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**Improving Audit Quality in Western Balkans Countries  
Through Regional Cooperation**

REPARIS for SMEs  
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**Public Oversight Board  
Albania Case**

# Entry in the Profession

Professional practice and entry into the profession:

- **Professional practice full time for at least 3 years**, in auditing the annual financial statements, individual and/or consolidated, or other similar financial statements, with an statutory auditor or for an audit firm registered in the Republic of Albania, which have a good reputation, and supervised by statutory auditors who provide sufficient assurances in this regard.
- **At least, 2/3 of such professional practice** must be completed with a statutory auditor or audit firm registered in the Republic of Albania.
- During the professional practice the auditor/audit firm must be engaged **at least for 600 hours/year** in the audit of the individual and / or consolidated financial statements

# Entry in the Profession

Exemptions from the Professional practice :

- Individuals who, for fifteen years, have been engaged in professional activities, which have given them the opportunity to gain sufficient experience in accounting, auditing, financial reporting and legislation.
- Albanian citizens, awarded with CPA and ACCA title in a state other than Albania, and are registered as member of a professional body of statutory auditors in a state other than Albania.

# Entry in the Profession - Professional Competence Examination

The final exam of professional competence includes written tests in disciplines as follows:

- Financial Reporting and preparation of financial statements according to national and international standards of financial reporting;
- Examination on the Civil Law, Penal Law Company Law and Labor Law in the Republic of Albania, to the extent that these concern to the profession of the statutory auditing of financial statements;
- Examination of the tax legislation in the Republic of Albania;
- Examination on Audit and Assurance, the professional ethics requirements and the procedures on the engagement for the audit of financial statements according to international auditing standards;
- Knowledges examination on models of organization, management, governance and internal control in business organizations.
- Examination on Information Systems

# Entry in the Profession - Professional Competence Examination

## Exemptions from Professional Competence Examination

- Albanian and foreign nationals who have passed a university or equivalent examination or hold a university degree or equivalent qualification in one or more of the subjects referred to the relevant provisions in the audit law may be exempted from the test of professional theoretical skills (during the professional practice) in the subjects covered by that examination or degree.
- Are excluded from performing the professional internship and required to perform only tests of the final exam of professional competence in the **disciplines of fiscal legislation, company law, social insurance and labor law and civil law, to the extent that these concern to the statutory audit, all Albanian citizens and foreigners, who have received the title "Statutory auditor" or its equivalent, and are registered to exercise their activity as members of a professional organisation of statutory auditors in another country**, when the program of their preparation is evaluated by the professional organization of statutory auditors that is in accordance to the extent of not less than 75% with the program of preparation of statutory auditors in Albania.

# Registration of Statutory Auditors

## Registration of statutory auditors

- Statutory Auditors are registered in the Public Register;
- The request by candidate is addressed in written form to the Registration Committee, through the professional organization of statutory auditors.
- Request must be accompanied by the necessary documents that prove for completing successfully the professional competence examination
- Self declaration on terminating all non-compliances with requirements needed for registration and for his/her ethics and moral guarantees.
- By registering in the public register, they are entitled to carry out statutory audit of individual and/or consolidated annual financial statements, as well as other related professional services in compliance with the audit law, professional standards and the code of ethics.

# Registration of Audit Firms

Audit Firms shall be registered by meeting the following criteria:

- Is established in conformity with the requirements of the Company Law and when it is foreign audit firm, is registered at the National Center for Registration.
- Majority of the voting rights must be held by local or foreign audit firms or by statutory auditors;
- A majority up to maximum 75% of the members of the administrative or management body of the audit firm is local or foreign statutory auditors registered by Registration Committee and included in the Public register of statutory auditors. Where such a management body has not more than two members, one of those members must satisfy at least the conditions given in this point;
- Audit firm engages local or foreign statutory auditors, that are registered in the Public register of Statutory auditors; and
- Audit firm has good repute.

# Registration of foreign statutory auditors

## Foreign Auditors Registration:

- For registration in the public register, the foreign auditors submit a written request to the Professional Competence' Exam Commission, requesting to have their test on the professional competence, by submitting relevant documents that prove for the statutory auditors' title gained in another jurisdiction;
- The content of the documentation to be submitted for registration of foreign statutory auditors and audit firms in the public register of statutory auditors is determined by the Board subject of the Minister of Finance approval.
- Steering Council of the professional organization of statutory auditors makes the assessments for the extent of compliance of the requirements on preparation of foreign auditors with the requirements applied in Albania, and prepares a report, which is sent to Registration Committee.
- Test on professional competences is organized in Albanian or in English and covers sufficient knowledge necessary for the statutory auditor, for the laws, rules and regulations applicable in the Republic of Albania to the extent they relate with accounting and statutory audits.



# Registration Committee

- The professional organization of statutory auditors shall establish a committee to perform the registration in the public register of statutory auditors, national and foreigners, of the auditing firms, be them national or foreign;
- The Registration Committee consists of five members, who are appointed by the Steering Council of the Professional Organization of Statutory Auditors for a four-year period, following the following proposals:
  - three members from the Steering Council of the Professional Organization of Statutory Auditors;
  - two members, respectively the ministry responsible for finance and the ministry responsible for economy, with a profile in the field of economy and / or jurisprudence, as well as with knowledge in the field of accounting, auditing and finance.
- Detailed rules on functioning of the Registration Committee as well as the procedures for taking decisions and approving the registration are detailed in the Regulation 10/2019, of the Public Oversight Board;
- The administration of the registration process is done by the professional organization of statutory auditors;
- The Registration Committee gathers once every two months in the first week of the following month.

# Continued Professional Development (CPD)

- Statutory auditors are subject of continuing professional development, which is compulsory and last at least 40 hrs per year;
- The council of professional organization approves the relevant procedures on monitoring and assessment of members for CPD.
- As part of the assessment process, the council may approve to organize testing of knowledge gained during continuing professional development, which must happen not less than every three years and not more than every five years
- The statutory auditors who have not been able to pass the examination of CPD tests or those that have provided false certificates concerning the CPD shall be unregistered from the public register.

# Continued Professional Development (CPD)

- POB monitors the CPD process;
- The registration of statutory auditors to exercise the profession is performed annually. The non-fulfillment of the CPD requirements is a condition for the non-registration of the statutory auditors in the public register of auditors for the upcoming year;
- The professional organization of statutory auditors shall propose to the Public Oversight Board, the regulations for the CPD, 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.

# THANK YOU FOR YOUR ATTENTION

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