# Country slides

*Tirana, Albania, December 9-10, 2025*

*Fourth Regional Audit Quality Assurance Forum: Progressing Reforms in Audit Oversight*

CFRR
Centre for Financial and Sustainability Reporting Reform
WORLD BANK GROUP

REPARIS FOR SMEs

EAASURE

EAASURE is an initiative of:
Financial Management
WORLD BANK GROUP

The event is co-funded by:
Federal Ministry Republic of Austria Finance
Austrian Development Cooperation
Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra
Swiss Confederation
Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO
European Union

# Albania

# Key Challenges Facing POB of Albania

- Strengthening supervisory capacity & consistency
  - Documentation culture and risk assessment to strengthen the capacities of small and medium-sized practices;
  - Ensuring timely sanctions, corrective actions & measurable outcomes (reduced repeat findings; remediation tracking).
- Stakeholder engagement & expectations
  - Managing transition after delegation of non-PIE inspections;
  - Moving profession mindset from compliance-driven to quality-driven
- New and emerging mandates
  - Sustainability assurance readiness
  - Need for standards, competencies & supervisory approaches

# Planned Next Steps

- » Operationalization of the newly amended law and regulatory framework
- » Implementation of performance indicators
- » Institutional strengthening
- » Digitalization & data-based supervision
  - » Data platform for reporting, risk-scoring & planning inspections
- » Structured engagement with profession
  - » Outreach of the profession through thematic circulars & learning reports
  - » Consultative sessions with IEKA, auditors and audit firms

# Areas Where Partners Can Support

- Strengthening data-driven supervision;
- Roadmap for sustainability assurance readiness: competence criteria, methodology, reporting;
- Increase capacity for professional organization and profession

# Armenia

# Key messages

1. **Current key challenge:**
   - » Improving the audit quality control system.
2. **Planned next steps to address this challenge:**
   - » Setting specific CPD requirements for inspectors
   - » Increasing the number of inspectors involved in the audit quality control process
   - » Improving control procedures based on issues identified in previous phase
   - » Enhancing the professional capacity of judges in financial reporting and auditing
3. **How the World Bank and other donors/peers might be able to help, at a national and regional level:**
   - » Assisting in the development of curricula and CPD requirements for judges, and organizing specialized training for them
   - » Providing support in the process of obtaining IFIAR membership

**Azerbaijan**

Chamber of Auditors of the Republic of Azerbaijan

# Key Messages

**1. Key challenges right now:**

- » Limited number of inspector in the Quality Management Department (currently 5-10)
- » Need to integrate international best practices into audit programs
- » Implementation of digital technologies for audit assurance
- » Creation of audit programs, as well as integration of programs from other countries

**2. Planned next steps to address challenges:**

- » Develop and implement audit programs aligned with international standards
- » Integrate audit assurance programs from Israel, Turkey, Pakistan, Kazakhstan
- » Learn from Big 10 experience and adapt programs for other organizations
- » Introduce digital tools for monitoring and reporting

# Key Messages

**3. Support needed from World Bank and peers:**

- » Technical guidance on integrating audit assurance programs
- » Knowledge sharing and training on digital tools and best practices
- » Peer-to-peer exchange and regional cooperation
- » Assistance in conducting audit quality control inspections

# Bosnia and Herzegovina / Republika Srpska

# Key messages

**1. The key challenges facing us right now:**

- Legal framework limits the implementation of quality supervision,
- Low quality of audit services previously, there was no supervision, and many auditors do not comply with the standards,
- Human resources in the POB and manual work processes.

**2. Planned next steps to address these challenges:**

- By the end of this year, we will adopt a new Law on Auditing and create better regulations for supervision,
- We expect to improve the quality of audit services through the adoption of the methodology, work guidelines, and additional training for auditors,
- Problem with additional qualified staff we are unable to find certified auditors or accountants on the market who would work in the POB. We want to automate all manual work processes.

# Key messages

**3. How the World Bank and other donors/peers might be able to help, at a national and regional level:**

- IT tool for the POB that would support oversight and automate processes that are currently manual,
- IT software solution for small audit firms simple solution with basic functionalities,
- Additional trainings and capacity building for auditors examples of good practice from small audit firms in the EU.

Bosnia and Herzegovina / Federation of Bosnia and Herzegovina

# Key messages

**1. Key Challenges:**

- » Lack of stable and long-term funding for public oversight
- » Limited capacity for inspections and quality assurance
- » Ineffective mechanisms for investigations and sanctions (no anonymous reporting)
- » Need for digitalization of monitoring and reporting systems
- » Slow alignment with EU standards

**2. Planned Next Steps:**

- » Secure multi-year budgetary funding
- » Establish a Quality Assurance Commission and training program (including ESG audits)
- » Develop a risk-based inspection system
- » Digitalize remediation monitoring and publish results for transparency
- » Introduce mechanisms for anonymous reporting and proportional sanctions
- » Continue harmonization of legislation with EU regulations

# Key messages

**3.Support from World Bank and Partners:**

- » Technical assistance in drafting legislation and oversight methodologies
- » Training and specialized programs for inspectors and regulators
- » Financial support for IT modernization and digital oversight tools
- » Regional workshops and exchange of best practices
- » Advisory support in alignment with EU directives and international standards

# Georgia

# Current challenges

## » The challenge – Lack of PAO Monitoring Framework

- SARAS is mandated to monitor Professional Accountancy Organizations (PAOs), but current impact is limited.
- While legal requirements for certification and continuing education are well-defined, **other important aspects of PAO responsibilities and operations** lack detailed legal standards and are regulated only in broad, general terms.
- SARAS lacks a **formalized monitoring methodology**; past monitoring relied on self-developed, ad-hoc approaches.
- Without clear requirements and structured assessment tools, monitoring results do not translate into **tangible quality improvements** in PAO activities.

# Possible solutions

- **The Solutions**
  - **Develop a comprehensive PAO Monitoring Methodology**, aligned with international good practices.
  - **Establish legally defined requirements and performance criteria for PAOs** to ensure consistent expectations.
  - Introduce a structured, repeatable monitoring cycle based on the new methodology and requirements

# Current challenges and possible solutions - continued

## » The challenge – Audit Firm Registration Framework Not Supporting Audit Quality

- » Appropriate registration rules exist for individual auditors, but **audit firm registration** is too permissive.
- » Any auditor can open a firm **without meeting organizational or resource requirements.**
- » Many such firms later show **low audit quality**, reflecting minimal investment and unstable structures.
- » Easy entry enables firms to be created or dissolved quickly, with **no meaningful commitment** from owners.

## » The Solutions

- » Introduce **minimum requirements** for audit firm registration (capacity, infrastructure, audit tools).
- » Ensure new firms have **tangible investment and accountability**, encouraging long-term commitment.
- » Support a more stable, better-resourced audit market that leads to **improved audit quality**.
- » Build a registration framework that discourages low-effort entry and strengthens the profession overall.

Kosovo

Public Oversight Board

# Key Challenges of the Public Oversight Board (POB) in Kosovo in Audit Quality Control

1. Non-functionalization of the POB
2. Limited institutional capacities and human resources
3. Lack of experience and advanced standards of supervision:
4. Insufficient technology
5. Ensuring institutional independence
6. Implementation of new quality control standards
7. Continuing professional education and certification

# Planning the next steps to address the challenges – Recommendations for improving quality control

1. Functionalization of the POB
2. Strengthening the institutional capacities of POB
3. Digitalization of the oversight process
4. Standardization of inspection procedures
5. Improving communication and transparency with the industry
6. Increasing the quality of vocational education
7. Strengthening the independence and funding of POB

# Both the World Bank and other donors/colleagues may be able to assist, at the national and regional levels

» Assistance in designing institutional reforms related to public oversight,

» Improving audit quality through cooperation, expertise and funding;

» Integrating POB into international audit mechanisms,

» Assistance in adopting legislation related to the sustainability standard;

» Financial support and professional capacity development,

» Two assessments for the Bank's CFRR team to carry out, to help inform the future reforms in Kosovo. The first is the Report on the Compliance of Standards and Codes for Accounting and Auditing (ROSC A&A) for Kosovo, and the second, is a "Landscape Assessment" of SME financial management practices in Kosovo.

# Summary

» The most important reforms for improving audit quality in Kosovo are presented:

  » Advancing the legal infrastructure,
  » Strengthening human capacities,
  » Digitalization of quality control,
  » Risk-based approach,
  » Building a collaborative culture and transparency,
  » Increasing professionalism,
  » Ensuring sustainable budgetary resources,
  » Sustainability of functionalization and independence.

# Moldova

Council for public oversight of audit

# Achievements

- Strengthening the supervision of audit quality and regulatory framework;
- Adoption of the annual control plan;
- Adapting regulations to modern standards, including measures to combat money laundering and terrorist financing;
- Improving the training and professional development of auditors, including participation in projects with external and EU funding;
- Enhancing the quality of audit services, recognized as a key performance indicator.

# Key messages

| The progress | Challenges | Next steps |
|---|---|---|
| Ensuring the quality of financial statement audit services | Low level of digitalization and still bureaucratic processes | Republic of Moldova is implementing a Design Model available for all Republic of Moldova authorities/institutions. Also, we need support of other oversight authorities to proper organize our website. |
| Improving the integrity of the audit sector | Reliance on market professional for training | Open to collaboration with all representatives of Oversight authorities present at this conference. |
| Creating a stable autonomous, and transparent institutional framework | | |

**Montenegro**

Unit for audit oversight, Ministry of Finance of Montenegro

# The key challenges facing us right now

- Limited use of digital tools in audit firms
  - When audit firms do not use advanced tools, the auditor can not easily check all key items 'manually'.
- Lack of certain knowledge by the oversight body
  - Lack of specialized knowledge among authorized officials/quality assurance inspectors in certain areas (banks, insurance companies...)
- Concealment of deficiencies in auditing procedures
  - Auditors may try to formally meet requirements (check-the-box approach) without actually implementing procedures;
  - The quality of the audit is sometimes 'enhanced' through well-written working papers, even though the actual testing is not adequate.

# The key challenges facing us right now - continued

- Delay in the implementation of adopted standards
  - The delayed implementation of the standard creates a number of practical, organizational, and quality-related problems.
- Structure of audit firms and the quality of internal control and quality control systems in audit firms
  - A small number of authorized auditors in auditing firms;
  - Inconsistent application of the Code of Ethics;
  - Many smaller auditing firms have weak internal quality control;
  - Documentation of internal reviews is often formal, without actual corrective measures.

# Planned next steps to addresses these challenges

- **Encoure digitalization and better use of IT tools**
    - Require from audit firms to use appropriate digital tools for more complex clients;
- **Solve the problem of insufficient knowledge in specific areas**
    - request budget funds and support through projects to strengthen knowledge in certain specific areas;
- **Recognize the concealment of deficiencies in audit procedures**
    - focus on a substantive approach, 'substance over form', not just on nicely written working papers;
    - request evidence of actual testing performed (samples, calculations, photos);
    - use a professional skepticism approach in evaluating findings.

# Planned next steps to addresses these challenges - continued

- **Ensure timely application of standards through:**
  - Systematic training and education of personnel;
  - Gradual implementation;
  - Assignment of responsibilities and supervision.
- **Ensure that the structure of audit firms aligns with the needs of the company and the requirements of legal regulations / Strengthen the internal quality control system in audit firms**
  - check the actual application of international quality standards, not just formal documentation;
  - seek evidence of internal reviews (engagement quality review, monitoring results);
  - introduce mandatory quality improvement programs in high-risk firms.

# How the World Bank and other donors/peers might be able to help at a national and regional level?

- Strengthening capacity of oversight body
  - organizing training for authorized officials/quality assurance inspectors
  - special training sessions with experienced experts in the field of oversight
- Introduction of digital oversight tools
  - introduction of software for managing audit oversight (digital system for documentation and control)
  - tools for data analytics, searching working papers, and automated checks
- Regional cooperation and exchange of best practices

# How the World Bank and other donors/peers might be able to help at a national and regional level? - continued

- Strengthening the quality control system in audit firms
  - training audit firms on the implementation of international quality control standards
  - preparing manuals, guides, and templates for audit quality control
- Support in the introduction and implementation of new standards, assistance in translating standards, training people who will apply them paciteta

**Republic of North Macedonia**
Council for advancement and oversight of the Audit of the Republic of North Macedonia

# Key messages

**1. Key challenges facing North Macedonia:**

» Secure sustainable financial resources.

» Independent public oversight of audit engagements of public interest entities.

» Adopting a new law harmonizing the national legislation

» Harmonization of Public Interest Entitles Definition

# Key messages

**2. Planned next steps to address these challenges:**

- Significant structural and operational challenges for the Council, immediately and fundamentally strengthen the independence, capacity, and financial resources of the Council.
- Build capacity to perform Independent public oversight of audit engagements of public interest entities and take over the inspection of these over two to three years. (Hire an experienced professional)
- Practicing auditors should not be members of the Council
- Harmonization of the definition of public interest legal entities with the definition in the EU Directive

# Key messages

**3. How the World Bank and other donors/peers might be able to help, at a national and regional level:**

- » Support the challenges and the effort in the development of the audit profession in the Western Balkan Countries.
- » Various type of technical expertise and financial support for the Regulatory Bodies in the region, in various types of areas (a sustainable system for financing activates of the regulatory bodies, etc.)
- » Coordination of future project activities financed by CFRR Vienna with those of the EU funds.

# Key messages

**3. How the World Bank and other donors/peers might be able to help, at a national and regional level:**

- » Technical support for provision and implementation of the Methodology for establishing independent public oversight of audit engagements of public interest entities (development of an IT system for the practical application of international auditing standards that ensures an effective and efficient oversight system over statutory audits of Public Interest Entities)
- » Organization of study visits and continuous education of the employees of the Professional working Service of the Council in order to strengthen the capacities for performing the public oversight of the audit arrangements with the public interest entities.

Serbia

# Key messages

1. **Key Challenges Facing Us Right Now:**
   » Scope And Mandate
   » Funding Model
   » Capacity And Resources
   » Inspection Practice And Follow-up
   » Enforcement And Investigations
2. **Planned Next Steps to Address These Challenges:**
   » Improving the Funding Framework
   » Capacity Development And Inspection Quality
   » Enhancing Remediation and Follow-up
   » Strengthening the Investigation Framework

# Key messages

**3. How the World Bank, Donors, and Regional Peers Can Help:**

- » Technical Assistance
- » Capacity Building
- » Regional Knowledge Exchange
- » Funding And Sustainability

Ukraine

# Key messages

1. **Key Challenges Facing Us Right Now:**
   » Implementation of requirements relating to providing assurance on sustainability reporting.
   » Audit market capacity constraints due to staff shortages.
2. **Planned Next Steps to Address These Challenges:**
   » Align regulatory framework with the new requirements, including amending the Law "On Accounting and Financial Reporting in Ukraine" and the Law "On Audit of Financial Reporting and Auditing Activities," and relevant regulations.
   » Implement training programs for auditors to provide assurance on sustainability reporting.
   » Strengthen the overall regulatory framework for audit activities and extend it to the assurance of sustainability information.

# Key messages

**3. How the World Bank, Donors, and Regional Peers Can Help:**

- Develop and disseminate training materials to build auditor capacity for providing assurance on sustainability information.
- Share experience in inspecting sustainability reports and provide recommendations to improve inspection methodologies.