

# ALBANIA - STRENGTHENING QUALITY OF AUDITING AND REPORTING PROJECT (SQARP)

Erisa Rodhani, Ministry of Finance of Albania

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# Albania - Important milestones

## Financial reporting reform

Accounting and Auditing ROSC (2006)

Country Strategy and Action Plan (2009)

Implementation of CFREP (2011-2014)

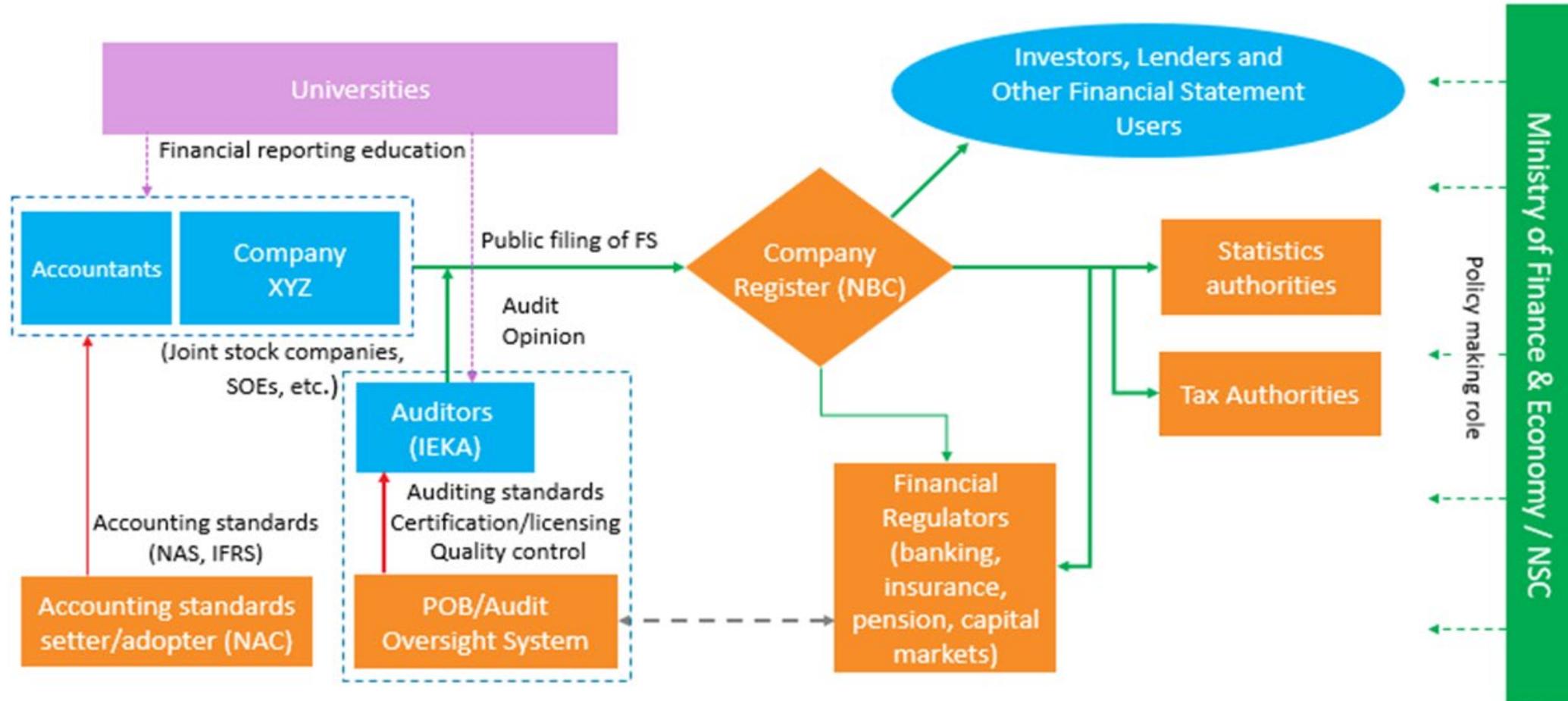
Implementation of EQ FINREP (2015-2019)

Updated ROSC(2019)

CAP Updated (2020)

Initiation of SQARP (2022)

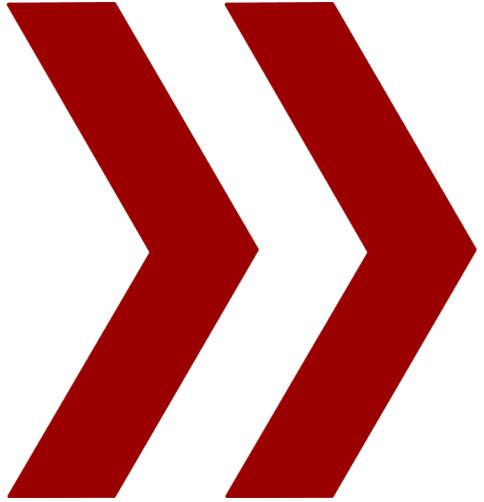
# CFR ecosystem in Albania





## SQARP – Objective

The development objective of the SQARP is to strengthen the relevant stakeholder's capacity to improve, apply and enforce corporate financial reporting in line with good international standards and practices in Albania



# **Project Components**



# Component 1: Strengthening Standards Setting, Oversight and Enforcement

**Component 1** will focus on:

- » Strengthening standard setting and increasing capacity of financial regulators on financial reporting;
- » Strengthening oversight and enforcement;
- » Research on improving the transparency of the Financial Statements based on IFRS.



## Component 2: Improving capacity to comply, Development of accountancy services and Public Awareness

**Component 2** will focus on:

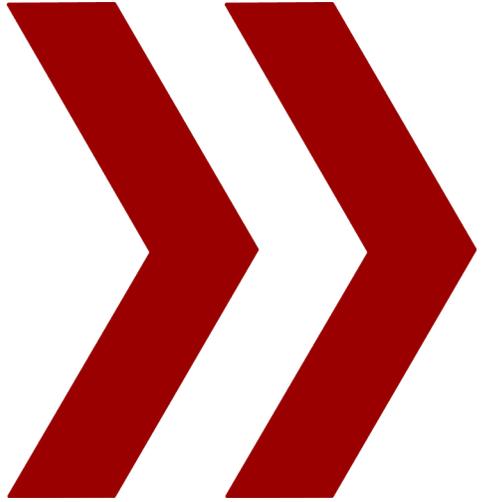
- » Improving of professional qualification and examination process for accountancy profession;
- » Development of accountancy services and public awareness.



## Component 3: Strengthening accountancy profession and building capacity in the judicial system

**Component 3** will focus on:

- »Support the accounting profession in establishing forensic accounting as a separate specialist service area for accounting organizations in Albania;
- »Supporting a program of training to assist judges, prosecutors and judicial actors which will form an on-going part of their CPD training.



**NAC SUPPORT**



# Methodology to review financial statements

Support NAC to prepare a methodology for the review of the financial statements of the firms with aim to get direct information for the accuracy and completeness of the accounting standards that are being applied.

- (1) identify areas of accounting or specific standards fully or in part where further guidance is needed from NAC;
- (2) identify potential issues that are to be addressed by NAC.

# Methodology to review financial statements (2)

Step 1

- Prepare a risk-based methodology for the identification of the firms, whose financial statements will be selected for an in-depth financial review.

Step 2

- Develop a methodology for the review of financial statements that will focus on assisting the National Accounting Council to carry out its objectives as a standard setter.

Step 3

- Define a clear set of review procedures that fit most with the NAC objective.

Step 4

- Identification of the high-risk areas and preparation of additional guidelines for specific events (investigation of unusual transactions, significant journal entries/inquiry about material events/procedures for recording accounting transactions).

Step 5

- Provide guideline for the review steps that can be undertaken for specific significant accounting areas.

Step 6

- Preparation of an action plan for the implementation of the methodologies related to the quality review of the financial statements and propose different alternatives to carry out this task.



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**» Thank you!**