



IFIAR 2019 Member Profile – POB

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| <p>1. Jurisdiction</p> | <p>1.1 Insert the name of the jurisdiction in English:</p> <p>Albania</p> |
| <p>2. Member¹</p> | <p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Bordi i Mbikëqyrjes Publike (BMP) Public Oversight Board (POB)</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>Website: http://www.bmp.al</p> <p>Address: Str. Ismail Qemali, AP. Nr. 5, floor 2 Tirane, Albania</p> <p>Key contact:</p> <ul style="list-style-type: none"> • Dritan Fino – Chairman Email: Dritan.Fino@financa.gov.al dritan.fino@bmp.al Tel: +355 68 204 5607 • Aldo Spahiu – Senior Staff Email: aldo.spahiu@bmp.al Mob: +355 67 25 67 869 • Silvana Berdufi - Senior staff Email: silvana.berdufi@bmp.al Mob: +355 69 96 10 229 <hr/> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p>The POB was established in September 2009 according to the Law 10091,</p> |

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



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| | <p>dated 05/03/2009, amended (i.e. Government of Albania law regulating the audit profession in Albania) for the purpose of enhancing the system for the audit oversight and Decision of Council of Ministers (DCM) no.786, dated 09.11.2016 “About the selection procedures and cases of dismissal of members, and rules of organization and functioning of the Public Oversight Board”.</p> <p>The Board carries out the oversight of the profession of statutory auditors and audit firms, either directly, through oversight all statutory auditors and audit firms, as well as through the oversight of the professional organization activity of statutory auditors.</p> <p>The purpose of the public oversight system for statutory auditors and audit firms is to increase the assurance, that statutory audits are carried out in a transparent, controlled, cautious environment, and in the public interest.</p> <p>Board has the following right and duties:</p> <ul style="list-style-type: none"> (a) Prepares the operational regulations of certification and registration authorities of statutory auditors and audit firms, which is sent for approval to the relevant authorities foreseen in this law; (b) Supervise, monitor and evaluates the implementation of the procedures of the certification and registration of statutory auditors and audit firms; (c) Approves the format of public register of statutory auditors and audit firms, registered by Registration Committee and supervise the compliance of the regulations in relation with the identification number of statutory auditors entered in the register; (d) Approves the code of ethics of statutory auditors and audit firms, prepared and proposed by the professional body of statutory auditors and supervises the application of the code requirements; (e) Supervises the quality control process realized by the professional body of statutory auditors; (f) Supervises programs and continuing professional development of statutory auditors; (g) Approves regulations on investigation and disciplinary procedures; (h) Carry out additional investigations on statutory auditors and audit firms, where it is necessary; (i) Analyse and take decision on the candidate’s claims with relation to their registration; (j) Approves and publish its annual working programs and reports on its activities; (k) Analyse and take decisions on disciplinary issues that are under its authority; (l) Analyse and take decisions on other issues or aspects foreseen by this law or in other laws, which are within its scope of activity. <p>2.4 Have there been any major changes to the Member’s organization</p> |
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| | <p>or to the governing legislation since completing last year's Member Profile?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> |
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| <p>Governing Body Composition and members</p> | <p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>Dritan FINO – chairman(non-practitioner) Adriana BERBERI – member (non-practitioner) Luan ABAZI – member (non-practitioner) Klement MERSINI – member (non-practitioner) Edlira LUÇI –member (non-practitioner)</p> <p>Public Oversight Board is composed of five non-practitioner members, who are knowledgeable in the areas relevant to statutory audit, appointed by the Minister responsible for finances and have a 4 year mandate, with the right to be re – elected not more than twice. Board members are selected based on defined criteria and through an independent and transparent competition procedure. The board has a chairman and in accordance to the Law, they set up their own rules of procedure that are subject to approval by the Minister of Finance. The rules for the organization and functioning of the POB are approved by Council of Ministers. The POB itself has the right to set up detailed rules for specified working procedures and issues.</p> <p>The board, in exercising its functions, is assisted by a Technical Secretariat with supervisory and administrative functions. The supervisory function of the Technical Secretariat is in charge of quality assurance control and oversight of the statutory audit profession.</p> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>Members of the board must meet the following criteria:</p> <ul style="list-style-type: none"> a) to have Albanian citizenship; b) to have moral and professional integrity; |

² An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



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| | <p>c) to have not been punished by a final decision;</p> <p>d) to possess, at least, "Master of Science" or equivalent diploma with them, under the High Education Legislation, and 10 years of experience, or a degree or academic title and 7 years of experience in matters of statutory auditing and accounting.</p> <p>e) To not have close ties, up to the second degree, with people in the elected bodies of the professional organization of statutory auditors.</p> <p>As mentioned in the above section, the Board is composed of five non-practitioner members. The head and three members are nominated by the Minister of Finance, one of which must be selected from higher education institutions; One member is nominated by the Parliamentary Committee for Economy and Finance.</p> |
| | <p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| | <p>3.4 If the answer to question 3.3 is "No", is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| | <p>3.5 If the answer to question 3.3 is "No", which safeguards are in place to provide for the Member's overall independence from the audit profession?</p> <p>N/A</p> |
| | <p>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a "cooling-off" period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>Based on the Law no. 10091, dated 05.03.2009 "On statutory audit,</p> |



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| | <p>organization of statutory auditor and certified accountant professions”, amended, non-practitioner is a person who has knowledge in the field of statutory auditing and has not conducted audits and has not been employed or engaged in other forms in an audit company for at least three years before his/her appointment to the position of member of the board, has not had the right to vote in an audit firm, at least for a period of three years before his/her appointment to the position of member of the board and has not been member of the government and/or management of an audit company, at least, for a period of three years, before his/her appointment to the position of member of the board.</p> |
| | <p>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (including in any inspections, committee or panel role)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:</p> <p>All Board members of POB are non-practitioner and neither of them has a management/inspection or other function inside the different professional organizations.</p> <p>The KPAP commission according to the Regulation No. 2 “For the functioning of the professional skills exam Commission and the oversight of the testing process of the candidates for Legal accountants and auditors” adopted by POB: is composed of five members, who are appointed by POB for a four-year period. Two members out of 5 are proposed from the professional organization of statutory auditors.</p> <p>The technical secretariat for organizing the final exam is conducted by the professional organization of statutory auditors under the supervision of the Public Oversight Board.</p> |
| Funding Arrangements | 4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any: |
| | <p>Board’s activity is funded as follows:</p> <p>Own sources of funding as below:</p> <p>a) A Commission of 3 percent on the invoiced fee for each audit in the Public Interest Entities, paid by statutory auditors and audit firms performing audits in Public Interest Entities.</p> <p>b) Other funds generated from the contribution of professional body of</p> |



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| | <p>auditors, which is subject of supervision by Public Oversight Board.</p> <p>c) Fees charged to statutory auditors and audit firms, subject to disciplinary measures to cover the costs of disciplinary procedures, imposed by the Public Oversight Board.</p> <p>d) Surplus funds from the testing process for certified accountants and candidates for statutory auditors.</p> <p>e) Other funds from legal sources and uninfluenced by statutory auditors, including but not limited to grants allocated for quality assurance and oversight of the profession.</p> <p>b) From the State Budget, in accordance with annual budget law.</p> <p>The Board has approved an internal regulation, (Regulation no.1, dated 26.07.2017, "On the revenue collection of POB", where are explained in detail, the manners of the financing of the Board activities.</p> <hr/> <p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>The Board has approved an internal regulation, (Regulation no.1, dated 26.07.2017, "On the revenue collection of POB", where are explained in detail, the manners of the financing of the Board activities, which foresees all the necessary funding resources uninfluenced by the profession, in order to conduct its activity normally.</p> |
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| <p>Inspection System</p> | <p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p> <p>The Public Oversight Board may delegate to the professional organization of statutory auditors the conduction of the quality assurance of non-PIE audits. This organization has to report every year to POB regarding to the results of the quality assurance system.</p> |



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| | <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The quality assurance review shall take place on the basis of an analysis of the risk, however, such a review is done at least once every three years for statutory auditors and audit firms that perform audits of Public Interest Entities and once every six years for auditors and audit firms that perform audits other entities. For statutory auditors who have less than 5 years of experience, the quality assurance review is made once every two years, until the required level of experience is reached.</p> |
| <p>Audit and Financial Market</p> | <p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</p> <p>In total, there are 16 audit firms and 49 sole practitioners subject to inspection from POB. The new decision of council of minister’s no. 17 date 16 January 2019, defines the entities that constitute “PIE’s”. As per the decision there are approximately 600 PIE’s from which, 69 entities are financial institutions (banks and non-banks). The oversight responsibilities for the audits of PIE’s remain with POB. Over 1,300 entities are non-PIE entities, whose audits fall under the POB oversight but which may be delegated to IEKA.</p> <p>For the year 2018, 10 audit firms/sole practitioners were subject to review/inspection. The number of audit files (PIE and non-PIE) which are reviewed is 15 (12 PIE and 3 non PIE audit engagements).</p> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</p> <p>The largest audit firms (9 largest firms) account for about 78% of the public interest companies audit market.</p> <p>*More detailed information on market share of individual audit firms will be provided next year.</p> |
| <p>Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</p> | <p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Registration/Licensing <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other: Certified Accountant <p>Board has the following right and duties:</p> <p>(a) Prepares the operational regulations of certification and registration authorities of statutory auditors and audit firms, which is sent for approval to the relevant authorities foreseen in this law;</p> |



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| | <p>(b) Supervise, monitor and evaluates the implementation of the procedures of the certification and registration of statutory auditors and audit firms;</p> <p>(c) Approves the format of public register of statutory auditors and audit firms, registered by Registration Committee and supervise the compliance of the regulations in relation with the identification number of statutory auditors entered in the register;</p> <p>(d) Approves the code of ethics of statutory auditors and audit firms, prepared and proposed by the professional body of statutory auditors and supervises the application of the code requirements;</p> <p>(e) Supervises the quality control process realized by the professional body of statutory auditors;</p> <p>(f) Supervises programs and continuing professional development of statutory auditors; (g) Approves regulations on investigation and disciplinary procedures;</p> <p>(h) Carry out additional investigations on statutory auditors and audit firms, where it is necessary;</p> <p>(i) Analyse and take decision on the candidate’s claims with relation to their registration;</p> <p>(k) Analyse and take decisions on disciplinary issues that are under its authority;</p> <p>(l) Analyse and take decisions on other issues or aspects foreseen by this law or in other laws, which are within its scope of activity.</p> |
| | <p>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>In order to tests the candidates for statutory auditors, concerning the final exam, the Public Oversight Board establishes the Professional Skills’ Exam Commission. This Commission is composed by 5 members, appointed by Minister of Finance, proposed by: professional organizations or NAC, universities, professional organizations of statutory auditors and the chairman from the Ministry of Finance. The functioning regulations of the Professional Skills’ Exam Commission shall be drafted and approved by the Public Oversight Board. The regulations and procedures of the tests and the system of the evaluation of each discipline are proposed by the professional organization of statutory</p> |



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| | <p>auditors and approved by the Public Oversight Board.</p> <p>The professional organization of statutory auditors shall establish a committee for the application of registration procedures in the public register of statutory auditors, national and foreigners, of the auditing firms, be them national or foreign. Detailed rules on functioning of the Registration Committee as well as the procedures for taking decisions and approving the registration shall be drafted by the professional organization of statutory auditors and shall be approved by the Public Oversight Board.</p> |
| | <p>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The professional body of statutory auditor ensures that its members are subject of the regulations foreseen by the Code of Ethics of statutory auditors, which is drafted in conformity with the Code of Ethics for professional Accountants of International Federation of Accountants. The Board approves the code of ethics.</p> |
| | <p>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>Statutory auditors are subject of continuing professional training, which is compulsory and last at least 40 hours per year. The professional body of statutory auditors determines periodicity of continuing professional developments.</p> <p>In addition to the professional body of statutory auditor, training for</p> |



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| | <p>continuing professional developments is organized by: institutions of higher education, other professional training centres properly equipped with facilities and staffs for ensuring a qualitative training that complies with the approved continuing professional development programs and audit firms, which have enough facilities and staff for organizing training of their employees. These organizations have to inform POB before conducting this activity.</p> <p>The professional organization of statutory auditors shall propose for approval to the Public Oversight Board the regulations for the continuous qualification, containing suitable sanctions starting with a penalty and going as far as removing the right to exercise the profession for up to three years for failure to meet the continuous education requirements.</p> <p>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The competent body for imposing disciplinary measures is the Public Oversight Board.</p> <p>The Commission for Disciplinary issues that operates at the professional body of statutory auditors, or any other person, who makes aware of the cases that are not in conformity with this law provisions or other secondary laws and regulations issued following this law, is entitled to write to the Board, making available all the relevant documents that prove for the infringement.</p> <p>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</p> <p>The activities of the Board are related with the approval of certified accountant title. These accountants are part of the test of the Professional Skills' Exam Commission. The functioning regulations of the Professional Skills' Exam Commission shall be drafted and approved by the Public Oversight Board. The regulations and procedures of the tests and the system of the evaluation of each discipline are proposed by the professional organization of statutory auditors and approved by the</p> |
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| | <p>Public Oversight Board.</p> |
| <p>Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p> | <p>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</p> <p>No</p> |
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| <p>Major Events and Activities</p> | <p>9.1 Describe any recent major events and activities:</p> <p>December 2015 Fourth inspection of Audit Firms finalized by the POB</p> <p>From 2015 – December 2019 Enhancing quality of financial reporting project of World Bank.</p> <p><i>2016</i> Law no. 10091, dated 05.03.2009 “On statutory audit, organization of statutory auditor and certified accountant professions,” is amended.</p> <p><i>November 2016</i> It is approved the Decision no. 786, dated 09.11.2016 “ABOUT THE SELECTION PROCEDURES AND CASES OF DISMISSAL OF MEMBERS, AND RULES OF ORGANIZATION AND FUNCTIONING OF THE PUBLIC OVERSIGHT BOARD ” are defined the criteria and transparent procedures of selection, appointment and dismissal of the members of Public Oversight Board and the rules of the board functioning, in order to ensure the professionalism, independence and high moral integrity of Board members.</p> <p><i>March 2017</i> New chairman and members of the Board are mandated with the Order of the Minister of Finance no. 27, dated 24.03.2017.</p> <p><i>July 2017</i> It is approved:</p> <ul style="list-style-type: none"> • the Statute of the Public Oversight Board. • the Regulation “On the revenue collection of the Public Oversight Board” • the annual work plan of the Public Oversight Board. |



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| | <p><i>February 2018</i> It is approved:</p> <ul style="list-style-type: none">• the regulation of the professional skills examination Commission.• the regulation “On some amendments and additions on regulation no. 1, dated 26.07.2017 “ On the revenue collection of the Public Oversight Board”• the Budget of the POB for year 2018. <p><i>March 2018</i> It is approved:</p> <ul style="list-style-type: none">• the regulation of the “Organisation and function of the Technical Support Structure of POB”.• the regulation for “The investigation and the procedures for disciplinary measures” <p><i>May 2018</i> It is approved:</p> <ul style="list-style-type: none">• the regulation on “Testing procedures and system of assessment of professional skills examination for legal auditors and chartered accountants”• the Code of Ethics <p><i>July 2018</i> It is approved the procedures on exam reviewing process</p> <p><i>October 2018</i> It is approved:</p> <ul style="list-style-type: none">• the “Procedures and methodology of quality control for legal auditors” <p><i>December 2018 – February 2019</i> It is finalized the inspection of 10 audit firm</p> |
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