



Monthly newsletter

January 2025



ALSAI successfully concludes SECO project. 3 pilot audits for concession and PPP contracts are carried out

In the framework of the closing of the project "Strengthening External Audit Oversight for Concessions and Public Private Partnerships (PPP) in Albania", funded by the State Secretariat for Economic Affairs (SECO) of Switzerland, on December 23, 2024, at the premises of the "Plaza" hotel in Tirana, the closing ceremony was organized.

The Deputy Swiss Ambassador, Mr. Philipp Arnold, the management staff of the ALSAI, the auditors involved in the pilot audits, as well as experts from civil society were invited to the event.



In his speech, the Deputy Swiss Ambassador emphasized the importance and successful progress of cooperation with the ALSAI in the field of auditing concessions/PPPs, as a valuable contribution to the audit of public funds management. This cooperation has contributed to the improvement of audit techniques, as well as to the further increase of the ALSAI's capacities.



The ALSAI representatives emphasized that the fruitful cooperation within the framework of this project has laid the foundation for further cooperation, to ensure the continuation of capacity building in this field and beyond, thus supporting the sustainable development of the public sector in Albania.

The Concessions/PPP Audit Manual was also presented at this meeting, as a valuable document that presents all the audit processes and techniques used for the audit of concession/PPP contracts, as identified by best practices and recommended by the International Organization of Supreme Audit Institutions (INTOSAI).

Statistics



122 finalized audits in 2024

11 finished audits in December 2024

47 audits are in process

106 audit reports are published in the web



Project “Strengthening External Audit Oversight for Concessions and Public Private Partnerships in Albania”, funded by the Swiss State Secretariat for Economic Affairs (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 Supreme Audit Institution of Albania.

This project aimed to strengthen accountability in the use of public funds by promoting oversight and avoiding corruption in the drafting and implementation of concession and PPP contracts in Albania.

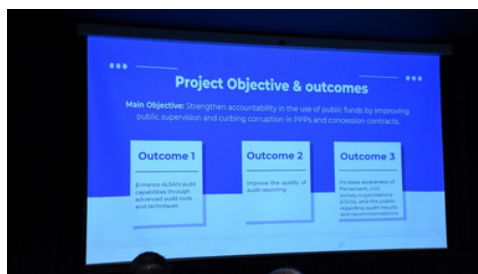
The monitoring and implementation of the project was carried out by the Project Implementation Unit, composed of Ms. Valbona Gaxha, Ms. Aulona Jonuzi, Ms. Joana Troqe, Ms. Xhesila Nano and Mr. Rodjan Alimerkaj. Through this project, the ALSAI successfully implemented the products and activities foreseen in the Agreement, as follows:

1. Conducting 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.

2. Drafting of the “Manual for the Audit of Concessions and PPPs” which reflects the experience gained during the conduct of 3 pilot audits, accompanied by the necessary training.

3. Study visit to the Turkish Court of Account with the aim of exchanging knowledge in the field of concessions, where about 20 ALSAI auditors learned from the expertise of colleagues in this field.

4. Organizing the themed activity “The role of external audit in avoiding corruption in concessions and PPPs” which also coincided with the finalization of this entire almost 4-year work, 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). The results of the project were presented at this meeting.



The ALSAI audited the following concession contracts:

(i) “Financing, establishment and operation of **container and other vehicle scanning service** in the Republic of Albania and the scanning service fee”.

(ii) “Granting by concession of **legal control service for 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.

(iii) Hydrocarbon agreements.



“**The SECO** project aimed to strengthen accountability in the use of public funds by promoting oversight and avoiding corruption in the design and implementation of concession and PPP contracts in Albania.”

THE CHAIRMAN OF THE ALSAI, MR. ARBEN SHEHU, HELD A MEETING WITH THE REPRESENTATIVE OF THE GUARDIA DI FINANZA, MR. GIAMPIERO CARRIERI.



Mr. Shehu in the meeting with Mr. Carrieri

The Chairman of the Albania Supreme Audit Institution, Mr. Arben Shehu, held a meeting at the premises of the Albania Supreme Audit Institution with the representative of the Guardia di Finanza, Colonel Giampiero Carrieri, expert for Albania, Kosovo and Montenegro at the Embassy of Italy in Tirana. The meeting discussed the institutional cooperation to date and the joint commitment between the Albanian Supreme Audit Institution and the Guardia di Finanza. The meeting also set priorities for the joint work between the two institutions for 2025.

The ALSAI conducts a study visit to the Turkish Court of Accounts for the exchange of experiences in the audit of concession contracts and PPPs



Within the framework of the implementation of the final phase of the project “Strengthening External Audit Oversight for Concessions and Public Private Partnerships (PPP) in Albania”, financed by the State Secretariat for Economic Affairs (SECO), 20 auditors from the Albanian Supreme Audit Institution (ALSAI) visited the Turkish Court of Accounts (TCA) on 3 and 4 December.

The delegation of auditors was welcomed by the President of the TCA, Mr. Metin Yener, who welcomed the meeting on the second day of the proceedings.



The purpose of this study visit was to exchange the experience of the TCA in auditing concession contracts and public private partnerships (PPPs).

According to the jointly approved agenda, the ALSAI auditors presented the project products to their colleagues through presentations of the methodology created and the three audit results carried out with the assistance of external experts, as well as being introduced to their experience and methodology in auditing concession contracts.

To further concretize this expertise, a visit was held with all representatives to the “Etilik” hospital city, one of the three largest hospitals in the world, as one of the largest concession contracts of public-private partnership in Turkey, in the third year of its implementation.



Fuel marking concession contract audited

The ALSAI has audited the compliance of the implementation of the concession contract for "Fuel Marking" at the Ministry of Finance and Economy. The audit resulted in the following findings:

- The unsolicited proposal for the concession of this service does not appear to have been based on the strategic priorities of the government for the period in question up to the moment of the proposal for the concession of this service. Also, a study with the necessary cost-benefit analysis was not carried out by the relevant structures, to predict the respective costs of this service, to identify whether this project was affordable for the state budget and to assess the protection of consumer interests regarding the quantity, quality and level of the tariff applied for this fuel marking service.
- The contract did not provide for penalties for the concessionaire in cases where the marking and monitoring services provided are not in accordance with the technical offer, the requirements and criteria set out in the DSK.
- Referring to the data of the Financial Statements, it results that the realization of investments is at the rate of 68%, in contradiction with the Council of Ministers No. 200, dated 13.03.2013 "On the approval of the concession contract, for the marking and monitoring service of fuels".
- The audit team conducted a field verification on the implementation of the contract, where it was found that the marking process is completely manual, the steps followed by the GFI operators to carry out the marking process are not according to the procedure specified in the contract, the proper concentration of the marker in the fuel is not guaranteed (homogenization does not occur), and no tests are carried out or samples are taken to verify whether the concentration of the marker is according to the norms specified in the agreement.



IT Systems audit at the NANR

The ALSAI conducted an audit of the Information Technology systems at the National Agency for Natural Resources (NANR), for the period of activity 01.01.2021-31.12.2023.

The audit resulted in the following:

-The information system for the administration and monitoring of the activity of mining concessions and permits on the natural resources of the Republic of Albania (Revzone), as well as the license and concession management system (GIS) have deficiencies that affect the smooth running, use and continuity of their functioning. Despite the efforts and investments in the field of technology, the situation at NANR in this regard is not consolidated compared to the investments made, given the fact that the development of the systems over the years has not been developed according to a long-term strategic planning.

-The "Revzone" system does not have the necessary mechanisms for input control, increasing the risk of populating the system with data that exceeds the deadlines for declarations that entities must make, as well as duplicating information, and consequently issuing incorrect reports.

ALSAI, part of INTOSAI's joint global audit on climate change

The audit "Implementation of the National Climate Change Adaptation Plan" was conducted within the framework of the joint global audit on "Climate Change Adaptation Actions", initiated by IDI and INTOSAI WGEA



As part of the joint global audit on "Climate Change Adaptation Actions" initiated by the INTOSAI Development Initiative (IDI) and the INTOSAI WGEA (INTOSAI Working Group on Environmental Audits), the ALSAI has completed the performance audit on the topic of "Implementation of the National Climate Change Adaptation Plan".

Audit message

Over the past two decades, the challenge of climate change has been faced with an approach of shared responsibility at the international level. This includes efforts to increase adaptation measures to combat the harmful impacts of climate change that are already inevitable. Through the drafting of the "National Adaptation Plan", the Ministry of Tourism and Environment aims to take successful measures to respond to climate change. However, despite the priority actions set, the Ministry of Tourism and Environment has not played a proactive role in adhering to the comprehensive, integrated approach to the climate change adaptation 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 finance in Albania is heavily dependent on the international community and donors. It is therefore important that the Ministry of Tourism and Environment takes measures to make the climate change adaptation process more effective, ensuring the implementation of measures and the learning of lessons on a periodic basis.

Audit on the Ministry of Interior

The ALSAI has conducted a compliance and financial audit at the Ministry of Interior, for the period of activity 01.01.2021-31.12.2023. Among the main findings from the audit are:

1. From the audit of the expenditure order on electricity payments, it was found that the Ministry of Interior has incurred a liability of 136,142,855 ALL, which consists of the value of unliquidated invoices in the amount of 67,516,013 ALL and arrears interest in the amount of 68,626,842 ALL, for which the institution has concluded an agreement for the total amount proposed to be paid in 60 instalments.

2. The audit found that in addition to the negative financial effect of the settlement of court decisions for those unjustly dismissed from work and their failure to integrate them into the current organizational structure of the Ministry of Interior, another costly consequence for the state budget is the obligation generated by the reassessment of the monthly payroll with these winning courts over the years as a result of the prolonged legal proceedings. From the verification of the arrears declared in the financial statements with those in the C@TS tax system, it is found that the Ministry of Interior has obligations in social security and health insurance contributions (until 06.03.2024), in the amount of 17,399,158 ALL. Based on the above, the audit group verified the "age" of the debt in this type of tax as well as the reason for these high values, where only fines and interests are 10,828,310 ALL.

3. The audit found that the property with an area of 28,452 m² where the former Center for Services and Administration of Transport Vehicles (CSATV), an institution under the auspices of Ministry of Interior, operated, within a period of 24 hours, without a prior study and assessment of the complaint received from citizens, in relation to the interests of the Ministry of Interior and the important function that CSATV has in the administration and repair of vehicles of the Ministry of Interior and the GDSP, respectively passed into the ownership of the MoFE with a total area of 4,122 m² (7 times smaller than the area in which CSATV operated), under the management responsibility of the Ministry of Interior, in order for CSATV to be relocated to this property.



The environment where CSATV currently carries out its activities

The property alienation procedure was carried out outside any time limit provided for in the legal and sub-legal provisions in force, although there was no emergency for the initiation of this draft act, where the approval of the DCMs would require a minimum of 10 calendar days from the proposal to the approval of the draft act, which is the responsibility of the MoFE and the Mol.

4. The unstudied process of property alienation has brought financial implications for the state budget, use of budget funds according to DCM no. 980, dated 02.12.2020 "On the use of the reconstruction fund for financing the design, implementation of works, supervision and approval of the Center for Services and Administration of Transport Vehicles", in the amount of 259,699 thousand ALL, outside the destination approved by the legislator and as a result has been accompanied by delays in the reconstruction process and the timely correction of the effects of the natural disaster. Changing the destination of reconstruction funds from the MoFE, in the amount of 259,699 thousand ALL and their use for other purposes that are not related to the correction of the consequences of the earthquake, is an ineffective, inefficient and uneconomical management of state budget funds.

Audit at the Pashaliman Shipbuilding and Repair Yard

The Albanian Supreme Audit Institution has completed the audit of the "Shipbuilding and Repair Yard, Pashaliman" and the Ministry of Defense.

-The audit results that one of the most important assets of this enterprise, the "Kosjakova" ladder together with the underwater rail line was built in 1969 and the depreciation of this ladder on 31.12.2023 is in the amount of 91,421,173 ALL and the remaining value is in the amount of 41,391,341 ALL or 31%, i.e. highly depreciated.

The initial value determined by the appraisal experts in 2015 is in the amount of 120,378,876 ALL. The year of production of this platform, the technical condition and depreciation over the years make the work activity of the KNRA conditional and at risk for extraordinary events. The failure of the ladder, in addition to endangering life and property, removes all the vessels of the Armed Forces from operational readiness.

- The audit found that the Naval Force Command, referring to the obligations arising from the order of the Chief of the General Staff of the Armed Forces "On the plan for docking and repair of naval equipment"

and the Secretary General's letters on the approved detailed budget, has not entered for repair/docking in the KNRA all the planned and approved vessels according to the schedule.

It results that from 2016 to 2023, 49 vessels have not been brought to the dock for docking/repair. The failure to go out for repair of 49 vessels has negatively affected the collection of income and the financial position of the enterprise in an amount of 87,193,861 ALL excluding VAT.

- The audit finds that the depreciation calculated for buildings and machinery reflected in the balance sheet has brought a negative financial result for the KNRA for all years of the operating period since the establishment of the company. The accumulated depreciation from 2015 to 2023 is in the amount of 574,988,878 ALL.

The Shipbuilding and Repair Yard, Pashaliman has under its administration 148,860 m² of land valued at 823,195,800 ALL, constructions and installations valued at 637,773,954 ALL. There are 13 buildings that are out of use (not used for the company's activities). Of these, four buildings are owned by the KNRA, while the rest are used by the Turkish garrison, according to an agreement with the Naval Force Command that preceded the establishment of the KNRA, an agreement about which the KNRA is not aware.

Findings from the audit at the Tirana Customs Branch

The ALSAI has completed the compliance audit at the Tirana Customs Branch, for the period 01.01.2022 to 31.12.2023. Among the main findings from the audit are:

The audit conducted at the Tirana Customs Branch resulted in deficiencies and irregularities in the import customs procedures according to the agreements in force related to the reduced customs tariff; incorrect application of the elements of the value of goods for customs valuation purposes; transport valuation procedure for customs valuation purposes not in accordance with the legal framework in force; tariff classifications not in accordance with the nomenclature of goods in the Republic of Albania; cases where for some entities the values of imported items were declared and treated with a transaction even though the attached documentation does not meet the conditions to be treated as such; non-unified revaluations for the same items; declarations of prices of finished products below the price of raw materials, customs duties for the national TAM tax on plastic packaging, the national tax on whey, milk cream, and excise duty.

During the customs activity of the RPA type economic regimes, it was found that the value of the goods and the value of the declared transport costs were very low and for which revaluations of customs duties were calculated with effects on customs revenues in the state budget. Problems were also found with their control for verifying the utilization coefficient of various goods or violations of deadlines during their activity. Regarding the transit regime, deficiencies were found regarding the failure to record and document justified delays or incidents and the measures taken for customs supervision, as well as the failure to penalize entities for not respecting the time limit for arrival at the customs of destination. Deficiencies were found in the legal documentation of the type "Veterinary Certificate" for imported animal products, and the accompanying document of the type "Analysis Report", "Phytosanitary Certificate", "Health Certificate", "Certificate of Origin" for ready-made food products.



Audits in ART:

For the year 2022 and the first 6 months of 2023, Albanian Radio Television (ART) has developed 27 shows, in which 91 ART employees have been engaged and has spent 28,149,936 ALL on salaries and 27,535,060 ALL on honoraria for these employees, a total of 55,684,996 ALL. 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 salary and remuneration relations with ART employees. The value of 27,535,060 ALL constitutes economic damage to ART and the state budget and must be compensated.

"61st Song Festival"

ART, for the artistic project "61st Song Festival" has spent on its employees, in addition to their monthly salary, the amount of 3,153,001 ALL, creating a legal relationship of 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, as well as a double standard, in the relations of salaries and rewards with ART employees. The amount of 3,153,001 ALL constitutes economic damage to ART and the state budget and must be compensated.

"62nd Song Festival"

Throughout the hierarchy of actions for the realization of the "62nd Song Festival", there is no complete transparency and documentary evidence, such as in the drafting of the project, the determination of human resources (including the jury, guests, artistic and administrative staff, production staff), the determination of relevant costs and fees, the appointment of participating operators for their realization with the relevant costs (including accommodation).

The negative financial effect in the total value of 4,106,663 ALL excluding VAT constitutes the use of public funds without economy, efficiency and effectiveness by ART.

The Commissioner for the Right to Information and Personal Data Protection is Audited

The ALSAI has audited the Commissioner for the Right to Information and Personal Data Protection (CRIPDP), for the period 01.01.2021-31.12.2023.

The main findings from the audit are:

In the audited decision-making practices of the CRIPDP in the field of personal data protection, the audit group has found 6 cases of non-completion of the initiated administrative procedure, 2 cases in which the Commissioner did not express an opinion on the incomplete verifications of the inspection group, 4 cases without a final decision on the administrative violations found for which the legislation provides for an administrative fine.

In the audited decision-making practices of the CRIPDP in the field of the right to information, the audit team found irregularities in the procedure for determining administrative offenses and in the content of the documentation accompanying the Commissioner's decision-making.

The CRIPDP Office has not drafted an internal regulation/manual regarding the definition of requirements, methods followed for the procedures for determining and reviewing administrative offenses, identifying responsibilities, and recording the work of the parties involved in the process.

The Commissioner of the CRIPDP Office for the three years under audit has granted financial rewards to staff, including himself, without withholding and calculating tax on the income received for the years 2022-2023, in violation of tax legislation.

The Commissioner of the CRIPDP Office has granted the qualification allowance to himself and the 2 general directors, without meeting the criteria set out in the relevant by-law, with retroactive effect from the date of commencement of the benefit of this allowance, also creating an arrears obligation, which has not been recorded in the financial statements of the institution and in the structure responsible for the Treasury in the branch, in violation of the relevant by-laws.

For the period under audit, all contracts for public works, goods and services on behalf of the Office of the CRIPDP were signed by the Director of Internal Services and Finance, simultaneously the Executive Officer, in violation of the legislation on the management of the budgetary system and financial management and control.

Irregularities were found in the public procurement procedures carried out by the Office of the CRIPDP, in the phase of determining the specific criteria for qualification, reviewing and evaluating the offers and implementing the contracts.



Cooperation between the ALSAI and the European Court of Auditors, a 10-year success story

One of the longest-standing collaborators of the Albania Supreme Audit Institution is undoubtedly the European Court of Auditors – the Guardians of the EU's Finances.

As an active member of INTOSAI and EUROSAI, in full compliance with all international principles and standards of inter-institutional cooperation, the ALSAI continues, among other things, since 2014, to strengthen successful cooperation with one of the 5 most important institutions of the European Union.

For more than a decade, auditors from different departments of the ALSAI, through successful application procedures, have managed to be an active part of the ECA structures through 5-month internships. This consolidated practice continues to create a generation of new auditors, who further transmit 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 the SAIs of candidate and potential candidate countries for the EU, of which the ALSAI is also a part.

There are more than 17 auditors integrated through internships at ECA for the decade 2014-2024 and currently 5 auditors from the Albanian Supreme Audit Institution are also following this practice at this institution. This valuable experience is continuing for the year 2025 with the confirmation of participation with other auditors.

Cooperation between the Supreme Audit Institutions (SAIs) of the European Union and the European Court of Auditors (ECA) mainly takes place within the framework of the Contact Committee structure. This structure consists of the Contact Committee itself, composed of the heads of the EU SAIs and the ECA, as well as the LOs (Liaison Officers, Coordinators), who provide an active network of professional contacts across Europe, as well as working groups, networks, on specific audit topics.

Cooperation with SAIs of candidate and potential candidate countries for the EU

The Contact Committee promotes and facilitates cooperation between candidate and potential candidate countries and the SAIs of the EU Member States through several initiatives, most of them in the framework of the Network of SAIs of candidate and candidate countries and the ECA. In addition to the participation of the heads of these SAIs and LOs in the meetings of the Contact Committee as observers, the Joint Working Group on Audit Activities (JWGAA), the successor to the former Contact Committee Working Group on Candidate Countries, promotes cooperation activities on a practical scale.

WASHINGTON DC 2024

The ALSAI, part of the Fellowship in Government Accountability Office



The ALSAI participated in the International Auditor Fellowship Program, organized by the Government Accountability Office (GAO) in Washington DC, during the period 17 April 2024 to 12 July 2024 and was represented by Mr. Rigels Guzi, auditor at the State Budget Audit Department. The engagement in this activity, which aims to increase the capacities of supreme audit institutions around the world, was made possible after the competitive selection process to deepen knowledge on the proposed topic "Auditing fraud, waste and abuse, and the use of data analysis as an example of best practices".

Other supreme audit institutions from other countries of the world also participated in this Government Accountability Office venture and the group that engaged in this experience included representatives from 16 other countries (Brazil, India, Kosovo, etc.). The audit capacity building was planned to be achieved through an intensive training program provided by the Government Accountability Office's top leaders in areas ranging from leadership and change management to concrete examples of the audit engagement process at GAO.

At the end of the program, representatives of the participating audit institutions were provided with the relevant certificates. A meeting with the GAO Comptroller General, Mr. Gene Dodaro, was also held at the graduation ceremony organized for this occasion.

The ALSAI holds workshop on Integrity: Not just a week..., but a way of life



The ALSAI participates in the VII DEA SG2 EUROSAT workshop in Lisbon

The VII workshop on the DEA (Data Envelopment Analysis) project, organized by EUROSAT SG2, in cooperation with the National Audit Office of Sweden and the National Audit Office of Norway, took place in Lisbon, Portugal, on 5-6 December 2024. This activity promoted the exchange of knowledge on the use of the DEA method and other advanced forecasting methods, which aim to improve performance audits.

The workshop featured presentations by local and international experts on the application of DEA in the public sector and its combination with other efficiency assessment methods in performance audits, including the identification of key audit questions, data collection methods and their analysis.

The ALSAI was represented at this event by Ms. Aulona Jonuzi, Head of Methodology, Strategic Planning and Professional Development Department, and Ms. Miranda Misini, auditor in this department.

On December 10-13, 2024, the "Integrity Week" workshop was held at the ALSAI under the slogan "Not just a week... but a way of life! We embrace honesty, transparency and accountability, every day!".

The activities organized within the framework of this week emphasized the importance of integrity and ethics in our professional activities, aiming for a qualitative and transparent management of audits.

During this week, various aspects of professional ethics, international standards and audit methodologies were addressed, discussing ways to further improve and guarantee a high attitude towards integrity requirements at every stage of the audit.

The opening speech of the activity was delivered by the Secretary General of the ALSAI, Ms. Valbona Gaxha, who spoke about the importance of integrity in public institutions, emphasizing that it is important to build the trust of the parties through integrity.







The following was the presentation of the topic "Building a Culture of Integrity: Challenges and Opportunities for Auditors" by Ms. Miranda Misini and then the participants were introduced to the Code of Ethics of the Albanian SAI, presented by Ms. Ermira Hoxha.

The following days were followed by activities and presentations, such as: the topic "The Importance of Integrity – Public Institutions in Focus" by Ms. Elira Cukalla; "Professional Ethics and the Role of Auditors in Maintaining Integrity" by Mr. Marlin Muça; "The Importance of Integrity – Public Institutions in Focus" by Mr. Blerin Shkurti, as well as "Review of Integrity Auditing Practices and International Standards" by Ms. Xhuljeta Celaj and Ms. Anjeza Gjoci.

This workshop, with the participation of all ALSAI staff, served as a good practice to engage more deeply in improving audit practices and ensuring high consistency with integrity requirements.

Thank you for reading!

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