

**STRATEGIC
DEVELOPMENT PLAN
OF SAI
FOR THE PERIOD
2005-2008**

JUNE 2005

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INTRODUCTION

The audit in the public sector is changing in the right direction. The assessment of Sigma for SAI, for the year 2003, emphasizes that SAI should be a powerful instrument in order to increase the awareness and the accountability in the public sector. The external auditors of public sector should have a positive and direct influence on the way of organizing the people's work while performing their tasks and managing accurately the public sector funds. They should give their support by encouraging a better administration and decision-making in order to make more effective use of taxpayers' money.

The new developments require further improvements regarding the way the public auditors work. These improvements should mainly be focused on: communication and relations with partnerships, audit process and information technology used in the public sector audit.

SAI will expand the range of his work and will put into practice advanced audit processes with the intention to increase the work effectiveness and efficiency and to submit more constructive, accurate and objective reports for a larger number of users.

The Supreme Audit Institutions have been working to achieve these significant results in the course of ten years. Whereas, SAI has envisaged to make these improvements through implementation of this Strategic Development Plan in the four coming years, making use of the final foreign technical assistance as well. This Strategic Development Plan identifies a variety of activities, which help SAI development. The long-term Vision and Mission as well as strategies that SAI envisage applying, constitute a key factor in this development.

1. CONTEXT

- 1.1** Based on the objectives presented in the Strategic Development Plan respectively for the years 2002-2004, satisfactory results have been achieved.
- 1.2** The Strategic Development Plan for the period 2005-2008 has been drawn up at the end of the technical assistance implemented by the National Audit Institution, (NAO), in February, 2005. This improved plan aims at restructuring further the development needs of SAI and transforming it into a modern and contemporary audit institution. This Strategic Development Plan deals with 4 principal issues:
 - Part I: SAI's role and legal framework
 - Part II: Audit methodologies
 - Part III: Human Resources
 - Part IV: Infrastructure including Information Technology (IT)

1.3 It is expected that the upcoming improvements include significant changes of audit philosophy and methodology in compliance with the practices of SAIs of EU, the use of audit standards, manuals and guidelines and be widely supported by Information technology (IT). The Technical Assistance Project implemented by NAO throughout the year 2004 until February 2005 has provided the institution with many essential materials and guidelines in order to conduct contemporary audit.

2. MISSION, VISION AND STRATEGIC OBJECTIVES

2.1 SAI mission is to increase the role and contribution in terms of a better administration of the public finances by conducting more high quality audits and reporting on regularity and effectiveness of the use of all state financial resources, for the benefit of the state and public in general. SAI should assure the Assembly and taxpayers if the resources of public sector have been used or not legally and efficiently.

2.2 SAI vision as an independent audit body is to use the resources wisely in order to be a proficient and unbiased audit institution, which offers its valid support to the Assembly; and be a reliable institution at the same time as regards the audit results and recommendations, which should be accepted as accurate and reliable by the legislative and executive bodies as well as by the wide public and media.

2.3 To fulfill this role, SAI will rely on the current capacities, continuing into the path of improving the organizational effectiveness and developing the human resources on basis of the following values and principles:

- Integrity
- Independence
- Impartiality
- Professional capacities
- Objectivity
- Team work
- Being constructive
- Being respected.

2.4 SAI strategic objectives are:

- To organize and assure audits of better quality and effectiveness;
- To achieve the expected duties with proper competence and capacity;
- To conduct audits objectively and professionally;

- To use a contemporary audit methodology that is consistent with international standards of government auditing and the best practices;
- To increase the number of performance audits on the use of state budget funds in the most problematic and vital sectors of economy;
- To conduct audits on the use of EU investment funds;
- To conduct audits on the use of funds borrowed from international financial institutions.
- To support the auditor's work in assessing materiality and risk during the entire audit process.
- To assure audit quality defining clear rules and institutionalized procedures, for this purpose.
- To assess the activity of the internal audit structures (SAI supervising role in the internal audit), The harmonization of internal and external audit.
- To communicate correctly with the audited bodies.
- To develop and motivate the professional staff.
- To develop Human Resources Development including the recruitment in order to increase the auditing capacities, quality, effectiveness as well as the audit efficiency.
- To submit planned report to the Assembly as well as reports on problematic subject matters and on most important findings delivered to the Parliamentary Commissions.
- To use extensively Information Technology by giving priority to the ICP system.
- To communication closely with media and parties concerned;
- To increase trust and transparency in the use of public funds
- To ensure public transparency in order to provide them with accurate and useful information
- To strengthen the collaboration with the National Assembly of Albania, in particular with the Parliamentary Commission of Finance and Economy, in order to amend the existing legislation of SAI.
- To strengthen the collaboration with the General Prosecution Office, in order to denounce the abusers of public funds, the relations with the Council of Ministers for the improvement of legal framework specifically in the audit field of public finances, administration of material and monetary values and public procurements as well.

2.5 In order to accomplish this Strategic Development Plan at the envisaged parameters, it is necessary the internal and external SAI commitment. The

communication with the internal staff and external stakeholders is decisive to achieve those objectives. The most important relations are those between the senior management and their subordinates, and those with legislative, executive, international homologue bodies, media as well as general public.

Part 1 –SAI’s Law and role

(a)Regarding the law .

I.1 The existent legal framework dated since 1997 was amended in 2000. Based on the gained experience, the current situation in the country and compatibility with the demands laid down in the framework of European integration, the review of the legal provisions of SAI is necessary. As the opportunities to amend this legislation are a few as an institution we envisage a meaningful and entire review of SAI legislation, by involving senior officials and auditors of the institution, engaging managers and experts from the Constitutional Court, Law and Economic University, as well as from the Chamber of Advocacy **1.2**The main fields, which are meant to include improvements in SAI law, consist in:

(a) The Role of SAI in terms of:

- Assurance of its independence;
- Increase of auditing role and strengthening of SAI role for the implementation of recommendations;
- Delivery of the results and opinions of the conducted audits regarding the accounts of ministries and public subjects, as part of the auditing activities on the execution of the state budget, reviewing the legal and procedural existing provisions as well;
- Delivery of the opinions on the financial draft-law and the privatization plan prepared from the government;
- Methodological guidance and assessment of internal audit work.

(b) The object of audit activity and the SAI right to audit foreign finances, concretely:

- The audit of EU funds and other public funds up to the end user.
- The audit of private companies regarding their fiscal liabilities towards the state and provision of information from these companies about their financial situation

(c) Institutionalizing SAI relation with public sector entities as auditing object, in order to enable the follow up and implementation of recommendation given

from SAI, because the strategy of the previous years has shown that a high percentage of recommendations of SAI have not been implemented from the audited entities.

(d) SAI should consolidate the institutional relationships with the legal bodies, especially with the Prosecutor bodies, in order to achieve the required results, and to fight against abusers of public property as well as to prevent the corruption in the public sector.

(e) The current situation of SAI staff and clarity of its status referring to the actual status of civil servant service and some other status of our homologous SAI-s)

Actions	Responsibilities	Action terms
The identification of directions and gaps where amendments should be made regarding the existing law of SAI proposing legal amendments	Work teams of experienced auditors of SAI, including economists, lawyers, legal experts, academics as well as foreign advisers on the best international practices	The work teams will be set up within September 2006, whereas the proposal for review and improvement will be submitted at the end of 2007

I.3 In this process SAI will report to Assembly about the legal framework of the most advanced Supreme Audit Institution in the world, laying down the links and procedures applied by them concerning the audit reporting on public accounts and review of audit reports.

(b) Regarding the SAI Role

I.4 In reality, many audits of SAI are typical for their compatibility and derive mainly from the respective legislation in force, while some conducted audits are defined as performance audit. The SIGMA report on behalf of SAI during the year 2003, suggests that SAI may give a larger contribute so as to reduce the manipulation and the corruption, by carrying out performance audits in areas of high risk and recommending systematic improvements in order to reduce their occurrence. In the forthcoming years, the consistency with the legislation as well as the prevention of such a phenomenon as fraud and corruption remain the priorities of SAI.

I.5 In order to realize the SAI transformation in a contemporary and modern audit institution, the efforts will concentrate on the improvement of capacities, to

undertake traditional financial audits and types of performance audit, envisaged in the Audit Standards of INTOSAI.

At the same time SAI will examine the opportunity to conduct attestation audits and certify the accounts (financial statements) of ministries and other public entities, establishing to this purpose a professional and independent structure from the executive body, which will operate as an Agency or Institution, subject to the Chairman of SAI. This should be a gradual step and it is predicted to proceed with the necessary legal amendments of the budget law, accounting law and organic law of SAI, in order to be prepared to adapt to the circumstances, which change within the proper required time.

I.6 The delivery of the opinions on government financial draft-law will be possible if we manage to provide the necessary legal basis.

I.7 We will require and propose amendments of SAI legislation regarding the methodological guidance and assessment of Internal Audit activities as well as its consistency with the internal audit legislation, including the sub-legal acts issued for its implementation.

(c) Resources

I.8 Regarding SAI functioning as a professional Audit Institution, the adequate resources are of great importance, while it is obvious that the allocation of additional funds is rather difficult. For this purpose we will argue strongly with the respective parliamentary commissions of the Assembly and insist on increasing the funds, setting out the actual needs and SAI work effectiveness, as well as the impact of the audit efficiency on the verified misuses and implemented recommendations, thus the funds restored from the audit carried out in the field of public expenditures.

Besides the resources, the work starting with the report on “SAI Activity for 2004”, as regards the presentation in form and content of the figures of verified misuses, the extent of recommendations implementation, the impact of reimbursing the indemnity amount in the state budget, and the increase of accountability of public administration for the use of funds, will be intensified and enriched with new elements in the report on “Execution of the State Budget for 2004” and “SAI Activity for 2005”.

(d) Communication

I.9 The challenge we have on the way is to maintain and consolidate further the current relationships with all the necessary links, even by performing and producing a work of high quality, as well as by encouraging the audited subjects

to do their best to improve in the future.

I.10 Actually the main methods of communications with the executive legislative institutions, with the media and the public are the annual reports of the execution of the budget, the annual reports of the activity, and the quarter bulletins of audit reports, press conferences, the several issues, and the SAI website. Regarding the period of time 2005-2008, under performance of the adopted standards of an international level, we will consolidate the communications with:

- *The parliament*, where beside the current communications, sensitive issues of great importance for the taxpayers will be report in a periodic way, regarding, and in response to the requests of its members and parliamentary commissions. Furthermore we will take part regularly in the assembly commissions for the review and the presentation of the opinion in connection with the changes or legal amendments proposed, that deal with the financial responsibility and the audit.

- *The ministries and the Council's of Ministers* in order to make (through the quality results of audit work and the growth of expertise of SAI) them aware to realize and to take into consideration the SAI role during the accountability process.

- *The audited subjects* should be aware and consider SAI as a very important institution of great support to them and well informed about them assessing SAI activity, their professional capacity, in order to improve themselves regarding their task's performance. Furthermore they should see it as an independent and organized institution that discloses the truth in case of financial infringements found, in a correct way and without being sensationally.

- The whole auditors and the accounting professionals should consider SAI as a powerful and professionally innovative Institution worthwhile consulting and giving advices regarding important issues of public finances.

- *Donations' agencies*, academic community, the political commentators, media and analyst, should consider SAI as a reliable resource of information and of authoritative opinions.

All the above mentioned will be improved and widely supported from all structures of SAI, the IT links, the bulletin and in particular the office of public relations, whose main objective is the periodic message transmission to the main public partners including the written and electronic media.

I.11 A special attention will be paid to a better collaboration of organizational links, the office of the public relations with the audit teams and with the audit departments so as to develop the relevant strategy regarding the conclusion's transmission and that of the main recommendations that are included in the

reports or press declarations, which will include even the identification of these issues.

-The main messages of the report or statement should be facilitated in order to be enough understandable by the journalists and by the wide public.

-The main audience (Parliamentary Commissions and the Assembly, the taxpayer, the interested organizations, and the teams exercising pressure etc.)

- Parliamentarians who are interested about the subject matter and audit results.

-The adaptable Web sites, which makes possible to get directly linked with reports or financial statements.

-The risks of publishing the reports, which susceptibility should be considered properly, as well as possible problematic issues from press and others.

Part II The audit methodology

(a) The Current Situation.

II.1 The actual law ensures the SAI to achieve the audit objective, respectively the audit for regularity, legality, financial management and other aspects of activity, and partially the performance audit.

II.2 During the period 2005-2008, besides the other audits, a special attention will be paid to the increase of SAI role and efficiency in the field of performance audit and at a later phase to the official attestation of financial statements. In this context SAI will be more engaged in the audit exercise, in accordance with the adopted standards and international advanced practices.(financial audit and performance audit) aiming at establishing a contemporary institution of appropriate constructive power and of real impact on government development and public resources administration.

(b) Development Needs

II.3 SAI has a large number of written guidelines, available for its auditors. During the last years, the Audit Standards of INTOSAI, many other manuals and positive practices of EU regarding different issues of the audit field have been put at SAI staff disposal. Manuals and other materials related to the methodology of financial and performance audit, prepared by the technical assistance project, delivered by NAO of the United Kingdom.

Also this project has given the opportunity that SAI may orientate the audit methods towards the best practices of EU. In order to develop the audit work, SAI will make efforts to put into practice those techniques, by fulfilling the needs and the specific requests of SAI. The development of this policy, besides the time, requires a core staff team carefully selected and supported by foreign expertise, trainings and pilot audits, in order to examine the entire practices and new audit achievements. The pilot audits will be carefully assessed in order to be sure that the used methods are effective and functional for the SAI, before they are included in the final training and guidance manuals.

II.4 Each Audit Department defines its own methodology according to the type of audit they perform and offers audit standard programs as for the procurement audits and supervision of internal audit. In order to develop the Audit Methodology through the implementation of the international manuals, best practices and experience of EU SAIs, based on the recommendations given from SIGMA and reports of foreign experts, a special unit for the audit methodology is set up and operates properly.

The chief-specialist of the audit methodology near the Judicial Department will be responsible to ensure that all SAI methodologies (including all the types of audits) are in compliance with the best practices of EU. Moreover he is responsible for taking the necessary measures that all the materials and guidelines adopted in the conferences of INTOSAI and EUROSAI, as well as the trainings, should be applied to a considerable extent in the auditing fieldwork of SAI. He is also assigned to support the auditors for any technical problem raised, to offer guidelines for all staff on the financial and performance audits giving his support by delivering special training courses.

II.5 The Department of Judicial, Quality Control and Audit Methodology, and the Chief-Specialist of the Methodology as its component part will be responsible to supervise the procedures of the audit quality in the Audit Departments and for drawing up the Annual Report on SAI quality assurance, on basis of a selected number of audits. This task will be performed by a special group approved by the Chairman and will be presented in a separate chapter of the annual report related to SAI activity, which will be submitted to the Assembly. Also this department will be a very important instrument for dissemination of positive practices and progress.

(c) The financial audit.

II.6 The current legislation does not require to SAI to give audit opinions (certification) on the individual accounts of the ministries but only (audit opinion) opinions regarding the report of the Council's of Ministers for the expenditures of the last financial year prior to approval by the Assembly. Regarding the audit of state budget execution, SAI audits the ministries and the

central institutions, according to the audit programs adopted previously, whose drawing and preparation will be further improved, including the materiality and risk level, before conducting the audit in the audited body.

This process is facilitated by the use of standard statistical techniques of advanced SAIs, reducing the number of individual transactions verified and enables draw conclusions. The auditor may reach to a statistical conclusion not only on the entire audited community but also on the selected transactions. The Foreign and Public Relation Directorate plays a significant role, for the specification of special audit fields and risk assessment. All this work enables us to focus on the required auditing work and would help in reporting the results.

The findings that do not constitute material for the state budget may be reported in a summarized form in the annual report of SAI activity.

II.7 During the year 2004 the European Commission financed the purchase of licenses for SAI in order to use a Software package. The analysis and data extraction software (IDEA); the appropriate training has been delivered by NAO of the United Kingdom, for a representatives of each Audit Department. Based on this fact we are working to put into practice those techniques, which will be oriented towards:

Action field	Responsibilities	Action terms
The computer-Facilities for the audit techniques will be examined in all Audit Departments and the audit of state budget execution, procurements etc.	All the directors of Audit Departments with the technical support from IT staff	The audit departments will identify and apply the CAAT during the year 2006

II.8 The investigating audit is between financial audit and performance audit. The crucial thing is not the delivery of an opinion on the accounts, but the vigilant role of SAI, while it concentrates on the risk to ensure financial objectives. The use of this audit method, so as to complete a more conventional (financial) audit, is an important method to be adopted in an environment where the internal audit systems are still under progress. SAI is determined to perform this audit type.

II.9 Actually a very important part of the work of SAI is the investigating audit. It is a very important part of the audit system, because is concentrated on

the risks that threaten the achievements and even if those risks have been provided. Such examples of the risks are as follows.

- The insufficient financial audits;
- Revenues non-collected;
- The expenditures misuses on beneficiary purpose
- Small values defined from the administrative contracts (one of the parties is a state body)
- The insufficient operation of the Human Resources systems.
- Non- compliance with the legislation, taking as an example the rules and the procurements regulations.
- The electronic services of a poor quality

II.10 While Albania aims at obtaining the status of a EU Candidate Country; SAI needs to have an official role in auditing EU funds. For this reason SAI is making efforts to develop the capacities in order to perform more conventional financial audits, by giving a clear opinion about a group of financial statements. Furthermore SAI will identify the opportunities to collaborate with the European Court of the Audit and with the private sector.

(d) Audit performance.

II.11 The Supreme Audit Institutions all over the world require more and more to adopt constructive methodologies related to the public sector, identifying the ways the audited entities may improve their activity, as well as the extension of the best practices with the purpose to contribute to the improvement of the public services. The Supreme Audit Institution has carried out performance audit, though they are not considered complete investigations of a special government program, whose objective is to reach to a balanced opinion (by using a variety of evidential resources), for the achievement of this program. We are predicting to use techniques that are different from those used in traditional audits.

II.12 At the same time, the evidence derived from the examination of documentation and the interviews are essential resource, furthermore, the wider use of the evidence from other sources will be decisive. The current techniques include a variety of methods sampling which allow the auditor to issue the evidences by himself based on the unprocessed data, the use of surveys and oriented techniques. Those techniques that are extensively used all over the world require considerable expertise in the method used, if the issued evidence

is consistent with the high standards required for the public audit reporting. In this context, a pilot-orientated performance audit will be undertaken in collaboration with experts of SAIs of EU, which are experienced in this field enabling the preparation of the institution and staff (one or two groups) to carry out performance audit.

Action objective.	Responsibilities	Action terms
The designation of pilot performance audits, in order to prepare one or two groups to undertake those audits by using new techniques. The achievement by means of the Twinning Project or EU SAIs' support.	The Director General The Judicial and Quality Control Department. The Directorate of Foreign and Public Relations and Audit Methodology.	The pilot audits should be identified and undertaken starting in 2006 by means of bilateral assistance.

(e) Fraud and corruption

II.13 The fraud and corruption have been and still remain a serious problem in Albania and are extended in many aspects of the economic activity. The politicians and the public are waiting for the SAI to be a very important component against this fight. This phenomenon is brought about as a matter of the performance of the recommendation in an unpleasant level as well as the deficiency found in the juridical field. SAI, besides the work and the demands asked, is closely collaborating with the respective central institution and with the juridical bodies, in particular with the prosecutor body, in order to provide the undertaking of the necessary measures involving all the cases of the infringements found and denounced.

Action	Responsibilities	Action terms.
The collaboration with the prosecutor bodies for the development of a common strategy in fighting against the fraud and the corruption based on the findings of the audit.	The point of contacts and every other person authorized by the Chairman.	The year 2005 and ongoing

(f) The audit reporting

II.14 The audit reports are the only evidences that the public and international institutions attached to our country, understand the SAI work. That is the reason why we are insisting that the information included therein should be useful either for Parliamentary Commissions or audited bodies, general public and media. We aim in order to issue brief reports, understandable and above all to demonstrate the evidence clearly, the results and appropriate recommendations. They should be clearly summarized in order to identify the main messages conveyed by them.

II.15 We do not consider the audit report as a scope in itself, but as an instrument of influence for the improvement of public services as well as increase of transparency. The reports drafted by our side contain a lot of information, wherein the errors and violation of rules or legal provisions verified during the conducted audits are described in details. Regarding this fact we should pay more attention to the audit reports in the future, applying international standards of audit reporting.

At the same time, opinions will be given on the results achieved throughout the audit process by presenting and describing the flaws and infringements of rules and legal provisions in the field of financial audit.

Action	Responsibilities	Action terms
A review of the report submitted will be performed in order to ensure that they meet the user needs and to present the information clearly. The review will concentrate on the report structure including its summary, graphics and conclusions. The standard forms of the SAI reports will be used, taking experience from the presentation of the reports from other SAIs. The reports review should include even the remarks of the audited subjects, politicians and media.	The work group is managed by the Director General by an authorization of the Chairman and he reports in front of him as a decision-making body	During the July of 2005, on the preparation of the report of the execution of the state budget for the past year 2004, which should be submitted in the Parliament in autumn

Part III -The Human Resources

III.1 This part is based on the Human Resources Strategy prepared for SAI, from the project of the technical assistance of NAO, of the United Kingdom. In

order to improve and develop SAI as a professional institution, based on the best international practice, we intend to fulfill these purposes.

Objective 1 – To ensure the required number of staff number, with the necessary professional skills, and qualities, in order to cope with work intensity and to achieve the objectives envisaged, through the recruitment and the development of the existing resources.

Objective 2 – The development of the individual abilities by reaching the highest professional standards, through training and developing program, and by using the best practices, related to the internal and external experience which will help SAI to make progress and to face the current and the future challenges.

Objective 3 – The establishment and the implementation of a more objective system assessment, based on the employee’s activity and on the fulfillment of the annually objectives and of the requests elaborated from SAI.

Objective 4 – The system improvement of the work management and of the resources in order to continue the efficiency and the effectiveness, improvement of SAI, by supporting the employees to give the maximum of their abilities, as well as to improve the administration and the internal communications.

Objective 1. The staff recruitment.

- 1.1** The draft of the annually budget is prepared from SAI and is submitted to the Parliamentary Commission of Finance and Economy, and the later submit it for approval to the Parliament.
 - The audit staff of SAI consist of Officials of the Civil Service, for which are met the criteria defined in the law of the civil servant status and other sub-legal acts issued for its execution. At the same time in connection with the above mentioned laws has been executed the accurate definitions in relation with the responsibilities of the independent institutions for the establishment of the Staff Department, in order to manage the civil servants, including the formulation of the specific criteria, in order to perform the annually assessment of the staff activity.
- 1.2** Actually SAI enjoys more freedom to develop its policies on Human Resources and offers sound awards within the parameters of the civil service law. SAI will continue to promote the salaries and working environment in order to attract and maintain the best staff, as well as to draw up and implement more appropriate regulations, so as to raise efficiency and effectiveness of the auditing work. In terms of potential improvements in the future, the demand to promote auditing capacities will increase. Besides the traditional auditing techniques within SAI, we intend to increase the capacities and stability of auditors who conduct contemporary financial and performance audits.

The SAI approach to EU SAIs' standards requires increasing the total number of auditors besides the improvement of staff capacities.

Action	Responsibilities	Action terms.
The new employees that will be recruited for the vacant position or the replacement of those that are rotated should fulfill the required conditions and should possibly be competent in some disciplines of the auditing.	The Chairman and the Head Staff should approve the modifications. The Director and the Supervisor of the Human Resources Department should supervise and monitor their progress.	The set-up of a training unit for auditors within January 2006.

1.3 The base approaches for the recruiting and the development of the Human Resources within SAI, are issued as follows;

(1) **The Accountability and the Audit** (including the work practice for the issues)

- *The accountability*
- The legislative framework.
- The financial accountability and its standards.
The systems of accountability for the budgetary institutions. The accountability of the management;
- The financial analysis;
- The Reporting.

(b) *The Audit.*

- The Audit Theory The risk assessment;
- The internal audit;
- The procedures of the financial audit;
- The procedures of the audit performance;
- The internal audit and the reliability on the external audit;
- The prevention of fraud.

(2) **The technical skills** (based on the specific and the real cases)

(3) (a) *Regarding the foreign languages*

- The practical use of English language in an audit context.

(b) Regarding the economy:

- The environment in the public sector.
- The appropriation, the progress, the incomes and the project's account.;
- The governmental bodies and the subjects that use the budgetary funds.
- The financial management in the private sector.
- The taxes and the taxations.

© *Regarding the techniques performed during the audit work.*

- The methodology of research and survey.
- The Approaches;
- The Analyses;
- The creative opinion;
- The risk assessment;

(d) Regarding the legislative field:

- The necessity of legal framework and of the regulation.
- The financial acts.
- The procedures of the tenders and of the purchases

(e) Regarding the Information of Technology.

- Obtaining knowledge of computer Software.
- The documentation in the computer.
- The use of IT and CAAT during the audits.
- The use of ET in the administration and the support.

(3) The professional skills.

(a) For the whole staff;

- The report writing;
- The interviewing;
- The introductions and trust;
- The negotiation techniques;
- The internal and external communication;

- The time management;
- The work in team;
- The training of trainee;
- The interaction of the personal relationships;

(b) Regarding the managers:

- The effective management of people;
- The project management;
- The project accounts;
- The team establishment;
- The moral support;
- The strategic and operation plan;
- The conflict management;
- Relationships with Assembly;
- Relationships with the media;

Objective 2. The development of the individual abilities of the staff.

- 2.1** The recruited existing staff of SAI recruited is graduated. Furthermore related to the training, the available resources have been used in a proper way, as through the internal trainings and the opportunities given for training abroad. SAI has a large program of training, based on the individual requests even of the staff of the respective department defined by each director, such requests are gathered from the Department of Economic, Human Resources and Information of the Technology and after that has been provided the training from inside and outside institution.
- 2.2** By using the current program we ensure a training of 5-6 day per year, for each auditor, and we also ensure a weekly training program, collected by each director who supplies the auditors with the new information regarding the technical issued. Looking at this point of view we are taking into consideration the best international practices that suggest that at least 5% of the time of an auditor should be spent for professional training (including here the exchange of the experience within the auditing staff)
- 2.3** To assess the employees' needs, the departments and directorates in collaboration with the Department of Economy, Human Resources and

Information Technology should draw up and keep records of professional capacities, and describe for each staff member the education, category, tasks performed, qualifications and trainings, sectors of working experience, etc.

It is by keeping and making use of this documentation and other data that the actual status for each employee and the future needs for their professional development is determined, all of which are submitted to the Human Resources Sector of the Department of Economy, Human Resources and Information Technology.

The motivation for individual development and career planning will be applied to both auditors and administrative staff.

- 2.4** The career planning of employees, besides their individual evaluation according to the legal provision into force, will be extended by means of staff circulation within the SAI departments and directorates even though for limited period of time.
- 2.5** Regarding the staff circulation we are going to take into consideration the current practices applied, the results or the deficiencies found, the development of the professional level and the audit quality, the recruiting of new individuals that promises for the future, as well as the international practices that suggest a term of five years in a special audit area. In this framework the amendments envisaged through the review of SAI law will be taken into consideration.
- 2.6** During the following years they will utilize better the qualifications and the materials of the trainings performed up to now (their beneficial results), in particular those obtained from the project of the technical assistance project and of NAO training of United Kingdom; the training of two skilled auditors in the Licensed Institution of the Public Finance and Accountability (CIPFA); of other auditors that have applied to the Albanian Institution of Licensed Accounting Experts etc. Besides the utilization of the qualifications within the institution, we will give priority to the qualifications of the auditors by engaging and using external assistance of the Economy University as well as Law University of Tirana, without disregarding the accounting courses of the Financial Ministry or of different international institutions.
- 2.7** At the same time it will be supported and extended the engagement and the use of SAI staff, as trainee, by following the training course of the Trainee's performed from NAO of the United Kingdom. In this framework it will be established the Unit of the Auditor's Training, by materializing in this way the recommendations given from Sigma which raised as a main problem the need of a special training department. This is due to the fact that the best international practices suggest setting up a

training department, because the best part of the courses will be performed from the SAI staff that has a special and professional experience of work and above all considering the fact that they have been trained as trainee auditors. Furthermore another internal resource for SAI is the utilization for training purposes of two experienced trainees through the Initiatives of the International Development (IDI) of INTOSAI

ACTIONS	RESPONSIBILITIES	ACTION TERMS
<p>1. The identification of the main training needs regarding the professional promotion of employees</p> <p>The assessment of the results coming from the trained individuals from CIPFA and IDI and making use of the lessons learned and put at the auditors disposal.</p>	<p>Department Director of Economy, Human Resources and Information Technology. The Supervisor of the Human Resources Department.</p>	<p>The identification of the main needs of the training within the December 2005.</p>
<p>2. Drawing up individual plans for each staff member for the development of their skills. The integrated program of the training will include all training forms, from trainees and experienced staff or from foreign experts delivering: traditional courses, workshops, practical and technical lessons. (Round tables)</p>	<p>The Director of the Economy, Human Resources and Information Technology Department. The Supervisor of the Human Resources Department.</p> <p>The Supervisor of the Training Unit.</p>	<p>The implementation of the integrated program of the training started in January 2006.</p>
<p>3. The use of the existing internal resources of the training especially the trained auditors, as well as external trainers from the INTOSAI structures</p>	<p>Auditors designated as trainee.</p>	<p>The engagement of the trainees from IDI etc, during the drawing up of the training programs.</p>
<p>4.The evaluation of standards for the staff movement through the Audit Departments</p>	<p>The Department Director of the Economy, Human Recourses and IT.</p>	<p>The fulfillment criteria regarding the transfer within the year 2006</p>

2.7 For a longer term, as an institution we will develop the procedures for the implementation of a variety of methods of effectiveness of the performed

training.

Objective 3. The assessment of the basic staff activity.

- 3.1** Actually the system of the staff reward is based on the work-position. Our objective in the future will be the work assessment based mainly on the activity, which is reflected in the quality of the work improvement, in the quantity performance and terms. For that reason we will improve the existing system for the assessment of the employee’s achievements, by approving detailed individual objectives with the staff, at the beginning of each year. These individual objectives will be drawn up by each member of the staff and their directors, based on the principle that the key to a better system for work assessment is the measurable objectives accepted by individuals.
- 3.2** Though the assessment of the achieved objectives and competencies may be difficult to develop as an institution an encouraging procedure in advance, based on the competencies and the concrete objective of the activity.

Such an assessment system will be in function of the procedures for staff promotion (defining a clearer and more effective criteria etc).

Action	Responsibilities	Action terms
To determine the competencies and objectives reviewed and the concrete objectives regarding the existing system of the activity assessment. To submit job descriptions reviewed where the required staff skills are defined.	The Chairman of SAI approves the competencies and the appraisal system reviewed, based on the opinion of the Director of the Economy, Human Resources and Information Technology, and the proposals made by the respective Audit Department Directors who are responsible for the functioning of the new appraisal system.	The review of the competencies and appraisal system as well as the review of the work prescription at the beginning of 2006.

- 3.3** The criteria and the competencies regarding the staff assessment are summered as follows.

3.4 *(1) The basis criteria regarding the successful assessment of the staff are as follows;*

- The Stability;
- The Objectivity;
- The concrete objectives;
- The provision of an important training closely related to the profession;
- The appraisal culture and individual development;
- The good management of the people;
- The active support from the high administration;
- The fully support of the staff and the collaboration;

(2)The competencies regarding the whole positions of SAI;

- The professional skills and the performance of a quality work;
- The integration and the respect;
- The independence and the impartiality;
- The work in team and the custom relations;
- The constructive reporting;
- The project and staff management;
- Contribution regarding the SAI development;

(3) The assessment fields for the individual actually are:

- The work in team;
- The use of resources;
- The communication in writing;
- The verbal communication;
- The technical skill;
- The judgment;
- The self-encouragement;
- The work quality;
- The management

Objective 4. The improved system regarding the people work management.

4.1 In order to face the challenges and to achieve the objectives envisaged in this Strategic Development Plan and consequently the desired quality, it is required to ensure an effective, efficient, trained and well-managed staff. The key to achieve result in the future is the availability of a motivated and well-administrated work force. For that reason we have predicted that the training of the managers should concentrate on the work organization and the administration of the resources, the development of responsive and management skills in order to realize those objectives, as well as their ability related to the construction of communicative relations with the dependent employees and the audited object

Action	Responsibilities	Action terms
The trainee should improve the staff management and should give their support regarding the staff motivation as well as to provide good and right internal communications, including the regular information for the task performance	The Director of the Economy, Human Resources and Information Technology and Audit Department Directors should perform a training program for management.	The training program for Managers should take place within the second quarter of the year 2006.

Summary of the part III. The Human Recourses

In order to perform successfully all the laid down issues of this part is necessary to be prepare in all the directions and to pay particular attention to the communication with the staff. The definitions and the underlined initiatives in this development plan of the Human Resources will be associated and undertaken with the advices and assistance of a SAI which is member of EU, based on the twinning agreement already on the way. Through the application of this agreement we envisage to resolve the most important issues such as the staff participation and the ability to acquire and to implement the established development system, by treating them in a professional way and with the right sensibility.

Part IV – The administrative support.

1. The needs for Information Technology.

1.1 The needs for the actual activity of SAI regarding Information Technology are focused on three main directions as follows:

(a) Regarding the institution:

- Computerization of the institution – processing in Word program, spreadsheets, graphics and presentations as well as the applications regarding the database.
- The administration of the information –the electronic management of the files and the documents; the opportunity to use the internal information on-line, manuals and regulations, reports and circulated statements, the book –keeping of the library, the following-up of the files and the correspondence, the computer knowledge's and the opportunity to use external resources through the internet program.
- Communications –intranet and email service through Internet.

(b) *The audit support*

- The automation and the documentation of the audit in order to support the audit methodology.
- The data issue and the modeling.
- The assurance of available standard modeling, which support the charts in reports etc.
- The database applications

(c) *Administrative support*

- The payment-list, accounting, purchases, as well as the asset's administration.

2. The development strategy and the priorities.

2.1 Regarding the period of time included in this strategic development plan, the priorities regarding the IT field will be as follows:

- The improvement to have good communication-skills within SAI and the opportunity to use the documents and the information in common.
- The improvement regarding the information security.
- To put in use the CAAT program in the audit teams.
- The ongoing policy development in order to renew the PC computers as well as the laptops for the auditors in open areas within the year 2007.

-The staff training of IT and its increase aiming the further development of the new systems of abilities and the possession by the auditor's part of the CAAT, a very useful method regarding the audit work.

3. Details regarding the planning of the activities.

3.1 Based on the program of the technical assistance financed by EU for the specialist of IT has been performed the training on the administration and on security. In order to materialize and to put into practice this training they will develop the following activities.

Action	Responsibilities	Action terms
1. To log in the network as a user and control the auditor's domains so as to manage the central security (configuration and administration).	The IT staff.	In June 2006.
2. Direct assistance during the use of the CAAT techniques by the auditors during the audit process.	The audit departments and the IT staff.	During the first quarter of 2006.
3. The safety of the documents area with Backup (the equipment purchase and their administration.)	The audit departments and the IT staff.	In September 2006.
4. The server increase and the printing (the equipment's purchase, the configuration and the administration)	The audit departments and the IT staff.	In October 2006.

3.2 In order to improve the services and to provide them during the period of time 2005-2008 there should be provided other servers.

Those improvements will mainly concentrate on the internal and external communication. Those commitments provide the way to increase the use of e-mail within SAI. Furthermore improvements are predicted in the web site of SAI and establishment of the standard formats of the documents,

including the presentation of complete and readable audit reports.

Action	Responsibilities	Action terms
1. The e-mail service in the SAI servers. -Mail-it.	The IT staff.	Throughout 2005.
2. The definitions and the distribution of standard documents to the auditors through the intranet PC. Servers. -Mail-it.	The Director General and the whole structures of the audit.	Within June 2005 and ongoing.
3. E-mail server, the review of the most useful program in order to use the address-book by paying great attention even the calendar (the selection of the software and the configuration)	Department of Economy, Human Resources and Information Technology	In July 2006.
4. The communication set-up through e-mail between the headquarters of SAI and their regional offices.	Department of Economy, Human Resources and Information Technology and Audit Department of State Budget	In September 2006.

3.3 In the framework of the renewal of computer devices, we intend to replace within the year 2007 all the old type and depreciated computers. Furthermore in the year 2005 we have planned to include an improvement element, in order that the software and old devices to be replaced as soon as possible, and as a matter to make the central administration easier as well as to improve the general security of the system.

Action	Responsibilities	Action terms
They will be replaced 38 computers IBM 300 and 400 MHZ with 32 and 64 MB RAM, that use the operation system window 1998 and 4 computers Compaq 400 MHZ.	The Department of Economy, Human Resources and Information Technology	During the years 2006-2007.

- 3.5** The whole servers will use Windows 2000 with a contemporary anti virus program, as well as the devices recovery of the software.
- 3.6** The final result of this department will be the use of software IDEA from SAI during the audit activity.