preliminary idea for the new campus of the Faculty of Defense and Security of AFA” causing economic damage in the amount of 15,888 thousand ALL; Violations and deficiencies in programs/projects related to: reporting and justifying paid services, including unjustified payments for project managers and financiers; management and implementation of procurement procedures (economic damage in the amount of 18,396 thousand ALL in the “TO BE READY” project); lack of documentation to verify the legality of processes; as well as inconsistency in the declared reimbursement values in the FLC, causing an unjustified increase in funds paid from the state budget.

In the Academy of Security (AS)

In the financial and compliance audit of the activity, for the period 01.01.2022 - 31.12.2023, it was concluded with: **Qualified Opinion** for the financial statements, the qualification of which is based on material and non-widespread irregularities as follows: failure to recognize as expenses of future periods, the obligation created since 2019 in the amount of 5,416 thousand ALL and as a result non-reporting of this value as a past-due liability; incorrect calculation of depreciation: for the item “Land, Plots, Terrains” where depreciation has been calculated with a 20% rate on this value, with a negative impact on the net value of assets and net funds of the institution, since for the land/plot item depreciation is not calculated; for the item “Economic inventory” the value of accumulated depreciation is higher than the historical cost for 24 assets, presenting these last ones with a negative value of 323 thousand ALL; incorrect presentation of assets since the reconstruction of the roof of a building with a value of 490,147 ALL is classified in the account 602 “Purchase of goods and services” and not as “Capital investments”, thus not reflected in the



3.3 COMBINED AUDITS

value of the respective activity; etc.

Qualified Opinion on the compliance of the activity, the qualification of which is based on material and non-widespread irregularities as follows: Lack of coherence and harmonization between the legal and sub-legal framework in force, for issues related to the selection of academic personnel with police ranks, where according to the Council of Ministers Decision no. 320, dated 02.6.2021, point 15 is changed as follows: “Academic personnel with police ranks is selected from the ranks of the State Police employees, according to the criteria set forth in the AS Statute and is appointed by the Rector, on the proposal of the General Director of the State Police. Also, academic personnel with ranks according to the statute of the benefiting structures is appointed by the Rector on the proposal of the heads of the benefiting structures according to the cooperation agreements between the head of AS and the head of the benefiting structures, according to the same VKM.” Payments made in violation of the legal framework in force, as a result of treating payments to external lecturers as fees and not as salaries, thus changing the application of salary deductions, as well as non-declaration/payment of taxes from two or more employments.

Violations during the implementation of works/contracts: For the contract “For the purchase of uniforms and other components”, the goods received, stockpiled, did not comply with the technical specifications and evaluation criteria, causing ineffective use of funds in the amount of 1,820 thousand ALL; For the contract “For the purchase of shoes, sports sneakers”, the goods received, stockpiled, did not comply with the technical specifications and evaluation criteria, causing ineffective use of funds in the amount of 1,969 thousand ALL; For the contract with the object “Catering and food distribution service”, the procedures for managing and

controlling the food delivered and received showed irregularities and deficiencies, causing ineffective use of funds in the amount of 9,450 thousand ALL; following this contract, no evidence was found for the distribution of food vouchers in violation of the regulatory framework in force regarding the manner of operation, acceptance, administration, control, and implementation of the “Catering and food distribution” contract; it was also found that the “Institute for the Training of Police Dogs” was unjustifiably included in this contract, which is not part of the framework agreement of the contracting authorities/entities, and as a result, the value of its service of 1,705 thousand ALL was liquidated outside the forecasts of the contract conditions.

In the Competition Authority (AK)

In the financial and compliance audit of the activity, for the period 01.01.2021 - 31.12.2023, it was concluded with: **Unqualified Opinion** with an emphasis on the issue for the financial statements of 2023, as the audit concluded that the financial statements of the entity present, in all material respects, the financial position of this institution for the year, except for some immaterial issues, to be considered by the management of the institution, related to the documentation of the asset disposal process as well as the lack of an Asset Register.

Unqualified Opinion for the compliance audit of the activity, as it was concluded that the activity of AK is in compliance, in all material aspects, with the public procurement legislation; while the identified cases with violations under materiality consist of: failure to report complete data on the implementation of procurement procedures with a value under 100 thousand ALL in the procurement implementation register; failure to consider the simplified acceptance criteria for economic and financial capacity in order to encourage the participation



3.3 COMBINED AUDITS

of small and medium-sized businesses; carried-over errors even in the KVO acts; one case of non-conversion of the offer currency; etc.

In the Commissioner for the Right to Information and Protection of Personal Data (KDIMDP)

In the financial and compliance audit of the activity, for the period 01.01.2021 - 31.12.2023, it was concluded with: **Qualified Opinion** for the financial statements, based on material and non-dispersed irregularities such as: Misclassifications of accounting accounts in cases when: the amount of 1,128 thousand ALL was wrongly recognized as an operating expense and recorded in account 602 "Purchase of goods and services" when it was actually an investment expense; the total amount of 5,972 thousand ALL was classified in account 203 "Concessions, patents, licenses, and other similar" and 202 "Studies and research", when it should have been classified in account 230; the amount of 547 thousand ALL for "Alfa Program" and a "Program inherited from the Ministry of Defense", was classified in account 202 "Studies and research", when in fact it belongs to account 214; incorrect calculation of depreciation on the accounting value of accounts and not based on the group for each of the assets; bonuses treated separately from the salary, affecting the incorrect calculation of salary expenses; etc.

Qualified Opinion on the compliance of the activity, based on material and non-dispersed irregularities such as: A total of 211 administrative procedures, investigations, and inspections were conducted, but the Commissioner has not declared any final administrative act for these procedures, thus violating the Administrative Procedure Code and the Internal Regulation of the Commissioner's Office, in violation of the law, causing uncertainty in decision-making

processes. Significant shortcomings in the decision-making of the Commissioner, where violations of the procedure for determining administrative offenses were found and a lack of necessary documentation for administrative sanctions. In some cases, investigation procedures were not implemented as foreseen, and orders for conducting administrative investigations were missing, affecting the integrity of the legal process.

Another finding is the financial reward given to the staff of the Commissioner's Office, including the Commissioner, who rewarded himself and the staff with considerable amounts: 816 thousand ALL for 2021, 1,150 thousand ALL for 2022, and 2,400 thousand ALL for 2023. However, for 2022 and 2023, no income tax was withheld and calculated on the earned income, in violation of the provisions of the income tax law. Regarding contracts for services and supplies, there were inconsistencies in the contract documentation and the origin of the purchased products, as in the case of the contract for the reconstruction of the KDIMDP premises, for the component "Purchase of professional extractor", for which certificates of origin and quality certificates were missing.

The use of small-value procurement procedures has bypassed competitive procedures through the fragmentation of similar contracts, where for 2021, 10 procedures were used with a value of 4,947 thousand ALL, for 2022, 11 procedures with a value of 7,529 thousand ALL, and for 2023, 12 procedures with a value of 9,500 thousand ALL.

In the Ministry of Internal Affairs

In the financial and compliance audit of the activity, for the period 01.01.2022 - 31.12.2022, it was concluded with: **Qualified Opinion** for the financial statements, the qualification of which



3.3 COMBINED AUDITS

is based on material and non-dispersed irregularities as follows: unaccounted differences in arrears obligations regarding: the amount of 13,365 thousand ALL for social and health insurance in the amount of 136,143 thousand ALL for electricity expenses that the Ministry has against OSHEE, for the period from 2015 until June 2022; failure to recognize expenses based on the principle of rights and obligations identified, for the liquidation of judicial decisions in the amount of 17,408 thousand ALL; lack of information on the depreciation plan of the loan taken for the Land Administration and Management Project (LAMP) from IBRD since 2013, reflected in account 17 "Long-Term Loans", in the amount of 34,978 thousand ALL; an incomplete process of inventory and asset valuation, as the processes for decommissioning and disposal of those assets identified as such, in the amount of 4,830 thousand ALL, have not been followed; for the years 2021 and 2022, the Chairman of the inventory commission is the head of the Finance Sector and the members are specialists from the Finance Sector, in violation of Instruction No. 30, dated 27.11.2011, as amended, "On the management of assets in public sector units".

Qualified Opinion on the compliance of the activity, the qualification of which is based on material and non-dispersed irregularities as follows: Mismanagement of public property, regarding the process of divestment of state-owned property where its activity was carried out, the former QSHAMT, which turned out to be executed without a detailed analysis of the causes and cost-benefit relations, carrying risks for an unsubstantiated and unstudied decision-making process. Non-compliance with budget discipline, regarding: the change of the destination of reconstruction funds in the amount of 259,699 thousand ALL and their use for purposes other than those foreseen in the applicable legal framework, being used for the reconstruction of a building for QSHAMT, which

was in fact amortized before the earthquake; the realization of investments not previously planned in the PBA, specifically for 23 projects in 2022 and 15 projects realized in 2023; unrecorded arrears obligations with the Ministry of Finance, and as a result, unaccounted differences amounting to 13.9 million ALL for 2022 and 7.3 million ALL for 2023 Management of budgetary funds without efficiency and economy, in cases of: the liquidation of electricity consumption bills beyond legal deadlines, causing additional costs to the state budget from late payment interest in the amount of 68,627 thousand ALL; payment of enforcement fees in the amount of 2,953 thousand ALL, for the liquidation of judicial expenses. For these amounts, there are no tax invoices, and consequently, no tax was withheld at source in the amount of 443 thousand ALL; compensation to court employees who were dismissed in the amount of 84,238 thousand ALL, including here late payment interest for social security and TAP, not recorded in accounting. Violations of public procurement rules, in cases of: the purchase of international air transport tickets where the procedures were carried out mainly 1-2 days before the travel date, thus increasing the cost of the ticket; failure to verify the fulfillment of special qualification criteria.

In the Public Procurement Agency

In the financial and compliance audit of the institution of the Public Procurement Agency, for the period 01.01.2021 - 31.12.2023, it was concluded with:

Unqualified Opinion for the financial statements, as the audit revealed that the financial statements of the entity fairly present, in all material aspects, the financial position of this institution for the year.

Unqualified Opinion on the compliance of the activity, as it was found that the accounting and



3.3 COMBINED AUDITS

financial reporting system in the Public Procurement Agency is in compliance, in all material aspects, with the public procurement legislation. While cases of violations under materiality consist of:

lack of legal harmonization and coherence, regarding the deadlines for administrative appeals in the field of public procurement for defense and security, between Law No. 36/2020 and Decision of the Council of Ministers No. 1170, for procurement rules in this field; non-compliance between point 3 of Article 20 of Law No. 9874 and point 5.1 of the Standard Tender Documents, which has caused practical issues in the implementation of procurements; as well as lack of harmonization between the guidelines of the Ministry of Tourism and the law on public tenders, where some criteria for the participation of economic operators are in conflict with the legislation and limit competition.

Some issues in coordinating processes, such as lack of coordination and communication between the APP and the Concessions Treatment Agency (ATRAKO), which has led to inaccuracies and delays in monitoring concession contracts and lack of administrative investigation processes for these contracts; lack of monitoring of procurement procedures in the field of national defense and security by APP due to the lack of an IT specialist for managing the Classified Information System (SIK) and lack of documentation for the completion of the implementation of this system; lack of human resources and specialized capacities in the Concessions/PPP Procedure Verification sector, due to unfilled vacant positions and lack of training for staff in concession processes. Some issues in the administration of documentation and files, such as the lack of regular inventory and archiving of public procurement files, personnel files, etc.

In the Institute of Statistics

In the financial and compliance audit for the period 01.01.2021 - 31.12.2023, it was concluded with:

Qualified opinion for the financial statements, the qualification of which is based on material and non-pervasive irregularities as follows: the depreciation rate for long-term tangible and intangible assets (in accounts 203, 214, 215, 218) was not calculated according to the legal and sub-legal provisions in force; in account 42 "Liabilities to Personnel," the accounting of liabilities for rent of premises has led to an inaccurate presentation of the corresponding liabilities to personnel and third parties; in the statement of financial position, excesses were found in accounts 435 "Social Security" (3,960 thousand ALL) and 436 "Health Insurance" (488 thousand ALL), which do not match the payroll list declared in the C@TS tax system; in accounts 437, 438 "Other State Organizations," excesses of 6,443 thousand ALL were found, which should have been recorded in accounts 435 and 436 for social security and health insurance; in account 467 "Various Creditors," incorrect accounting of liabilities for wages, diets, compensations, and bonuses was found; investments from the budget and foreign organizations that were completed were not capitalized within the fiscal year 2023.

Discrepancy between the performance statement and the treasury reconciliation act, where "Income from the sale of goods and services" was presented at 48,487 thousand ALL, while the financial statements showed 37,704 thousand ALL, creating a difference of 10,783 thousand ALL; foreign grants were presented only for the amount used during the fiscal year and were not recognized in the total financial statements, leading to an inaccurate presentation of these funds; expenses for wages



3.3 COMBINED AUDITS

and social and health insurance were incorrectly recorded under the sub-accounts for the purchase of goods and services, resulting in misrepresentation of the expenditure incurred; liabilities for social and health insurance and personal income tax, totaling 1,633 thousand ALL, were not accounted for or presented in the financial statements; As for the financial management and control system, irregularities and deficiencies were found, including: failure to prepare monitoring reports for activities of spending units, lack of personnel file documentation, and documents for surveyors' payments.

Qualified opinion on the compliance of the activity, the qualification of which is based on material and non-pervasive irregularities as follows: irregularities in procurement procedures, where cases were found where the order of the head of INSTAT to form the evaluation commission for procurement procedures (e.g., "License Purchases," "Purchase of Toners," "Vehicle Rentals for CENS") included the same officials engaged in other processes, violating the principle of avoiding conflicts of interest; members of the fund calculation group did not sign conflict-of-interest declarations; lack of documentation for the implementation of the contract; lack of justification of qualification criteria in some procurement procedures; deficiencies in the protocol and archiving of procurement files in the SPE system.

Irregularities related to operational expenses, including catering for CENS training, where no commission was formed for receiving the service, and missing handover reports and participant lists; expenses for overseas diets and airline tickets were settled inconsistently with agreements with donors and Albanian legislation, violating the criteria set in Decision

of the Council of Ministers No. 870, dated 14.12.2011; payments for conference participation were made without legal and regulatory support; irregularities in control activities regarding the process of inventory entry and exit, which is manually recorded and not in the Alpha Web system, posing operational risks related to expense and inventory control; the contract for the physical security of INSTAT facilities had discrepancies between the defined conditions and the provided service, and the security storage facility for CENS equipment was not equipped with an air-conditioning system and had humidity issues. The provision of facilities for CENS equipment in 2023 was also in violation of Law No. 140/2020 "On the Population and Housing Census," as INSTAT approved a lease contract for an unsuitable facility to store equipment.

In the Central Election Commission

In the financial and activity compliance audit, it was concluded with: **Unqualified opinion** with emphasis on the issue, as the audit concluded that the financial statements of the entity present fairly, in all material respects, the financial position of this institution, except for some immaterial issues, to be considered by the management of the institution as: incorrect classification of long-term tangible assets, as during the period 2021-2023, assets were found to be incorrectly registered; some long-term tangible assets with a total value of 34,993 thousand ALL were wrongly registered as "Minor Inventory" in accounts 31 and 32, and 3 systems with a value of 13,884 thousand ALL were wrongly registered; receivables and uncollectible fines of 32,990 thousand ALL, which date back to before 2006, and for which the CEC has not pursued all judicial avenues to collect this amount; incorrect classification of software such as: "Observer Accreditation Module," "Electoral Subject Registration Module," "EDMS and e-acts Module," and "CEC



3.3 COMBINED AUDITS

Mobile Application Module,” which were wrongly registered in account 218 "Economic Inventory," whereas they belong in account 203; as well as the incorrect classification of computer equipment and office furniture, which were registered in account 218 "Economic Inventory" instead of account 214 "Technical Installations, Machinery, and Equipment"; incorrect application of depreciation rates for certain assets.

Qualified opinion on the compliance of the activity, the qualification of which is based on material and non-pervasive irregularities as follows: Failure to comply with budgetary discipline in cases where: 24 expense orders were settled, totaling 11,195 thousand ALL, for the years 2022 and 2023, beyond the legal deadline of 30 days; the CEC has liabilities that arose due to unpaid suppliers for the period 2001–2010, for which payment deadlines have

expired; penalties imposed on electoral subjects for the period 2020–2022 amount to 42,925 thousand ALL, for which no guarantee is provided regarding its accuracy due to lack of accounting and method of data maintenance; for penalties imposed before 2020, the audit trail is missing, leading to the presentation of an unrealistic situation of overdue liabilities; liabilities for severance compensation for dismissed litigants amounting to 11,527 thousand ALL, as well as fines + late interest on social security and TAP amounting to 2,062 thousand ALL, have not been recorded in the accounting; the CEC's organizational structure has 26 vacant positions and frequent employee turnover; the Internal Audit Unit has not conducted any audit activities, and the Internal Audit Committee has not functioned according to legal requirements.

In the Academy of Sciences

In the financial and activity compliance audit for the period 01.01.2021 - 31.12.2023, it was concluded with: Qualified opinion for the financial statements, the qualification of which is based on material and non-pervasive irregularities as follows: (i) the lack of asset inventory for any of the audit years, leading to uncertainty regarding the recorded assets in accounts 212, 214, 215, and 218; (ii) lack of an Asset Register, in violation of UMF no. 30, dated 27.11.2011 "On Asset Management in the Public Sector"; misclassification of assets in account 212 "Buildings and Constructions," both for the library fund and for sale, which were not properly divided into the respective sub-accounts; lack of explanatory notes for the figures recorded with the Treasury, especially regarding the discrepancies between the recorded figures and the actual values, in violation of the applicable legal framework; as well as issues related to the reporting lines of costs, for centers, projects, and funded studies, as there was a lack of a clear and updated

structure of information on the expenses of funded activities, leading to ambiguities in cost presentation and affecting the accuracy of the financial statements.

Qualified opinion on the compliance of the activity, the qualification of which is based on material and not widespread irregularities as follows:

Violation of public procurement rules such as: lack of the registry for forecasting procurement procedures with large values where deadlines for drafting and approval by the contracting authority's head are foreseen; unsubstantiated changes in the forecasting registry multiple times for the years 2021, 2022, and 2023, without justification and approval from the contracting authority's head, which consequently were not



3.3 COMBINED AUDITS

sent to the Treasury Branch, including 4 times in 2021, 3 times in 2022, and 3 times in 2023; violations in the procedure of "Purchase of anti-COVID-19 materials", where the first 6 qualified bids resulted in a value of less than 50% of the maximum limit, in contradiction with guideline no. 5, dated 25.06.2021 "On the use of small value procedures and their development with electronic tools"; absence of invitations and documentation in the "Dynamic Purchase of Air Transport Tickets" procedure; lack of minutes for the calculation of the maximum limit, as for some procedures, such as "Purchase of Electronic Equipment" and "Purchase of reagents for sero-epidemiological studies", the calculations of the maximum limit were not properly documented and the minutes for its calculation were missing.

Problems related to the internal control system, including: the absence of the inventory process for the years 2021, 2022, and partially for 2023, where the inventory group did not perform control in the laboratories at research centers and in the personal inventory of staff, in contradiction with the applicable legal and regulatory framework; the absence of cost reporting for projects, as in the projects "NanoAlb", "Immunology", as well as in the cooperation agreements, the documentation of costs for each phase of the project is missing. There is no trace of the cost reporting process or cost-benefit analysis before the selection of the projects; irregularities in contract signatures, where the representative of ASH appears as the President of the Academy of Sciences, while he was assigned the role of the Authorized Officer, according to letter no. 9/1 prot., dated 10.01.2020.

Problems regarding ineffective expenses for projects such as: "Seroepidemiological Study" and "ArkeoBylis", as the documents on which the funds were disbursed were insufficient to justify these expenses; unsubstantiated expenses for

the projects of the NanoAlb Nanotechnology Research Center, a project for which 9,048 thousand ALL were spent by the end of 2023, without complete documentation and without measurable final results achieved; as well as unjustified expenses for the "Vitrocert" and "Seroimmunology" projects amounting to 23,388 thousand ALL, due to the lack of supporting documents and final reporting.

It was found that there is a lack of documentation for the projects "Vitrocert" and "Seroimmunology" regarding the completion of the study phases, as well as a lack of communication and coordination with the responsible institutions such as the Ministry of Health; absence of documents for the management of human resources engaged in these projects.

In the Municipality of Berat

In the financial and compliance audit of the activity, it was concluded with:

A **contrary opinion** on the financial statements based on material and widespread irregularities, such as: inaccuracies in the accounts of class 2 and lack of documentation of all assets according to the legal framework for the registration, accounting, and administration of public assets; accounting adjustments for the 65.32% participation in the share capital of "Ujësjellës Kanalizime" Berat Sh.A. with a value of 572,787 thousand ALL were not carried out; measures have not been taken for the collection of liabilities from taxes and duties in the total amount of 581,285 thousand ALL.

"Berat Water Supply and Sewerage JSC" with a value of 572,787 thousand ALL; measures have not been taken for the collection of tax liabilities in the total amount of 581,285 thousand ALL.



3.3 COMBINED AUDITS

Qualified opinion on the compliance of the activity of the Municipality of Berat, based on material and non-widespread irregularities such as: In 2 cases, unfinished works were found with an economic damage of 853 thousand ALL; in 1 procurement procedure, the TEC did not qualify the economic operator with the lowest bid, for minor deviations that do not affect the implementation of the contract, resulting in an overspend of 224 thousand ALL; in 7 cases, deficiencies related to the drafting of qualification criteria were found, which are not in accordance with the nature and object of the procurement; in 3 cases, the procedure should have been divided into lots, since the works and services subject to procurement are not the same; in 1 case of the purchase of fuel, the calculation of the limit fund was not documented; in 4 cases, the qualification of the EO was made under conditions of non-fulfillment of all the specific criteria set out in the STD.

Regarding urban planning issues, it was found in 2 cases where the distances from the road, the distances from the property boundary and the maximum permitted height of the building were not respected; in 5 cases, the construction project is incomplete, there are deficiencies in the accompanying documentation; in 2 cases, the opinions of public authorities that should be expressed regarding the approval of construction permits were not sought and respected; in 2 cases, the legal provisions regarding the contribution that the private sector must give to the public social housing fund were not respected; and in 1 case, LITP did not perform its functional duties regarding the inspection of buildings before and during construction.

In the Municipality of Cërrik

In the financial and compliance audit of the activity, it was concluded with:

Unqualified opinion with emphasis of matter on the financial statements, based on: inaccuracies found in the account 26 "Participation in its own capital", in which accounting adjustments have not been made for capital investments in the former Water Supply and Sewerage Company JSC, in the amount of 79,086 thousand ALL and in the "Sport Football Club "Turbina" JSC", in the amount of 100 thousand ALL; due to lack of identification and names of all investments made during 2023, presented in the asset accounts: 210 "Lands, Territories, Terrains", 211 "Forests, Plantations", 212 "Buildings and Constructions", 213 "Roads, networks, water works", 214 "Technical installations, machinery, equipment, work tools". Also, in account 213 "Roads, networks, water works" it appears that the value of the investments made in the water supply system has not been deducted, which should have been transferred to Water Supply and Sewerage JSC, Cërrik, for 33 facilities in the value of 974,489 thousand ALL.

Qualified opinion on the compliance of the activity, based on irregularities that are material but not widespread, in matters of procurement procedures and contract implementation, specifically: in 8 cases, deficiencies were found related to the drafting of qualification criteria; in 7 cases, the qualification of the EO announced as the winner was made in conditions of non-fulfillment of the specific criteria set out in the STD; and in the implementation of contracts in 5 facilities, economic damage resulted in the amount of 701 thousand ALL excluding VAT, as a result of differences in work volumes.



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In the Municipality of Durrës

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in: account 468 “Miscellaneous debtors” presented understated for the value of 634,115 thousand ALL, as it does not contain records of debtors created progressively before 2022; account 4342 “Other operations with the state (rights)” presented understated for the value of 12,243 thousand ALL; account 202 “Studies and Research” presented understated for 27 investment project studies for which there is no complete data on whether all investments have been made and capitalized; in account 212 “Buildings and Constructions” it was found that in 8 cases the accounted assets have incomplete, unclear and incorrect names and 1 case in the amount of 1,157 thousand ALL has no name, which means that the accounting inventory does not match the accounting balance for this value. No physical inventory has been made for these assets to verify their existence and physical status; account 4341 “Operations with the state (liabilities)” is presented at a value of 0 ALL, while the balance sheet debtors' assets are at a value of 592,148 thousand ALL. Also, account 16 “Long-Term Loans” is presented in the amount of 0 ALL, while the Municipality of Durrës received in 2014 a loan financed by CEB in the amount of 3,341 thousand Euros or 352,937 thousand ALL for the construction of social housing. Loan installment payments are recorded in account 231 “Investments in progress”, while the investment has been completed and the financing has been transferred to account 212 “Buildings and constructions”.

Qualified opinion on the compliance of the activity of the Municipality of Durres, based on irregularities such as:

In relation to urban planning, it is found that from the LITP structure, out of 119 decisions for “Demolition of an Illegal Object” only 25 decisions have been executed, while for 94 decisions the procedure for issuing the Execution Order for the demolition of the illegal object has not been followed; in 34 cases, even though there is a report of findings for construction without a construction permit, the field inspectors have not followed the procedure within the 10-day period for issuing the decision for “Demolition of an Illegal Object” and issuing the decision for “Penalty with Fine”.

From the audit of 6 public procurement procedures for public works, goods and services, in 5 cases deficiencies were found related to the drafting of qualification criteria; in 5 cases the qualification of the economic operator declared the winner was made in conditions of non-fulfillment of the specific criteria set out in the STD; and from the audit of the implementation of contracts in 8 facilities, economic damage in the amount of 2,794 thousand ALL was found, as a result of differences in work volumes.

In the Municipality Fier

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements based on: failure to correctly account for account 210 “Lands, territories, terrains”, 211 “Forests, Pastures, Plantations” and 212 “Buildings and Constructions”; failure to calculate depreciation of assets in account 213 “Roads, networks, waterworks” as well as failure to conduct a physical inventory of assets.

Qualified opinion on the compliance of the activity of the Municipality of Fier, based on: the lack of an effective financial management and internal control system; for not taking measures to collect liabilities from debtors for local taxes



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and fees in the progressive amount of 236,826 thousand ALL. In 15 cases, contracts were signed with various entities for the lease of fruitless lands, for the construction of a photovoltaic power generation plant, with an installed capacity of 2 MW and auxiliary works, without establishing working groups to evaluate the documentation for the lease of the property by item, without reports for the approval and determination of the price/year, and without individually determining in the Decision of the Municipal Council the areas given for use. Regarding the implementation of procurement procedures, it was found that: in 5 procurement procedures, the justification of the volume of works to be performed, the volume of goods needed, and the drafting of the limit fund were not documented; in 8 procedures for public works, goods and services, it was found that the establishment of special qualification criteria and technical specifications was not fully substantiated in the STD; in 4 procedures, it was found that the economic operator was declared the winner in the conditions of non-fulfillment of the special qualification criteria set out in the STD.

Regarding urban planning, in 4 cases irregularities were found in the field of construction permits and their implementation on the ground, and in 2 cases it was found that the approval of use certificates was done without having all the necessary documentation.

In the Municipality of Himara

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements based on irregularities in the accounts of credit obligations and rights over debtors which do not reflect the real situation in material values; as well as the identification of asset accounts opened in previous years for which the necessary accounting documentation on their

creation and economic content is missing. **Qualified opinion** on the compliance of the activity of the Municipality of Himara, based on irregularities that are material but not widespread, such as: in 4 procurement procedures, criteria were set that were not proportionate and closely related to the nature and value of the contract, elements that have the effect of limiting the participation of economic operators; in 2 cases, the criteria set by the unit are not in accordance with the nature and volumes of work; in 3 cases in public procurement procedures, economic operators were qualified and declared winners and contracts were concluded with economic operators who did not meet the criteria set in the tender documents, in non-compliance with public procurement legislation, in the total value of 54,996 thousand ALL.

Regarding urban planning, in 6 cases the infrastructure impact tax was not calculated correctly for the amount of 6,386 thousand ALL, and no measures were taken to collect the LITP fine applied for illegal constructions in the amount of 27,900 thousand ALL.

In the Municipality of Kavaja

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on the following material irregularities: Account No. 520 "Availability in treasury" on 31.12.2023 does not match the closing of accounts 85 "Result of operating activities" and 466 "Creditors for assets in storage". Accounts 31 "Materials" in the amount of 20,194 thousand ALL and 32 "Small inventory" 25,001 thousand ALL do not match with account No. 63 "Change in inventory status" with a difference of 18,912 thousand ALL; the opening of account No. 411 "Customers and similar accounts" is in the amount of 2,123 thousand ALL, while in the financial statements the opening for this



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account is in the amount of 2,839 thousand ALL with a difference of 715 thousand ALL; accounts 423 - 429 "Personnel, advance payments, deficits, fines (debtor)", reflected in the balance sheet for the value of 91,540 thousand ALL is not detailed to assess the completeness of the values presented in this account; there are deficiencies in the calculation of the depreciation rate of class 2 accounts; Accounts 401-408 "Suppliers and related accounts", 42 "Liabilities to personnel", 431 "Liabilities to the state for tax", 435 "Social insurance", 436 "Health insurance", 464 "Liabilities to be paid for the purchase of securities" and 467 "Miscellaneous creditors" with a value of 801,480 thousand ALL, which does not match account 4342 "Operations with the state"; the value of liabilities on 31.12.2023, for account 42 "Liabilities to personnel" according to the expenditure order and the reconciliation with the Treasury Branch is in the amount of 30,061 thousand ALL, while in the financial statements it is in the amount of 30,181 thousand ALL; account 464 "Liabilities to be paid for the purchase of securities", reflected in the balance sheet for the amount of 1,242 thousand ALL is not analytically detailed; account 101 "Surplus (Accumulated Fund)/accumulated deficit" is presented as overstated for the amount of 1,536,878 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Kavaja based on material irregularities such as: in 7 procurement procedures it was found that, in the standard tender documents, the establishment of special qualification criteria and technical specifications was not fully argued, and that economic operators were declared winners in the conditions of not meeting the special qualification criteria set out in the tender documents; in 3 cases, deficiencies were found in the construction project, its accompanying documentation and the documentation required by law for the provision of a building permit or certificate of use; and, in 4 cases, economic

damage was found for works not carried out according to the terms of the estimate worth 43,468 thousand ALL.

In the Municipality of Këlcyrë

In the financial and compliance audit of the activity, it was concluded with:

Unqualified opinion on the financial statements evidencing some immaterial deficiencies in relation to the inventory and recording of fixed long-term assets.

Qualified opinion on the compliance of the activity of the Municipality of Këlcyrë based on material irregularities regarding the lack of measures for the collection of debtors, which result in the amount of 29,234 thousand ALL for 73 individuals and entities; as well as for taking full measures to reduce arrears.

In relation to the audit of procurement procedures, irregularities were found in: the drafting of specific criteria determined, as in 2 procedures criteria were set that were not closely related to the nature of the contract and were not technically justified; in 1 case, the winner was declared and a contract was signed with the economic operator who did not meet all the criteria set in the tender documents; and for 2 procurement procedures, two employees were appointed as members of the procurement unit and at the same time persons responsible for procurement, who are not part of the municipality's organizational structure.

In the Municipality Kolonja

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in: account 101 "Surplus (Accumulated Fund)/Accumulated Deficit" presented overvalued by 29,357 thousand ALL;



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account 520 “Availability in treasury” presented overvalued by 2,712 thousand ALL; account 32 “Small inventory” presented overvalued by 1,542 thousand ALL; account 4341 “Operations with the state (liabilities)” presented overvalued by 64,313 thousand ALL; account 202 “Studies and Research” presented overvalued by 115 thousand ALL; account 212 “Buildings and Constructions” presented overvalued by 8,552 thousand ALL; account 26 “Long-Term Financial Assets” presented undervalued by 625 thousand ALL; and account 435 “Social Insurance” presented overvalued by 55 thousand ALL.

Qualified opinion on the compliance of the activities of the Municipality of Kolonja, which resulted in material irregularities such as: full measures have not been taken to collect obligations from debtors for local taxes and fees which, progressively, amount to 79,424 thousand ALL.

Regarding the audit of procurement procedures, in 7 cases it was found that the standard tender documents did not fully justify the establishment of special qualification criteria and technical specifications; in 6 cases it was found that the economic operator was declared the winner in the conditions of not meeting the specified special criteria.

Regarding urban planning, in 2 cases the Municipality of Kolonja has not requested and respected the opinion of public authorities that should be expressed regarding the approval of construction permits; in 3 cases there are shortcomings regarding the inspection of buildings with approved construction permits in order to identify deviations from the approved project.

In the Municipality of Korça

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements based on inaccuracies such as: account 520

“Availability in treasury” was overvalued by 79,782 thousand ALL, and some assets were incorrectly included in accounts such as 202 “Studies and research” and 213 “Roads, networks, water works”. These values were inherited from former municipalities and were not analyzed or reconciled with the physical inventory.

Of the 1,549 properties transferred with the DCM, only 246 had ownership certificates, while another 451 properties were not properly documented.

Accounts 230 and 231 for long-term tangible assets did not correspond with the accounts for investments and capital grants. Likewise, accounts 401-408 and 431 were not consistent with operations with the state.

The unused activities of the Education and Nursery Support Services Enterprise, worth 11,899 thousand ALL, did not have documentation for disposal. All these inaccuracies led to a qualified opinion on the financial statements of the Municipality of Korça.

Adverse opinion on the compliance of the activity of the Municipality of Korça based on the following material and widespread irregularities:

From the audit of 21 procurement procedures, with a limit fund of 629,482 thousand ALL excluding VAT and a contracted value of 507,674 thousand ALL excluding VAT, irregularities were identified in 20 procedures. These include the drafting of limit funds without respecting the established methods, the use of employees without the necessary professional licenses and the lack of qualified personnel. In 18 procedures for small-value purchases, unsubstantiated criteria and technical specifications were applied, while in 11 procedures the winning operators had deficiencies in the documentation. Economic damage of 1,416 thousand ALL was found in 4 procedures for construction works, and in 2 other procedures,



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unfair qualification of economic operators was identified worth 6,887 thousand ALL excluding VAT.

Regarding urban planning, in 3 procedures the settlement plans were not presented correctly and the distances from the property boundary and the road were not respected. In 1 procedure, the development permit was approved without the previously approved urban plan and conditions. Also, in 5 procedures, issues were identified regarding the contribution of the private sector to the creation of the public fund. In the audit of usage certificates, 2 procedures were found without the necessary documentation in the e-Permit system, and in 1 facility the construction permit did not match the implementation on the ground. Furthermore, 25 entities have received construction permits, despite being debtors to the Municipality of Korça, with an obligation of 2,127 thousand ALL. Differences were also found in the calculation of the infrastructure impact tax for 6 facilities, causing a loss of 13,847 thousand ALL for the budget of the Municipality of Korça.

In the Municipality of Kruja

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements based on inaccuracies in the accounts as follows: Account 212 “Buildings, Constructions” and 213 “Roads, Networks, Waterworks” are not detailed by item and there is no complete information for each asset; account 468 “Miscellaneous debtors” is undervalued by 63,154 thousand ALL, since at the end of the year the unpaid liabilities for the infrastructure impact tax from legalization permits were not accounted for; the balance of account 4342 “Other operations with the state (rights)” does not match account 7206 “Expected financing from the budget” which is presented in excess of 726,666 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Kruja, based on the following material irregularities:

In relation to the audit of procurement procedures, in 5 cases, economic operators were found to have been awarded contracts that did not meet the criteria approved in the tender documents; in 6 cases, an increase in the limit fund to the total value of 5,883 thousand ALL resulted, as a result of not calculating the correct price according to the manual for the items of the estimate for works, as well as the inclusion of inappropriate items in cleaning services. From the audit of the implementation of contracts for works and goods, uncompleted work volumes were found in 4 cases of contracts with the object “Asphalting-System” in the total value of 928 thousand ALL.

In relation to urban planning, deficiencies were found in the functioning of the territorial protection inspectorate, where none of the fine decisions were followed up with decisions to demolish the illegal building or with the collection of the fine, which for the audited period resulted in 1,000,970 thousand ALL, with the impact of missing revenues in the Municipality's budget.

Also, economic damage was found to be 382 thousand ALL, as a result of unfair billing of the depreciation value of containers owned by the Municipality and for unused containers, as well as economic damage of 894 thousand ALL for undocumented and unauthorized fuel expenses during holidays.

In the Municipality of Lezha

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in: account 468 “Miscellaneous debtors”, undervalued by 60,565 thousand ALL; account 466 “Creditors for assets in custody”, overvalued by 21,331 thousand ALL;



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account 520 "Availability in treasury", undervalued by 2,301 thousand ALL; account 26 "Participation in its own capital", undervalued by 3,071 thousand ALL; account 467 "Other creditors" undervalued by 5,082 thousand ALL; account 4341 "Operations with the state (liabilities)" is overvalued by 512,259 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Lezha based on the following material irregularities:

Regarding the audit of procurement procedures, out of 8 procedures, in 6 cases deficiencies were found related to the drafting of some of the qualification criteria and in 4 cases, the qualification of the economic operator declared the winner was made in conditions of non-fulfillment of the specific qualification criteria set out in the STD. The audit of contract implementation in 6 facilities resulted in differences in work volumes estimated as economic damage in the amount of 3,776 thousand ALL. Also, additional debt obligations were found due to non-payment of authorization for entities trading hydrocarbons in the amount of 2,400 thousand ALL, obligations for local taxes and fees in the amount of 246,341 thousand ALL; as well as complete non-taxation of the taxpayer category "Family" for lighting, greenery and education fees in the amount of 7,675 thousand ALL, etc.

In the Municipality of Librazhd

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion based on inaccuracies in: In accounts 212 "Buildings, Constructions" and 213 "Roads, Networks, Waterworks", the additions for their reconstruction have not been added to the initial value of the facility; account 468 "Miscellaneous debtors" has been undervalued by 2,206 thousand ALL since at the end of the year the unpaid obligations for the lease of the

forest and pasture fund were not accounted for; it has resulted that the balance of account 4342 "Other operations with the state (rights)", does not match account 7206 "Expected financing from the budget" for the value of 42,577 thousand ALL; in account 211 "Forests, Plantations" 1 accounting item has been incorrectly accounted for in the value of 4,662 thousand ALL, which belongs to account 202 "Studies and research". Inventory accounts are reflected for the accounting value without comparing with the physical inventory, where, out of 603 real estate inventory objects worth 4,468,754 thousand ALL, only 19 objects are equipped with a title deed and for 584 objects no title deed is possessed.

Qualified opinion on the compliance of the activity of the Municipality of Librazhd based on material irregularities such as: in the implementation of public works contracts, payments were made in the amount of 362 thousand ALL excluding VAT for unfinished works. In the procurement procedures, deficiencies were found in the drafting of qualification requirements, related to technical capacities, specifications and technical argumentation. In 4 procedures with a contract value of 173,898 thousand ALL, the qualified EOs did not meet the established criteria. In relation to contracts for leased assets, non-compliance with contractual obligations was found, in the amount of 2,206 thousand ALL.

Regarding urban planning, the Municipality of Librazhd, in 7 cases, has not fully implemented the regulatory framework in approving applications for building permits and use certificates.

In the Municipality of Malësi e Madhe

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion with emphasis of matter for



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the financial statements, based on inaccuracies in account 210 “Lands, Territories, Terrains” where 2 assets worth 3,961 thousand ALL were incorrectly included, which belong to account 202 “Studies and Research”; in account 211 “Forests, Plantations” 4 assets worth 10,743 thousand ALL were included which do not have complete and accurate names of which administrative unit or investment object they belong to; in account 213 “Roads, networks, water works” it is found that the value of 3,664 thousand ALL of 3 assets which, according to the verification, belong to account 202 “Studies and Research” was incorrectly included, as well as 11 assets worth 105,767 thousand ALL were included which do not have complete and accurate names of which administrative unit or investment object they belong to; in account.213 “Roads, networks, water works” it results that the value of investments made in water supply has not been deducted and that it should have been transferred to Water Supply and Sewerage JSC, Shkodër for 24 assets in the amount of 1,524,931 thousand ALL; as well as the value of 116,204 in account 475 “Income to be recorded in subsequent years” should have been part of account 4341 “Operations with the state (liabilities)”.

Qualified opinion on the compliance of the activity of the Municipality of Malësi e Madhe, based on material irregularities such as:

From the audit of 12 procurement procedures with a limit fund value of 311,595 thousand ALL, it was found that qualification criteria were set that were not in accordance with the nature and volume of the object being procured; economic operators that did not meet the criteria set out in the tender documents were qualified, declared winners and contracts were concluded with them. From the audit of the implementation of contracts in 9 objects, economic damage in the amount of 5,698 thousand ALL excluding VAT resulted, as a result of differences in work volumes.

In the Municipality of Mallakastra

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies related to: account 520 “Availability in treasury” does not match the closing of account 85 “Result of operating activities” in the amount of 48,897 thousand ALL and account 466 “Creditors for assets in custody” in the amount of 10,729 thousand ALL; In account 468 “Miscellaneous debtors” the value of 1,192,034 thousand ALL is not reflected, which relates to liabilities for local taxes and fees; account 486 “Expenses of future periods” is presented in the amount of 10,419 thousand ALL where this value should have been accounted for in account 467 “Miscellaneous creditors”; account 230 “Investments in intangible long-term assets” is presented in the amount of 19,546 thousand ALL and account 231 “Investments in tangible long-term assets” in the amount of 669,570 thousand ALL, where their total does not match the total of account 115 “From its own investment funds” which is presented in the amount of 0 ALL and account 105 “Surplus of internal capital grants” in the amount of 0 ALL; accounts 401-408 “Suppliers and related accounts”, 431 “Tax liabilities to the state”, 435 “Social insurance”, 436 “Health insurance” and 467 “Miscellaneous creditors”, in the total amount of 20,983 thousand ALL do not match with account 4342 “Operations with the state (Rights)” presented in the amount of 28,708 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Mallakastra based on irregularities such as: lack of an effective financial management and internal control system; the stages of preparation of the MTBP for the years 2023-2025 have not been carried out; an increased state of arrears is found at the end of 2023, in the amount of 22,226 thousand



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ALL; failure to take full measures to collect from debtors for uncollected obligations for local taxes and fees.

From the audit of procurement procedures, in 6 cases criteria were set that are not proportionate and closely related to the nature and value of the contract; in 4 cases, they were qualified and declared winners and subsequently concluded contracts in the total value of 118,537 thousand ALL with economic operators who did not meet the criteria set in the tender documents. From the audit of the implementation of the works for 3 contracts, economic damage in the total value of 26,259 thousand ALL was found as a result of differences in the implementation of the works. In relation to urban planning, it was found that in 1 case the urban conditions provided for in the law were not respected; in 4 cases the construction project is incomplete and there are deficiencies in the necessary documentation; in 2 cases the opinion of the authorities that should be expressed regarding the construction permits was not requested/respected.

From the audit of decisions taken by LITP, it is found that in 2 cases the decision to demolish the illegal construction was not issued; in 2 other cases the decision to suspend the works was not issued.

In the Municipality of Patos

In the financial and compliance audit of the activity, it was concluded with:

Unqualified opinion on the financial statements, based on inaccuracies in account 466 "Creditors for assets under custody", presented overvalued by 35,120 thousand ALL, account 468 "Miscellaneous debtors", presented undervalued by 207,517 thousand ALL.

Qualified opinion on the compliance of the activity, based on material irregularities such as:

lack of an effective financial management and internal control system; no measures have been taken to collect liabilities from debtors which on 31.12.2023 are presented in the amount of 207,517 thousand ALL. In 6 procurement procedures, it was found that the standard tender documents did not fully justify the establishment of special qualification criteria and technical specifications; in 3 cases it was found that the economic operators were declared winners in the conditions of not fulfilling the special qualification criteria defined in the tender documents; in 3 cases, deficiencies were found in the construction project, its accompanying documentation, as well as the documentation required by law for the provision of a construction permit or use certificate; and in 4 cases, unrealized works were found according to the terms of the estimate in the implementation of public works contracts worth 11,772 thousand ALL as economic damage.

In the Municipality of Përrenjas

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in the presentation of: account 468 "Miscellaneous debtors" undervalued by 2,672 thousand ALL; account 466 "Creditors for assets in custody" overvalued by 15,209 thousand ALL; account 26 "Participation in its own capital", undervalued by 280 thousand ALL; account 467 "Other creditors" undervalued by 919 thousand ALL; account 4342 "Operations with the state (liabilities)" undervalued by 22,401 thousand ALL; account 202 "Studies and Research" overvalued by 11,899 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Përrenjas, based on material irregularities such as: in 14 procurement procedures with a total value of the limit fund of 110,038 thousand ALL,



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excluding VAT, violations were found in the drafting of specific criteria of the tender documents, as they are not proportionate and closely related to the implementation capacity, nature and value of the contract being procured; in 7 procedures with a total value of the limit fund of 72,284 thousand ALL, excluding VAT, the qualified economic operators do not meet the established criteria.

It was also found that private entities did not comply with contractual obligations for leased assets for non-payment in the amount of 5,561 thousand ALL excluding VAT, including late payment interest.

In relation to urban planning, the Municipality of Përrenjas, in the role of the local planning and development authority, in 8 cases has not fully implemented the regulatory framework in approving applications for building permits and use certificates.

In the Municipality of Rrogozhina

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in account 520 "Availability in treasury" in the amount of 285,127 thousand ALL which does not align with account 85 "Result of operating activities" in the amount of 285,127 thousand ALL and account 466 "Creditors for assets in custody" in the amount of 49,166 thousand ALL; in account 468 "Miscellaneous debtors" the value of 228,075 thousand ALL is not included, which belongs to debtors from local taxes and fees; in account 202 "Studies and research" the project with the object "Study Design of the internal water supply network" in the amount of 3,354 thousand ALL, which has been completed and should have been capitalized in the corresponding account, is included; in account

213 "Roads, networks, water works" inventories with an accounting value of 212,246 thousand ALL were transferred to the Rrogozhina Water Supply and Sewerage Company without transfer records and these assets still exist in the financial statements of the Municipality of Rrogozhina; in account 210 "Lands, Territories, Terrains" for the value of 5,839 thousand ALL, account 211 "Roads, networks, waterworks" for the value of 1,483 thousand ALL, account 212 "Buildings and constructions" for the value of 319,460 thousand ALL, account 213 "Roads, networks, waterworks" for the value of 583,641 thousand ALL, account 214 "Technical installations, machinery and equipment" is included the value of 7,951 thousand ALL, account 215 "Vehicles of transport" is included the value of 7,042 thousand ALL and account 218 "Economic inventory" is included the value of 31,337 thousand ALL, all unanalyzed in accounting as well as in physical condition, as values inherited from the balance of the former Rrogozhina municipalities.

Qualified opinion on the compliance of the activities of the Municipality of Rrogozhina based on material irregularities such as: arrears in the amount of 148,534 thousand ALL; measures have not been taken to collect liabilities from debtors for local taxes and fees and from the rental of beach areas and those of the forest and pasture fund, liabilities which are presented in the amount of 276,936 thousand ALL. In 2 procurement procedures, winners were announced and contracts were subsequently concluded with economic operators who did not meet the criteria set out in the tender documents, in the total value of the limit fund of 14,200 thousand ALL; in 7 cases, in procurement procedures with small values, criteria were set that were not proportionate and closely related to the implementation capacity, nature and value of the contract. In the implementation of the contracts, in 2 cases, economic damage was found in the amount of 157 thousand ALL, as a result of differences in volumes in the execution of the works.



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In relation to urban planning, irregularities have been found in the field of construction permits and their implementation on the ground: in 2 cases, the urban conditions provided for in the law have not been respected; in 3 cases, the construction project is incomplete and there are deficiencies in the necessary documentation; in 1 case, the Municipality of Rogozhina and the Directorate of Urban Policies have not respected the legal provisions regarding the contribution that the private sector must make to the public social housing fund. From the side of LITP, it is found that in 5 cases, "Decision for Demolition" was not issued; in 7 cases, the procedure for issuing an "Execution Order for the Demolition of an Illegal Object" has not been followed and in 4 cases, LITP has not addressed the Prosecutor's Office of the Judicial District for the violations found.

In the Municipality of Roskovec

In the financial and compliance audit of the activity, it was concluded with:

Adverse opinion on the financial statements, based on material and widespread irregularities such as: Account 210 "Lands, Territories, Terrains" and 212 "Buildings and constructions" do not represent the real situation since none of the values of: a) territories under the new municipality building and the land around it, the school buildings under administration, the school and office buildings in the administrative units, etc. have been accounted for in these accounts. It appears that the DCM dated 29.09.2021, for the agricultural land (field) area with a total compensation value of 6,242 thousand ALL which has been transferred to the TAP pipeline project, has not been reflected. Account 212 "Buildings and Constructions" does not represent the real situation because no type of ownership document is available for 30 buildings with a land area of 23,303 m² inherited without

building certificates from former Municipalities. In account 468 "Miscellaneous debtors" it results that other debtors deriving from the infrastructure impact tax in the amount of 6,393 thousand ALL for 219 cases are not included. Also, the fines imposed during 2023 by LITP and the Municipal Police in the amount of 650 thousand ALL for 4 entities are not recorded, while the progressive amount is presented in the amount of 1,857 thousand ALL. Account 520 "Availability in treasury" in the Treasury system extract is presented with the value of 0 ALL with counterparty account 466 (creditors in custody) which is presented in the amount of 62,536 thousand ALL and account 85 "surplus of the period" which is presented in the amount of 58,555 thousand ALL.

Also, the Municipality of Roskovec has not compiled an updated register of the assets it owns or has under its administration, and the appropriate measures have not been taken to establish the relevant committees for their verification and evaluation by item.

Qualified opinion on the compliance of the activity of the Municipality of Roskovec, based on material irregularities such as: In 5 procurement procedures for public works, goods and services, deficiencies were found related to the drafting of qualification criteria and in 5 cases, the qualification of the economic operators declared winners was made in conditions of non-fulfillment of the specific qualification criteria set out in the tender documents.

In the implementation of contracts in 4 facilities, economic damage resulted in the amount of 4,739 thousand ALL excluding VAT, as a result of differences in work volumes. It also results that no measures have been taken to collect tax liabilities for non-payment of local taxes and fees from household subscribers in the amount of 158,982 thousand ALL.



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In the Municipality of Shijak

In the financial and compliance audit of the activity, it was concluded with:

Unqualified opinion on the financial statements, based on several inaccuracies in the accounts 212 “Buildings and Constructions” and 213 “Roads, networks, water works” which do not represent the real value of the assets of the Municipality of Shijak, as the value of 54 transferred objects has not been accounted for, namely: cemeteries, tombstones, military units, health centers, polyclinics, electrical booths, new and old post offices, flower beds, waste collection field, territory on agricultural lands.

Qualified opinion on the compliance of the activity of the Municipality of Shijak based on irregularities such as: In 5 procurement procedures with a limit fund of 148,938 thousand ALL, violations were found in the drafting of special criteria of the tender documents, as they are not proportionate and closely related to the implementation capacity, nature and value of the contract being procured; in 4 procedures with a contract value of 121,793 thousand ALL, the economic operators do not meet the established criteria; in 3 procedures the evaluation was carried out beyond the 15-day deadline set for procedures below the low monetary limit; in 2 procurement procedures for public works, the Technical Opposition of the project is missing. In the audit of the implementation of contracts for construction works, in 3 cases, unrealized works according to the contract were found in the amount of 4,771 thousand ALL, which constitutes economic damage. In relation to urban planning, in 3 cases, the incorrect calculation of the infrastructure impact tax was found for buildings with a construction permit in the amount of 16,934 thousand ALL; the General Local Plan is missing; in the approval of construction permits, deficiencies were found in the typology of the

building permit in relation to the project, there was a failure to respect distances to the road and property; in 1 case, the technical opposition for buildings with public access was missing, and in 2 cases, certificates of use were issued with deficiencies in the documentation.

In the Municipality of Shkodra

In the financial and compliance audit of the activity, it was concluded with:

Unqualified opinion on the financial statements, as the audit resulted in the entity's financial statements presenting fairly, in all material respects, the annual financial position of this institution, except for some immaterial issues, to be considered by the institution's management related to: the debtors' account, which includes fines from the NITP, the municipal police and late payment interest, which must be presented in the account 709 "Late payment interest" according to the structure of late payment interest separately for the tax system and separately for the customs system.

Qualified opinion on the activities of the Municipality of Shkodra, the qualification of which is based on the following material and non-widespread irregularities: appropriate measures were not taken to collect debtors for local taxes and fees, which resulted in a low collection level of 29%; ineffective expenses were incurred for a vehicle and fuel consumption in the amount of 531 thousand ALL; funds for unperformed services in the amount of 3,662 thousand ALL for the contract with the object of “Provision of greening services in the Municipality of Shkodra” were liquidated; from the review of the documentation of the procedure followed for the approval of permits, it resulted that the opinion of all authorities that should be expressed regarding the approval of permits to



3.3 COMBINED AUDITS

ensure the respect of distances from high-voltage lines of the TSO in 7 cases was not requested; 6 construction permits result for areas over 2,000 m², for which the DPCDT has received notarial declarations, to transfer 3% of the functional area in favor of social housing without compensation, contrary to legal requirements; from the review of the documentation in the e-permit system and in the database made available by the Directorate of Control of Territory Development, it was found that 25 approved construction permits were reviewed in violation of the legal deadline of 60 days.

In the Municipality of Maliq

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, the qualification of which is based on material and non-widespread irregularities such as: overestimation of accounts 101 "Surplus (Accumulated Fund)/Accumulated Deficit" for the value of 8,033 thousand ALL; 520 "Availability in treasury" for the amount of 75,616 thousand ALL; 212 "Buildings and Constructions" for the amount of 22,546 thousand ALL; 213 "Roads, networks, water works" is presented overvalued for the amount of 108,496 thousand ALL; and account 467 "Miscellaneous creditors" is presented overvalued for the amount of 114,275 thousand ALL; while the following accounts are presented undervalued: 4342 "Other operations with the state (debtor)" for the amount of 185,750 thousand ALL; 26 "Long-Term Financial Assets" for the amount of 582,418 thousand ALL; also, some inaccuracies resulted in the value of account 23 for expenses incurred for investments and which are currently in process for the amount of 131,042 thousand ALL.

Qualified opinion on the compliance of the activity of the Municipality of Maliq, the

qualification of which is based on material and not widespread irregularities such as: ineffective financial management and internal control system, and lack of a complete framework of rules and procedures for fulfilling the objectives of the institution; failure to realize budget expenditures with its own revenues (without unconditional transfer) to the extent of 48.13%; no measures have been taken to collect arrears from debtors, causing the uncollected obligations for local taxes and fees to progressively have a value of 114,176 thousand ALL, of which 43,439 thousand ALL belong to 2022; in 9 procurement procedures, the establishment of unsubstantiated criteria and/or not closely related to the typology of the respective procedure resulted; In 5 procurement procedures with a limit fund value of 269,675 thousand ALL, the operator/s declared winners were not in a position to meet all criteria; during the implementation of 2 public works contracts, economic damage was found in the amount of 249 thousand ALL.

In the Municipality of Skrapar

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, the qualification of which is based on material and non-widespread irregularities such as: inaccuracy in reporting class 2 accounts and failure to document assets according to the legal framework for registering assets; inaccuracy in the reporting of account 7206 "Expected funding from the budget"; failure to complete the asset register according to all requirements of the format approved by the Ministry of Finance; failure to complete the property documentation of all assets, as well as the lack of relevant reflections in the financial statements, in order to evaluate the property and identify it; the value of account 401-408 does not fairly and accurately represent the debtors' situation since debtors from local taxes and fees in the amount



3.3 COMBINED AUDITS

of 3,358 thousand ALL have not been reported; no measures have been taken to issue a tax assessment notice and collect these liabilities, for debtors who come from local taxes and fees in the total amount of 102,473 thousand ALL; accounts 210, 211, do not represent the assets' status fairly and accurately since the values of: a) land under the object of buildings such as the new Municipality building and the land around it, the school buildings under its administration, the school buildings and offices in the AU, etc., have not been recorded in the accounting cards, according to the asset register reflected in account 212 "Buildings and structures". b) land of buildings registered in the SCA owned by the Municipality, c) land which by DCM have passed into the ownership of the Municipality of Skrapar; their inventory and evaluation have not been carried out; and the changes of DCM no. 803 dated 30.9.2015 have not been reflected in this account.

Qualified opinion on the compliance of the activity, the qualification of which is based on material and non-widespread irregularities such as: irregularities in the drafting of the limit fund, the selection of the procurement procedure, non-compliance with the methods established for the drafting of the limit fund, regarding the recording of minutes which should be part of the audit file; in all audited procedures, with a total value of the limit fund of 101,804 thousand ALL excluding VAT, it was found that unsubstantiated criteria and unsubstantiated technical specifications were applied, not closely related to the typology of the procedure being carried out; in 8 procedures with a total value of the limit fund of 40,039 thousand ALL excluding VAT, it was found that the EO declared the winner is not in the conditions to meet the STD criteria; in the procurement procedures with small value, fragmentation of funds was found and the value of these procedures exceeded the ceiling amount of 1 million ALL, determined in the legislation in force, while they had a similar function and should have been grouped by being

procured in a single procedure; in terms of the implementation of civil works, differences in volumes of work actually not completed resulted, specifically: in the contract with the object "Retaining wall along the Osumi River at the former site of the Çorovoda N.N.", in the value of 337 thousand ALL (excluding VAT); and in the contract with the object "Urban regeneration of the area near the gymnasium on Street of Martyrs, Çorovoda", in the value of 283 thousand ALL (excluding VAT); there were 2 cases where the urban conditions provided for in the law were not respected, such as: respect for the intensity of construction, distances from the property boundary, the minimum plot allowed for development, the maximum permitted height of the building, as well as that of the ground floor; there were 3 cases where the construction project was incomplete, with deficiencies in the accompanying documentation; in 2 cases, the Directorate of Planning, Control and Development of Territory (DPCDT) in the Municipality of Skrapar did not request and respect the opinion of the public authorities that must be expressed regarding the approval of construction permits; in 2 cases, the developer and the applicant did not apply and were not provided with the document "Notification of the commencement of works".

In the Municipality of Kamza

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, based on inaccuracies in account 213 "Roads, networks, water works" presented as overvalued by 4,512 thousand ALL since this value belongs to account 212 "Buildings and Constructions" for the amount of 240 thousand ALL which belongs to account 211 "Forests and plantations". The audit resulted in the fact that 1809 properties transferred by DCM are not registered in the SCA and are not reflected in the accounting and in the inventory of long-term assets.



3.3 COMBINED AUDITS

Qualified opinion on the compliance of the activity of the Municipality of Kamza, based on irregularities:

In procurement procedures, in 14 cases it was found that the special qualification criteria are not in accordance with the legal provisions, as unsubstantiated criteria were applied and not closely related to the procurement object; in 1 case, an economic operator was qualified and declared the winner with a value of 10,728 thousand ALL excluding VAT, in failure to meet all the criteria set out in the standard tender documents; in 5 cases, in the implementation of public works contracts, works were found to be presented with situations not in accordance with the fact in the value of 1,676 thousand ALL; and in 2 cases it was found that the technical opposition for the implementation project with the objects “Construction of Frutikulturë St. + “Isuf Gervalla” St. + “Brezaret” St. and “Construction of OSCE St. - “Nënë Tereza” Boulevard was not carried out.

Deficiencies were found in the financial management and control systems and in the poor management of revenues from local taxes and fees, both in planning and collection, estimating missing revenues (tax debt) for family and private taxpayers in the amount of 1,202,062 thousand ALL.

In the Municipality of Vau i Dejës

In the financial and compliance audit of the activity, it was concluded with:

Adverse opinion on the financial statements, for the period 01.01.2023 - 31.12.2023, as it resulted that the financial statements contained material and widespread errors, and affected some of the financial accounts with an effect on the financial result, as follows: From the audit, it was found that the Municipality's investments in dependent units, such as Water Supply and Sewerage Vau i Dejës, Zadrime Agriculture and Bushat Intermunicipal, have not been

consolidated and have not been included in the financial statements, with a total value of 438,072,449 ALL.

Also, the asset inventory process has not been completed, and there is insufficient analytical information for most assets, including buildings, roads, and equipment.

The municipality also failed to conduct an inventory for 2023 and closed the accounts without reconciling with the physical situation. Debtors for local taxes and fees were presented at incorrect values, accounting only for the additions for 2023. Furthermore, the additions to internal capital grants that finance various investments were not included in the liabilities of the financial statement. These errors have negatively affected the financial statements and the transparency of information.

Qualified opinion on the compliance of the activity of the Municipality of Vau i Dejës, based on irregularities: Differences in the volume of unfinished work have been identified, with a value of 4,443 thousand ALL. The contract for the reconstruction of the school and the construction of the gym was concluded with a value higher than the winning bid by 2,752 thousand ALL more. In the procedure for the purchase of fuel for 2023, the bid security from the EO was not transferred to the municipality's account. It was found that the unfair disqualification of the EO has resulted in financial losses of 13,052 thousand ALL for several projects. Also, in 10 cases, the winning EO did not meet the specific qualification criteria. Shortcomings were found in the liquidation of investment expenses, including an excess value of 1,528 thousand ALL for electrical equipment and street lighting. Only 3 properties have been certified out of 5044 properties with DCM, and 4877 properties and assets have not been evaluated and certified. Also, the necessary documents for the Internal Control System have not been drafted and submitted for 2023.



3.3 COMBINED AUDITS

In the General Directorate of Roads and Public Lighting

In the financial and compliance audit of the activity, it was concluded with:

Qualified opinion on the financial statements, as it turned out that the financial statements contained material and non-widespread errors, as follows: account no. 466 was understated by 782 thousand ALL; account 470 is reflected without value and less in the amount of 14,382 thousand ALL; account 202 "studies and research" at the end of 2022 is presented in the amount of 215,475 thousand ALL, for no year has depreciation been calculated according to the relevant rate of 15%; account 24 "damaged assets" is presented in the amount of 61,893 thousand ALL, which also includes a group of assets in the amount of 4,434 thousand ALL, which are not specified according to the accounting accounts; account 107 "assets designated for use" is undervalued since the value of the facility taken into use by the Tirana GDRPL is not reflected; account 4342 "operations with the state (rights)" is undervalued by 20,931 thousand ALL; account 467 "Miscellaneous creditors", is undervalued by 29,566 thousand ALL; account 212 and account 210 are not presented at the real values of their assets, as they are not with title to property.

Qualified opinion on the compliance of the activity of the General Directorate of Roads and Public Lighting, based on the following irregularities: From the audit of 28 procedures, violations of the legal acts of the PPL were found, where 6 procedures with a limit fund value of 269,151 thousand ALL had winning EOs that did not meet the approved criteria. In 25 other procedures, unsubstantiated criteria were applied, which hinder competition and the efficient use of funds. Also, deficiencies were found in the registration of five facilities by the GDRPL Tirana, with incorrect documentation. Two investment projects have left works unfinished and have caused an economic damage of 896,280 ALL. These findings indicate

the need for improvement in public procurement and fund management.

In the Regional Environmental Agency, Fier, Vlora, Gjirokastra

The audit of the financial statements concluded several issues as follows: there are no documented verifications in the NLC system for the active status of entities, in violation of Law No. 10431/2011. The financial statements for 2022 contain errors, such as incorrect calculations in some economic accounts, violating the requirements of IMFE No. 8/2018. Also, for the audit period, an inventory of assets and public property was not carried out for the Regional Agencies in Fier, Vlora and Gjirokastra. Violations were also found in bank transactions, including errors in the calculation of salary supplements, fines and late payment interest, travel expenses without documentation and violations of public procurement legislation.

Qualified opinion on compliance, for material irregularities as: the asset register has not been drafted/completed; the 2021-2023 and 2023-2025 MTBP budget requests have not been sent to the Ministry responsible for finance and to the Finance and Budget Directorate of the Ministry of Tourism and Environment; The financial statements have not been submitted to the Fier Taxation Directorate through the C@ts system; from the audit of practices for Type A/B environmental permits, it results that in 43 applications deficiencies in the documentation have been found; the inspection reports do not contain all the necessary information; from the audit of inspections carried out by the Natural Resources Sector (Waters) it resulted that, for 3 subjects, final decisions have not been drafted according to the reports of violations found; he Head of the Environment and Natural Resources (Water) Sector has not drafted and periodically submitted to the Head a report on the situation and level of implementation of the conditions of the unfulfilled permits by the entities, for the verification of the tasks left.

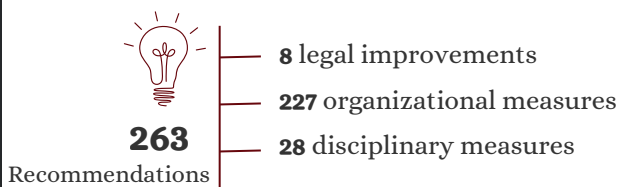
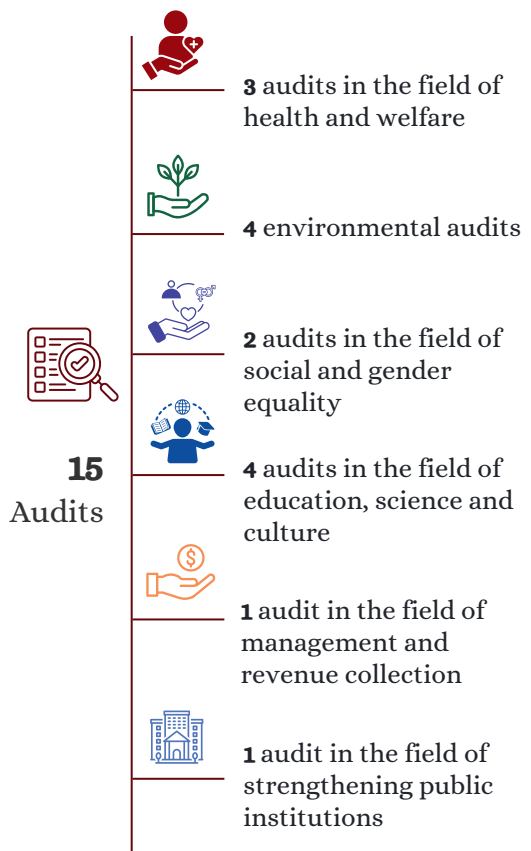


PERFORMANCE AUDITS

Referring to ISSAI 3000 and the Performance Audit Manual at the ALSAI, performance audit is an independent, objective and reliable examination of whether enterprises, systems, operations, programs, activities or organizations are operating in accordance with the principles of sound financial management and whether there is room for improvement.

Performance audit aims to contribute to the improvement of economy, efficiency and effectiveness in the public sector. It also aims to contribute to good governance, accountability and transparency, by providing new information, analysis or insights and, by recommending measures for improvement.

Performance audits conclude with the Audit Message, which is based on an in-depth assessment and analysis of the audit topic and the activity of the entities involved, on the findings, weaknesses and opportunities for improvement.



3.4 PERFORMANCE AUDITS



In the field of health and welfare

- 1 Effectiveness of medical devices in the public hospital system;
- 2 Policies and respect for the rights of persons with mental health problems in the Psychiatric hospital service;
- 3 Effectiveness and safety of medicines circulating in Albania.

Audit on the topic “Effectiveness of medical devices in the public hospital system”, carried out in:

ENTITIES e Ministry of Health and Social Protection, The National Bio-Medical Technical Center, “Mother Teresa” University Hospital Center, University Hospital of Trauma, “Shefqet Ndroqi” University Hospital.

The main objective of this audit was to analyze and evaluate the policies and measures taken regarding the administration of medical devices. The development of technology has produced modern medical devices that are very complex. Some of them are often portable, inserted into the patient's body, and computerized. So this technological infrastructure requires high technical skills, basic medical knowledge and rapid risk management response. The history of the use of medical devices in the diagnosis or prevention of diseases testifies to an ever-increasing number of requests that deserve a quick and safe response for patients from the structures that cover the service. In recent years, emphasis has been placed on the reorganization of health services and the modernization of hospitals as necessary and important steps towards meeting EU standards.

The audit found that the structures responsible for the maintenance of medical devices are insufficient and inadequate to guarantee their proper functioning. Medical devices is not inventoried in the National Medical Devices Inventory System. The inventory method, history, number and types of interventions performed for their maintenance are not unified and based on well-defined standards. Although medical devices have high values and costs for their maintenance, they are not accompanied by sufficient structures and full technical qualifications. There is no complete assessment of medical devices in the public hospital system, with the aim of identifying their lifespan in accordance with the manuals defined by the manufacturers, decommissioning of “end of life” medical devices, and removing from the maintenance system through full risk contracts medical devices with “end of support” status. In addition to recommendations for improving and supplementing the legal and regulatory framework for the Ministry of Health and Social Protection, recommendations were made regarding the establishment of a working group with biomedical experts and IT engineers to analyze and evaluate the current medical devices inventory system "CLINGO". Also, this working group should determine the procedures for inventorying medical devices, the data that will be included in the inventory, labeling with a unique identification number, the type of label that will be used and the security elements it should contain, the medical device registry at each institution, as well as the data that the medical device history should contain. Another recommendation made to the MHSP was to determine the structure responsible for administering, inspecting and monitoring the medical devices inventory process.



3.4 PERFORMANCE AUDITS

For the “Mother Teresa” University Hospital Center, the replacement of the medical devices Linear Accelerator, Angiograph and microscopes in the operating rooms was recommended, so that the service to Neurosurgery patients can continue normally. While for the University Hospital of Trauma, the replacement of the medical devices “Grafi”, near the Emergency service, was recommended.

Audit on the topic “Policies and respect for the rights of persons with mental health problems in the psychiatric hospital service”, carried out in:

ENTITIES

The Ministry of Health and Social Protection,
 “Mother Teresa” University Hospital Center,
 “Dr. Sadik Dinçi” Psychiatric Hospital, Elbasan,
 “Ali Mihali” Psychiatric Hospital, Vlora,
 Shkodra Local Health Care Unit,
 The Ministry of Justice and the General Directorate of Prisons.

The audit aimed to evaluate the policies developed and practices followed in our country in terms of protecting the rights of people with mental health disorders.

For this reason, the audit analyzed the current situation of treatment provided to persons with mental health disorders in our country, with a particular focus on inpatient mental health services as well as special medical institutions for prisoners with medical measures.

In recent years, the alarm about mental health and quality of life has been growing worldwide, as a problem that affects, without any distinction, every layer of society. In this context, according to an EBRD report, among 38 transition countries, Albania ranks 18th for mental health problems.

In our country, policies have been drafted and approved that aim to regulate and improve the health services provided to these individuals, at all levels of the health service, in particular in the specialized health service with beds and in the prison system where individuals sentenced to medical measures are accommodated.

At the end of the audit, it was evident that currently in our country, a quality health service is still not guaranteed for people with mental health problems, including those sentenced with medical measures. The Ministry of Health and Social Protection has not had a comprehensive approach to addressing mental health issues in this service, in particular regarding solving the problem of chronic resident patients accommodated at the psychiatric hospitals of Elbasan and Vlora, the organizational unification of the service; the review and approval of regulations; the approval of unified protocols for the implementation of physical restraint as well as the guarantee of adequate funds and infrastructure to accommodate these patients, etc.

Likewise, the failure to respect the cooperation agreement for the establishment of a special medical institution by the MHSP and the Ministry of Justice, and the placement of patients sentenced to medical measures in the penitentiary regime (Lezha IECD and Prison Hospital) outside the accommodation capacities, has caused the failure to respect the standards of humane and dignified treatment that all individuals should receive, especially in conditions when the budget allocations from the responsible institutions have always been historical and not based on their real needs. Based on the audit findings, recommendations have been made for measures that the MHSP, the Ministry of Justice and other institutions involved in this audit should take to find alternative accommodation for chronic resident patients of psychiatric hospitals as well as those sentenced to medical measures.



3.4 PERFORMANCE AUDITS

Among other things, this audit also recommended the review and improvement of the institutional and physical infrastructure of the specialized health service with beds, aiming to create appropriate conditions so that these individuals can be treated in accordance with the principles sanctioned not only in the legislation of our country but also in the conventions to which Albania has adhered.

Audit on the topic "Effectiveness and safety of medicines circulating in Albania", carried out in:

ENTITIES

he Ministry of Health and Social Protection;

The National Agency for Medicines and Medical Devices.

These two institutions are respectively responsible for the design and implementation of development policies and strategies in the healthcare sector and as a subordinate unit of the MHSP, the agency is specialized in the registration, analysis, control of medicines and medical devices, as well as the inspection of activities in the pharmaceutical field and pharmacovigilance.

The quality and safety of medicines circulating in the open pharmaceutical market is a very sensitive topic and a constant concern for Albanian citizens, as it directly affects their health and must be guaranteed by the state through policies, laws, programs and responsible institutions established for their implementation. The availability of safe, effective and affordable medicines is one of the indicators of the quality of health services in the country. Imported medicines and medicines produced by local companies circulate in Albania. Their quality and safety, among other things, must be guaranteed through the performance of mandatory laboratory tests for drugs, as well as periodic monitoring of their adverse effects.

This audit had as its main objective the assessment of policies and their effectiveness, in order to guarantee safe pharmaceutical products on the market, for good and qualitative choices, for a system of transparency and information on possible risks to consumers, the wider public, as well as the role of responsible institutions in this regard. More specifically, it focused on: The policies drafted and the current legal framework, to guarantee the quality of medicines circulating in the country; The mechanisms established to guarantee the safety and effectiveness of the medicine; Cooperation between institutions regarding the monitoring and the process of marketing and placing on the market of the medicine.

The audit found that the NAMMD was not provided with any funds for investments in devices, tools and other laboratory materials during 2021, 2022 and 2023. The Medicine Control Laboratory is not accredited and is not updated with the latest European Pharmacopoeial methodologies.

For the period 2020-2023, the number of authorizations/reauthorizations for the marketing of medicines circulating in our country is much higher compared to the laboratory analysis of medicines that are imported or produced in the country, where almost half of the analyses have not been performed. The staff is not sufficient and qualified.

The supervisory role of the Ministry of Health and Social Protection as the superior body of the NAMMD is not evident. The MHSP has not established and made effective the Special Unit for the periodic control of the Agency's activities in order to supervise the medicine control process. The NAMMD has not cooperated with the MHSP and the General Directorate of Customs to verify the 30 ministerial authorizations for unauthorized medicine, which according to the import records maintained by the NAMMD do not result in imported medicine that are the first alternative



3.4 PERFORMANCE AUDITS

to reimbursable medicine and are not medicine registered in the medicine registry, as defined by the medicine law. The MHSP does not have a precise definition for the specific cases of importing medicines that are the first alternative on the list of reimbursable medicines and that are not registered in the medicines register. Not all medicines in the medicines register are imported into Albania, as from a selected sample of 200 medicines, 38 of them were not imported into Albania for the period 2020-2023. Also, out of 458 medicine of the first alternative of list II of reimbursable medicine, (non-hospital medicine), 46 of them have not been imported into Albania for 2023 and the NAMMD has not conducted an analysis of whether these medicine have been in circulation for the last 6 months in order to take measures according to legal provisions.

This audit provided recommendations for measures that the MHSP should take, regarding current policies aimed at guaranteeing safe pharmaceutical products on the market, and updating legal and sub-legal acts for the importation of medicines. The main recommendations given to the NAMMD relate to the completion of the laboratory accreditation process, the calibration of the devices and the fulfillment of all conditions for its full functioning, the completion of the structure, the strengthening of the inspection activity, the adoption of the regulation for the Complaints Review Commission within it, the completion of the process of providing with marketing authorization for medicines whose validity period has expired, as well as cooperation with the General Directorate of Customs in the verification and periodic reconciliation of authorizations issued by the MHSP for the import of medicines without marketing authorization.



In the field of environment

- 1 The impact of mining activity on the forest fund;
- 2 Respecting standards in urban waste management, a sustainable challenge in reducing environmental pollution and protecting the health of the population;
- 3 Respecting standards in the treatment and elimination of hospital waste, in preventing risks to the health of healthcare personnel, patients and protecting the environment;
- 4 Implementation of climate change adaptation plans.

Audit on the topic “Impact of mining activity on the forest fund” carried out in:

ENTITIES The Ministry of Tourism and Environment, The National Environment Agency, The National Forest Agency, The Ministry of Infrastructure and Energy, The National Agency of Natural Resources, Municipalities of: Selenica, Skrapar, Kruja, Dimal, Berat.

The vital role of forests, their protection and sustainable management are essential to ensure a healthy future for people and the planet. According to official documents, our country is not going through a good situation when it comes to forests. According to INSTAT data, the decline in forest volume by about 40% in the last 15 years is very worrying, with the volume in 2022 being about 50 million cubic meters, compared to 80 million cubic meters in 2006. The main objective of this audit was to evaluate and analyze the measures taken by the responsible institutions to protect the forest fund from the mining activity.



3.4 PERFORMANCE AUDITS

The audit found that the process of removing mining permits equipped with exploitation permits and environmental permits from the forest fund is almost in most cases not finalized with the document for removing the forest fund. The lack of coordination of competencies and the lack of coherence in regulatory acts in the initiation and continuation of mining activity in the forest fund, and the shortcomings in completing the legal and logistical infrastructure, have led to poor management of forest economies, at the central and local levels. There have been no periodic inspections and monitoring by central and local institutions of mining activity that affects the forest fund in relation to obligations for environmental rehabilitation, reforestation, prevention of damage to the forest fund and its protection from illegal activity. In the Municipalities of Dimal, Berat, Çorovoda, Selenica and Kruja, entities equipped with mining permits that affect the forest fund do not have contracts on receiving the defined obligation for afforestation, reforestation or improvement of the forest fund removed as a result of mining activity.

In this audit, several recommendations were given to the entities under audit, among which the most important are as follows:

The Ministry of Tourism and Environment, the Ministry of Infrastructure and Energy, the National Forestry Agency, NANR, in cooperation and coordination between them, to assess the real situation of the forest fund in the country and to take measures to draft and update the strategic regulatory framework and monitor according to action plans. The Ministry of Tourism and Environment and the National Forestry Agency should take measures to initiate the process of national forest inventory at the national level, coordinating the work with the Local Self-Government Units for the registration of forest economies according to the management plans for each LGU. The Ministry

of Tourism and Environment, in cooperation with Local Self-Government Units, should take measures to draft and update forest management plans and supervise them to achieve the strategic objectives set out in the Forest Policy Document. The Ministry of Tourism and Environment and the Ministry of Infrastructure and Energy, in cooperation with the National Forestry Agency, the National Environment Agency, NANR, as well as the Local Self-Government Units participating in this process, should take measures to update the regulatory acts, according to their functional competencies and responsibilities, so that the process of removing these areas from the forest fund is carried out in parallel with obtaining the environmental and exploitation permit and without closing this process not to disclose the environmental and exploitation permit of the activity. On the other hand, the drafting of a separate permit format with content and obligations should be considered, which will condition the non-commencement of mining activity, without the removal from the forest fund of the area where the entity that has received the mining activity permit will work.

The National Environment Agency and NANR, during periodic inspections, shall take administrative measures for all mining entities that do not comply with the implementation of all conditions of the environmental permit and mining permit. The Ministry of Tourism and Environment, the Ministry of Infrastructure and Energy, the National Forestry Agency, the National Environment Agency, NANR and the Municipalities of Kruja, Selenica, Skrapar, Berat, Dimal in cooperation, shall take measures to recalculate with the new increased values the financial guarantees for environmental rehabilitation from entities with mining activities that affect the forest fund and their collection, as well as to monitor the implementation of the environmental rehabilitation plan by them.



3.4 PERFORMANCE AUDITS

Audit on the topic “Respecting standards in urban waste management, a sustainable challenge in reducing environmental pollution and protecting the health of the population”, carried out in:

ENTITIES

The municipalities of Shkodra, Durrës, Vlora and Korça.

The main objective of this audit was to evaluate and analyze the measures taken by the responsible institutions on the management of urban waste, the impact they have on the state budget, as well as the impact on the health of the population living near the areas where the final disposal of urban waste takes place.

Law No. 139/2015, “On Local Self-Government”, regulates the organization and functioning of local government units and relevant bodies in the Republic of Albania, and defines their functions, competencies, rights and duties. Specifically, “collection, transportation, disposal and treatment of municipal waste” is defined as a “proprietary” function of municipalities. According to this definition, municipalities have the right and responsibility to:

- organize the provision of municipal waste collection, transportation, treatment and disposal services;
- construct, own and operate treatment facilities;
- set service tariffs to cover the costs of providing the service and collect revenues;
- organize and deliver waste management services within the municipality itself and/or in cooperation with one or more other municipalities, using all legal and administrative instruments.

Urban waste, if not collected, treated and disposed of properly, can become a serious threat to human health and can cause negative environmental impacts on air, water and soil.

The audit found that urban waste management remains an ongoing challenge for the Municipalities of Shkodra, Durrës, Vlora and Korça. These municipalities have not guaranteed integrated urban waste management by not implementing the waste hierarchy in terms of prevention, reuse, reduction and recycling. Also, these municipalities have not managed to minimize waste management costs to benefit from revenue through their treatment methodology.

In particular, in the Municipality of Durrës, urban waste management does not guarantee financial sustainability because the expenses are not covered by the generated income. Meanwhile, urban waste management in the Municipality of Vlora, in addition to not respecting environmental standards, causes serious health problems in the community as well as negative effects on the local economy and coastal tourism. It is important that these municipalities commit to changing this situation and creating a cleaner and healthier environment for everyone.

The Municipality of Durrës was recommended to establish a working group to analyze the high costs of urban waste management that burden its finances, focusing on reducing the amount of waste going to landfill, investing in recycling infrastructure, and examining other alternatives for storing waste at a closer distance. Also, the Municipalities of Durrës and Vlora were recommended to draft and approve a good detailed local plan to increase the collection of the cleaning fee, reduce debtors and, in cooperation with the Water Supply and Sewerage Enterprises of Durrës and Vlora, increase the collections of this fee.



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another recommendation was the differentiated collection of waste for the reuse/recycling of paper, plastic, metal and glass, as well as the implementation of the composting process for bio-waste, which was addressed to the Municipalities of Durrës, Shkodra, Vlora and Korça.

The municipalities of Korça, Shkodra and Durrës, during the preparation of new local urban waste management plans, were recommended to specify them with concrete and measurable objectives regarding the amount of waste to be reduced, reused and recycled, as well as to clearly define monitoring and reporting structures.

Audit on the topic “Respecting standards in the treatment and elimination of hospital waste, in preventing risks to the health of healthcare personnel, patients and protecting the environment”, carried out in:

ENTITIES

The Ministry of Health and Social Protection Shkodra, Durrës, Korca Regional Hospitals.

The Ministry of Health and Social Protection oversees the implementation of hospital development strategies and policies and guarantees public hospital service standards. Regional Hospitals, as producers of hospital waste, are required to take the necessary measures for the proper management of hospital waste generated by their activities.

A part of hospital waste is classified as hazardous waste due to its infectious properties. This type of waste must be managed in such a way as not to endanger human health, taking care not to use processes or methods that could harm health or the environment. According to data on integrated waste management, about 1/5 of total hospital waste belongs to the category of hazardous hospital waste, of which the vast majority is infectious waste.

The objective of this audit was to evaluate the measures taken by the regional hospitals and the line ministry on hospital waste management and their effectiveness. The audit focused on several main pillars as follows:

- the legal and regulatory framework that regulates this field of activity,
- waste management referring to standards regarding separation at source, collection, storage, processing and disposal,
- measures taken to prevent infections and protect the environment,
- available capacities in infrastructure and human resources related to hospital waste management,
- functioning of control systems and monitoring of processes.

The audit resulted in the fact that hospital waste producers (regional hospitals) have not complied with the measures for the management of generated hospital waste, in terms of separation at source of hospital waste, packaging, labeling, storage, treatment, transportation and disposal in the best appropriate manner. Meanwhile, in the MHSP, there is a lack of clarity and a lack of responsible structures in the field of hospital waste, failing to fully fulfill its role. The legal and regulatory basis, which is not updated with current legislation, and the lack of direct supervision over public hospitals have created space for the development of activities that do not meet the established standards.

This audit provided recommendations for measures that the MHSP should take, regarding the improvement of the legal and regulatory framework on waste management from regional hospitals, the control of hospital infections, the strengthening of cooperation with the ministry responsible for the environment and its subordinate units that are directly involved in verifying compliance with waste treatment standards, as well as the establishment of an effective control and/or monitoring mechanism on the management of hospital waste from regional hospitals.



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Recommendations have been given to regional hospitals to review internal regulatory acts on hospital waste management and adapt them to the requirements of the relevant law on waste management, to update waste management plans, to timely complete the necessary reports on waste transfer, to take measures to improve the processes and conditions of transportation and temporary storage of waste, to improve the process of identifying, registering and reporting hospital infections, to conduct continuous staff training on these processes, etc.

Audit on the topic "Implementation of the National Plan for Climate Change Adaptation", carried out in:

ENTITY

The Ministry of Tourism and Environment (MTE)

Climate change includes not only rising temperatures, but also extreme weather events, rising sea levels, and the displacement of wildlife populations and habitats.

Over the past decades, a significant number of changes have been observed as a result of human activities. The problems related to climate change are complex and therefore require sound inter-institutional cooperation to achieve the objectives.

This audit had as its main objective the assessment of the implementation of the National Plan for Climate Change Adaptation. More specifically, it focused on:

- Raising, establishing and developing the capacities of the necessary structures that will monitor the achievement of national objectives related to climate change;

- Establishing a monitoring and evaluation system, which tracks the status of the implementation of priority actions of the Climate Change Adaptation Plan;
- Establishing a structure dedicated to the promotion and absorption of climate finance;
- Assessing and comparing the progress over the years of projects and funding absorbed for climate change adaptation.

The audit found that MTE did not play a proactive role in respecting the comprehensive integration initiative for the NAP process. Climate change adaptation, as a relatively new approach, is not yet supported by adequate capacities in the country. A proper monitoring and evaluation system has not been established and the majority of climate change-related funding in Albania is heavily dependent on the international community and donors.

The inter-institutional coordination process between the MTE and its line or subordinate institutions regarding engagement in training related to climate change adaptation has been truncated. This is because these institutions do not designate responsible persons or structures, in accordance with their job descriptions, who can serve as points of contact and coordination with the MTE in a systematic and continuous manner, regarding strengthening capacities for climate change.

MTE has not annually monitored the progress and success of the priority actions of the National Climate Change Adaptation Plan. From 2019 onwards, the MTE should have generated a progress report every year regarding the implementation of priority actions and the achievement of their objectives.



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However, the only progress report of the National Climate Change Adaptation Plan is the one drafted in 2023, which was drafted in cooperation with PKBZH and has no legal force as it has not been approved. The climate finance sector has not been established in the MTE.

Referring to the Climate Change Strategy, this sector should have been established in 2020, with the aim of conducting analyses to learn lessons and innovate on climate finance. The designated National Authority was not established by the DCM. The Council of Ministers, upon the proposal of the Minister of MTE, must approve the decision to establish the Designated National Authority of the Clean Development Mechanism under the Kyoto Protocol. Also, there is no approved document that sanctions the procedure for applying for funds and projects related to climate change adaptation. There is no set deadline for the duration of approval of a project approved by a special act.

This audit provided recommendations for measures that the MTE should take regarding the establishment and development of the capacities of the structures responsible for monitoring national objectives related to climate change, the establishment of a structure dedicated to the promotion, application and absorption of climate financing from various institutions, especially international ones, as well as their continuous monitoring and evaluation.



In the field of social and gender equality

- 1 The process of adopting children and guaranteeing their rights to good upbringing and education;
- 2 Gender equality and empowerment of women from rural areas, through inclusion in the labor market.

Audit on the topic “The process of adopting children and guaranteeing their rights to good upbringing and education” carried out in:

ENTITIES

The Albanian Adoption Committee, The Ministry of Justice, the State Social Service, Residential Social Care Institutions for Children and the Municipality of Fier.

Guaranteeing the rights of children, in particular of abandoned children, is an essential priority for the development of a healthy and solid society. In our country, the adoption procedure is accompanied by an administrative and judicial practice through which a child, who has been declared abandoned and deprived of his family environment, is provided with a new life. The only central authority in Albania, in the protection of children's rights in the field of adoption, local and inter-local, is the Albanian Adoption Committee (AAC), which was established in 1993. Since its establishment, the Albanian Adoption Committee has carried out 1857 local and inter-local adoptions. Adoption takes effect from the date the court decision becomes final and irrevocable, transferring the legal custody of the child to the adoptive parents.

This audit had as its main objective the analysis of the process of adoption of children in our country with a special focus on guaranteeing their rights within the adoptive family throughout this very delicate process.



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More specifically, it focused on:

- Analyzing the current legal basis in the field of adoption;
- Analyzing the adoption process in all its elements, also addressing specific casus (cases).

At the end of the audit, it was evident that the legal basis that regulates adoptions in our country is not complete and does not reflect to the highest degree the best international practices, especially in terms of establishing a maximum age limit for the adoptive parent(s); determining the criterion of stability and security of the marital relationship over time for married adoptive applicants; as well as determining the most accurate economic criteria for adoptive applicants. Also, shortcomings and problems were identified regarding the adoption process itself, especially in terms of: establishing the Committee's structures according to the provisions of the law; reporting, monitoring the activity of the Social Care Institution for Children and the Albanian Adoption Committee; the process of recognition, approval, licensing and supervision of foreign mediation agencies; as well as the supervision by the Ministry of Justice of this process.

This audit provided recommendations for measures that the Albanian Adoption Committee, the Ministry of Justice and other institutions subject to this audit should take regarding updating the legal/sub-legal basis in the field of adoptions based on other international best practices; reviewing the organic structure of the Committee; analyzing the profiles of adoptive applicants during the process of granting suitability; appropriate follow-up of the parent-child attachment process; proper follow-up and monitoring of post-adoption progress; proper documentation of the meetings of the Committee's Steering Council to ensure that the best interests of the child are protected at all times, etc.

Audit on the topic "Gender equality and empowerment of women from rural areas, through inclusion in the labor market", carried out in:

ENTITIES

The National Employment and Skills Agency

13 municipalities in the country: Municipality of Shkodra, Kukësi, Lezha, Dibra, Kruja, Elbasan, Kavaja, Divjaka, Lushnja, Pogradec, Berat, Vlora, Gjirokastra.

This audit had as its main objective the evaluation of the services provided to promote women's employment in rural areas, focusing mainly on the role and responsibilities that the audited entities have in achieving their institutional objectives.

NESA has the duty to ensure the fulfillment of the right of citizens to be treated with public services and programs for employment, self-employment and professional qualifications, with the aim of finding a suitable job, both within and outside the country, as well as the provision of these services. On the other hand, the country's municipalities have the obligation to ensure effective governance at a level as close to the citizens as possible. The high number of selected entities was done to assess the commitment of institutions at the local level regarding the promotion of women's employment in rural areas in their territory.

Although in Albania women play an important role in the agricultural sector as they make up about 55% of the workforce, they manage only 7% of the country's agricultural and livestock farms. There are many challenges and conditions that women face working in rural areas. In the procedures followed to enter the labor market, they often encounter problems such as: making applications, opening a business, or running a business on these properties, etc. Other factors that have a direct impact on the employment of women from rural areas are the problems arising from infrastructure, the areas where they live, the lack of transportation, drinking water, the



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lack of 24-hour health centers, as well as nurseries and kindergartens with lunch. The audit found that the employment promotion programs (for the years 2020-2023) for women are general and do not fully provide a picture of all regions in terms of needs assessment. Local infrastructure does not encourage the inclusion of rural women in the labor market, as there is a lack of nurseries in rural areas, while kindergarten services are not offered in all rural administrative units, and there is a lack of public transportation from the central unit to all municipal administrative units. NESAs have not established service points in Local Self-Government Units, which do not have local employment offices, as defined in the National Employment and Skills Strategy. Communication between central and local structures does not identify the needs of women in general and rural women in particular. This audit provided recommendations for measures to be taken by AKPA regarding the real needs of women in rural areas for employment promotion program services, in collecting and analyzing data on these programs, including the category "women in rural areas", cooperating with the Ministry of Finance for priority areas and sectors, carrying out the necessary budget planning in this regard, further developing cooperation with local self-government units for opening professional courses, monitoring the conditions of agreements concluded with municipalities, as well as continuously monitoring the activities developed in fulfillment of the objectives of the National Employment Strategy.

It has been recommended for local self-government units to take measures to assess the current situation in rural areas, their coverage with nurseries and kindergartens, as well as the drafting of investment plans depending on needs, the coverage of areas with public transport and their connection with urban areas, etc.



In the field of education, science and culture

- 1 Financial support for excellent students and civil servants of the state administration (Excellence Fund) from the Ministry of Education and Sports
- 2 Career Orientation of Young People in the Pre-University Education System
- 3 Protecting the values and wealth of our country at UNESCO
- 4 Scientific research projects carried out by the Academy of Sciences, in promoting scientific, technological progress and innovation, for the benefit of the country

udit on the topic "Financial support for excellent students and civil servants of the state administration - Excellence Fund", carried out in:



The Ministry of Education and Sports.

This audit had as its main objective the assessment of the policies and effectiveness of the responsible institutions, focusing mainly on: the process of obtaining scholarships for studies abroad for first-cycle, second-cycle and doctoral students; as well as the financial support of civil servants for studies abroad.

Consequently, one of the main goals of educational reforms is to preserve the basic principles of this education, namely equal opportunities, without discrimination and support for the needy; free competition between higher education institutions, academic staff and students; opportunities for all on the basis of merit; support for the strategic priorities of the



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country's development through scientific research.

In our country, there is a growing concern about young people leaving the country. Every year, approximately 10% of the number of students, according to official authorities, choose to study abroad. Experts view this phenomenon with concern, based on several surveys that say that 94% of those who study abroad do not want to return, so it is very important that through well-studied educational and employment policies, the departure of young people is curbed and their return to the country is encouraged. Based on the importance of higher education and university education reform, which remains one of the most important public topics in the country, the "Excellence Fund" has been created, managed by the Ministry of Education and Sports, which supports excellent young students and scientists who accept to pursue a master's or doctoral study program at one of the 15 best HEIs in the world, according to the Times Higher Education (QS – World University Rankings) ranking for the most recent year.

The audit found that the process of realization, implementing, analyzing and monitoring the Excellence Fund for financial support of excellent students and civil servants involves overlapping and evasion of responsibilities by responsible employees and structures. The Ministry of Education and Sports and its structures have not continuously monitored, case by case, the process of financial support from the (Excellence Fund) to excellent students and civil servants from its beginning to its completion.

It has also been found that legal procedures have not been initiated or completed for those who have not fulfilled the agreements signed with the MES.

This audit provided recommendations for measures that the Ministry of Education and Sports should take regarding the monitoring of

the performance and progress of the Excellence Fund for the period 2014 - 2023, the timely updating and harmonization of the legal and regulatory framework of the Excellence Fund, as well as the division of roles and tasks between the responsible structures regarding the performance of the Excellence Fund in pursuing legal proceedings for all cases of non-implementation of the contractual obligations of the beneficiary students. The recommendations also addressed the completion of files with periodic documents for each beneficiary of the Excellence Fund until the end of the study cycle, as well as conducting their inventory, monitoring the agreements concluded for the Excellence Fund, and respecting contractual obligations.

Audit on the topic “Career Orientation of Young People in the Pre-University Education System”, carried out in:

ENTITIES

The Ministry of Education and Sports, National Agency for Pre-University Education
Quality Assurance Agency in Pre-University Education.

This audit had as its main objective the assessment of the political vision behind this process and the mechanisms established for its implementation.

Contemporary reality is characterized by dynamic changes, due to technological, economic, political and social evolutions, and as a result, students face challenges in the fields of learning, employment and social cohesion. Education is a powerful tool for developing employability and productivity skills, so the priority for the pre-university education system in Albania should be not only to create conditions and opportunities for students to build competencies, but also to be advised, informed, and oriented to successfully face the challenges of life and the labor market.



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In its conclusion, it was noted that the “National Education Strategy 2021 - 2026” does not contain any specific provisions regarding the political objectives for the career guidance of students, as well as Law No. 69/2012 “On the Pre-University Education System in the Republic of Albania”, as amended, does not contain any provision or direct regulation of the career guidance process of students in the pre-university education system.

Consequently, in the MES and its subordinate institutions, the National Agency for Pre-University Education, regional directorates and local offices, there are no units dedicated to career guidance, and no budgetary funds are foreseen for this at all levels of the pre-university education system. The orders of the Minister of Education and Sports for the career guidance process, starting in 2023, turn out to be poorly analyzed, fragmentary, with non-unified terminology and unenforceable. On the other hand, there is a lack of analysis and monitoring by the MES on the progress of the guidance process, despite reports from subordinate institutions.

For these reasons, this audit recommended that the MES and subordinate institutions encourage a sustainable and comprehensive approach to career guidance through the curriculum and through extra-curricular activities, aiming to improve the regulatory and strategic framework of the career guidance process for students, as well as improving coordination and reporting between responsible institutions of the pre-university education system, in the implementation of the career guidance process.

Audit on the topic “Protection of the values and assets of our country at UNESCO”, carried out in:

ENTITIES

Ministry of Economy, Culture and Innovation (MECI),
Ministry for Europe and Foreign Affairs (MEFA),
National Institute of Cultural Heritage (NICH),
Municipalities of Durrës, Rrogozhina, Fier, Berat, Gjirokastra and Pogradec.

The main objective of this audit was to assess the measures taken by the responsible institutions, in order to protect and preserve the tangible and intangible cultural/natural cultural heritage of outstanding universal value.

Our country, recognizing the importance of preserving, protecting or conserving tangible and intangible cultural/natural cultural heritage of outstanding universal value, as well as taking into account the interdependence between them as a summary of cultural diversity, has ratified two international conventions aimed at preserving and conserving heritage classified as of outstanding interest.

Some of the main problems that resulted are related to the failure to draft and approve about 46% of the bylaws on cultural heritage, even though the deadlines for their approval have passed by 3 - 4 years. In the organizational structure of MECI, there is no unit responsible for coordinating the work between institutions at the central and local levels, such as: drafting the documentation of candidacy files, forwarding them to UNESCO, implementing recommendations, translating materials in the most professional manner, archiving files, etc.



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Albania does not have a legal requirement in force mandating that every project carried out on cultural heritage sites must first undergo a Heritage Impact Assessment (HIA).

It has been observed that the Albanian State has disregarded the recommendations of UNESCO Committee missions regarding the infrastructure project of the Gjirokastër Bypass, which continued implementation without first conducting a Heritage Impact Assessment (HIA). Regarding the cultural and natural heritage of Lake Ohrid, Albania has consistently ignored the recommendations of the UNESCO Committee concerning the Drilon-Tushemisht Water Park project, which has been deemed inappropriate by the Committee due to its failure to take into account the Outstanding Universal Value (OUV) of Lake Ohrid.

The Ministry of Economy, Culture and Innovation (MEKI) has not taken any concrete measures to address the implementation of the recommendations made by UNESCO missions, nor is there any available information on what each structure is doing or should do. No concrete actions have been taken to meet the criteria for the inscription of properties on UNESCO's World Heritage List that are currently on the Tentative List and for none of them has the nomination file preparation begun, despite the fact that years and even decades have passed since they were added to the list. Furthermore, a "List of Elements" for potential candidacy on UNESCO's Intangible Cultural Heritage Lists has not been drafted.

Some of the main recommendations addressed in this audit are as follows:

The Ministry of Economy, Culture and Innovation, along with the National Institute of Cultural Heritage, should take measures to draft and incorporate into the national legal and sub-legal framework the requirement that all

projects to be developed in cultural heritage sites be subject to a Heritage Impact Assessment (HIA).

The Ministry of Economy, Culture and Innovation should take measures to establish more effective cooperation with Local Self-Government Units that have cultural or cultural-natural properties within their territory that are part of UNESCO's lists, ensuring that communication on any issues, challenges, or UNESCO recommendations related to properties with Outstanding Universal Value is properly documented.

The Ministry of Economy, Culture and Innovation, through the Directorate of Budget and Financial Management, should take measures to allocate specific budget lines in the annual budget, aimed at financing and investing in cultural heritage in general and particularly in properties inscribed on UNESCO's lists or included in the Tentative List.

The Ministry of Economy, Culture and Innovation, through the Directorate of Cultural Development Policies and Strategies, should take measures to assess the level of implementation of the National Strategy for Culture and subsequently update its Action Plan for 2025. The Ministry should also take steps to draft the instruction on the functioning of the Advisory Commission, the instruction on compiling the National Catalogue of Cultural Heritage Assets and finalize the selection process of the list of expert evaluators of the cultural values of movable, immovable and intangible heritage. The Ministry of Economy, Culture and Innovation / The National Institute of Cultural Heritage, based on the Register of Intangible Cultural Heritage Values and in cooperation with field experts, should compile lists of elements eligible for nomination to UNESCO's lists. Based on these elements, a plan should be developed for the preparation of nomination dossiers with the support of relevant experts.



3.4 PERFORMANCE AUDITS

"Audit of 'Research-Scientific Projects Conducted by the Academy of Sciences in Promoting Scientific, Technological and Innovative Advancement for the Benefit of the Country'"

THE INSTITUTION

"Academy of Sciences of Albania"

The institution of the Academy of Sciences of Albania has not traditionally worked with projects funded through its budget. The earlier tradition of assigning it government and institutional level design tasks was interrupted with the closure of 13 institutes in 2007. With the approval of Law No. 53/2019, the scientific activity of the Academy of Sciences (AS) through publications and conferences was expanded to include projects as a new phenomenon in its development and progress. These projects have involved researchers and professors from Albania, Kosovo, North Macedonia, as well as from the Arbëresh communities.

The main objective of this audit was the impartial evaluation of the administrative process of ASH regarding the application, review, and approval of the scientific projects and research funded by it during the period from 2019 to 2023.

In conclusion, it was found that the Academy of Sciences has not ensured proper management of its scientific research projects. The institution has not developed a strategic institutional development plan, which should clearly outline its mission and vision, enable strategic priorities, resource management, performance evaluation, as well as increase transparency and accountability. The Academy of Sciences of Albania has not ensured proper management of the documentation related to its scientific research projects, as there is a lack of clear regulations on the organization, orientation and

definition of criteria that proposed projects should meet. Furthermore, it was found that methodologies and guidelines regarding programming, project call announcements, implementation, financing, internal control and transparency in monitoring research-scientific projects have not been improved.

For these reasons, at the conclusion of this audit, the Supreme State Audit has recommended that the institution take the necessary steps to ensure the transparent and proper management of research-scientific projects, in compliance with the applicable legal framework regarding financial management and control, while simultaneously implementing the legal basis for document archiving in our country.

Furthermore, ALSAI has recommended that the institution improve its strategic and operational management by promoting transparency with the public and fostering the culture and values of our country.

Among other things, the Academy of Sciences of Albania was recommended to apply control filters to all applications for research-scientific projects, coordinating them with other institutions to avoid the possibility of researchers and scientific workers benefiting from multiple funding sources for the same scientific project.



3.4 PERFORMANCE AUDITS



"In the field of management and revenue collection"

"Audit of 'Management of Public Spaces on Beaches', conducted in:"

THE INSTITUTION

The Ministry of Tourism and Environment, the National Coastal Agency and the Municipalities of Shkodër, Lezhë, Durrës, Vlorë, Himarë and Saranda.

Considering the value of our coastline as a precious natural asset, the main objective of this audit was to assess the policy makers' vision on the management of public spaces on beaches.

The audit found that Albania is the only country in the region and the Mediterranean that still does not have an approved law for integrated coastal management, nor a strategy for managing the coastal line. Beaches are public property administered by the Local Self-Government Units (LSGU) along the coast, while the procedures for granting public space on beaches to beneficiary entities are carried out at the central level. The process of mapping the coastal zone by the coastal municipalities, for determining beach parcels, is a formal process that does not reflect possible changes on the ground.

All the municipalities subject to the audit have not created special structures responsible for the functional management of beaches both during the official beach season and in the preparatory or post-season period. Additionally, during budget planning, there is no specific line item allocated for expenditures during the period when the beach tourism activity takes place.

The 30% ratio of free space for the public has not been treated with priority and is not verifiable in the field, as it is applied to a general territory, and not specific to each beach area. The space dedicated to public beaches, which is administered by municipalities, does not meet all the established standards. The fees for occupying public space have not been reviewed by municipalities through economic analyses, with the aim of increasing justified revenues.

The revenues collected from providing public space on beaches are not used directly for their management. The lack of coordination and cooperation between institutions involved in the management of public spaces on beaches, results in the lack of a clear and sustainable vision over time. Recommendations have been addressed for all these issues in order to minimize and improve them.



In the field of strengthening public institutions

Audit of 'National Inspectorates in Protection of Public Interests', conducted in:

THE INSTITUTION

The Central Inspectorate, in its capacity as the institution responsible for coordinating the inspection activities.

The main objective of this audit was to provide an impartial and objective assessment of whether the overall activities and functions of inspection at both central and local levels in our country have been carried out in accordance with the established rules and procedures, with the aim of improving the business climate by reducing the administrative burden on enterprises and protecting public interests.



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In our country, the main role of inspections is the protection of the public interest and the legitimate interests of individuals and legal entities, by assisting businesses in complying with the legal requirements set out in the relevant legislation. According to a report on the status of state inspectorates in Albania in 2023, it was found that there is still a need to improve the legal framework, align sectorial legislation with that of the EU, improve institutional capacities, human resources, logistics, and laboratory capacities, as well as eliminate overlaps of competencies and the necessity to strengthen the inspection function.

At the conclusion of the audit, it was highlighted that the Central Inspectorate has exercised its competencies to coordinate inspections and oversee the inspection law, as well as approve criteria for training inspectors and other methodological rules and guidelines in this field. However, state inspectorates have not ensured consistency between the written monthly inspection programs and the electronic ones; the approved education criteria for hiring inspectors have not been respected, and inspections have been conducted outside the “e-inspection” portal, not in line with the coordinating and methodological guidelines adopted. Due to issues with the legal framework, there have been overlaps in competencies and inspections by more than one inspectorate, particularly in the environmental field between NEA (National Environment Agency) and NITP (National Inspectorate for Territory Protection).

To ensure the protection of the public interest and other legitimate interests of individuals and legal entities, Law No. 99, dated 12.09.2024, "On Inspection in the Republic of Albania," has been approved, which aims to unify and coordinate inspection activities in our country. The Central Inspectorate, as the promoter within the framework of the changes to the inspection law, should give new momentum and meaning to the

inspection process as a necessity for reviewing issues and approving new rules, aiming to coordinate and harmonize them at both central and local levels.

This audit addressed a number of recommendations. It was recommended to the Central Inspectorate (which will be renamed the General Inspectorate with the legal amendments) that, in the process of providing opinions on the sub-legislative acts to be drafted and adopted to implement Law No. 99/2024 in the context of reorganizing the inspection functions at the national level, it should continuously monitor and report on the alignment with EU legislation for these acts. As part of the review of the sub-legal framework regulating the “e-Inspection” system, within the competencies assigned by the new law on inspections, Law No. 99/2024, it was recommended to the Central Inspectorate to include specific provisions ensuring full compliance between the written and electronic inspection programs. Furthermore, in the context of the re-conceptualization of inspection functions with the entry into force of the new law No. 99/2024, it was recommended that the Central Inspectorate conduct a preliminary assessment regarding the education criteria for the inspection body according to the inspection areas, considering that the Recruitment and Career Progress Commission will be established and operate within this institution.

Another recommendation addressed to the Central Inspectorate, in the process of providing opinions on sub-legislative acts related to this reorganization, was to provide guidance and assistance in the proper allocation of competencies of the state inspectorates according to specific inspection areas, with particular attention to eliminating overlaps between NITP and NEA.



INFORMATION TECHNOLOGY AUDITS

The role of Information Technology (IT) auditing in ensuring that the appropriate processes are in place to manage risks and vulnerabilities associated with IT is crucial if Supreme Audit Institutions (SAIs) are to report meaningfully on the efficiency and effectiveness of government and public sector operations.

The pace at which technology is advancing is faster than ever, which also brings implications for IT audits. IT systems are becoming increasingly complex. These systems are interconnected with other internal and external systems and networks, including the internet, thus increasing their complexity.

The transition to IT systems and digital processing by audited units in the public sector has created a need for the State Supreme Audit Institution to develop the necessary capacities to carry out a comprehensive examination of controls related to IT systems, in line with its legal mandate.

During IT audits, the auditor must ensure that the internal IT controls concerning the confidentiality, integrity, validity, and availability of data have been approved and are functioning effectively, serving the objectives of the audited unit.

At the conclusion of IT audits, the audit team concludes with the Audit Conclusion.



8
Audits



1 Independent institution
7 central and subordinate institutions
9 audited entities
1 public subordinate companies



8
Conclusions in IT Audits



145
Recommendations

- **4** legal improvements
- **137** organizational measures
- **4** disciplinary measures
- **2** financial effects



Financial effects
52,702 (thousand ALL)



3.5 INFORMATION TECHNOLOGY AUDITS

In the General Directorate of the State Police

Regarding the audit of Information Technology systems, the following issues were identified:

In the Department of Information Technology, out of 102 approved positions, 32 were found to be vacant, primarily in the Directorate of Systems, the Operational Security Center, and the Directorate of Programming and Databases, which affects the department's performance.

It was noted that the lack of photographs in the records of offenses, approved by Decision of the Council of Ministers (DCM) No. 42, dated 30.01.2019, has led to an increase in complaints from offenders through the online services of e-Albania, hindering transparency and trustworthiness.

In the implementation of contracts for the e-Gjoba system of 2018 and 2022, formal follow-up of documentation, non-fulfillment of some technical specifications, lack of regular reporting, and ongoing system issues until the end of 2023 were identified.

Furthermore, the absence of established rules for data management and access levels for the involved parties has jeopardized the integrity and security of state data in the e-Gjoba road offenses management system.

In the Central Election Commission

Regarding the audit of Information Technology systems, the following issues were identified:

During the 2021 and 2023 election periods, the Central Election Commission (CEC), based on the decision of the Regulatory Commission, requested data on the photo of voters from the National Civil Registry, although this information was not defined as an electoral component in the Electoral Code.

Moreover, changes to Instruction No. 465, dated 10.12.2020, between the Commissioner for the Right to Information and Protection of Personal Data and the Ministry of the Interior, published

with No. 189, dated 04.10.2022, showed that the personal data the CEC had received from the National Civil Registry remained the same. At the request of the CEC, the Ministry of the Interior and the Commissioner for the Right to Information and Protection of Personal Data updated the data in Annex I of Instruction No. 465, dated 10.12.2020, but without respecting the designations according to Article 45 of the Electoral Code and by adding the photo of the voters, even though this element is not considered an electoral component according to this article.

Although the data that the institution handles and stores in its information systems is sensitive, there is no position for data security within the CEC structure to protect and process this data. It has been recommended that specific duties and responsibilities be identified, and technical-administrative measures be taken to ensure the protection of personal data.

In the National Agency for Medicines and Medical Devices

Regarding the audit of Information Technology systems, the following issues were identified:

The absence of a legal act for the creation and administration of the SIRKB database, which does not specify the managing institution, primary and secondary data, data providers, interoperability with other databases, and the level of access, as required by Law No. 10325/2010.

By the end of 2022, the system was considered Critical Information Infrastructure, but with the entry into force of DCM No. 761/2022, it no longer appears on the list of critical infrastructures, despite its importance for public health. It has been recommended that the National Agency for Information Society and the National Agency for Medicines and Medical Devices inform the National Cybersecurity Authority about the critical importance of this infrastructure.



3.5 INFORMATION TECHNOLOGY AUDITS

Furthermore, the lack of an ICT structure or IT specialists within the staff of the National Agency for Medicines and Medical Devices (NAMMD) was identified, which has complicated the maintenance of the system and the fulfillment of technical obligations. The absence of policies, manuals, and guidelines on information security, as well as the lack of a user list with system access, jeopardizes the integrity, availability, and confidentiality of data.

Also, the lack of technical support and the failure to fill vacant IT positions significantly increase the risk of security incidents, such as unauthorized access, loss, or compromise of data with an impact on the institution's objectives. It has been recommended that the National Agency for Information Society identify the employee who will cover the IT needs of (NAMMD) until the vacant position is filled.

In the Ministry of Health and Social Protection

Regarding the audit of Information Technology systems, the following issues were identified:

The absence of regulatory acts regarding information technology systems has impacted the unmonitored development of institutional activities.

The Economic Aid System lacks necessary mechanisms for input control, increasing the risk of populating the system with incorrect data, and consequently producing incorrect results.

Inadequate implementation of basic security protocols, lack of employee training on best cybersecurity practices, and insufficient investments in Information Technology present a risk to the confidentiality, integrity, and availability of information and systems, compromising the Information Security of the State Social Service (SSS).

We observe that the identification and management of critical elements in providing services to citizens and ensuring data security, as well as the continuity of service delivery without interruption through information technology, are insufficient.

The State Social Service (SSS) has not transferred the responsible ICT structures to NAIS according to the provisions and deadlines set by DCM No. 673, dated 22.11.2017, "On the reorganization of the National Agency for Information Society," as amended.

In the National Agency for Natural Resources

Regarding the audit of Information Technology systems, the following issues were identified:

The information system for managing and monitoring the activity of concessions and mining licenses on the natural resources of the Republic of Albania (Revzone), as well as the system for managing licenses and concessions (GIS), have deficiencies that affect their operation, use and continuity. Despite efforts and investments in the technology field, the situation in the National Agency for Natural Resources (NANR) in this regard is not consolidated compared to the investments made, due to the fact that the development of systems over the years has not been carried out according to a long-term strategic planning.

The lack of regulations for using the systems that NANR has created the possibility of not using the systems, and as a result, the failure to address responsibilities for the lack of effectiveness in any computerized step.

An analysis of the data in the mining license system revealed that the Revzone system does not have the necessary mechanisms for input control, increasing the risk of populating the system with data that exceed the deadlines for submissions according to the declarations that subjects must make, as well as duplicating information, and consequently, producing inaccurate reports.



3.5 INFORMATION TECHNOLOGY AUDITS

The information systems have not achieved the intended goals of the investments made regarding the digitalization of processes, service development, and ensuring continuity in service delivery.

In Shkodër Water Supply and Sewerage (WSS JSC)

Regarding the audit of Information Technology systems, the following issues were identified:

(WSS JSC) does not possess a risk management strategy or plan. Without a clear strategy, the institution remains unprepared for the development of technological infrastructure. The absence of regulatory acts on IT system management has resulted in unmonitored activity and unclear allocation of responsibilities for actions taken.

WSS lacks regulations for user management such as: creation, deletion, role modification, and password control – representing a high risk. Without proper monitoring mechanisms, inaccuracies may go undetected, increasing exposure to attacks. Additionally, investments in Information Technology are very limited, which hinders infrastructure improvement, security enhancement, and ensuring business continuity.

In the National Coastal Agency

Regarding the audit of Information Technology systems, the following issues were identified:

There are deficiencies in regulatory acts related to IT systems, which have negatively impacted the monitoring of institutional activity and the clear delegation of individual responsibilities for actions performed. Furthermore, insufficient investments in information technology have limited improvements in operational efficiency, information security, and the modernization of institutional processes.

The equipment used for communication services and data storage is in suboptimal condition and does not guarantee the required level of security. Moreover, the data generated by the electronic permitting system is easily manipulable, as its transmission is conducted in an insecure manner.

In the Agency for Agricultural and Rural Development (AARD)

Regarding the audit of Information Technology systems, the following issues were identified:

The information system for managing applications for grants provided under the implementation of the IPARD project, as well as the information management system for applications submitted to benefit from the subsidy schemes supported by AARD, have not yet achieved the objectives of the investments made in terms of digitalizing all steps of the process through the system, service development, and ensuring service continuity.

The development of these systems over the years has not followed a long-term strategic plan. Despite efforts and investments in the field of technology, the situation at AARD in this regard is not consolidated in comparison with the investments made.

Additionally, controls for avoiding double funding are conducted manually, and the system does not allow applicants to submit appeals electronically.

The identification and management of critical elements in service delivery, as well as the guarantee of data security and service continuity through information technology, remain insufficient.



FOLLOW-UP AUDITS ON THE IMPLEMENTATION OF RECOMMENDATIONS

The addressed recommendations represent the instruments through which auditing can bring added value to public entities. The effectiveness of the follow-up on the implementation of recommendations by the State Supreme Audit Institution is essential for achieving the maximum benefits from auditing activities.

It is not the recommendations themselves, nor their acceptance, that are the decisive factors in adding value to audit work, but rather the actions subsequently undertaken by the audited entities to address the recommendations in order to meet the intended expectations. From this perspective: The requirements of the International Framework of Professional Pronouncements (IFPP) of INTOSAI clearly define the roles and responsibilities of both audited entities and Supreme Audit Institutions (SAIs). According to these standards, the primary responsibility for implementing recommendations in a timely and effective manner lies with the audited entities. However, SAIs have the responsibility to follow up on the implementation of recommendations—verifying the actions taken and whether the expected results have been achieved.

The procedures for verifying the implementation of recommendations at ALSAI aim to identify and document the degree of implementation, and are based on the following:

The requirements of the Constitution of the Republic of Albania (Articles 163 and 164), Law No. 154/2014 “On the Organization and Functioning of the State Supreme Audit,” Articles 15 and 30, The INTOSAI Framework of Professional Pronouncements (IFPP), International Standards of Supreme Audit Institutions (ISSAI), The ALSAI Manual for Follow-Up on the Implementation of Audit Recommendations, The institutional electronic register and the ALSAI Strategic Plan 2023–2027.



97
Audits

- **38** Compliance Audits
- **1** Financial Audit
- **45** Combined Audits
- **8** IT Audits
- **5** Performance Audits



3937
Verified
recommendations

- **2372** Organizational Measures
- **25** Legal Improvements
- **631** Financial Effects
- **863** Disciplinary Measures
- **46** Administrative Measures



99%
Acceptance Rate

- **3882** Accepted
Recommendations



70%
Implementation
Status

- **1261** Fully Implemented
- **578** Partially Implemented
- **866** In Implementation Process
- **1177** Not Implemented



3.6 FOLLOW-UP AUDITS ON THE IMPLEMENTATION OF RECOMMENDATIONS

Results of the verification of the implementation of recommendations from previous audits:

Institutional performance cannot be achieved without the consolidation of an effective system for monitoring the implementation of recommendations. This is the only path to fulfilling the strategic objectives of the institution's mission and vision, as well as the expectations of Parliament, the public, and all stakeholders.

The requirements of the International Framework of Professional Pronouncements (IFPP) of INTOSAI clearly define the roles and responsibilities of both audited entities and Supreme Audit Institutions (SAIs). According to these standards, the primary responsibility for the timely and effective implementation of recommendations lies with the audited entities. On the other hand, SAIs have the responsibility to monitor the implementation of recommendations, meaning they must verify whether the actions taken serve the achievement of expected results.

The process of monitoring the implementation of recommendations and the initiation and execution of corrective measures by the audited entities provides detailed information on the added value that the work of the State Supreme Audit Institution brings. At the same time, it offers assurance regarding the institution's professionalism, independence, and objectivity. The consolidation of an effective mechanism for systematic verification and reporting on the implementation of recommendations-based on standardized, clear and well-detailed methodologies and procedures -not only allows the State Supreme Audit Institution but also third parties such as Parliament, the Government, etc., to continuously obtain comprehensive information regarding the actions undertaken by audited entities. This information contributes to the drafting of

strategic documents at both institutional and national levels, as well as to initiatives for legal, administrative, and organizational changes.

The schemes and approach used for monitoring the implementation of recommendations aim to generate consolidated institutional indicators regarding the acceptability and implementability of recommendations. This, in turn, enhances parliamentary oversight by the Assembly over the executive, with the effect of increasing the accountability of public fund management. During 2024, ALSAI conducted a verification of the implementation of recommendations for 97 audits, which included the tracking and monitoring of 3,937 recommendations. The results of this verification were submitted to:

- The Assembly of the Republic of Albania with letters: No. 962 Prot, dated 25.07.2024; and No. 282 Prot, dated 25.02.2025.
- The Minister of State for Relations with Parliament, with letters: No. 962/1 Prot, dated 25.07.2024; and No. 282/1 Prot, dated 25.02.2025.

From the on-site verification of the implementation of recommendations, it was found that of the 3,937 recommendations issued during 2023, 3,882 recommendations were accepted (approximately 99%), and 55 recommendations were not accepted (approximately 1%). Out of the 3,882 accepted measures:

- 1,261 measures were fully implemented (about 33% of the total accepted measures),
- 578 measures were partially implemented (about 15% of the total accepted measures),
- 866 measures are in the process of being implemented (about 22% of the total accepted measures),
- 1,177 measures remain unimplemented (about 30% of the total accepted measures).



3.6 AUDITS OF IMPLEMENTATION OF RECOMMENDATIONS

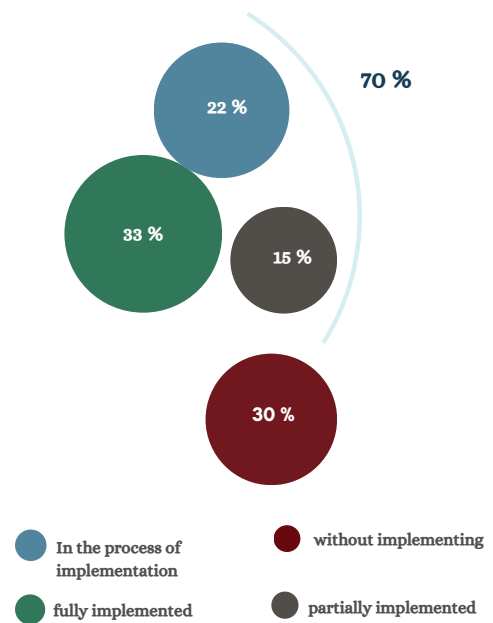
In conclusion, the status of recommendations, organized by type, is as follows:

✓ **25** "Legal Improvement Measures": 25 measures were accepted (100%). From the accepted measures: 9 measures were fully implemented (36%), 4 measures were partially implemented (16%), 7 measures are in the process of being implemented (28%), 5 measures were not implemented (20%).

✓ **2,372** "Organizational Measures": 2,358 measures were accepted (99%), 14 measures were not accepted (1%). From the accepted measures: 742 measures were fully implemented (31%), 338 measures were partially implemented (14%), 584 measures are in the process of being implemented (24%), 694 measures were not implemented (29%).

✓ **436** "Measures to Eliminate Negative Effects": 420 measures were accepted (96%), 16 measures were not accepted (4%). From the accepted measures: 62 measures were fully implemented (14%), 98 measures were partially implemented (22%), 129 measures are in the process of being implemented (29%), 131 measures were not implemented (30%).

✓ **195** "Damage Compensation Measures": 184 measures were accepted (94%), 11 measures were not accepted (6%). From the accepted measures: 53 measures were fully implemented (27%), 47 measures were partially implemented (24%), 28 measures are in the process of being implemented (14%), 56 measures were not implemented (28%).



✓ **863** "Disciplinary Measures": 849 measures were accepted (98%), 14 measures were not accepted (2%). From the accepted measures: 389 measures were fully implemented (45%), 63 measures were partially implemented (7%), 118 measures are in the process of being implemented (14%), 279 measures were not implemented (32%).

✓ **46** "Administrative Measures": 46 measures were accepted (100%). From the accepted measures: 6 measures were fully implemented (13%), 28 measures were partially implemented (61%), 12 measures were not implemented (26%).

The ALSAI has once again requested from all entities to accelerate the implementation of measures accepted but "not implemented", as well as all measures that have resulted in "in the process of implementation" or "partially implemented".







04

Institutional
Management and
Strategic
Development

4.1 ANNUAL MONITORING OF THE "INSTITUTIONAL DEVELOPMENT STRATEGY 2023-2027"

The Institutional Development Strategy of the Albanian Supreme Audit Institution (ALSAI) 2023-2027 is the most important strategic document of the institution, guiding the ALSAI in both its auditing and non-auditing activities, while adapting and responding promptly and responsibly to local and global dynamics and developments. This document has now completed its second year of implementation.

Throughout this year, the implementation of this strategy has been broken down into sub-objectives and various activities, through which the institution has aimed to improve the quality of audits, responding to the developments in standards, particularly regarding the establishment of the audit quality management system. ALSAI has consolidated its annual, strategic, and operational planning practices in line with updated methodologies, increasing the use of visualizations to improve the effectiveness of audit work monitoring. Simultaneously, it has enhanced communication of audit results and the activities of ALSAI through social media, presence in the written and audiovisual press, as well as through brochures, bulletins, and other awareness-raising activities such as the Integrity Week, etc. It should be emphasized here that the consolidation of relationships with the Parliament and the Parliamentary Subcommittee for the Audit of the Public Sector through parliamentary hearings and regular reports has increased the visibility of audit work to the wider public.

In order to achieve strategic objectives, sub-objectives, and specific activities, ALSAI has implemented the action plan for strategy implementation, approved by Decision No. 144 of the Chairman of ALSAI on 01.08.2023, and continued through 2024. This plan has been systematically monitored to assess the achievement level of objectives against forecasts. Monitoring this strategy has required

continuous engagement from all institutional structures in terms of realizing the specific activities of the action plan and reporting the results achieved through this implementation, for the three strategic goals of this document:

- **Goal 1:** Increase and improve the role of ALSAI as a supporter of the parliament for effective accountability and careful, thorough review of public fund users.
- **Goal 2:** Increase the impact of audit work on good governance through improving the implementation level of recommendations.
- **Goal 3:** Optimize professional capacities to acquire innovative knowledge in audit work.

Regarding the implementation of objectives and activities under the first strategic goal, ALSAI has developed and approved the Annual Audit Plan for 2024, following the Annual Audit Planning Methodology (approved in 2023). This methodology was also used for performance audit planning, integrated with the Performance Audit Department Manual and the Risk Areas Guide. Thus, the process of developing the Annual Audit Plan within the ALSAI has continued to be consolidated. In fulfillment of the SAI's commitment to audit specific performance topics in the SDGs field, in 2024, the Performance Audit Department conducted 7 audits in the SDGs field (4 more than in 2023), covering 2 new SDGs, specifically: SDG 13 "Climate Action" with an audit on the "Implementation of the National Plan for Mitigation and Adaptation to Climate Change"; and SDG 15 "Life on Land" with an audit on the "Impact of mining activity on forest resources."

To reflect the highest level of compliance with ISSAIs, following the revision of ISSAI 140 "Quality Management for Supreme Audit Institutions", in 2024, ALSAI participated in a Pilot project on the implementation of the revised ISSAI 140, developed with the assistance of IDI (INTOSAI Development Initiative). At the end of this project, the ALSAI has drafted and approved the key documents that will regulate



4.1 ANNUAL MONITORING OF THE "INSTITUTIONAL DEVELOPMENT STRATEGY 2023-2027"

quality management within the institution, including the "Quality Management Policy for the SAI," the Risk Management Guide for Quality, and the Quality Risk Register. With the approval of these documents, working papers were prepared for the evaluation of audit files according to international audit standards.

The institution's commitment to always being in compliance with international audit standards continued with the revision of its Code of Ethics, which was approved by Decision No. 217 of the Chairman of the State Audit Institution (SAI) on 15.11.2024. Thanks to this update, full compliance with ISSAI 130 "Code of Ethics" has been ensured, bringing necessary improvements and changes to the previous Code of Ethics, which dated back to 2015.

Furthermore, ALSAI has developed and approved a Manual for Auditing Concessions and Public-Private Partnerships (PPP), prepared within the framework of the project "Strengthening the Professional Capacities of the State Audit Institution in Auditing Concession Contracts and Public-Private Partnerships in Albania," funded by the Swiss State Secretariat for Economic Affairs (SECO). In the field of Information Technology, the Information Technology Audit Department has continued its collaboration with experts from the Norwegian Office of the Auditor General (OAGN) to improve the quality of audits. This has been achieved through the development of both online and physical workshops, focusing on Information Security and Cybersecurity, particularly regarding the use of Open Source IT tools, which OAGN relies on for IT audits.

Throughout 2024, ALSAI intensified its relationship with the Parliament and the Economy and Finance Committee. This relationship has been further strengthened with the creation of the Parliamentary Subcommittee for the Audit of the Public Sector, as public

sector audit issues are now discussed in a dedicated forum. The institution's relationship with Parliament has also continued to intensify through participation in activities organized by various stakeholders, including Parliament itself, to promote dialogue and accountability in public finance oversight.

Regarding the realization of the second strategic goal, ALSAI has presented and communicated audit work through the most effective communication channels to reach the final users, the citizens, offering them full access to information and enabling them to contribute to the common goal of good governance. For these reasons, in 2024, ALSAI published 139 audit reports on its official website. Additionally, for audits of high sensitivity, ALSAI has promoted audit results through meetings, the preparation of brochures, and their distribution to all attendees during annual analysis activities of the audit departments or other meetings organized to promote specific audit reports. An example of this is the presentation of the findings of the performance audit report on "Gender Equality and Women Empowerment in Rural Areas through Labor Market Inclusion", carried out in cooperation with the UN Women office in Albania.

In the written press and audiovisual media, a total of 1830 articles were published, including 382 in the written press and 1448 in audiovisual and online media. Of these, 205 were feature articles and expanded reports on the findings of ALSAI audits.

The official website of the institution has continued to be enriched with information in English, such as updates on meetings with the Chairman or collaborations with various institutions both domestically and internationally. A new feature for 2024 was the opening of institutional profiles on social media platforms like Facebook, Instagram, and



4.1 ANNUAL MONITORING OF THE "INSTITUTIONAL DEVELOPMENT STRATEGY 2023-2027"

LinkedIn, where ALSAI shares data on its activities.

ALSAI has managed 290 letters, complaints, and requests for information from individuals and various entities. The Coordinator for the Right to Information, as the structure responsible for handling requests for information, has processed 36 requests for information, which were forwarded to the applicants within the legal deadlines.

ALSAI has continued its work on developing audit reports that are reader-friendly, following the methodology for writing audit reports of 2023. These reports are written in simple, understandable language to ensure clarity, relevance, and usefulness. In line with this goal, the Editing Unit was established at the SAI, which, in cooperation with the Communication and Publications Sector, edits audit reports and various audit documents. Additionally, in collaboration with the Department of Methodology, Strategic Planning, and Professional Development, dedicated programs have been used to create infographics and visualizations. These tools have been used to produce high-quality and professional documents, such as:

- Quality Management Policy at SAI
- Quality Risk Management Guide
- Statistical Bulletins
- 2 Brochures for Integrity Week
- Report on the Implementation of Recommendations, etc.

These programs continue to be used for creating some of the most important reporting documents at the SAI, such as:

- Annual Activity Report of SAI
- Budget Implementation Report
- Annual Monitoring Report of the 2023-2027 Strategy, as well as other reports as needed.

Since November 2024, the External Relations and Communication Department has begun preparing and distributing the ALSAI Newsletter, which presents key information, audit figures, and facts from completed audits. Additionally, Facts and Figures are periodically published on the institution's official profiles on Instagram and LinkedIn. The IT Department is working on creating a dedicated section on the official ALSAI website for Facts and Figures.

Regarding the realization of the third strategic goal, ALSAI has, through its continuous professional development program, enabled the enhancement of knowledge and skills needed by auditors to achieve the institution's objectives. As a result, this has led to significant improvements in the quality of audit work, which contributes to increased transparency, good governance, and efficient use of public funds, as well as the growth of public trust in ALSAI and external stakeholders.

The institution has continued to cooperate and participate in internship and fellowship programs with similar institutions. Currently, 5 ALSAI auditors are participating in an internship at the European Court of Auditors (ECA), and 1 auditor has successfully completed a fellowship at the U.S. Government Accountability Office (GAO).

To motivate and reward employees, in 2024, auditors have attended training both domestically and abroad, further developing their knowledge in specific areas of public external auditing, in line with International Audit Standards. Additionally, auditors have been promoted through job advancements and rotation, and many auditors have gained expertise in various audit areas, which has contributed to both professional and personal development, particularly in the context of human relations.



4.1 ANNUAL MONITORING OF THE "INSTITUTIONAL DEVELOPMENT STRATEGY 2023-2027"

Objectives for 2025

Even in 2025, the work of the Supreme State Audit Institution will continue to be guided by the mission, vision, and strategic goals of the ALSAI Strategic Plan 2023-2027, where:

Strategic Goal No. 1:

- The institution will continue to work on further consolidating strategic audit planning practices based on updated risk analysis according to contemporary methodologies, as an integral part of strategic audit planning to ensure more effective and high-quality audit coverage.
- ALSAI will be fully committed to the implementation of International Standards of Auditing (ISSAI) and best practices throughout all phases of auditing, with the goal of increasing professionalism and objectivity, while identifying areas for change.
- Furthermore, the institution will deepen cooperation with the Parliament, other law enforcement institutions, and stakeholders, in the fight to prevent abusive cases, contributing to the fight against corruption, while promoting the results of auditing work.

Strategic Goal No. 2:

- With the aim of continuously promoting the role of ALSAI and auditing work as a guarantor of the proper use of public funds, the institution will engage in increasing transparency and accountability to the public regarding the results of audits, especially high-sensitivity audits, and beyond.
- In addition, in order to facilitate the use of audit reports by the public, the institution will continue its efforts to develop audit reports that are clear, understandable, and relevant for every reader.

- In this way, ALSAI will enhance the overall impact generated by audit reports, enabling the effective and concise communication of findings, recommendations, and information.

Strategic Goal No. 3:

- Even in 2025, the focus will be on optimizing professional capacities to acquire innovative knowledge in auditing, through participation in various activities for knowledge exchange, such as seminars, workshops, internships, joint/paralleled projects, and audits with organizations such as INTOSAI, EUROSAI, GAO, ECA, OAG of Norway, and other homologous institutions, as well as field experts and personalities in the academic sphere.
- The institution's Development Strategy will continue to be monitored to highlight ALSAI's priorities and achievements in this regard.

In fulfillment of the Institutional Development Strategy 2023-2027, "Optimizing professional capacities to acquire innovative knowledge in auditing," ALSAI has been working to ensure that audit staff possess the necessary professional competencies to effectively and efficiently carry out functional tasks. This will have a direct impact on the quality of auditing activities and will contribute to the achievement of institutional objectives.



4.2 ON HUMAN RESOURCE MANAGEMENT

For Human Resource Management, ALSAI:

- Implements the applicable legal framework;
- Applies the International Standards of INTOSAI in the field of human resource management, as well as best practices suitable for ALSAI;
- Aims to recruit individuals with high qualifications, who are proficient in foreign languages, and experts or specialists with contributions in various fields such as information technology, etc.;
- Ensures continuous professional development and capacity building through internship programs, fellowships, and ongoing training;
- Implements an objective staff evaluation system based on performance, the achievement of individual objectives, and the requirements for professional competencies, among other factors.

The organizational structure of the Supreme State Audit Institution is approved by Decision No. 19, dated 31.01.2022, by the Chairman of ALSAI, "On the Work Ranking Structure, Job Classification, and Pay Levels in ALSAI[i]", as amended. For the year 2024, the number of approved employees was 243, which is the same as the number of employees in 2023. By the end of 2024, the actual number of employees was 216, of which the audit staff represents 75% of the total actual number, or 162 auditors.

Classified by education, in the organizational structure for 2024, employees with higher education constitute 200 employees or about 93% of the total actual number of employees. Divided by graduation profile, the classification of employees with higher education mainly includes economists, financiers, accountants, lawyers, engineers, architects and other profiles. In order to enhance professional and methodological skills for improving

performance, some employees have completed university studies in secondary fields or have been trained and certified both domestically and internationally in response to new developments in the field of public auditing.



Divided by the profile of their degree, 200 employees who hold a university diploma are as follows:

- 31 employees (16%) hold second degrees in the following profiles:
- 21 employees hold a second degree in Legal Sciences;
- 4 employees hold a second degree in Economic Sciences/Finance-Accounting;
- 6 employees hold a second degree in other fields.

ALSAI staff has additional qualifications for continuous professional development, where for 2024 we have:

- 1 employee holds the title “Prof.As”;
- 1 employee has CPA certification;
- 2 employees hold the title “Doctor of Science”;
- 18 employees currently working with ALSAI have attended the ECA internship program over the years (in 2024, 5 auditors attended the program);
- 5 employees currently working with ALSAI have attended the GAO Fellowship program over the years (in 2024, 1 auditor attended the program);
- 4 employees have the “Certified Accountant” certificate;
- 21 employees have the Internal Audit certificate;

* The audit team consists of 15 Chief Auditors and 147 auditors.

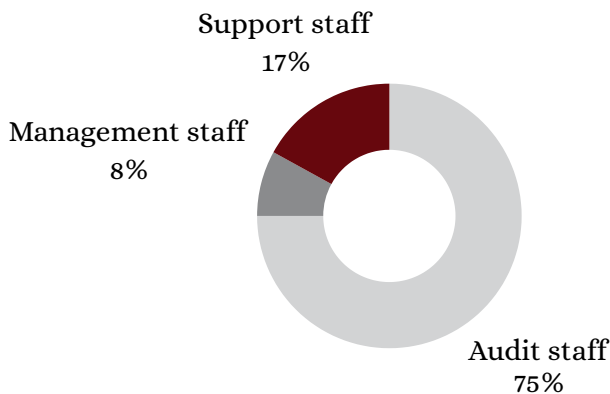


4.2 ON HUMAN RESOURCE MANAGEMENT

- 13 employees have the Real Estate Appraisal certificate;
- 3 employees are certified in international training programs offered by the INTOSAI Development Initiative (IDI).

Structural composition of the staff

The managerial staff constitutes about 8% of the total actual number of employees, or 17 employees; The auditing staff (Chief Auditors and Auditors) makes up 75% of the total actual number of employees, or 162 employees; The support staff (Sector Managers, specialists, lawyers, service staff, etc.) accounts for about 17% of the total actual number of employees, or 37 employees.



On Recruitment Processes

The recruitment procedures for employees during 2024 have been developed in line with the Institution's Development Strategy 2023-2027, as well as the approved human resources management policies. The aim is for ALSAI to ensure the recruitment of the right staff with the qualifications, skills, and experience necessary to meet both current and future needs. As a crucial process that directly impacts the improvement of the institution's performance, during 2024, a total of 25 orders

were issued by the Chairman of ALSAI to fill vacant positions in categories such as professional audit staff, specialists, etc. The recruitment procedures have resulted in 33 successful candidates. The newly recruited employees have been appointed individually to the audit departments or to supporting departments and directorates to meet the specific needs of each unit for the realization of the annual audit plan or to fulfill functional objectives and duties.

Additionally, in positions managed in accordance with the provisions of the Labor Code, 2 employees have been appointed.

Policies on Promotion and Career Advancement

Throughout 2024, attention has been paid to career development within the institution, considering it a crucial factor that contributes to better management and ensures the enhancement of the quality of audit activities. Currently, professional development and career advancement are realized through a periodic performance and skills evaluation system, knowledge testing from professional training, and transparent competition for all positions within the civil service.

Every employee has the right to career advancement, and the goal of the promotion policy at ALSAI is to ensure the stability of the audit staff, in alignment with the institutional regulatory framework and the International Standards ISSAI. In reference to and implementation of international standards, a Supreme Audit Institution must maintain and develop its professional body in order to create opportunities for promotion and filling vacant positions through promotion procedures. Specifically, 7 vacant positions were announced and all were filled.



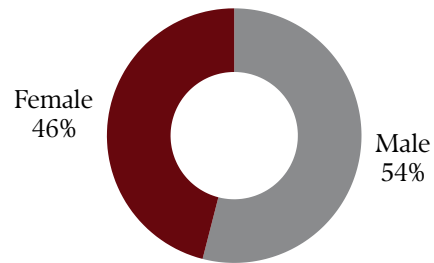
4.2 ON HUMAN RESOURCE MANAGEMENT

Furthermore, in 2024, in accordance with the provisions outlined in the Human Resources Management Policy Document, there were promotions and staff mobility between audit departments based on needs, or to motivate employees to expand their knowledge in various types of audits.

Gender Equality Assurance Policies

ALSAI, in the process of human resources management, has given due attention to respecting the principle of gender equality in all policies, aspects, and institutional activities, aiming to eliminate gender-based discrimination. The female/male employee ratio has improved with a slight increase of 1.6% compared to the previous year. ALSAI's policy supporting the career development of women is reflected in the significant number of women occupying leadership positions, representing 45% of managerial roles.

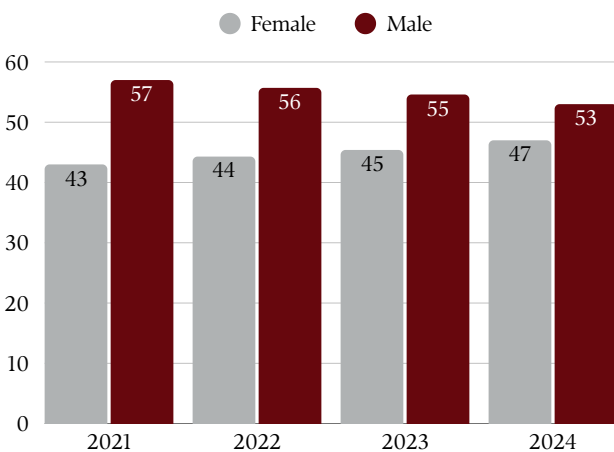
Management level, year 2024



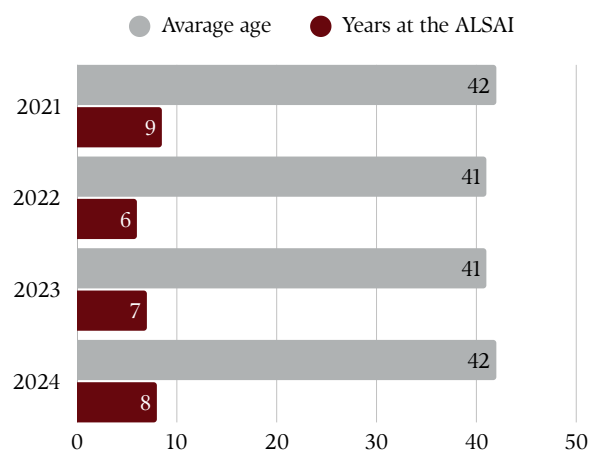
Average Age of Employees and Tenure in the Institution

An important indicator of the policies followed to ensure job continuity and the integration of the experience of senior auditors with the new staff is also reflected in the age and tenure indicators. The average age at ALSAI at the end of 2024 is 42.2 years, compared to 41.2 years in 2023. Meanwhile, the average years of experience at the Supreme State Audit Institution in 2024 is 7.5 years.

Female/male ratio



Average age/Years at the SAI

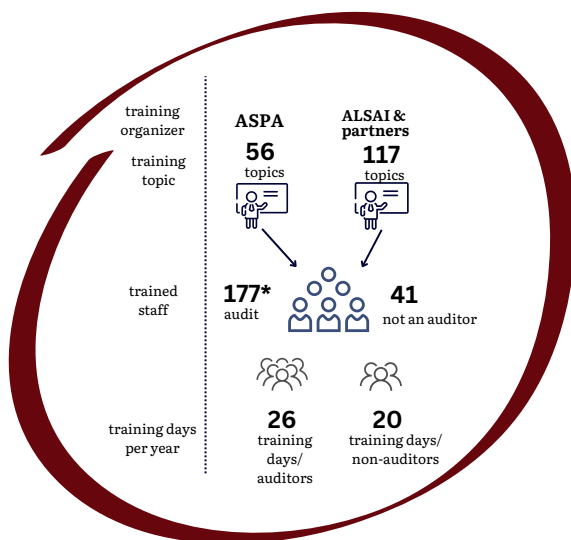


4.3 CONTINUOUS PROFESSIONAL DEVELOPMENT

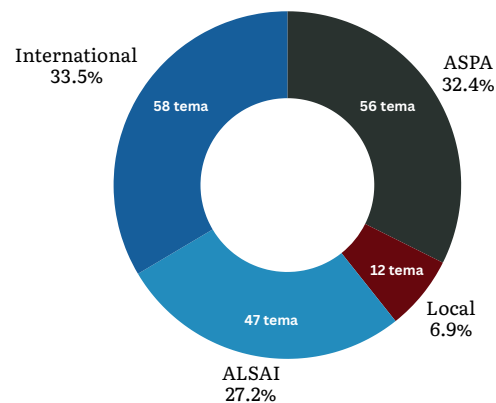
The training and development of auditors is a strategic investment process of time, energy, and resources aimed at enhancing auditing capacities. ALSAI has dedicated special attention to the continuous professional development of its staff, recognizing it as one of the main priorities in building and strengthening audit capacities. In collaboration with both internal and external partners, ALSAI conducted a training needs assessment in 2024 through Google Form questionnaires filled out by all audit staff. Based on these needs, best practices from peer institutions, and in alignment with ALSAI's strategic objectives, the Integrated Professional Development Program for ALSAI Staff for 2024 was approved by Decision No. 22, dated 05.02.2024, of the Head of ALSAI.

achieved in cooperation with both internal and external partners such as INTOSAI, EUROSAI, SIGMA, the U.S. Government Accountability Office (GAO), the European Court of Auditors (ECA), the Albanian School of Public Administration (ASPA), OSCE/SIGMA, the INTOSAI Development Initiative (IDI), the Center of Excellence in Finance (CEF), peer SAIs, and others.

During the period January - December 2024, a total of 173 training topics were delivered, of which 56 were organized by ASPA, 47 by ALSAI, and 70 by international and local partners. Thanks to these activities, the audit staff completed an average of 26 training days-exceeding the annual target of 20-25 days-while the non-audit staff completed an average of 20 training days, surpassing the minimum annual objective of 14 days.



Contribution in % by organizer



According to the Action Plan for the implementation of the “Integrated Professional Development Program for the ALSAI Staff” for 2024, the institution has paid special attention to the continuous professional development of its staff, as a key priority for building and strengthening auditing capacities. This has been

Throughout 2024, ALSAI has continued to serve as a promoter and organizer of numerous professional development activities for its staff, in line with the strategic guidelines for the 2023 -2027 period, taking on the largest share of the total training days delivered, followed by international and local partners.

*Nr i referohet të gjithë stafit auditues të trajnuar gjatë vitit, përfshirë edhe stafin e larguar



4.3 CONTINUOUS PROFESSIONAL DEVELOPMENT

Regarding the diversity of audit topics, approximately 68 training topics-or 34% of the total-were organized by international partners such as peer SAIs, INTOSAI, EUROSAI, CEF, and others. A significant portion of the audit-related topics-47 in total, or 27% were delivered using ALSAI's internal resources, particularly by staff who had previously specialized and trained in past years, contributing to the consolidation of knowledge transfer within the institution.

Trainings conducted by international partners primarily covered topics such as quality management; knowledge transfer related to performance auditing processes; audits in the environmental sector and on cybersecurity; auditing of concessions and PPPs; strategic planning; report writing; anti-corruption, and more.

Additionally, the training plan was supported by ASPA and other internal partners, which provided 68 training topics-or about 41% of the total. Specifically, ASPA contributed 56 training topics (32%), of which 24 were certification-based trainings, and 32 were designed to enhance the professional knowledge of both audit and non-audit staff.

ALSAI's training activities, aimed at strengthening both audit and non-audit capacities, were conducted in person at the institution's training hall and online via Microsoft Teams. Similarly, international and domestic partners organized both in-person and online training sessions.

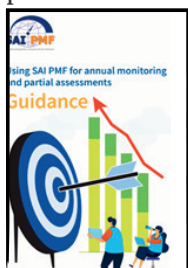
More specifically, around 60% of all training activities delivered in 2024 were conducted online, offering a more flexible balance between the need for knowledge updates and the audit and non-audit missions of the staff, while also considering the overall workload of the institution. Approximately 40% of the trainings were held in person, either at ALSAI's premises or at institutions abroad or within Albania, taking advantage of the benefits of face-to-face learning for specific training needs.



4.4 ANNUAL SELF-ASSESSMENT ACCORDING TO THE INTOSAI PERFORMANCE MEASUREMENT INDICATOR FRAMEWORK

The Albanian Supreme Audit Institution (ALSAI) continued to use the SAI Performance Measurement Framework (SAI PMF) as a monitoring tool for its institutional activity in 2024. The use of this tool enables the institution to perform a holistic assessment of its operations while also linking it with the monitoring process of its institutional development strategy. INTOSAI has defined the SAI PMF as a Global Public Good, intended for use by Supreme Audit Institutions (SAIs) in accordance with their specific contexts.

In 2024, ALSAI conducted a self-assessment using the SAI PMF framework, based on the new IDI (INTOSAI Development Initiative) Guide for using SAI PMF for annual monitoring and partial assessments. This guide recommends conducting annual self-assessments for selected component groups, as not all indicators and dimensions of SAI PMF are suitable for yearly monitoring due to their design, which requires longer timeframes to reflect changes and produce measurable outcomes.



Taking into account: The new IDI Guide; The establishment of the Audit Quality Management System based on the revised ISSAI 140, which focuses on audit quality; The self-assessment conducted by

ALSAI in 2023 using the SAI PMF; The quality control process of completed audits; The importance of the independence of SAIs in fulfilling their constitutional mission.

For the year 2024, ALSAI conducted a partial monitoring focusing on:

- Independence and its practical implications;
- Capacity to fulfill its mandate through audit planning;
- Internal organizational policies;
- The quality of ALSAI's audit work.

Independence and its practical implications

The concept of independence for Supreme Audit Institutions (SAIs), as outlined in the Lima Declaration, consists of multiple dimensions that take on specific meaning depending on each SAI's context. Beyond the formal requirements for independence, which are typically enshrined in the Constitution and the organic laws governing SAIs, the concept must also be complemented by financial and operational independence. This does not exclude, however, the responsibility of SAIs to be accountable and transparent toward both parliament and the public. Many SAIs continue to face significant challenges to their independence, especially in the areas of financial and operational autonomy.

Based on the evaluation of the SAI PMF dimensions related to financial and operational independence, the most notable developments in 2024 included the strengthening of relations with the Parliament of Albania, through the creation of a Parliamentary Subcommittee on Public Sector Auditing. The establishment of this dedicated forum within Parliament to discuss specific issues of external public auditing represents a step forward in promoting transparency and accountability both for the public sector and for ALSAI itself.

In response, ALSAI has set up a dedicated structure to manage this relationship-the Directorate for Relations with the Parliamentary Subcommittee.

* <https://www.idi.no/our-resources/global-public-goods/well-governed-sais-gpg>

** <https://www.idi.no/elibrary/well-governed-sais/sai-pmf/1705-final-guidance-using-sai-pmf-for-additional-monitoring/file>

*** In paragraph 13 of chapter D, of this guideline it is foreseen that, only some indicators and dimensions of the SAI PMF are suitable for the purposes of a regular annual monitoring. Most indicators and dimensions are constructed in such a way that it would not provide any value to be monitored every year, as it would take a longer period of time for changes to materialize, which would be reflected in the change in scores (therefore it is unlikely that there will be profound changes in scores from year to year). Therefore, SAIs should consider one-off assessments at a time when they would realistically have expected changes or planned for changes to have occurred.

****SAI -1 Independence of SAIs, SAI - 21 Financial Management, Assets and Support Services, and SAI - 22 Human Resources Management.



4.4 ANNUAL SELF-ASSESSMENT ACCORDING TO THE INTOSAI PERFORMANCE MEASUREMENT INDICATOR FRAMEWORK

Unlike other Supreme Audit Institutions in the INTOSAI community, which have legal framework issues that condition their mandate, ALSAI operates in a consolidated constitutional and legal environment, which clearly defines the audit mandate. In this case, the SAI's engagement is closely related to the institution's ability to audit the most important institutions, the most risky areas, etc. To assess this requirement of the standards, the Guide (cited above) suggests that SAIs assess the risk-based approach during annual audit planning. In this regard, ALSAI has consolidated the use of the Annual Audit Planning Methodology, a document approved by the Decision of the Chairman of the ALSAI no. 166, dated 26.09.2023, as the main tool that ensures the proper alignment between the obligation to audit, audit capacities and resources. For a supreme audit institution to function well, it must have built and consolidated a sound organizational control environment, which focuses on maintaining ethical requirements and improving the quality of the institution's work. According to the Guide (cited above), this general approach of the institution towards the internal policies** of the organization can be assessed by reviewing the internal policies, systems and practices*.

In this regard, for the year 2024, the self-assessment conducted on these issues by ALSAI has resulted in the institution's senior management confirming its commitment to the ISSAIs, placing emphasis precisely on ethics and quality, as two guiding principles of work at the SAI, through the revision of the institution's Code of Ethics, in line with the revised ISSAI 130 "Code of Ethics". Likewise, regarding the commitment to the quality of the SAI's audit and non-audit work, in 2024 policy changes were approved in the field of quality management, moving from the concept of quality control/quality assurance to that of quality management in the SAI, as required by ISSA 140, revised.

To reflect this change, ALSAI has participated in the pilot project led by IDI, at the end of which it has approved the following relevant documents: Quality Management Policy in the SAI, Quality Risk Management Guide, Quality Risk Register. For quality control, ALSAI relies on the hierarchical review of audit documents by the group leader, the Chief Auditor, Department Directors, the Department of Audit, Supervision and Quality Assurance and Standards Implementation, the General Director and the Chairman. All audit activity is subject to quality control procedures, from the beginning of the audit to the publication of the final report. An important element, with an impact on the quality of audit activity, is the regulatory framework on which the control and assurance of audit quality is based, such as: Updated Audit Procedures Regulation, Financial Audit Manual; Compliance Audit Manual; Performance Audit Manual; Audit Manual of Implementation of Recommendations, Audit Quality Management Guide.

During 2024, the "cold" quality control was carried out in accordance with the Order of the Chairman of ALSAI No. 104, dated 24.10.2024 "On the control of quality assurance in the audit process for 2024". This order has defined the deadlines, the working group, the main directions where this activity should be focused, as well as the checklist with 19 criteria for quality analysis in all phases of the audit cycle. In implementation of this order, 30% of the audits evaded in 2024, or 40 audit files, were checked "in cold" mode, the results of which become part of the annual professional development program of ALSAI staff.

*SAI - 7 Audit Planning and/or combined with SAI - 8 Audit Coverage.

**SAI - 4 Organizational Control Environment, SAI - 6 Leadership and Internal Communication.











05

Communication
and Institutional
Cooperation


COMMUNICATION AND INSTITUTIONAL COOPERATION


- 

2 ALSAI Reporting to the Parliament


 - ALSAI's Performance Report for 2023
 - Report on the Implementation of the 2023 Budget
- 


139 Audit Reports Sent


 - 3** Summary Reports on the Implementation of Recommendations
 - 2** Monthly bulletin
 - 3** 4-monthly Bulletin of the Activities of the Albanian SAI
- 


ALSAI participating in **3** parliamentary committees
- 


9 Joint activities focusing on Parliament-ALSAI cooperation and the

- 


15 Activities within the framework of cooperation with civil society
- 

382 Articles in the written press
- 


1448 Articles in audiovisual / online media
- 


205 News / TV shows
- 

106 Final audit reports
- Web publications



2 monthly bulletin
- 

2 New cooperation agreements signed with counterpart institutions
- 

58 Conferences, trainings, seminars, international meetings where ALSAI has participated
- 

3 Parallel audits



5.1 ALSAI AND THE ASSEMBLY

In line with the strategic objectives of the Supreme State Audit Institution and as required by European Union institutions, as outlined in the progress reports of the European Commission, Chapter 32 "Financial Control/External Auditing," which has continuously recommended deepening the cooperation between ALSAI and the Parliament and establishing dedicated and effective structures to enhance this collaboration, in 2024, with the assistance of the National Democratic Institute (NDI), intensive work was carried out to establish the Subcommittee for Public Sector Auditing, finalized with the Parliament's Decision no. 70, dated 25.07.2024.

Following this, the Chairman of ALSAI created a special structure to coordinate activities with the Subcommittee and the Parliament.

Improving not only the form but also the content of this ALSAI-Parliament communication is essential not only to increase the effectiveness of the recommendations made by ALSAI but also to strengthen the parliamentary oversight role over the executive. In November 2024, the first hearing was held in the Subcommittee for Public Sector Auditing, to review the Performance Audit Report, with the topic "Care for the Elderly." After hearing the audited entities, the Subcommittee issued a report on the implementation of the recommendations left by ALSAI, requesting the entities involved in this audit to implement the recommendations that had not yet been applied. ALSAI highly appreciates the cooperation and support from the Parliament of Albania in fulfilling its constitutional mission and believes that this communication will contribute to increasing the level of implementation of ALSAI's recommendations, thereby improving governance, the use of public funds, and reducing corruption.

Reports of the Supreme State Audit Institution (ALSAI) to the Parliament

In fulfillment of its constitutional and legal obligations, during 2024, ALSAI submitted the following reports to the Parliament:

- ALSAI's Performance Report for 2023, sent via Letter No. 43/2, dated 29.03.2024, in accordance with Law No. 154/2014 "On the organization and functioning of ALSAI", Article 31 "Reporting to the Parliament", point 3.
- ALSAI's Annual Activity Report for 2023, which was discussed in 5 hearing sessions (on 16.07.2024, 17.07.2024, 19.07.2024, 23.07.2024, and 08.10.2024) in the Committee on Economy and Finance.
- Report on the Implementation of the 2023 Budget, sent via Letter No. 1267/1, dated 22.10.2024, in accordance with Law No. 154/2014 "On the organization and functioning of ALSAI", Article 31 "Reporting to the Parliament", point 1.
- ALSAI Chairman's Report on the Implementation of the 2023 Budget, which was presented during the hearing session on 29.10.2024 in the Committee on Economy and Finance.
- 139 Audit Reports, as required by Law No. 154/2014 "On the organization and functioning of ALSAI", Article 31 "Reporting to the Parliament", point 1.
- 2 Consolidated Reports on the Implementation of Recommendations, sent via Letter No. 962 Prot., dated 25.07.2024, and No. 282, dated 25.02.2025, addressed to the Speaker of the Parliament, and via Letters No. 962/1 Prot., dated 25.07.2024, and No. 282/1 Prot., dated 25.02.2025, addressed to the Minister of State for Relations with the Parliament.



5.1 ALSAI AND THE ASSEMBLY

- 2 Informative Bulletins for the months of November and December 2024, in line with the recommendations of the Parliament's Resolution on ALSAI's activities for 2023.
- 3 Statistical Bulletins on ALSAI's activities, published every four months.

ALSAI's Participation in Parliamentary Committees in 2024

During 2024, auditors from ALSAI participated in two parliamentary committees in different capacities: as witnesses in the Investigative Committee on Public Sterilization and Health Check-up Services, and as experts in the Special Committee on the Deepening of Reforms for Good Governance, Rule of Law, and Anti-corruption for Albania 2030 in the European Union. Additionally, ALSAI has been and will continue to be present at every meeting of the Subcommittee on Public Sector Auditing.

The Investigative Committee on Public Sterilization and Health Check-up Services, established by Parliament Decision No. 19, dated 21.03.2024. ALSAI auditors participated in several hearing sessions of the Investigative Committee as witnesses, providing testimonies and clarifications on questions raised by the Committee members regarding the findings and recommendations from ALSAI's audits on Public-Private Partnership (PPP) contracts, specifically the "Basic Medical Control" and "Sterilization" audits.

The Special Committee on the Deepening of Reforms for Good Governance, Rule of Law, and Anti-corruption for Albania 2030 in the European Union, established by Parliament Decision No. 50, dated 30.05.2024. ALSAI was represented in this committee at the expert level and through the technical secretariat, contributing to the three pillars of this legal reform: Good Governance, Anti-corruption, and Rule of Law.

Classified by education, in the organizational structure for 2024, employees with higher

education constitute 200 employees or about 93% of the total actual number of employees. Divided by graduation profile, the classification of employees with higher education mainly includes economists, financiers, accountants, lawyers, engineers, architects and other profiles. In order to enhance professional and methodological skills for improving performance, some employees have completed university studies in secondary fields or have been trained and certified both domestically and internationally in response to new developments in the field of public auditing.

Joint Activities with a Focus on the Parliament-ALSAI Cooperation

In 2024, a series of joint activities were organized with the aim of intensifying the cooperation between the Parliament and ALSAI, with participation from both institutions, including the Chairman and staff of ALSAI.

The Chairman of ALSAI held several meetings to deepen the cooperation between ALSAI and Parliament with representatives from various organizations and institutions, as follows:

- Meeting with representatives and experts from the National Democratic Institute (NDI) in the context of the support NDI provided to the Parliament of Albania for the creation of a parliamentary subcommittee aimed at improving transparency, accountability, and efficiency in financial management.
- Meeting with NDI expert Mr. Juhan Parts, former Prime Minister, Minister of Finance, and Auditor General of Estonia, and Ms. Ana Kovačević, Senior Director at NDI.
- Meeting held by the Chairperson of the Parliament of Albania with the leaders of independent constitutional and legally established institutions, which focused on the discussion of reporting and systematic monitoring of the follow-up and implementation of recommendations from these institutions.



5.1 ALSAI AND THE ASSEMBLY

Also, during 2024, representatives of the ALSAI participated in the following activities:

- Roundtable discussion on the topic "Increasing Parliament's responsiveness to citizens' concerns", at the invitation of the Albanian Institute of Science (AIS);
- Roundtable discussion "On the standards and practices of the reporting process in the Assembly of the Republic of Albania", organized by the Institute of Political Studies, for the group of institutions: ALSAI, High Inspectorate of Declaration and Audit of Assets and Conflict of Interest (HIDAACI) and Public Procurement Commission (PPC);
- Representatives of the ALSAI and members of the Subcommittee on Public Sector Audit in the Albanian Parliament participated in the working meeting, initiated by the National Democratic Institute (NDI), on the intensification of cooperation relations between the Subcommittee on Public Sector Audit in the Albanian Parliament and the Albanian Supreme Audit Institution;
- Meeting organized by the National Democratic Institute (NDI) on the intensification of cooperative relations between Parliament and the SAI, with the ALSAI and members of the Subcommittee on Public Sector Audit, on the intensification of cooperative relations between Parliament and the SAI.
- Meeting with the Committee for the Supervision of Public Finances in the Assembly of the Republic of Kosovo and the National Audit Office (NAO).
- Workshop on the promotion of the "Open Parliament" in Albania, where the current situation and the plan for improvement were discussed.

Implementation of the recommendations of the Assembly Resolution on the 2023 Performance Report of the ALSAI.

In implementation of the Resolution of the Assembly of Albania on the assessment of the Performance Report of the ALSAI for 2023, approved by the Assembly on 17.10.2024, the Chairman of the Albanian Supreme Audit Institution has approved the Action Plan on the implementation of the recommendations with letter no. 1309/1 prot., dated 18.11.2024.

Unlike previous years, the Assembly Resolution on the Performance of the ALSAI for 2023 was approved on 17.10.2024, and was forwarded to the ALSAI by the Assembly with letter no. 4065 prot., dated 29.10.2024, where the deadline for implementing the recommendations was set at 30.06.2025.

Currently, the level of implementation of the recommendations, with a deadline of 30.06.2025, is presented as follows:

Recommendation No. 1

“The ALSAI should improve its audit work by implementing a methodology for auditing concessions and PPPs.”

- In order to improve the quality of audits with a focus on PPPs and concessions, a Manual on the Audit of PPPs has recently been drafted, which was implemented within the framework of the Project "Strengthening the Professional Capacities of the Albanian Supreme Audit Institution in the Audit of Concession Contracts and Public Private Partnerships (PPPs)", funded by the Swiss State Secretariat for Economic Cooperation (SECO), published on the website of the ALSAI;
- During the year 2024 on the audit of concessions and PPPs, 5 trainings and 209 people-days of training were held.
- In the Training and Professional Development Plan for 2025, it is planned to conduct 2 trainings on the PPP Audit Manual, as well as one training on concessions.



5.1 ALSAI AND THE ASSEMBLY

- Also, within the framework of the implementation of the final phase of the project "Strengthening External Audit Oversight for Concessions and Public Private Partnership (PPP) in Albania" funded by the State Secretariat for Economic Affairs (SECO), 20 auditors from the Albanian Supreme Audit Institution visited the Turkish Court of Accounts (TCA). The purpose of this study visit was to exchange the TCA's experience in auditing concession contracts and public private partnership (PPP).

Recommendation No. 2

"The ALSAI should intensify cooperation with counterpart SAIs, in particular for the development of a greater number of joint performance and IT audits, on topics affecting environmental issues, taking urgent action to combat climate change, and security against cyber-attacks".

- During 2024, several audits were conducted and in the 2025 plan, several audits are planned to be conducted in cooperation with counterpart SAIs.
- In collaboration with IDI, a performance audit on the topic "Implementation of Climate Change Adaptation Plans" was conducted and evaluated. In addition to the audit, the audit team also conducted online trainings by IDI and INTOSAI WGEA experts, who mentored the audit team throughout the audit cycle.
- Another performance audit, which began in 2024 and is being carried out in cooperation with the Supreme Audit Institution of Norway, is the audit on the topic of "Water Quality on Beaches". This audit is expected to be completed in mid-2025.
- Regarding information technology issues, the ALSAI is conducting a performance audit on the topic of "Cybersecurity in the E-taxation infrastructure", an audit that is also being carried out in cooperation with the Norwegian SAI (2025).

Other:

- Although not in the environmental and IT areas, the Performance Audit Department is conducting a performance audit on the topic of "Psycho-Social Services in the Pre-University Education System" again in collaboration with the Norwegian SAI. This audit is expected to be completed in mid-2025.
- Comprehensive government plans and budgetary aspects for an aging population, is a parallel audit with several SAIs/Led by the SAI of Israel.

Recommendation No. 3

"The ALSAI should cooperate with the Subcommittee on Public Sector Audit to implement the recommendations, also providing its members with information from best practices, improving the quality of reports and recommendations, striking a fair balance between recommendations with long-term impact and short-term ones, following the examples of the NAO (National Audit Office) in England, and introduce, by December 2024, a monthly newsletter and simpler, more concise and more understandable reporting models."

Meetings and hearings were held according to the Subcommittee's calendar, and the Subcommittee was provided with the expertise and documentation requested. The Directorate of Relations with the Parliamentary Subcommittee prepared information and audit reports in abbreviated format, summary information on the implementation of recommendations, on audit reports that were reviewed by the Subcommittee during this period.

The Directorate of Communication, Publications and External Relations compiles a monthly Bulletin in the form of a "Newsletter" on the main issues of the ALSAI's activity, which is published on the ALSAI web, and is forwarded to the Subcommittee on Public Sector Audit. Currently, the ALSAI is implementing a program



5.1 ALSAI AND THE ASSEMBLY

with the NAO, which will be implemented by the WFD in Albania for a duration of three months. Support for the ALSAI will be in several areas including overall communication and the writing audit reports.

The ALSAI participated in the workshop organized by SIGMA and CEF-Slovenia with SAIs of candidate and potential candidate countries, on the topic "Improving report writing", with support from the Swedish National Audit Office (SNAO).

Also, training related to report writing has been included in the approved annual training plans.

Recommendation No. 4

"The ALSAI should conduct performance audits in areas related to the Sustainable Development Goals, such as building effective institutions, etc."

Following the above recommendation, as well as in fulfillment of the Sustainable Development Goals (SDGs) according to the 2030 Agenda, through audit work, in accordance with the strategic priorities of INTOSAI, and with the strategic plan of the ALSAI 2023-2027, during 2024, the ALSAI has conducted 7 audits (or 4 audits more than in 2023), covering the areas of the SDGs, as follows:

- For SDG 3 "Health and Well-being" topic: "Policies and respect for the rights of people with mental health problems in the Psychiatric hospital service";
- For SDG 4 "Quality Education", topic: "Career Orientation of Young People in the Pre-University Education System".
- For SDG 13 "Climate Action", topic: "Implementation of the National Plan for Mitigation and Adaptation to Climate Change".
- For SDG 15 "Life on Earth", topic: "Impact of mining activity on the forest fund".

The 2025 audit plan also includes topics related to the SDGs.

Recommendation No. 5

"The ALSAI should prioritize audits of all independent institutions that report to the Albanian Parliament and present the results of these audits in detail in the annual activity report for the following year."

The Albanian Supreme Audit Institution has consistently prioritized the auditing of independent institutions. Out of 26 independent institutions that are required to report to the Parliament, the ALSAI audited 10 institutions in 2024.

In 2024, the following were audited: Academy of Sciences, Competition Authority, Bank of Albania, Constitutional Court, High Prosecutorial Council, Commissioner for the Right to Information and Protection of Personal Data, Central Election Commission, General Prosecutor's Office, Albanian Radio Television, Polytechnic University of Tirana.

Recommendation No. 6

"The ALSAI should plan to conduct an audit of agreements signed in the hydrocarbon sector, especially those contracts whose implementation period has expired."

In implementation of this recommendation in the 2025 Audit Plan, 1 (one) audit on the benefit from the exploitation of national hydrocarbon resources (Bankers Petroleum for the period 2019 - 2024) is planned.

Recommendation No. 7

"The ALSAI should present to the Assembly the necessary recommendations for improvements in the legal framework from audits carried out in state and public administration institutions."



5.1 ALSAI AND THE ASSEMBLY

The summary of recommendations for legal improvements will be part of this ALSAI Performance Report, as a separate annex, which will include all recommendations for legal, sub-legal and regulatory improvements proposed by ALSAI, according to their addressing.

Recommendation No. 8

“The ALSAI should increase its commitment to periodically complete and update the Inter-Institutional Online Platform of the Assembly on the implementation of recommendations by audited entities, as well as enrich audit bulletins with statistical data on the status of implementation of recommendations left in previous audits.”

The ALSAI continues to populate and update the Parliament's online platform, but during this period there has been a lack of access to the Parliament's online platform, which the ALSAI has made present.

The Albanian Supreme Audit Institution has subsequently forwarded to the Assembly and the Minister of State for Relations with the Assembly, the Summary Reports on the Implementation of Recommendations referred to in the "Annual and Periodic Monitoring Manual", approved by Assembly Decision No. 134/2018.

Recommendation No. 9

“The ALSAI should commit to filling vacancies, with the aim of fulfilling capacities and properly managing human resources, especially staff engaged in auditing activities.”

The Albanian Supreme Audit Institution, due to institutional dynamics, announces and develops recruitment procedures continuously, in order to fill vacant positions. Based on the DCM No. 108, dated 26.02.2014 “On the annual admission plan to the civil service” point 11, with the Decision of the Chairman of the ALSAI No. 22, dated 30.01.2025, the Annual Admission Plan to the ALSAI for the year 2025 was approved.

At the end of 2024, the actual number of employees was 216 out of 243 approved, resulting in 27 vacancies. There are currently 5 recruitment procedures in progress.

Recommendation No. 10

“The ALSAI should increase professional auditing expertise in full compliance with the new Regulation on Audit Procedures, the guideline on writing reports and relevant manuals, with the aim of improving the rules for writing reports, which should contain clear, feasible and measurable findings and recommendations.”

The Albanian Supreme Audit Institution, during 2024, has conducted a series of trainings in implementation of the Annual Training and Professional Development Plan. Regarding training on the Audit Procedures Regulation, 2 trainings were conducted, or 124 training people-days were realized; Regarding training on the Report Writing Guide, 5 trainings were conducted, or 191 training people-days were realized; Regarding audit manuals, 5 trainings were conducted, or 221 training people-days were realized.

In the 2025 Training and Professional Development Plan of the ALSAI, training is planned to be conducted on all audit manuals, specific manuals and the Regulation on Audit Procedures at the ALSAI.

Recommendation No. 11

“The ALSAI should engage in determining the method and methodology for calculating the economic damage caused to the state budget, recorded on a periodic annual basis, referring to best practices, and publish it on the institution's official website.”



5.1 ALSAI AND THE ASSEMBLY

The Department of Methodology, Strategic Planning and Professional Development and the Legal Directorate, in cooperation with the Audit Departments, have drafted the audit trail on the assessment of "economic damage" practiced by the ALSAI, which will become part of the Regulation of Audit Procedures, referring to the Order of the Chairman of the ALSAI No. 20, dated 30.01.2025 "On the establishment of the working group for the preparation of amendments and updating of the by-laws of the Albanian Supreme Audit Institution".

Recommendation No. 12

"The ALSAI should initiate and develop with foreign partners, including SIGMA, etc., a process of evaluating and analyzing the structure and human resources, as well as increasing their effectiveness in auditing work."

The Albanian Supreme Audit Institution, in cooperation with SIGMA, launched the "Peer review" process on 03.02.2025, for which the interviewing and review of the documentation requested by the evaluators has been successfully completed. The Final Evaluation Report will be made available to the Commission upon its finalization.

Recommendation No. 13

"The ALSAI should re-dimension, in accordance with the law, its role and responsibility in relation to the Internal Audit of Institutions, their functioning, integrity and effectiveness."

Referring to Law No. 154/2014 "On the organization and functioning of the ALSAI", articles 16 and 31, the ALSAI in the report "On Budget Implementation" speaks about Public Internal Financial Control (PIFC), one of the pillars of which is Internal Audit.

Recommendation No. 14

"The ALSAI should be more committed to increasing communication channels in order to improve accessibility for interested parties, including creating a dedicated space for surveys, public complaints/requests, etc."

On the official website of the ALSAI, in the complaints section, access to public complaints is provided. In implementation of this recommendation, the ALSAI has added communication channels in order to improve accessibility for interested parties, through the official Instagram and Facebook pages.

Recommendation No. 15

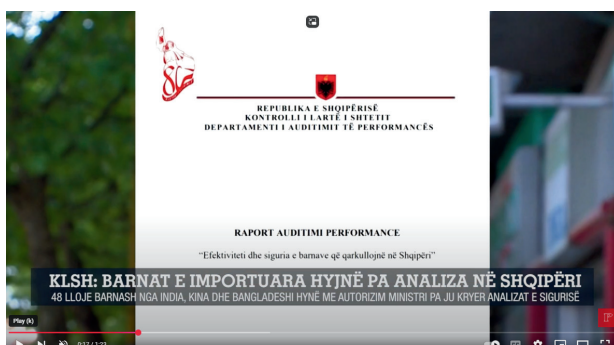
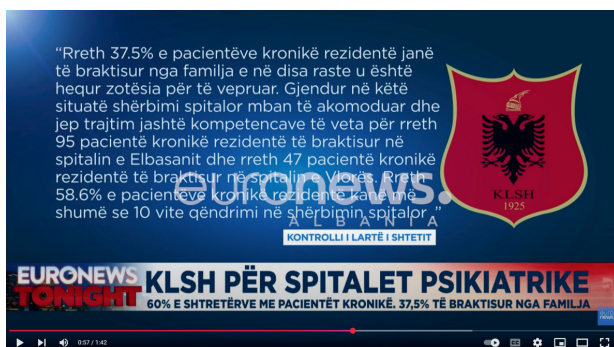
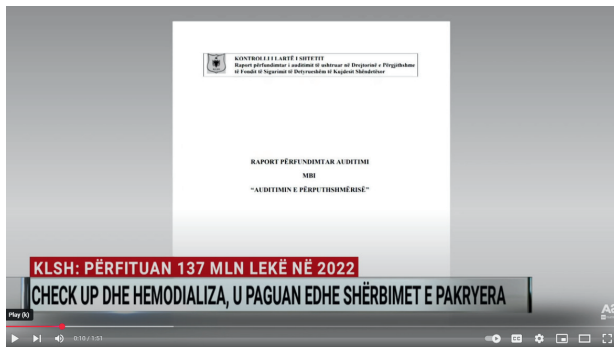
"The ALSAI should develop internal rules to make the process of appointing auditors for an audit more transparent, to make public the audit plan and its maximum duration at the start of an audit."

The ALSAI has approved and published on its official website the Annual Audit Plan for 2024, the Annual Plan for 2025, as well as monthly plans in which data is provided according to the requirements of recommendation no. 15. Specifically, data on:

- The entity that will be audited;
- The period of activity of the entity that will be audited;
- The audit deadline detailing three processes (fieldwork; Draft Report and Final Audit Report);
- The audit group;
- The audit supervisor.



5.2 ALSAI AND THE MEDIA



he cooperation of the Albanian Supreme Audit Institution with the media is considered an important aspect for promoting transparency, accountability and informing the public on the use of public funds and the results of audits. The media, as an independent actor, plays an important role in promoting audit work. The media is a key channel for ensuring that the ALSAI audit reports and findings reach a wider audience, including citizens, authorities and other civil society actors. Through the publication of these reports, the media helps raise awareness about the spending and possible mismanagement of public funds. Cooperation with the media helps create a more transparent environment, enabling the public to have access to important information on the management of public finances. This could lead to increased accountability on the part of state institutions that manage financial resources.

After the ALSAI publishes audit reports on its official website, where shortcomings in the management of public funds are presented, the written and audiovisual media have an important role in distributing this information to the general public. The ALSAI assesses that cooperation with the media also contributes to educating the public on the importance of controlling public finances and the impact this process has on the daily lives of citizens. Through various news and reports, the media can create an opportunity for citizens to be informed and engage in the demand for a fairer and more accountable government.

The activities of the ALSAI, during 2024, have been covered in the media with a total of 1830 articles, of which: 382 articles in the printed press; 1448 articles in the audio-visual and online media and 205 chronicles/television shows, reflecting the findings of the final audit reports and the recommendations made for the audited entities.



5.2 ALSAI AND THE MEDIA

he ALSAI, in compliance with its legal obligation to inform the public, ensures the public nature of its work through: the publication of annual reports that the ALSAI submits to the Albanian Parliament; the publication of individual audit reports; statistical bulletins; monthly bulletins, annual and monthly audit plans, press releases and any other information determined by the Chairman of the ALSAI.

During 2024, 106 final audit reports and 2 statistical bulletins were published on the official website, summarizing audit activity in 4-month periods.

The effective communication of the ALSAI with the public is not limited only to the institution's official website www.klsh.org.al, but an open interactive policy has been continuously followed with all interest groups and the media in particular as a "bridge" connecting with citizens.

In accordance with the Law "On the Right to Information" and the INTOSAI-P 20 principles on Transparency and Accountability, the ALSAI communicates in a timely and extensive manner about its institutional activity and audit results through the media and other means of communication on the "Facebook" and "Instagram" platforms.

Currently, there is a communication window on the ALSAI website, which is used by citizens as a means of communication to submit their complaints, denunciations or questions.



5.3 ALSAI AND THE STRATEGIC PARTNERS

Closer to the Public and Stakeholders

To ensure more efficient and transparent communication with the public and other stakeholders, the ALSAI has started publishing the Monthly Information Bulletin since November 2024.

This bulletin aims to provide a clear and concise overview of the institution's activities, including: the main activities carried out during the month; the results of the latest audits; collaborations and agreements with local and international partners; staff training with various counterpart institutions.

The bulletin is published regularly on:



The official website of the ALSAI



Social networks of the institution



During 2024, ALSAI has intensified cooperation with its internal and international partners, following the best practices in the field of auditing. This commitment aimed to further strengthen the professional capacities of the institution, through the exchange of experiences, to continuously improve its performance, as well as to ensure optimal adaptation to the developments and challenges of the environment in which it operates.

Agreements signed during 2024

Cooperation at the bilateral level through the signing of cooperation agreements and official visits was concretized as follows:

ALSAI AND NAO NORWAY

Cooperation Agreement signed on 3 July 2024 with the Office of the Auditor General of Norway. The renewed agreement will cover a 5-year period in the areas of IT and performance auditing, but also in the area of communication and audit procedures in the extractive industry.

Within the framework of the work plans on joint activities with the Office of the Auditor General of Norway, a series of activities foreseen with counterparts have been developed, including during 2024:

In the field of IT:

- workshop on "Cybersecurity" with the objective of enabling the ALSAI to conduct an audit in this field.
- workshop on "Cybersecurity" with the participation of representatives from the NAO of Kosovo and the SAI of North Macedonia with the objective of addressing cybersecurity issues, criteria, application of techniques in auditing, as well as the steps of developing this type of audit.



5.3 ALSAI AND THE STRATEGIC PARTNERS

practical IT workshop with the main topics “Advanced Auditing” and “AD as well as Financial Auditing”.

In the field of Performance:

- workshop with the objective of drafting new audit plans, clear language for writing reports, improving data visualization and making recommendations as clear as possible.
- workshop for the audit on the topic “Bathing water quality”.
- workshop for the audit on the topic “Psycho-social service in the pre-university education system”.



ALSAI AND TURKISH COURT OF ACCOUNT

The official visit of the President of the Turkish Court of Accounts, Mr. Metin Yener and the accompanying delegation on 3-4 October 2024 to the ALSAI, during which the bilateral Memorandum of Understanding was signed. This agreement will serve to exchange experiences and best practices in the field of external public audit with a focus on security, IT, and data analysis. Also, joint research projects and other activities will be developed between the two institutions.

Following this cooperation, a study visit was also conducted at the Turkish Court of Accounts, with the aim of exchanging knowledge in the field of auditing concessions and PPP contracts, with the participation of 20 auditors.



ALSAI AND NAO OF KOSOVO

The working visit of the Chairman of the ALSAI, Mr. Arben Shehu and the accompanying delegation to Prizren, on October 25, 2025, at the invitation of the Auditor General of Kosovo, Ms. Vlora Spanca, focused on deepening and strengthening mutual engagement to increase institutional interaction with benefits in further improving professional capacities and increasing work results.

Following the above, a study visit was held at the ALSAI premises by the heads of the Department for Legal Affairs against Fraud of the NAO, Kosovo, with the heads of the Legal Directorate of the ALSAI.

The purpose of this visit was to exchange experiences and good practices regarding the process of following up cases in the Prosecutor's Office for criminal proceedings, the prevention and identification of abusive cases and criminal offenses, etc.



ALSAI AND SAO OF NORTH MACEDONIA

The working visit held at the ALSAI on June 13, 2024, during which the Chairman of the ALSAI, Mr. Arben Shehu, meeting with the Auditor General of the State Audit Office of North Macedonia, Mr. Maksim Acevski.

This visit took place within the framework of the already consolidated and successful cooperation between the two institutions following the bilateral Memorandum of Understanding signed in November 2022, during which experiences and ideas were exchanged on audits carried out by the parties in the field of natural resources, mining activity and their impact on the environment, etc., and respective presentations were made. Also present during this visit was Mr. Alastair Swarbrick, Senior Advisor at SIGMA.



5.3 ALSAI AND THE STRATEGIC PARTNERS

ALSAI AND GAO

The ALSAI participated in the International Auditor Fellowship Program, organized by the Government Accountability Office (GAO) in Washington DC, during the period from April 17, 2024 to July 12, 2024, with 1 auditor. The engagement in this activity, which aims to increase the capacities of supreme audit institutions around the world, was carried out through an intensive training program, which includes areas such as: leadership and change management, and concrete examples of the audit engagement process at GAO.

ALSAI AND NAO UK

On April 23-24, 2024, a study visit was held in London, organized by the Westminster Foundation for Democracy, in collaboration with the National Audit Office of United Kingdom.

Cooperation has been established under the program "Increasing Government Accountability through a More Responsive Parliament", implemented by the Westminster Foundation for Democracy (WFD), through which technical advice and training of employees and auditors are aimed, for writing audit reports, writing bulletins and newsletters for Parliament, drafting a Communication Strategy, etc.

ALSAI AND SAI OF POLAND

Active communication with the Polish NIK has been restored in the context of revitalizing the existing agreement with this counterpart institution, and a bilateral action plan has been drafted with the aim of exchanging experiences in several audit fields.



ALSAI AND THE EUROPEAN COURT OF AUDITORS (ECA)

One of the longest-standing collaborators of the Albanian Supreme Audit Institution is undoubtedly the European Court of Auditors. As an active member of INTOSAI and EUROSAI, in full compliance with all international principles and standards of inter-institutional cooperation, ALSAI continues, among other things, since 2014, to strengthen successful cooperation with one of the 5 most important institutions of the European Union. This consolidated practice continues to create a generation of new auditors, who further transfer to the ALSAI all their experience and professional training through European standards and best practices. ECA is one of the main partners and the most powerful promoters of the professional development of European SAIs, especially of SAIs of candidate and potential candidate countries for the EU, of which the ALSAI is also a part. There are 22 integrated auditors, through internships at ECA for the decade 2014-2024.

COOPERATION IN PARALLEL AUDITS

With the aim of exchanging best experiences and auditing practices, the ALSAI has continued its engagement in joint audits throughout 2024: Parallel performance audit entitled "Gender equality and empowerment of women from rural areas through their inclusion in the labor market" in partnership with the NAO of Kosovo and the SAI of North Macedonia, as well as in cooperation with the UN Women organization; Joint Global Audit on "Climate Change Adaptation Actions" conceived by IDI and INTOSAI WGEA. In this area, a performance audit was conducted on the topic "Implementation of the National Climate Change Adaptation Plan";



5.3 ALSAI AND THE STRATEGIC PARTNERS

Parallel Performance Audit on the topic of "Population Aging" led by the SAI of Israel. The Performance Audit Department of the ALSAI will conduct the audit "Comprehensive government plans and budgetary aspects for an aging population". A total of 6 SAIs (Albania, Portugal, Paraguay, North Macedonia, Slovakia and Israel) will be engaged in this audit topic.

15 SAIs, including the ALSAI, had expressed interest in engaging in this parallel audit, specifically, Austria, Bulgaria, Czech Republic, France, Hungary, Israel, Lithuania, Malta, Mexico, North Macedonia, Paraguay, Poland, Portugal and Slovakia.



ALSAI AND INTOSAI

Within the framework of the membership of the ALSAI in the INTOSAI Task Force on "Civic Participation and Civil Society Engagement" chaired by the SAI of Peru, engagement in this Task Force continues.

During 2024, the ALSAI became part of the INTOSAI Professional Standards Committee (INTOSAI PSC) initiative within the framework of the implementation of the INTOSAI Professional Statements Strategic Development Plan 2025-2028 for two Initiatives, respectively Initiative A "Improving access to statements" and Initiative G "Developing a better approach to giving instructions". These initiatives are followed by the Department of Methodology, Strategic Planning and Professional Development, as well as by the IT Directorate.

Also within the framework of cooperation with INTOSAI, the staff of ALSAI has been engaged in a series of activities such as:

- 26th UN/INTOSAI Symposium on "Implementing the SDGs on Climate: the role, contribution and experience of SAIs".

- International online training "On the Extractive Industry".
- Webinar "The use of geo-spatial analysis in auditing".
- Workshop on the "Climate Scanner" platform.
- Workshop on "Auditing for effective, accountable and inclusive public institutions in the implementation of the SDGs".



COOPERATION WITH THE INTOSAI DEVELOPMENT INITIATIVE (IDI)

IDI continues to be one of the main partners of the ALSAI. During 2024, IDI continued to assist in building the professional and human capacities of auditors at the ALSAI.

From 19-23 February 2024, the in-person meeting of the pilot program "Piloting of SAIs for the Quality Management System, within the framework of the review of ISSAI 140", which included 12 SAIs, respectively with representatives of EUROSAI, CAROSAI, ASOSAI and AFROSAI, was held at the premises of the ALSAI.

As part of EUROSAI, ALSAI participated in this project with a multi-disciplinary team with expertise in auditing standards, audit methodology, quality assurance, strategic planning and policy development. Led by IDI, this team ensured that the Quality Management System (SoAQM) also aligned with the strategic objectives of ALSAI.

At the end of the program, the ALSAI drafted the document "Needs Analysis and Policy of the Quality Management System in the ALSAI", approved by the Decision of the Chairman of the ALSAI no. 128, dated 01.07.2024; as well as the Risk Management Guide, approved by the Decision of the Chairman no. 219, dated 18.11.2024, which constitute the legal and regulatory framework for the successful implementation of an effective quality management system, in accordance with all that is dictated by the International Auditing Standards.



5.3 ALSAI AND THE STRATEGIC PARTNERS

Engagement has also continued through the "resource person" in the IDI program for SPMR III in participating in study visits organized within this framework.

International training, in cooperation between IDI, SECO and SDC, on the topic "On cooperation between SAIs and Internal Audit authorities".

ALSAI participated in the annual online event LOTA Talks 2024 on the topic "Solutions for Continuous Monitoring". The topic oriented the discussions towards presenting practical approaches to address weaknesses in local governance, discovering how automation is revolutionizing financial auditing and enabling real-time monitoring, learning about implementing analytical platforms for increased transparency and efficiency in auditing.

ALSAI continued to be part of the "Professional Course for SAI Auditors – Pilot" or PESA-P program organized by IDI, with three auditors.

In 2024, the ALSAI also became part of the IDI program on "Information Security", a program that aims to enhance the security framework in institutions and the ALSAI was selected among 5 SAIs from the EUROSAI region. Workshops "On Information Security" and "On Digital Change" were held in this framework.

In 2024, the ALSAI also became part of the Joint Global Audit on "Climate Change Adaptation Actions" conceived by IDI and INTOSAI WGEA. In this area, a performance audit was conducted on the topic of "Implementation of the National Climate Change Adaptation Plan" (which is related to Sustainable Development Goal no. 13).

EUROSAI ALSAI AND EUROSAI

ALSAI participated in the proceedings of the XII Congress of the European Organization of Supreme Audit Institutions (EUROSAI), which was organized and led on the online platform by the SAI of Israel, on May 27-28, 2024 with the main theme "Sharing ideas - stronger SAIs"; The VI Young EUROSAI (YES) Conference held on 24-28 September 2024 in Warsaw on the topic "Yes to Artificial Intelligence" and addressed the use of IT tools in audits.

EUROSAI Working Group on Environmental Audits – WGEA

Some of the activities of the EUROSAI Working Group on Environmental Audits – WGEA, are:

- The spring session in online format, on the topic "Energy Security Issues", which was attended by 4 auditors.
- Annual meeting on "Extreme weather events and preparedness strategies" attended by 2 auditors.
- Online training course organized in collaboration with the University of Tartu in Estonia on "Auditing Water Issues", attended by 3 auditors.
- Meeting of the working group on "Climate Change", in cooperation with the ECA and the NAO of UK, attended by 2 auditors.
- Seminar on water issues organized online on World Water Day, attended by 3 auditors.
- Workshop on "Environmental Crimes" organized online, in collaboration with the European Space Agency, attended by 2 auditors.



5.3 ALSAI AND THE STRATEGIC PARTNERS



EUROSAI Information Technology Working Group – ITWG:

Within the framework of this working group, a seminar was held on the topic “The Intelligent Auditor in an Artificially Intelligent State (Auditing AI)”, which was attended online by 2 auditors; a seminar on the topic “Government Expenditure on ICT”, attended by 4 auditors; as well as an online meeting on the activities carried out, where the topics and possible activities for the future were presented.



EUROSAI Working Group on Municipality Audit – WGMA:

The VIII annual meeting of the EUROSAI Working Group on Municipality Audit and the seminar entitled “Local Government Infrastructure Projects” focused on the experiences of SAIs in auditing infrastructure projects and cooperation with local government institutions. This activity was attended by 2 directors. Another activity attended online was a masterclass on methodological aspects of auditing on the topic “Municipal Revenues for Quality Services to Citizens”.



EUROSAI Working Group on the Audit of Funds Allocated in Disasters and Catastrophes – WGAFADC:

The 10th annual meeting of this Working Group, which coincides with the anniversary of its establishment, took place in Warsaw on 22-23 April 2024.

Since 2023, which is also the year of its establishment, the ALSAI has been a member of the EUROSAI Project Group “Use of real-time audit methodologies” established under Strategic Goal 1 “Professional Cooperation”. The II meeting of this project group took place in Budapest on 4-5 June 2024.



ALSAI AND SIGMA

ALSAI has continued communications and meetings with SIGMA experts throughout 2024. A valuable contribution was provided by SIGMA experts in the drafting of the legal framework and work plan for the establishment of the parliamentary sub-committee “On Public Sector Audit”. ALSAI has also participated in some of the activities organized by SIGMA with a physical and online presence, such as: the webinar “Ethics and Professionalism”; the workshop “Reporting practices in order to increase impact”, as well as the Conference “On the Audit of the Final Accounts of the State Budget” organized by the SAI of Montenegro within the framework of the joint activities of the SAIs of the Network of candidate and potential candidate countries for the EU.



ALSAI AND SECO

The project "Strengthening External Audit Oversight for Concessions and Public Private Partnerships (PPP) in Albania" was formalized with the signing of Agreement No. 307, dated 09.03.2020 between the Swiss State Secretariat for Economic Affairs (SECO) and the Albanian Supreme Audit Institution. The ALSAI successfully implemented the products and activities foreseen in the Agreement, as follows:

- 3 pilot audits in the field of concessions and PPPs, supported in all stages of the audit by the external expert contracted as part of the project, as follows: (i) “Financing, establishment and operation of the scanning service of containers and other vehicles in the Republic of Albania and the scanning service fee”; (ii) “Concessionary provision of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments



5.3 ALSAI AND THE STRATEGIC PARTNERS

and the approval of the bonus in the competitive procedure granted to the company” and (iii) Hydrocarbon agreements;

- the drafting of the "Manual for auditing concessions and PPPs", which reflects the experience gained during the conduct of 3 pilot audits, accompanied by the necessary training;
- organization of the closing event attended by auditors, civil society representatives, external experts, as well as representatives of the Swiss Embassy in Albania and the Swiss State Secretariat for Economic Affairs (SECO).



ALSAI AND NDI

NDI experts offered their assistance throughout 2024 in the framework of the creation of the Parliamentary Subcommittee "On Public Sector Audit" with the aim of improving transparency, accountability and efficiency in financial management, as well as strengthening and developing the role of Parliament in anti-corruption policies and measures, where the ALSAI is one of the institutions with a crucial role.

Within the framework of this cooperation, a series of activities have been held, such as working meetings at the ALSAI and joint activities with the Parliament of Albania, such as the one held in Pristina, which enabled, among other things, meetings at the Parliament of the Republic of Kosovo and the Office of the Auditor General for similar experiences.

PARTICIPATION IN CONFERENCES, TRAININGS, SEMINARS AND MEETINGS

During 2024, the ALSAI participated in a series of activities, including meetings, conferences, seminars and trainings, both in person and online. These engagements served to exchange experiences and best practices, strengthening institutional cooperation and increasing professional capacities. The following is an overview of the activities in which the ALSAI staff participated during 2024: The 8th International Symposium “The New Path in the Fight against Corruption” in Hong Kong; the training course “Cooperation between Auditors and Accountants in the Fight against Fraud and Corruption”, developed by CEF (Center for Excellence in Finance); the “Public Expenditure” conference held in Vienna organized by the World Bank; the meeting of the NATO Board of Auditors, etc.



5.3 ALSAI AND THE STRATEGIC PARTNERS



The report of the Chairman of ALSAI, Mr. Arben Shehu in the Committee for Economy and Finance on the Budget Implementation Report for the year 2023



The Chairman of ALSAI, Mr. Arben Shehu, participates in the meeting of the Speaker of the Parliament with the heads of independent constitutional and established by law institutions



The Chairman of ALSAI, Mr. Arben Shehu, conducts a working visit to Prizren at the invitation of the Auditor General of Kosovo, Ms. Vlora Spanca



The meeting with the Ambassador of the EU Delegation, Mr. Silvio Gonzato



The meeting with the Ambassador of the OSCE Presence in Tirana, Mr. Michel Tarran



The meeting with the President of the Turkish Court of Accounts, Mr. Metin Yener



5.3 ALSAI AND THE STRATEGIC PARTNERS

ALSAI AND THE COOPERATION WITH CIVIL SOCIETY

The cooperation of ALSAI with civil society organizations is an important aspect of its commitments to strengthen control mechanisms, transparency, accountability and improve governance, contributing to a safer and fairer environment for users of public funds.

This cooperation has continued throughout 2024, participating and contributing to several discussion tables, meetings, etc., as follows:

- ALSAI in cooperation with the Civic Resistance organization, organizes the workshop “On the presentation of performance audit findings and government monitoring by Civic Resistance”.
- ALSAI participates in the activity “Oversight of Public Finances - The Role of Parliament, Institutions and Civil Society”, organized by the Albanian Institute of Science (AIS) and the Institute for Democracy and Mediation (IDM).
- ALSAI participates in the day of public discussion in Shkodra, on the topic: “Citizen participation and cooperation with institutions in the fight against corruption”, organized by the Albanian Helsinki Committee.
- ALSAI participates in the roundtable discussion “Increasing Parliament's responsiveness to citizens' concerns” organized by the Albanian Institute of Science (AIS).
- ALSAI participates in the roundtable discussion on transparency and accountability in the health sector, organized by the association “Together for life”.
- The Chairman of ALSAI, Mr. Arben Shehu, participates in the “IDM Morning Briefing” meeting, organized by the Institute for Democracy and Mediation.
- ALSAI participates in the presentation of the findings of the public opinion survey “Trust in Governance 2023”, organized by IDM.
- ALSAI participates in the roundtable discussion “The Connection between Public Opinion and Policies: Findings and Perceptions from the Albanian Security Barometer 2024” organized by the Center for the Study of Democracy and Governance (CSDG).
- ALSAI presents, in cooperation with Un Women Albania, the findings of the performance audit “Gender equality and empowerment of women from rural areas, through inclusion in the labor market”.
- ALSAI participates in the roundtable discussion “Assessment of the Prosecutors' Performance Evaluation System in Albania: Issues and Recommendations”, developed by the Center for the Study of Democracy and Governance (CSDG).
- ALSAI participates in a high-level roundtable discussion on issues and practices to date on the annual reporting of constitutional and independent institutions to the Assembly organized by the Institute of Political Studies (IPS).
- ALSAI participates in the meeting organized by the Center for the Study of Democracy and Governance on the topic: “Performance and Progress Assessment: A Comprehensive Review of the Role of SPAK and the Special Courts in the Fight against Corruption and Organized Crime (2020-2023)”.
- ALSAI participates in the workshop on the promotion of the “Open Parliament”, organized by the Albanian Center for Economic Research.
- ALSAI participates in the meeting organized by the Civic Resistance on Transparency and Internal Democracy in Public Universities.
- ALSAI participates in the workshop organized by ACER and WFD on the preventive assessment of corruption in the Draft Law on Foreign Direct Investments in Albania.



5.3 ALSAI AND THE STRATEGIC PARTNERS

COOPERATION WITH UNIVERSITIES

ALSAI has continued its cooperation with public universities by being present in their auditoriums in presentations and discussions about the role and work of public external audit, enabling academic and state institutions to work together to increase the efficiency, transparency and accountability of public resource management. This cooperation helps strengthen control and audit structures within public institutions and create a synergistic relationship between theory and practice for future professionals.

In this context, on the occasion of the 99th anniversary of its establishment as the highest economic and financial control institution in the Republic of Albania, and based on the international standard of Supreme Audit Institutions, ISSAI 12, "Values and benefits of Supreme Audit Institutions - making a difference in the lives of citizens",

Specifically: Department of Audit of Central Institutions and Department of Audit of Public Companies and Foreign Investments at the "Fan S. Noli" University,



Performance Audit Department at "Eqrem Çabej" University, Gjirokastra,



ALSAI, from May 20 to 24, 2024, organized the "Open Week" activity on the premises of the institution. As part of this activity, students from the Faculty of Economics of the University of Tirana and "Fan Noli" University, Korça, participated in informative meetings on the history and audit activity of ALSAI.



The State Budget Audit Department and the Local Self-Government Audit Department at the "Luigj Gurakuqi" University in Shkodra.

Part of these meetings were university leaders, professors, and students, who appreciated the cooperation with the ALSAI in this regard, to contribute to increasing transparency and improving academic and administrative standards in public higher education institutions.

Cooperation with universities to recognize and promote the role and work of the ALSAI among young professionals is one of the objectives of the Communication Strategy of ALSAI.

In this context, during October 2024, the ALSAI held meetings at several public universities to develop open workshops on the 2025 audit plan.



5.4 ASSESSMENTS FROM INTERNATIONAL INSTITUTIONS

ALBANIA PROGRESS REPORT 2024

Chapter 32: Financial Control - External Audit

“The legal framework of Albania guarantees the independence of the Albanian Supreme Audit Institution.

During the reporting period, a new strategic plan for 2023-2027 was approved. The Albanian Supreme Audit Institution continued to improve its institutional capacity. The number of staff increased to 216. ALSAI conducts annual professional development activities for the audit staff.

The quality of audit work has improved and is in line with the international standards of the Organization of Supreme Audit Institutions (INTOSAI). The objectives of the Albanian Supreme Audit Institution have shifted towards performance and financial audits.

The impact of the audit work has shown progress. In 2023, 160 audit reports were submitted to Parliament.

The Albanian Supreme Audit Institution regularly reports on the implementation of its recommendations. Albania needs to improve the implementation of external audit recommendations. Although 98% of the recommendations left in the 2022 audits were accepted, only 47% had been fully or partially implemented by the end of 2023.

The Albanian Supreme Audit Institution reported four criminal reports to the Prosecutor's Office in 2022 for 16 officials. ALSAI continues to cooperate and provides information to the Prosecutor's Office regarding findings that may have a criminal aspect. ALSAI reported 67 materials to the Special Prosecutor's Office in 2023.

In July 2024, the Parliament agreed to establish a sub-committee, the Parliamentary Sub-Committee on Economy and Finance, dedicated to following up on the ALSAI reports and monitoring and dialogue between the Assembly and the ALSAI. The findings of the ALSAI were also discussed in the special investigative committees established by Parliament.

The increased use of the audits of ALSAI in the parliamentary budget oversight process should be ensured through the operationalization of the newly established Parliamentary Sub-Committee”.

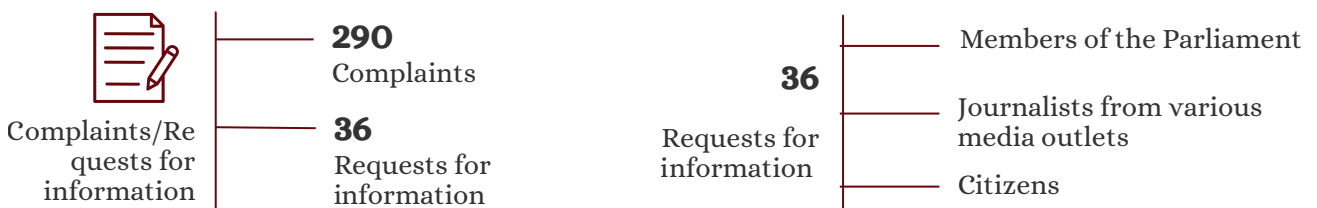


5.5 TRANSPARENCY PROGRAM AND THE RIGHT TO INFORMATION

ALSAI, in order to fulfill its legal obligations for transparency and public information, ensures full access to its activities through the publication of final audit reports, press releases and any other necessary information. This information is accessible to everyone, except for information that includes data classified as state, commercial or confidential secrets. In this way, ALSAI ensures that its work is clear and understandable to all citizens, including stakeholders and other public institutions.

The right to information is guaranteed by the Constitution and is provided for in the law “On the Right to Information”, as a fundamental right for citizens, civil society, the media and other actors of a democratic society. This law ensures that every individual has the opportunity to request information from public institutions and receive a response within the specified deadlines. ALSAI has handled a significant number of requests for information from year to year, ensuring a high level of transparency. In the framework of the implementation of this law, the Coordinator for the Right to Information has handled:

During 2024, the ALSAI has handled citizens' letters and complaints with correctness and professionalism. All complaints have been reviewed in detail and measures have been taken to respond according to established procedures, within legal deadlines. ALSAI has handled a total of 290 letters/complaints from individuals and various entities. This considerable number indicates the increasing public interest in the institution's activities and in examining sensitive issues. The majority of complaints were related to Local Self-Government issues, with around 86 complaints administered. Every request and complaint was handled and responded to, ensuring that citizens had the opportunity to receive accurate and timely information. Some of the requests are still in the verification process and will be reviewed during audits that will be conducted in the coming periods. After the completion of the audits, the complaining citizens are immediately informed about the results and the measures that have been taken. This process ensures full transparency, thus fulfilling the function of the law “On the right to information”.







06

Budgetary and financial
indicators of ALSAI and the
internal audit opinion

6 BUDGETARY AND FINANCIAL INDICATORS OF ALSAI

The budget allocated for the program "Audit Activities of the ALSAI" is based on the Policy Statement drafted during the 2024-2026 MTBP process and is in function of this Statement. The budget policy of the ALSAI is focused on the high-quality and timely fulfillment of legal obligations, objectives, and priorities of the institution foreseen in the Strategic Development Plan 2023-2027, considering the requirements of international audit organizations and reforms within the framework of EU membership.

For the year 2024, the budget execution performance for the Albanian Supreme Audit Institution is based on Law No. 97/2023 "On the 2024 budget", following the instruction of the Minister of Finance No. 9, dated 20.07.2018, "Standard procedures for budget implementation" as amended and instruction No. 14, dated 30.05.2023 "On standard procedures for budget monitoring in the CGU".

The budget allocated by Law No. 97/2023, "On the 2024 Budget", for the year 2024, for the Albanian Supreme Audit Institution, in the amount of 684,000 thousand ALL, is divided according to the following items:

- Expenses for Salaries and Insurance in the amount of 598,100 thousand ALL
- Expenses for goods and services in the amount of 70,900 thousand ALL
- Capital Expenditures with Internal Financing in the amount of 15,000 thousand ALL

This budget has been added to item 606 "Financial Assistance" in the amount of 1,500 thousand ALL, and the ALSAI has inherited from 2023 the Foreign Funded Capital Grant, in the amount of 3,181 thousand ALL (chapter 06). Based on the needs for financial resources, the annual budget plan has been redistributed within current and capital expenditure items.

The following table presents the planning and execution of budget expenses for 2024.

In thousand ALL

Kap	Art	Project Code	Project Code	Fact 2023	Budget Law Year 2024	NA. No.5 19.12.2024	Fact 2024	Difference	%
1	600	92401AA	Salaries	402,587	531,300	466,300	456,121	10,179	97.80%
1	601	92401AA	Insurance	62,524	66,800	71,800	69,813	1,987	97.20%
	600+601	Paga dhe Sigurime		465,111	598,100	538,100	525,934	12,166	97.70%
1	602	92401AA	Goods and Services	71,424	70,500	75,500	71,082	4,418	94.10%
1	605	92401AA	Transfers abroad	116	400	400	292	108	73.00%
1	606	92401AA	Aid	643	1,500	1,500	1,151	349	76.70%
	602-606	Mallra dhe Shërbime		72,183	72,400	77,400	72,525	4,875	93.70%
1	231	M240009	Computer equipment	2,229	4,200	4,200	0	4,200	0.00%
1	231	M240002	Means of transport	0	5,200	5,200	4,920	280	94.60%
1	231	M240003	Building reconstruction	634	1,600	0	0	0	0.00%
1	231	M240010	Office Equipment	3,191	2,000	1,530	1,522	8	99.50%
3	230	19AA402	Local Cost	0	1,000	2,250	2,190	60	97.40%
4	230	M24008	VAT	1,817	1,000	1,820	1,817	3	99.80%
	231	Internal Financing Investments		7,870	15,000	15,000	10,450	4,550	69.7%
6	231/6	Foreign Grand				3,181	2,908	273	91.40%
2	230	Foreign Financing (SECO project)					4,129	0	100%
		The Overall Total		545,164	685,500	630,500	615,946	21,865	97.60%

Budgetary expenditures planned for 2024 in the total amount of 637,811 thousand ALL (including Foreign Financing in the amount of 7,311 thousand ALL, of which: Foreign grant inherited from 2023 in the amount of 3,181 thousand ALL and foreign grant from SECO in 2024 in the amount of 4,129 thousand ALL), have been realized in the amount of 615,946 thousand ALL or to the extent of 98%.

The realization according to the main expenditure items is presented as follows:

- Personnel expenses 98%
- Other operating expenses 94%
- Internal capital expenses 70%
- Foreign Financing 100%.



6 BUDGETARY AND FINANCIAL INDICATORS OF ALSAI

The analysis of the implementation of the ALSAI budget for 2024 is presented as follows:

Personnel Expenses. Account 600-601.

The fund allocated from the state budget for 2024 in implementation of Law No. 97/2023 "On the 2024 Budget", as amended by normative acts, for the item "Salaries and Insurance" is in the amount of 538,100 thousand ALL and the approved number of ALSAI employees for 2024 is 243 employees. For 2024, the planned budget of 538,100 thousand ALL was realized in the amount of 525,934 thousand ALL or realized at the rate of 98%.

The amount spent under the item "Personnel Expenses" includes the salaries of ALSAI employees and temporary external experts contacted and paid in accordance with the contracts signed with them.

Expenses for Goods and Other Services. Account 602.

The fund allocated from the state budget for 2024, pursuant to Law No. 97/2023 "On the 2024 Budget", as amended by normative acts, for the item operating expenses, is in the amount of 75,500 thousand ALL, or 12% of the 2024 budget plan. This item was realized in the amount of 71,082 thousand ALL or was realized at the rate of 94%.

This expense item covers administrative expenses such as security services, electricity, water, telephone, office supplies, UPS batteries, etc. A significant part of the operating expenses is occupied by expenses for travel, meals and hotel within the country in the amount of 40,380 thousand ALL and represent 57% of the actual expenses of this item. Currently, for the year 2024, the ALSAI has carried out several procurement procedures related to:

- Renewal of Firewall and E-Mail Security license support. The procurement of the renewal of the above-mentioned licenses has served the ALSAI for the optimal functioning of information technology equipment, increased network security, and facilitated the work of users of the

ALSAI's technological infrastructure.

- Internet service for the institution, elevator maintenance, alarm system maintenance, air conditioning maintenance, vehicle service and spare parts, etc.

Current and foreign transfers. Account 605.

For the 2024 reporting period, membership fees for the INTOSAI and EUROSAI organizations, as well as participation fees in international activities, in the amount of 292 thousand ALL out of the planned 400 thousand ALL, have been paid.

Transfers for family budgets. Account 606.

During the 2024 fiscal year, a Special Fund was provided by the Ministry of Finance and Economy in the amount of 1,500 thousand ALL, for the retirement of employees, in case of accident, illness, as well as the provision of financial assistance to organic support employees at the end of the fiscal year. This fund was realized in the amount of 1,151 thousand ALL, or was realized at the rate of 77% of the planned annual budget.

Capital investment expenses. Account 230- 231.

Based on Law No. 97/2023, "On the 2024 Budget", the approved fund for Capital Expenditures is only for Internal Financing investments in the amount of 15,000 thousand ALL. The value of 3,181 thousand ALL inherited from 2023 from the foreign grant in chapter 06 has been added to this fund. The detailing and redistribution of the approved budget funds in this item was carried out taking into account the needs for computer expenses, building reconstruction, local costs and v.a.t. for the project with foreign financing, as well as the needs for office equipment.



6 BUDGETARY AND FINANCIAL INDICATORS OF ALSAI

Internal Financing

The following table presents the planning of capital investments with Internal Financing.

In thousand ALL

Art	Project Code	Project Code	Budget Law	NA. No.5 19.12.2024	Fact 2024	Difference	%
231	M240009	Computer equipment	4,200	4,200		4,200	0.0%
231	M240002	Means of transport	5,200	5,200	4,920	280	94.6%
231	M240003	Building reconstruction	1,600	0		0	0.0%
231	M240010	Office Equipment	2,000	1,530	1,522	8	100%
230	19AA402	Local Cost	1,000	2,250	2,190	59,587	97.4%
230	M24008	VAT	1,000	1,820	1,817	3,300	99.8%
231	Internal Financing Investments		15,000	15,000	10,450	4,550	69,7%

- In the 2024 budget, the funds approved in item 231 "Office Equipment" with project code M240010, are in the amount of 1,530 thousand ALL. We inform you that the ALSAI has implemented the contract in the amount of 4,431 thousand ALL, of which the amount of 1,523 thousand ALL is from chapter 01, the state budget and the amount of 2,908 thousand ALL is from chapter 06, the foreign grant inherited from 2023. This investment project consists in the remodeling of the ALSAI meeting room and the purchase of new equipment. The allocation of investment funds to this investment project came as a necessity, as the existing meeting room did not meet the requirements of a work standard and a dignified presentation as a supreme audit institution, in order to be at the level of the requirements of the time, this since most of the existing equipment was depreciated.
- The budget plan for the item "Vehicle purchase", in the amount of 5,200 thousand ALL, was realized in the amount of 4,920 thousand ALL.
- The budget plan under the item "Local costs" in the amount of 2,250 thousand ALL relates to expenses for the investment project "Strengthening the role of External Audit in the supervision of public private partnerships in Albania". For 2024, this item has been realized in the amount of 2,190 thousand ALL or to the extent of 97.4%.
- The budget plan in the item "VAT", is in the amount of 1,820 thousand ALL and relates to the expenses for the investment project "Strengthening the role of External Audit in the supervision of public-private partnerships in Albania". For the year 2024, this item has been realized in the amount of 1,816 thousand ALL or 100%.
- In the item "Computer equipment", ALSAI procured the funds for the purchase of computer equipment, in function of the audit activity. For 2024, this item planned in the amount of 4,200 thousand ALL was not realized by NAIS.

Foreign Financing

Based on Law No. 97/2023, "On the 2024 Budget", there has been no budget plan with the destination of Foreign-Financed Capital Investments in article 230 for the implementation of the project "Strengthening External Audit Oversight for Concessions and Public-Private Partnerships in Albania", funded by the Swiss State Secretariat for Economic Affairs (SECO). In this project, with a total value of 21,800 thousand ALL, co-financing was formalized with the signing of Agreement No. 307, dated 09.03.2020 between the Swiss State Secretariat for Economic Affairs (SECO) and the Albanian Supreme Audit Institution. This project aimed to strengthen accountability in the use of public funds by promoting oversight and avoiding corruption in the design and



6 BUDGETARY AND FINANCIAL INDICATORS OF ALSAI

implementation of concession contracts and PPPs in Albania.

Through this project, ALSAI successfully realized the products and the activities foreseen in the Agreement, as follows:

1. Conducting 3 pilot audits in the field of concessions and PPPs, supported in all audit phases by the external expert contracted as part of the project, for concession contracts, as follows:

“Financing, establishment and operation of the scanning service of containers and other vehicles in the Republic of Albania and the scanning service fee”, “Granting by concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company” and “Hydrocarbon agreements”.

2. Drafting of the "Manual for auditing concessions and PPPs", which reflects the experience gained during the conduct of 3 pilot audits, accompanied by the necessary trainings

3. Study visit to the Turkish Court of Accounts, with the aim of exchanging knowledge in the field of concessions, attended by about 20 auditors from the ALSAI.

4. Closing activity/roundtable to present the results of this project.

Internal audit conclusion on the financial statements 2024

Based on the Annual Audit Plan, approved by Decision No. 192, dated 20.10.2023, amended by Decision No. 186, dated 01.10.2024, “On the approval of the amendment to the Annual Plan for 2024” of the Chairman of the Albanian Supreme Audit Institution and within the framework of its activity, the Internal Audit Unit has carried out the audit mission “On the audit of systems and compliance in the Finance Sector” for the period from January 1, 2024 to December 31, 2024, the final report of which was recorded with No. 1474/4, dated 21.03.2025, where at the end of the engagement the following Opinion/Conclusion from the audit was given:

“We have audited the Financial Statements of the institution for the ended period, which include the statement of financial position as of December 31, 2024, the statement of financial performance, the statement of cash flows, the statement of changes in net assets/net funds, and the explanatory notes for the preparation and reporting of the annual financial statements. In our opinion, the financial statements of the ALSAI present fairly, in all material respects, the financial position of the institution as of December 31, 2024, and in accordance with the legal provisions in force on financial reporting”.

The audit was conducted in accordance with Law No. 114/2015 “On Internal Audit in the Public Sector” as amended, Law No. 10296, dated 08.07.2010 “On Financial Management and Control” as amended, OMF No. 86, dated 10.12.2015 “On the approval of the Code of Ethics for Internal Audit in the Public Sector”, Instruction of the Minister of Finance No. 100, dated 25.10.2016 “On the approval of the internal audit manual in the Public Sector”, etc.



6 BUDGETARY AND FINANCIAL INDICATORS OF ALSAI

The financial statements have been prepared based on the MFE Instruction No. 8, dated 09.03.2018 “On the procedures for the preparation, presentation and reporting of annual financial statements in general government units”, as amended, as well as Instruction No. 13, dated 18.12.2024 “On the procedures for closing the annual accounts of the 2024 budget”.

The purpose of the audit is to assist the ALSAI institution and provide assurance that it achieves its objectives through an activity in accordance with legal requirements, standards and regulations in force, by identifying risky activities and the effectiveness of control systems.

During the conduct of this audit, the aim was to provide an overall assessment of the functioning of internal control systems and to provide an opinion on the implementation of the budget for 2024, from which it results that financial management and control in general demonstrate a functional and effective process, which provides assurance in the implementation of legislation and other control processes. The audit found that all processes and transactions were carried out in compliance with the established audit criteria that originate from the legislation in force.

Regarding the implementation of the recommendations left in the previous audit, as addressed in the Final Audit Report with no. 1474/4 prot, dated 21.03.2025, “On the audit of systems and compliance in the field of financial management of the Finance Sector”, a total of 2 recommendations were given, which have been accepted and the Action Plan for their implementation has been prepared and submitted on time (document no. 1086/5, dated 12.03.2024), the status of which is fully implemented.





07

Annexes

ANNEXES

ANNEX 1: Audits/Topics carried out by ALSAI, for the period January - December 2024

No.	No.	Entity/Topic
Public Companies and Foreign Investments Audit Department		
1	1	Energy Efficiency Agency
2	2	Albcontrol JSC
3	3	Audit of Implementation of Recommendations of 2023 (6-month period I)
4	4	Audit of Implementation of Recommendations of 2023 (6-month period II)
5	5	Audit of Implementation of Recommendations of 2024 (6-month period I)
6	6	Empowerment of the National Traumatology Center of Tirana
7	7	Shipbuilding and Repair Yard and the Ministry of Defense
8	8	On the audit of compliance in mutual obligations in APC, EDO and TSO
9	9	On the availability on the market and the third-line treatment of patients diagnosed with Chronic Lymphocytic Leukemia (CLL), with the medicine "Ibrutinib 140 mg"
10	10	Ministry of Tourism and Environment - National Water Supply and Sewerage Agency - Municipality of Vlora "Construction of the Regional Integrated Waste Management Center in Sherishte, Vlora"
11	11	Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development "On the compatibility of the implementation of the Environmental Services project"
12	12	Construction of the 400 kV Transmission Line Albania - Kosovo; 400 kV Line Albania - Macedonia"; Construction of the 220 kV Double Circuit Transmission Line Tirana - Rrashbull and the 110 kV Ring Road of Tirana, Lot 1 & 2".
13	13	Transmission System Operator JSC
14	14	For the concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company
15	15	For hydrocarbon agreements concluded in the Republic of Albania
16	16	For the reporting carried out on the national program for the modernization of the Water Supply and Sewerage sector in Albania, for the year 2023, at NWSSA
17	17	Albanian Radio Television - General Directorate
18	18	Albanian Radio Television - Organization of the 62nd National Song Festival
19	19	"Memorial" Regional Hospital, Fier
20	20	Regional Hospital, Elbasan
21	21	Water Supply - Sewerage, Elbasan
IT Audit Department		
22	1	National Agency for Medicines and Medical Devices
23	2	National Coastline Agency
24	3	National Agency for Natural Resources - IT Audit
25	4	Agency for Agricultural and Rural Development "On information technology systems"
26	5	General Directorate of Police for Road Violations
27	6	Central Election Commission
28	7	Ministry of Health and Social Protection - Social assistance scheme in focus
29	8	Water Supply and Sewerage Shkodra JSC
30	9	Implementation of Recommendations of 2023 (6-month period I) - IT
31	10	Implementation of Recommendations of 2023 (6-month period II) - IT
Defense, Security and Public Property Audit Department		
32	1	Audit of the implementation of recommendations for the 6-month period I of 2023, for LDSCA entities
33	2	Audit of the implementation of recommendations for the 6-month period II of 2023, for LDSCA entities
State Budget Audit Department		
34	1	Guarantees and Non-Repayable Loans Management Agency
35	2	Audit of the implementation of recommendations for the 6-month period II of 2023
36	3	Financial Supervisory Authority
37	4	Bank of Albania
38	5	Tirana Customs Branch
39	6	Kakavija Customs Branch
40	7	General Directorate of Customs
41	8	General Directorate of Financing and Contracting for EU, WB and other Donor Funds
42	9	General Directorate of Taxation
43	10	Regional Tax Directorate, Fier
44	11	Regional Tax Directorate, Vlora
45	12	Compulsory Health Care Insurance Fund
46	13	Compulsory Health Insurance Fund and the Directorate of University Hospital Services
47	14	Social Insurance Institute (SII)

48	15	Ministry of Finance: General Directorate of Budget, Treasury, Debt, Harmonization and Internal Control and the Ministry's Apparatus
Central Institutions Audit Department		
49	1	Public Procurement Agency
50	2	National Agency of Natural Resources
51	3	National Agency for Information Society. Project "Improving equal access to high-standard public services through the GOVTECH operation"
52	4	Academy of Sciences
53	5	Tirana Security Academy
54	6	Audit of the implementation of recommendations for the 6-month period I of 2023 - Central Institutions
55	7	Audit of the implementation of recommendations for the 6-month period II of 2023 - Central Institutions
56	8	Competition Authority
57	9	State Attorney's Office - MIE, MTE, NANR, ALBETROL JSC - Patos
58	10	Constitutional Court
59	11	High Inspectorate of Justice
60	12	Institute of Statistics (INSTAT)
61	13	High Prosecutorial Council
62	14	Commissioner for the Right to Information and Protection of Personal Data
63	15	Central Election Commission
64	16	Ministry of Interior
65	17	Ministry of Justice "On the implementation of the contract for improving the electronic surveillance system in the criminal field"
66	18	Ministry of Finance and Economy "On the compliance of the implementation of the concession contract for fuel labeling"
67	19	Ministry of Defense
68	20	General Prosecution Office
69	21	University of Tirana
70	22	Polytechnic University of Tirana
Local Self-Government Units Audit Department		
71	1	Audit of the financial statements, Berat Municipality
72	2	Audit of the financial statements, Kruja Municipality
73	3	Audit of the financial statements, Librazhd Municipality
74	4	Audit of the financial statements, Skrapar Municipality
75	5	Belsh Municipality
76	6	Berat Municipality
77	7	Bulqiza Municipality
78	8	Cërrik Municipality
79	9	Delvina Municipality
80	10	Devoll Municipality
81	11	Dimal Municipality
82	12	Divjaka Municipality
83	13	Dropull Municipality
84	14	Durrës Municipality
85	15	Fier Municipality
86	16	Finiq Municipality
87	17	Fushë Arrëz Municipality
88	18	Gjirokastra Municipality
89	19	Gramsh Municipality
90	20	Has Municipality
91	21	Himara Municipality
92	22	Kamza Municipality
93	23	Kamza Municipality, for the 2023 financial statements
94	24	Kavajë Municipality
95	25	Kavajë Municipality, for the 2023 financial statements
96	26	Këlcyrë Municipality
97	27	Klos Municipality
98	28	Kolonja Municipality
99	29	Konispol Municipality
100	30	Korça Municipality
101	31	Kruja Municipality
102	32	Kuçova Municipality
103	33	Kukës Municipality
104	34	Kurbini Municipality
105	35	Lezha Municipality

106	36	Lezha Municipality, for the 2023 financial statements
107	37	Libohova Municipality
108	38	Librazhd Municipality
109	39	Malësi e Madhe Municipality
110	40	Maliq Municipality
111	41	Mallakastra Municipality
112	42	Mat Municipality
113	43	Memaliaj Municipality
114	44	Mirdita Municipality
115	45	Patos Municipality
116	46	Peqin Municipality
117	47	Përmet Municipality
118	48	Pogradec Municipality
119	49	Poliçan Municipality
120	50	Përrenjas Municipality
121	51	Puka Municipality
122	52	Pustec Municipality
123	53	Roskovec Municipality
124	54	Rrogozhina Municipality
125	55	Selenica Municipality
126	56	Shijak Municipality
127	57	Shkodra Municipality
128	58	Skrapar Municipality
129	59	Tepelena Municipality
130	60	Tropoja Municipality
131	61	Vau i Dejës Municipality, financial audit of 2023
132	62	Vau i Dejës Municipality, audit of 2024
133	63	Vora Municipality
134	64	General Directorate of Roads and Public Lighting
135	65	Elbasan County Prefecture
136	66	Fier County Prefecture
137	67	Korça County Prefecture
138	68	Shkodra County Prefecture
139	69	Tirana County Prefecture
140	70	Vlora County Prefecture
141	71	Implementation of Recommendations of 6-month period I of 2023
Performance Audit Department		
142	1	Implementation of recommendations for performance audits evaded in 6-month period I of 2023
143	2	“Protection of the Values and Assets of our Country at UNESCO”, carried out in the Ministry of Economy, Culture and Innovation, Ministry for Europe and Foreign Affairs, National Institute of Cultural Heritage, Municipalities: Durrës, Rrogozhina, Fier, Berat, Gjirokastra and Pogradec
144	3	“Impact of mining activity on the forest fund” carried out in the Ministry of Tourism and Environment, National Environment Agency, National Forestry Agency, Ministry of Infrastructure and Energy, National Agency of Natural Resources, Municipalities: Selenica, Skrapar, Kruja, Dimal, Berat
145	4	“National Inspectorates in Protection of Public Interests” carried out at the Central Inspectorate
146	5	“Management of public spaces on beaches” carried out in the Ministry of Tourism and Environment, the National Coastline Agency and Regional branches, Municipalities: Shkodra, Lezha, Durrës, Vlora, Himara and Saranda
147	6	"Career Orientation of Young People in the Pre-University Education System", carried out at the Ministry of Education and Sports, at the National Agency for Pre-University Education and at the Agency for Quality Assurance in Pre-University Education
148	7	“Research and scientific projects carried out by the Academy of Sciences of Albania, in promoting scientific, technological progress and innovation, for the benefit of the country”
149	8	Regional Environmental Agency Fier, Vlora, Gjirokastra
150	9	Gender equality and empowerment of women from rural areas, through inclusion in the labor market
151	10	Effectiveness and safety of medicines circulating in Albania
152	11	Effectiveness of medical equipment in the public hospital system
153	12	Financial support for excellent students and civil servants of the state administration (Excellence Fund)
154	13	Policies and respect for the rights of people with mental health problems in psychiatric hospital services
155	14	The process of adopting children and guaranteeing their rights to good upbringing and education
156	15	Respecting standards in urban waste management, a sustainable challenge in reducing environmental pollution and protecting the health of the population

157	16	Respecting standards in the treatment and elimination of hospital waste, in preventing risks to the health of healthcare personnel, patients and protecting the environment
158	17	Implementation of the national plan for adaptation to climate change
159	18	Implementation of recommendations of Regional Environmental Agencies

ANNEX 2: Recommended measures for legal changes or improvements

No.	Entity/Topic	No. of Measures
1	“Management of public spaces on beaches” carried out in the Ministry of Tourism and Environment, the National Coastline Agency and Regional branches, Municipalities: Shkodra, Lezha, Durrës, Vlora, Himara and Saranda	2
2	“Research and scientific projects carried out by the Academy of Sciences of Albania, in promoting scientific, technological progress and innovation, for the good of the country”	1
3	Public Procurement Agency	3
4	National Agency for Medicines and Medical Devices	2
5	Tirana Security Academy	2
6	Financial Supervisory Authority	1
7	Tirana Customs Branch	2
8	General Directorate of Police for Road Violations	1
9	Effectiveness of Medical Devices in the Public Hospital System	3
10	Mandatory Health Care Insurance Fund	1
11	Social Insurance Institute (SII)	1
12	Central Election Commission – IT Audit	1
13	Ministry of Defense	3
14	For hydrocarbon agreements concluded in the Republic of Albania	3
15	The process of adopting children and guaranteeing their rights to good upbringing and education	1
16	Respecting standards in the treatment and elimination of hospital waste, in preventing risks to the health of healthcare personnel, patients and protecting the environment	1
Total		28

ANNEX 3: Recommended Organizational Measures

No.	Entity/Topic	No. of Measures
1	“Protection of the Values and Assets of our Country at UNESCO” carried out in the Ministry of Economy, Culture and Innovation, Ministry for Europe and Foreign Affairs, National Institute of Cultural Heritage, Municipalities: Durrës, Rrogozhina, Fier, Berat, Gjirokastra and Pogradec	21
2	“Impact of mining activity on the forest fund” carried out in the Ministry of Tourism and Environment, National Environment Agency, National Forest Agency, Ministry of Infrastructure and Energy, National Agency of Natural Resources, Municipalities: Selenica, Skrapar, Kruja, Dimal, Berat	16
3	“National Inspectorates in Protection of Public Interests” carried out at the Central Inspectorate	7
4	“Management of public spaces on beaches” carried out in the Ministry of Tourism and Environment, the National Coastline Agency and Regional branches, Municipalities: Shkodra, Lezha, Durrës, Vlora, Himara and Saranda	14
5	“Career Orientation of Young People in the Pre-University Education System”, carried out at the Ministry of Education and Sports, at the National Agency for Pre-University Education and at the Agency for Quality Assurance in Pre-University Education	10
6	“Research and scientific projects carried out by the Academy of Sciences of Albania, in promoting scientific, technological progress and innovation, for the good of the country”	8
7	Public Procurement Agency	11
8	National Agency for Medicines and Medical Devices	13
9	National Coastline Agency	11
10	National Agency of Natural Resources	7
11	National Agency of Natural Resources - IT Audit	24
12	National Agency of Information Society. Project “Improving equal access to high-quality public services through the GOVTECH operation”	1
13	Energy Efficiency Agency	19
14	Agency for Agricultural and Rural Development “On information technology systems”	20
15	Regional Environmental Agency Fier, Vlora, Gjirokastra	32
16	Guarantees and Non-Repayable Loans Management Agency	20
17	Academy of Sciences	38
18	Tirana Security Academy	36
19	Albcontrol JSC	13
20	Audit of the financial statements, Berat Municipality	5
21	Audit of the financial statements, Kruja Municipality	5

No.	Entity/Topic	No. of Measures
22	Audit of the financial statements, Librazhd Municipality	7
23	Audit of the financial statements, Skrapar Municipality	5
24	Competition Authority	12
25	Financial Supervisory Authority	18
26	State Attorney's Office - MIE, MTE, NANR, ALBETROL JSC - Patos	7
27	Bank of Albania	6
28	Gender equality and empowerment of women from rural areas, through inclusion in the labor market	11
29	Belsh Municipality	10
30	Berat Municipality	13
31	Bulqiza Municipality	14
32	Cërrik Municipality	17
33	Delvina Municipality	7
34	Devoll Municipality	15
35	Dimal Municipality	9
36	Divjaka Municipality	15
37	Dropull Municipality	12
38	Durrës Municipality	39
39	Fier Municipality	32
40	Finiq Municipality	14
41	Fushë Arrëz Municipality	8
42	Gjirokastra Municipality	9
43	Gramsh Municipality	23
44	Has Municipality	12
45	Himara Municipality	7
46	Kamza Municipality	37
47	Kamzë Municipality, for the financial statements of 2023	14
48	Kavaja Municipality	18
49	Kavaja Municipality, for the financial statements of 2023	32
50	Këlcyra Municipality	27
51	Klos Municipality	8
52	Kolonja Municipality	23
53	Konispol Municipality	14
54	Korça Municipality	28
55	Kruja Municipality	10
56	Kuçova Municipality	15
57	Kukës Municipality	18
58	Kurbin Municipality	15
59	Lezha Municipality	21
60	Lezhë Municipality, for the financial statements of 2023	12
61	Libohova Municipality	10
62	Librazhd Municipality	14
63	Malësi e Madhe Municipality	18
64	Maliq Municipality	27
65	Mallakastra Municipality	49
66	Mat Municipality	15
67	Memaliaj Municipality	16
68	Mirdita Municipality	9
69	Patos Municipality	19
70	Peqin Municipality	16
71	Përmet Municipality	27
72	Pogradec Municipality	17
73	Poliçan Municipality	14
74	Përrenjas Municipality	21
75	Puka Municipality	19
76	Pustec Municipality	24
77	Roskovec Municipality	21
78	Rrogozhina Municipality	36
79	Selenica Municipality	33
80	Shijak Municipality	17
81	Shkodra Municipality	20
82	Skrapar Municipality	14
83	Tepelena Municipality	8

No.	Entity/Topic	No. of Measures
84	Tropoja Municipality	18
85	Vau i Dejës Municipality, for the financial statements of 2023	18
86	Vau i Dejës Municipality, audit of the year 2024	26
87	Vora Municipality	29
88	Tirana Customs Branch	16
89	Kakavija Customs Branch	16
90	General Directorate of Customs	34
91	General Directorate of Financing and Contracting for EU, WB and other Donor Funds	27
92	General Directorate of Roads and Public Lighting	13
93	General Directorate of Taxation	34
94	General Directorate of Police for Road Violations	19
95	Regional Tax Directorate, Fier	21
96	Regional Tax Directorate, Vlora	17
97	Effectiveness and safety of medicines circulating in Albania	35
98	Effectiveness of medical equipment in the public hospital system	17
99	Compulsory Health Care Insurance Fund	22
100	Compulsory Health Care Insurance Fund and the Directorate of University Hospital Services	36
101	Empowerment of the National Traumatology Center of Tirana	11
102	Constitutional Court	10
103	High Inspectorate of Justice	3
104	Social Insurance Institute (SII)	19
105	Institute of Statistics (INSTAT)	36
106	Shipbuilding and Repair Yard and the Ministry of Defense	20
107	High Prosecutorial Council	11
108	Commissioner for the Right to Information and Protection of Personal Data	30
109	Central Election Commission	20
110	Central Election Commission – IT Audit	14
111	Financial support for excellent students and civil servants of the state administration (Excellence Fund)	7
112	On the audit of compliance in mutual obligations in APC, EDO and TSO	6
113	On the availability on the market and the third-line treatment of patients diagnosed with Chronic Lymphocytic Leukemia (CLL), with the medicine “Ibrutinib 140 mg”	6
114	Ministry of Interior	35
115	Ministry of Justice “On the implementation of the contract for improving the electronic surveillance system in the criminal field”	4
116	Ministry of Finance and Economy “On the compliance of the implementation of the concession contract for fuel labeling”	17
117	Ministry of Finance: General Directorate of Budget, Treasury, Debt, Harmonization and Internal Control and the Ministry's Apparatus	49
118	Ministry of Defense	33
119	Ministry of Health and Social Protection - Social Assistance Scheme in focus	15
120	Ministry of Tourism and Environment - National Water Supply and Sewerage Agency - Municipality of Vlora	8
121	Construction of a regional integrated waste management center in Sherishte, Vlora	
122	Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development	14
123	On the compliance of the implementation of the Environmental Services project	
124	Construction of the 400 kV Transmission Line Albania - Kosovo; 400 kV Line Albania - Macedonia; Construction of the 220 kV Double Circuit Transmission Line Tirana - Rrashbull and the 110 kV Ring Road of Tirana, Lot 1 & 2.	2
125	Transmission System Operator JSC	14
126	For the concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company	14
127	On hydrocarbon agreements in the Republic of Albania	32
128	For the reporting carried out on the national program for the modernization of the Water Supply and Sewerage sector in Albania, for the year 2023, at NWSSA	8
129	Policies and respect for the rights of people with mental health problems in psychiatric hospital services	12
130	Elbasan County Prefecture	13
131	Fier County Prefecture	18
132	Korça County Prefecture	12
133	Shkodra County Prefecture	8

No.	Entity/Topic	No. of Measures
134	Tirana County Prefecture	22
135	Vlora County Prefecture	13
136	The process of adopting children and guaranteeing their rights to good upbringing and education	16
137	General Prosecution Office	13
138	Albanian Radio Television - General Directorate	57
139	Respecting standards in urban waste management, a sustainable challenge in reducing environmental pollution and protecting the health of the population	10
140	Respecting standards in the treatment and elimination of hospital waste, in preventing risks to the health of healthcare personnel, patients and protecting the environment	31
141	Albanian Radio Television - Organization of the 62nd National Song Festival	4
142	“Memorial” Regional Hospital, Fier	25
143	Regional Hospital, Elbasan	34
144	Water Supply - Sewerage Shkodra JSC – IT Audit	21
145	Water supply - Sewerage, Elbasan	22
146	University of Tirana	2
147	Polytechnic University of Tirana	4
148	Implementation of the National Plan for Adaptation to Climate Change	12
Total		2,594

ANNEX 4: Summary evidence of recommended measures for the economic damage found

In 000 ALL

No.	Naming of the entity or topic	Expenses	Income	Total
1	National Agency of Natural Resources	121		121
2	Energy Efficiency Agency	3,421		3,421
3	Agency for Agricultural and Rural Development “On information technology systems”	52		52
4	Regional Environmental Agency, Fier, Vlora, Gjirokastra	861		861
5	Academy of Sciences	2,764		2,764
6	Security Academy	1,704		1,704
7	Albcontrol JSC	4,317		4,317
8	Berat Municipality	853		853
9	Cërrik Municipality	702		702
10	Durrës Municipality	1,795		1,795
11	Fier Municipality	5,558		5,558
12	Himara Municipality	6,902		6,902
13	Kamza Municipality	2,456		2,456
14	Kavaja Municipality	44,974		44,974
15	Kolonja Municipality	20,970		20,970
16	Korça Municipality	1,527		1,527
17	Kruja Municipality	1,310		1,310
18	Kurbin Municipality	14		14
19	Lezha Municipality	3,776		3,776
20	Librazhd Municipality	363		363
21	Malësi e Madhe Municipality	5,774		5,774
22	Maliq Municipality	250		250
23	Mallakastra Municipality	14,482		14,482
24	Patos Municipality	11,773		11,773
25	Roskovec Municipality	4,739		4,739
26	Rrogozhina Municipality	158		158
27	Shijak Municipality	6,717	16,935	23,652
28	Shkodra Municipality	3,662		3,662
29	Skrapar Municipality	554		554
30	Vau i Dejës Municipality, audit of 2024	9,128		9,128
31	General Directorate of Roads and Public Lighting	738		738
32	Compulsory Health Care Insurance Fund	372		372
33	Commissioner for the Right to Information and Personal Data Protection	1,920		1,920
34	Ministry of Interior	423		423
35	Ministry of Defense	38,552		38,552
36	Ministry of Tourism and Environment - National Water Supply and Sewerage Agency - Municipality of Vlora, Construction of the Regional Integrated Waste Management Center in Sherishte, Vlora	122,500		122,500

No.	Naming of the entity or topic	Expenses	Income	Total
37	Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development “On the compliance of the implementation of the environmental services project”	27,440		27,440
38	Transmission System Operator JSC	14,691		14,691
39	Albanian Radio Television - General Directorate	83,373		83,373
40	Albanian Radio Television - Organization of the 62nd National Song Festival	3,002		3,002
41	“Memorial” Regional Hospital, Fier	3,259	80	3,339
42	Regional Hospital, Elbasan	9,487	240	9,727
43	Water Supply - Sewerage, Elbasan	4,942		4,942
Total		472,373	17,255	489,628

ANNEX 5: Evidence of reflecting 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 income of the entities and the state budget

In 000 ALL

No.	Naming of the entity or topic	Expenses	Income	Total
1	National Agency of Natural Resources	1,633		1,633
2	National Agency of Natural Resources – IT Audit	52,650		52,650
3	Energy Efficiency Agency	78,114		78,114
4	Academy of Sciences	26,604		26,604
5	Security Academy	13,561		13,561
6	Albcontrol JSC	125,299		125,299
7	Belsh Municipality		49,837	49,837
8	Berat Municipality	224	51,213	51,437
9	Bulqiza Municipality	10,328	47,046	57,374
10	Cërrik Municipality	232,433	73,037	305,470
11	Delvina Municipality	6,000	6,204	12,204
12	Devoll Municipality		23,540	23,540
13	Dimal Municipality		63,685	63,685
14	Divjaka Municipality	3,803	11,708	15,511
15	Dropull Municipality		7,909	7,909
16	Durrës Municipality	42,348	140,702	183,050
17	Fier Municipality	37,981	282,582	320,563
18	Finiq Municipality		68,982	68,982
19	Fushë Arëz Municipality	5,516	8,979	14,495
20	Gjirokastra Municipality		63,493	63,493
21	Gramsh Municipality	3,173	28,080	31,252
22	Has Municipality		10,486	10,486
23	Himara Municipality	372,795	54,310	427,105
24	Kamza Municipality		828,259	828,259
25	Kamza Municipality, year 2024		230,065	230,065
26	Kavaja Municipality	770,116	120,277	890,393
27	Këlcyra Municipality		19,379	19,379
28	Klos Municipality		14,163	14,163
29	Kolonja Municipality		7,650	7,650
30	Konispol Municipality		7,770	7,770
31	Korça Municipality	49,459	191,442	240,901
32	Kruja Municipality	12,635	198,022	210,657
33	Kuçova Municipality		39,668	39,668
34	Kukës Municipality		51,364	51,364
35	Kurbin Municipality		55,018	55,018
36	Lezha Municipality	312	302,461	302,773
37	Libohova Municipality	10,261	3,446	13,707
38	Librazhd Municipality		39,084	39,084
39	Malësi e Madhe Municipality	303,439	37,576	341,015
40	Maliq Municipality		53,273	53,273
41	Mallakastra Municipality	7,999	17,873	25,872
42	Mat Municipality	30,243	23,732	53,974
43	Memaliaj Municipality		23	23
44	Mirdita Municipality		46,279	46,279
45	Patos Municipality		83,346	83,346
46	Peqin Municipality		18,746	18,746
47	Përmet Municipality	13,554	10,964	24,519

No.	Naming of the entity or topic	Expenses	Income	Total
48	Pogradec Municipality		93,306	93,306
49	Poliçan Municipality	2,652	6,302	8,954
50	Përrenjas Municipality	1,634	25,961	27,596
51	Puka Municipality	277	2,992	3,269
52	Pustec Municipality		3,675	3,675
53	Roskovec Municipality	104,355	37,305	141,660
54	Rrogozhina Municipality		50,822	50,822
55	Selenice Municipality	11,942	514,396	526,338
56	Shijak Municipality	1,000	2,185	3,185
57	Shkodra Municipality	3,219	301,965	305,184
58	Skrapar Municipality		89,236	89,236
59	Tepelena Municipality		47,264	47,264
60	Tropoja Municipality	4,373	40,134	44,507
61	Vau i Dejës Municipality		83,545	83,545
62	Vau i Dejës Municipality, audit of the year 2024	36,847	240,429	277,275
63	Vora Municipality		83,624	83,624
64	General Directorate of Financing and Contracting for EU, WB and other Donor Funds	5,757		5,757
65	General Directorate of Roads and Public Lighting	14,802		14,802
66	General Directorate of Taxation	216,523		216,523
67	Compulsory Health Care Insurance Fund	114,647		114,647
68	Compulsory Health Care Insurance Fund and the Directorate of University Hospital Services	10,767	449,807	460,574
69	Social Insurance Institute (SII)	322		322
70	Institute of Statistics (INSTAT)	5,300		5,300
71	Shipbuilding and Repair Yard and the Ministry of Defense	25,589		25,589
72	Commissioner for the Right to Information and Personal Data Protection	7,955		7,955
73	Central Election Commission	13,590	42,925	56,515
74	On the audit of compliance in mutual obligations in APC, EDO and TSO	635,197		635,197
75	Ministry of Interior	86,026		86,026
76	Ministry of Finance	651,511		651,511
77	Ministry of Defense	21,442		21,442
78	Ministry of Tourism and Environment - National Water Supply and Sewerage Agency - Municipality of Vlora	31,704		31,704
79	Construction of the Regional Integrated Waste Management Center in Sherishte, Vlora			
80	Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development "On the compliance of the implementation of the project Environmental Services"	107,471		107,471
81	Construction of the 400 kV Transmission Line Albania - Kosovo; 400 kV Line Albania - Macedonia"; Construction of the 220 kV Tirana - Rrashbull Double Circuit Transmission Line and the 110 kV Tirana Ring Road, Lot 1 & 2".	884,544		884,544
82	Transmission System Operator JSC	10,171		10,171
83	For the concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company	63,976	62,756	126,732
84	On hydrocarbon agreements in the Republic of Albania		1,984,614	1,984,614
85	Elbasan County Prefecture	2,400		2,400
86	Shkodra County Prefecture	982		982
87	Tirana County Prefecture	11,843		11,843
88	Albanian Radio Television - General Directorate	164,840	75,681	240,521
89	Albanian Radio Television - Organization of the 62nd National Song Festival	14,851		14,851
90	"Memorial" Regional Hospital, Fier	28,857		28,857
91	Regional Hospital, Elbasan	47,375		47,375
92	Water supply - Sewerage, Elbasan	1,021,633	18,050	1,039,683
Total		6,576,853	7,648,646	14,225,499

ANNEX 6: Evidence of deficiencies in control activity with a negative impact on tax and customs revenues
Në 000 lekë

No.	Entity/Topic	Income	Total
1	Kakavija Customs Branch	87,073	87,073
2	Tirana Customs Branch	889,636	889,636
3	General Directorate of Customs	91,823	91,823
4	Regional Tax Directorate, Fier	465,352	465,352
5	Regional Tax Directorate, Vlora	223,665	223,665
Total		1,757,548	1,757,548

ANNEX 7: Evidence of Recommended Disciplinary Measures

No.	Naming of the entity or topic	Law No. 152/2013 dated 30.05.2013 "For the Civil Servant" Article 58, letters (a,b,c,ç)	With the Labor Code and the Collective or Individual Labor Contract	According to the legal framework of the respective institution	Total
1	"Financial support for excellent students and civil servants of the state administration (Excellence Fund)"	28			28
2	National Agency of Natural Resources	5			5
3	Energy Efficiency Agency	12			12
4	Agency for Agricultural and Rural Development "On information technology systems"	2	2		4
5	Regional Environmental Agency Fier, Vlora, Gjirokastra	25			25
6	Guarantees and Non-Repayable Loans Management Agency			3	3
7	Academy of Sciences	7			7
8	Security Academy		7	1	8
9	Albcontrol JSC		11		11
10	Competition Authority	5			5
11	Financial Supervisory Authority		1		1
12	Belsh Municipality	1			1
13	Berat Municipality	13	3		16
14	Bulqiza Municipality	1			1
15	Cërrik Municipality	4	2		6
16	Delvina Municipality	1			1
17	Devoll Municipality	8			8
18	Dimal Municipality	10			10
19	Divjaka Municipality	1			1
20	Dropull Municipality	6			6
21	Durrës Municipality	40	5		45
22	Fier Municipality	7			7
23	Finiq Municipality	1			1
24	Fushë Arëz Municipality	1			1
25	Gjirokastra Municipality	1			1
26	Gramsh Municipality	1			1
27	Has Municipality	9			9
28	Himara Municipality	11			11
29	Kamza Municipality	35			35
30	Kamëz Municipality, audit of the year 2024	6			6
31	Kavaja Municipality	10	1		11
32	Këlcyra Municipality		13		13
33	Klos Municipality	1			1
34	Kolonja Municipality	3			3
35	Konispol Municipality	4			4
36	Korça Municipality	39	1		40
37	Kruja Municipality	21			21
38	Kuçova Municipality	1	1		2
39	Kukës Municipality	10			10
40	Kurbini Municipality	7			7
41	Lezha Municipality	2			2
42	Libohova Municipality	4			4
43	Librazhd Municipality	6			6
44	Malësi e Madhe Municipality	15	1		16
45	Maliq Municipality	15			15
46	Mallakastra Municipality	3			3
47	Mat Municipality	3			3
48	Memaliaj Municipality	1			1
49	Mirdita Municipality	7	1		8
50	Patos Municipality	8			8

No.	Naming of the entity or topic	Law No. 152/2013 dated 30.05.2013 "For the Civil Servant" Article 58, letters (a,b,c,ç)	With the Labor Code and the Collective or Individual Labor Contract	According to the legal framework of the respective institution	Total
51	Peqin Municipality	1			1
52	Përmet Municipality	3			3
53	Pogradec Municipality	2			2
54	Poliçan Municipality	11			11
55	Përrenjas Municipality	9			9
56	Puka Municipality	5			5
57	Pustec Municipality	2			2
58	Roskovec Municipality	8			8
59	Rrogozhina Municipality	7	2		9
60	Selenice Municipality	7			7
61	Shijak Municipality	5	7		12
62	Skrapar Municipality	28			28
63	Tepelena Municipality	1			1
64	Tropoja Municipality	5			5
65	Vau i Dejës Municipality	33			33
66	Vorë Municipality	12	2		14
67	Tirana Customs Branch	39	12		51
68	Kakavija Customs Branch	1			1
69	General Directorate of Customs	12	14		26
70	General Directorate of Financing and Contracting for EU, WB and other Donor Funds	1			1
71	General Directorate of Roads and Public Lighting	1	1		2
72	General Directorate of Taxation	2	1		3
73	Regional Tax Directorate, Fier	21			21
74	Regional Tax Directorate, Vlora	1			1
75	Compulsory Health Care Insurance Fund	32			32
76	Compulsory Health Care Insurance Fund and the Directorate of University Hospital Services		1		1
77	Social Insurance Institute (SII)		58		58
78	Institute of Statistics (INSTAT)	12			12
79	Shipbuilding and Repair Yard and the Ministry of Defense	15	9		24
80	Commissioner for the Right to Information and Protection of Personal Data	4			4
81	Central Election Commission	1			1
82	Ministry of Interior	1			1
83	Ministry of Finance	1			1
84	Ministry of Defense	1			1
85	Ministry of Tourism and Environment and the Agency for Agricultural and Rural Development "On the compatibility of the implementation of the Environmental Services project"	1			1
86	Transmission System Operator JSC		13		13
87	For the concession of the legal control service of measuring instruments, through the verification of fuel and liquefied gas distribution instruments and the approval of the bonus in the competitive procedure granted to the company	2			2
88	For hydrocarbon agreements concluded in the Republic of Albania	2	10		12
89	Elbasan County Prefecture	10		4	14
90	Fier County Prefecture	6			6
91	Korça County Prefecture	14		1	15
92	Shkodra County Prefecture	3			3
93	Tirana County Prefecture	5			5
94	Vlora County Prefecture	6		1	7
95	Albanian Radio Television - General Directorate		24		24
96	"Memorial" Regional Hospital, Fier		16		16
97	Regional Hospital, Elbasan		14		14
98	Water supply - Sewerage, Elbasan		16		16
Total		734	249	10	993

ANNEX 8: Evidence of Recommended Administrative Measures

No.	Entity/Topic	Total
1	Security Academy	1
2	Berat Municipality	9
3	Fier Municipality	17
4	Kolonja Municipality	6

No.	Entity/Topic	Total
5	Kruja Municipality	6
6	Malësi e Madhe Municipality	2
7	Mallakastra Municipality	5
8	Patos Municipality	2
9	Përrenjas Municipality	2
10	Shijak Municipality	2
11	General Directorate of Customs	1
12	Compulsory Health Care Insurance Fund	2
13	Compulsory Health Care Insurance Fund and the Directorate of University Hospital Services	1
14	Constitutional Court	1
15	Ministry of Defense	3
16	Transmission System Operator JSC	1
17	Elbasan County Prefecture	1
18	Tiran County Prefecture	1
19	"Memorial" Regional Hospital, Fier	1
20	Regional Hospital, Elbasan	2



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