



REPUBLIKA E SHQIPËRISË
BORDI I MBIKËQYRJES PUBLIKE

ANNUAL REPORT

2025

Tirana, 2026

© 2026

This report and the data in its contents are copyrighted. All rights reserved to the Public Oversight Board in Albania. Copying and disseminating data or commercial use of this report is not permitted except when given written consent. It is prohibited to place this report on the website even when it is done free of charge, unless prior approval has been obtained by the Board of Public Oversight. Other uses not provided for in this section are only permitted if the source of the information is accurately quoted "Albanian Public Oversight Board".

CONTENT

Acronyms	5
1. Executive Summary.....	6
2. Composition and duties of the Public Oversight Board.....	8
2.1. Composition of POB.....	9
2.2. Constitution of the POB.....	9
2.3. Rights and duties of the POB.....	10
2.3.1 Sub-legal basis approved by POB for 2025.....	11
2.3.2 Financing of Public Oversight Board.....	13
3. Main Activities performed in 2025.....	15
3.1. Functioning of commissions set up at POB.....	15
3.1.1 Professional Competence Examination Commission.....	15
3.1.2 The Investigation and Discipline Commission.....	17
3.1.3 Legal Commission.....	19
3.1.4 Review Commission.....	20
4. Strengthening Audit Quality: Oversight, Professional Development, and Quality Indicators.....	21
4.1. Audit Quality.....	21
4.2. Quality assurance control and capacity building.....	22
4.2.1 Strengthening the capacity of the support structure for Auditing Quality Supervision.....	23
4.2.2 Strengthening the quality of Auditing in Albania: Reforms and collaborations for transparency and integrity.....	25
4.2.3 Competition in audit market.....	26
4.2.4 Ranking of Subjects.....	29
4.3. Quality Assurance Oversight.....	30
4.4. Quality Assurance Control for Non-Public Interest Entities.....	36
4.5. Achieved Results – Audit Quality Indicators.....	38
5. Supervision of professional organizations.....	41
5.1. Supervision of professional organizations of Statutory Auditors.....	41
5.2. Supervision of Approved Professional Accountants Organisation.....	42

6.	Interinstitutional Cooperation and International Counterpart Institutions.....	43
6.1.	POB Membership in IFIAR Commitment to Quality and International Cooperation	44
6.2.	POB and its role in the IFIAR Enforcement Working Group.....	45
6.3.	The Role of the POB as an Observer Member in the Committee of European Auditing Oversight Bodies (CEAOB).....	46
6.4.	Bashkëpunimi me Bankën Botërore për Forcimin e Kapaciteteve dhe Cilësisë së Auditimit	47
6.5.	European Union – Progress Report	48
6.6.	Cooperation with other Regulators in the region and other regional Organisations...	49
7.	Priorities and Objectives for 2026.....	50
7.1.	Oversight and Quality Assurance of Statutory Audit	50
7.2.	Oversight of entry into the Profession and the Professional Competence Examination Process.....	50
7.3.	Contribution of the POB to strengthening the AML/CFT framework and the European Integration Process.....	51
7.4.	Role and contribution of the POB in fulfilling Chapter 6 of the EU Acquis (“Law for Traders and Commercial Companies”)	52
7.5.	Strengthening supervisory capacities, professional development of staff, and improvement of Institutional effectiveness.....	53
7.6.	Oversight of the Professional Organisation of Statutory Auditors and development of professional capacities.....	53
7.7.	Oversight of the Certified Accountant profession.....	54
7.8.	Strengthening interinstitutional cooperation in support of financial stability and quality of reporting.....	55

Acronyms

SA	Statutory Auditors
WB	World Bank
BE	European Union
POB	Public Oversight Board
BoA	Bank of Albania
IESBA	International Ethics Standards Board for Accounting Professionals
CFRR	World Bank Centre for Financial Reporting Reform
FIA	Financial Intelligence Agency
FATF	Financial Action Task Force
IEKA	Institute of Authorized Accounting Experts
IFIAR	International Forum of Audit Regulators
KIDB	Public Oversight Board Investigation and Discipline Commission
CA	Certified Accountant
KPAP	Professional Competence Examination Commission
PIE	Public Interest Entities
NUIS (NIPT)	Unique Company Identification Number
DPT	General Directorate of Taxation
NBC	National Business Center
NAS	National Accounting Standards
ISA	International Standards of Audit
ISQC1	International Quality Control Standard 1
IFRS	International Financial Reporting Standards
SNMC 1	International Standard on Quality Management 1
SNMC 2	International Standard on Quality Management 2
ICT	Information and Communication Technology

1. Executive Summary

This report presents an overview of the activities and work conducted by the Public Oversight Board (POB) throughout 2025 for the oversight of Statutory Auditors and audit firms, Certified Accountants, as well as the respective professional organizations. During the reporting year, the POB has continued to consolidate its role as the main oversight authority of the audit profession in Albania, contributing to strengthening the quality of statutory audit, increasing the transparency of financial reporting, and advancing the process of alignment with the acquis of the EU. The activity has been characterized by an integrated approach combining legal and regulatory reforms, effective oversight, institutional development, and international cooperation, within the framework of creating and increasing assurance that audits are conducted in a transparent, controlled, and diligent environment, in the service of the public interest.

One of the most significant achievements during this period is the drafting and approval of a series of secondary legislation acts in implementation of recent legal amendments, with the aim of full alignment of the regulatory framework with the requirements of Directive 2006/43/EC and Regulation (EU) No 537/2014. These regulations have addressed key areas such as quality assurance, investigation and disciplinary measures, revenue collection, inter-institutional cooperation, and the functioning of the public register, thereby strengthening the legal and institutional basis of oversight. The process has been carried out in a transparent and inclusive manner, through extensive consultations with professional organizations and stakeholders.

In terms of quality oversight, the POB has continued to apply a risk-based approach, conducting a considerable number of quality assurance inspections in recent years. In total, 45 inspections have been carried out, including Statutory Auditors and audit firms, and for the first time the delegation of quality assurance inspections for 45 Statutory Auditors engaged in the audit of non-Public Interest Entities has been implemented to the Institute of Authorized Accounting Experts (IEKA). Overall, the quality assurance process has identified important challenges, including the need to update quality management systems in accordance with the International Standards on Quality Management (ISQM 1 and ISQM 2), to improve the documentation of audit evidence, and to strengthen the linkage between audit procedures and conclusions. However, the high level of cooperation from the inspected entities and their commitment to the implementation of improvement plans constitute a positive indicator for the further development of the profession.

The results of inspections have identified significant improvements in audit quality and in the internal organization of auditors' work, also reflected in the development of the audit market. Revenues from audit services have recorded an average annual increase of 14.38%, significantly exceeding the growth in the number of audited entities. This development indicates a shift of the market towards a competitive model based on quality and added value, in line with the strategic objectives of sector reform. At the international level, the active involvement of the POB in the International Forum of Audit Regulators (IFIAR), and in particular in the Enforcement Working Group, represents an important element of the institutional strategy to strengthen the regulatory role, increase capacities, and align with

international standards. These engagements aim not only to improve the quality of audit and oversight, but also to increase public and investor confidence in the integrity of the financial reporting system in Albania.

Furthermore, the approval of the POB as an observer member in the Committee of European Auditing Oversight Bodies (CEAOB) marks another important achievement, representing a significant recognition of Albania's progress in harmonizing the audit framework with European and international standards, and creating opportunities for the exchange of experience and further improvement of oversight practices. This engagement strengthens the role of the POB as a modern and proactive institution in the protection of the public interest.

Reforms led by the Ministry of Finance, with the support of international partners – the World Bank (WB) and SECO – as a result of continuous and long-term cooperation, related to the improvement of financial reporting in the private sector and beyond, in accordance with international standards and best practices, designed to be sustainable, have contributed to building sufficient technical capacities for the institutions of the financial reporting framework to update and implement the legal framework, professional standards, and oversight activities. The effectiveness of statutory audit oversight has led to the result that this service is no longer perceived as a low-cost, compliance-driven service, but rather encourages competition based on quality. The strengthening of capacities has positioned the POB as a reliable and effective regulator, capable of protecting and sustaining the outcomes of reforms, while creating a stable foundation for long-term development and European integration.

Strengthening cooperation with professional organizations, particularly with IEKA, has been another important pillar of the POB's activity. Efforts have been focused on improving the system of professional education and qualification, developing continuing professional development programs, and increasing ethical and professional standards. These initiatives aim to ensure that entry into the profession and the further development of Statutory Auditors are aligned with the increasing requirements of the market and international standards.

The year 2025 demonstrates that significant progress has been achieved in strengthening the audit oversight system and increasing audit quality through a clear combination of regulatory policies, effective oversight, and international cooperation, while at the same time supporting the country's sustainable economic development.

Finally, the role of the POB as the overseer of the professional competence examination process is essential for ensuring the quality of entry into the profession and the reliability of the certification system. In this context, the POB has given immediate priority to ensuring the continuity of this process, in light of its postponement from 2025. During 2026, concrete and well-structured measures have been undertaken, aiming to ensure the proper and transparent conduct of this process, as well as to strengthen organizational and oversight capacities. This approach aims not only to ensure the continuity of the process, but also to increase the confidence of candidates and the public in the integrity and effectiveness of the examination system.

2. Composition and duties of the Public Oversight Board

POB was established in October 2009 with the entry into force of Law no. 10091, dated 05.03.2009 " *On statutory audit, the organization of the profession of statutory auditors and certified accountants*", as amended. The new amendments with the Law 47/2016 significantly improved the role of the POB reflecting the vision of the counterpart institutions of the European Union and the requirements of EU Regulation 537.

Following these changes, POB has assumed the status of independent regulatory authority by carrying out public oversight of the audit profession and audit firms, both directly and through oversight of the activity of the professional organization of statutory auditors. The POB is also the authority responsible for overseeing and regulating the profession of certified accountants and their professional organizations.

The improvement of the audit environment would not have been possible without sufficient and qualified human resources. Based on the provisions of the aforementioned law and with the approval of Council of Ministers Decision No. 786/2016, as amended, the establishment of a dedicated full-time support structure was made possible, with the purpose of ensuring the continuous implementation and follow-up of the activities of the Public Oversight Board (POB). Currently, the POB support structure consists of a staff of 7 (seven) qualified experts, including 3 (three) senior quality assurance inspectors, as well as the commissions established by the Board as part of this structure.

In this context, a key role is played by the quality assurance inspectors, who, through continuous and dedicated fieldwork, contribute directly to strengthening audit quality and increasing public trust in the profession. Their engagement is characterized by a high level of professionalism, independence in judgment, and commitment to international best practices. Their strong integrity is reflected in the rigorous and impartial manner in which they carry out assessments, ensuring that quality assurance processes are reliable, transparent, and fully compliant with legal and regulatory requirements. Through this engagement, they not only identify and address deficiencies but also contribute to the continuous improvement of professional practices in the market.

The mission of the POB is the public oversight of Statutory Auditors (SA) and audit firms, professional organizations of statutory auditors, as well as professional organizations of Certified Accountants (CA), with the objective of fulfilling public interest goals in support and implementation of the law, secondary legislation, and the regulatory framework, in the service of the public interest.

The main objective of the POB is to increase assurance that statutory audits are conducted in a transparent, controlled, and diligent environment, in the public interest. In exercising its

regulatory and oversight functions, the POB is guided by the principles and standards of independence, transparency, and integrity.

2.1. Composition of POB

The Public Oversight Board consists of five non-practitioner members, who are experts in the fields related to statutory audit, appointed by the Minister responsible for finance, with a mandate for a period of 4 years, with the right to be re-elected not more than twice. The board members were selected based on established criteria and through an independent and transparent competitive procedure based on Law No. 10091, dated 05.03.2009 " *On statutory audit, the organization of the profession of statutory auditors and certified accountants*", as amended, DCM No. 786, dated 09.11.2016 " *On the procedures for the selection and cases of dismissal of members, as well as the rules on the organization and functioning of the Public Oversight Board* ", as amended, as well as in the Order of the Minister of Finance no. 29/1, Dated 01.12.2021 "On the appointment and mandate of the Chairman and members of the Public Oversight Board" and the constitution of this Board was made on 23.12.2021.

The composition of the Public Oversight Board (POB) during the reporting period is presented as follows:

1. Chairman - Mr. Dritan Fino;
2. Member - Mrs. Adriana Berberi;
3. Member - Mr. Luan Abazi;
4. Member - Mr. Martin Mici;
5. Member - Mr. Gjergji Duro.

During 2025, the Public Oversight Board (POB), with the composition referred to above, held 15 meetings and adopted 61 decisions in order to fulfill its duties and functions as defined by law. The Board's decisions were taken in full transparency, in compliance with the principle of collegiality.

In the performance of its functions, the Public Oversight Board is supported by the Support Structure and is led by the Executive Director, Ms. Erjola Vejzati.

The Support Structure consists of three senior quality assurance inspectors and administrative staff, who have significant experience in the field of statutory audit, financial reporting, and expertise in quality assurance of statutory audit, the legal framework, as well as areas related to anti-money laundering, international education standards, and related fields.

2.2. Constitution of the POB

During 2026, the Public Oversight Board (POB) was reconstituted, composed of five non-practitioner members who are experts in fields related to statutory audit. The members were appointed by the Minister responsible for finance for a term of four years, with the right of reappointment for no more than two additional terms.

The Board members were selected based on established criteria and through an independent and transparent competitive procedure, in accordance with Law No. 10091, dated 05.03.2009 “*On statutory audit, the organization of the profession of statutory auditors and certified accountants*”, as amended; Council of Ministers Decision No. 786, dated 09.11.2016 “*On the procedures for the selection and cases of dismissal of members, as well as the rules on the organization and functioning of the Public Oversight Board*”, as amended; as well as Order of the Minister of Finance No. 153/3, dated 27.02.2026 “*On the appointment of the members of the Public Oversight Board*”. The constitution of this Board took place on 06.03.2026.

Currently, the Public Oversight Board is composed of the following members:

1. Chairwoman - Mrs. Elira Hoxha;
2. Member – Mrs. Sanije Tafa;
3. Member – Mr. Lirim Sulaj.
4. Member – Mrs. Dorida Marku;
5. Member – Mrs. Enslemvera Zake.

2.3. Rights and duties of the POB

The legislative amendments that entered into force in January 2025 have significantly strengthened the role and responsibilities of the Public Oversight Board (POB), further consolidating its position as an independent oversight authority in line with best European practices. In addition to the continuity of its core functions in the areas of registration oversight, quality assurance, ethics, and professional discipline, the new legal framework has substantially expanded the POB’s regulatory and institutional competences. The amendments have introduced new responsibilities related to the preparation and approval of the institution’s own financial statements, as well as their audit. They have also strengthened the POB’s role in issuing secondary legislation, including regulations, guidelines, and methodologies, which are published in the Official Journal. In addition, the POB has been assigned a clearer role in the development of mandatory professional standards and in regulating institutional cooperation and information exchange, both at national and international level. These developments reflect a significant strengthening of the POB’s oversight functions and responsibilities. At the same time, they enhance transparency, accountability, and institutional effectiveness, further reinforcing the POB’s role as a modern and independent public oversight authority.

Based on the provisions of Law No. 10091, dated 05.03.2009 " *On statutory audit, the organization of the profession of statutory auditors and certified accountants*", as amended, Article 5, POB has the following rights and duties:

- Designs the rules of operation of the Professional Competence Examination Commission (KPAP) and the Registration Committee for statutory auditors and audit firms, which are presented for approval to the authorities provided for in this Law;

- Oversees, monitors, and evaluates the implementation of testing and registration procedures for Statutory Auditors and audit firms;
- Approves the format of the public register of Statutory Auditors and audit firms registered by the Registration Committee, and supervises compliance with the rules related to the identification number of Statutory Auditors in the register;
- Approves the Code of Ethics for Statutory Auditors and audit firms, prepared and proposed by the professional organization of Statutory Auditors, and monitors compliance with the standards of this Code;
- Oversees quality assurance inspections carried out by the professional organization of Statutory Auditors;
- Supervises continuing professional development programmes and the professional qualification of Statutory Auditors;
- Approves regulations on investigations and disciplinary procedures;
- When deemed necessary, carries out additional investigations of Statutory Auditors and audit firms;
- Reviews and decides on complaints submitted by candidates related to their registration;
- Approves and publishes its annual work programmes and activity reports;
- Reviews and decides on disciplinary cases falling within its competence;
- Reviews and decides on other issues provided for in this law that fall within its scope of activity;
- Prepares and approves its financial statements in accordance with the applicable accounting and financial reporting legislation and appoints the statutory auditor or audit firm for their audit;
- Issues regulatory acts, including rules, regulations, orders, instructions, manuals, or methodologies, in implementation of the competencies defined in this law or other applicable legislation, for the fulfilment of its regulatory and supervisory functions, as well as for its organization and functioning. Normative regulatory acts are published in the Official Journal;
- Declares mandatory the professional standards applicable to Statutory Auditors and audit firms in accordance with the scope of this law, which are published in the Official Journal;
- Approves regulatory acts related to institutional cooperation and information exchange, both domestically and internationally.

2.3.1 Sub-legal basis approved by POB for 2025

With the entry into force of Law No. 126/2024 “On certain additions and amendments to Law No. 10091, dated 05.03.2009 ‘On statutory audit, the organization of the profession of statutory auditors and certified accountants’, as amended”, the Public Oversight Board (POB) initiated the process of analysing and aligning the new legal provisions and drafting the relevant sub-

legal acts. This process included consultation with professional organizations and publication on the official website for comments from interested parties.

These acts aim at further alignment with the requirements of Directive 2006/43/EC and Regulation (EU) No. 537/2014, and focus on compliance with the relevant requirements related to professional ethics, independence, objectivity, confidentiality and professional secrecy, auditing standards and audit reporting, quality assurance and quality assurance systems, as well as the investigation and sanctioning system and the effectiveness of sanctions.

In August 2025, following consultation with professional organizations and after publication for comments, the POB approved the Regulation “On the procedures and rules for the collection of revenues of the Public Oversight Board”, published in the Official Journal No. 158, dated 08.09.2025.

This regulation aims to strengthen capacities by improving and clarifying the procedures and rules for revenue collection, in accordance with the sources of financing of the activity defined in Article 4/1 of Law No. 10091, dated 05.03.2009, as amended.

Subsequently, in September 2025, after consultation with the professional organization of statutory auditors and publication for comments from statutory auditors and audit firms, the POB approved the Regulation “On the procedures for performing quality assurance inspections, and the organization and functioning of the quality assurance system of statutory auditors and audit firms”, published in the Official Journal No. 183, dated 09.10.2025.

The provisions set out in this regulation approximate the requirements of Directive 2006/43/EC and Regulation (EU) No. 537/2014 on audit, covering all provisions related to:

- i. procedures, methodology and requirements for the organization and functioning of the internal quality assurance system, as well as for the performance of engagement quality reviews by statutory auditors and audit firms, in accordance with the requirements of Law No. 10091, dated 05.03.2009, as amended, and the relevant sub-legal acts issued for its implementation;
- ii. the regulatory framework for oversight by the POB in protecting the public interest through quality assurance inspections of statutory audit and, where applicable, assurance engagements on sustainability reporting;
- iii. detailed rules for the implementation of the requirements of the audit law and the relevant requirements of the applicable Code of Ethics in relation to preparation for statutory audit and the assessment of threats to independence, maintaining independence and objectivity, prohibition of non-audit services, as well as irregularities identified in the entity when performing statutory audit and/or assurance on sustainability reporting for a public interest entity (PIE);
- iv. rules on the transfer of information;

- v. specific rules and requirements regarding the content of the audit report on individual and consolidated annual financial statements, as well as the assurance report on the annual and consolidated sustainability report;
- vi. detailed rules related to reporting to the audit committee.

In the same period, the Regulation “On investigation and procedures for taking disciplinary measures” was also approved, published in the Official Journal No. 183, dated 09.10.2025.

The provisions set out in this regulation approximate all requirements of Directive 2006/43/EC related to: (i) the system of investigation and disciplinary and sanctioning measures; and (ii) the effective implementation of disciplinary and sanctioning measures, by defining as follows:

- i. legal requirements related to investigation and the imposition of disciplinary measures by the Public Oversight Board (POB);
- ii. principles for imposing disciplinary measures not with the purpose of punishment, but for the protection of the public interest, and for ensuring an effective and proportionate system of investigation and disciplinary procedures;
- iii. general principles governing the functioning of the investigation process and the imposition of disciplinary measures by the POB, aimed at detecting, correcting and preventing violations and improper conduct in the exercise of statutory audit and assurance engagements on sustainability reporting.

In November 2025, the Regulation “On cooperation and exchange of information at national and international level” was approved, published in the Official Journal No. 230, dated 11.12.2025. This regulation defines the principles, procedures, forms and modalities of cooperation and information exchange between the Public Oversight Board (POB) and other national and international authorities, with the objective of ensuring effective oversight in the field of audit and financial reporting.

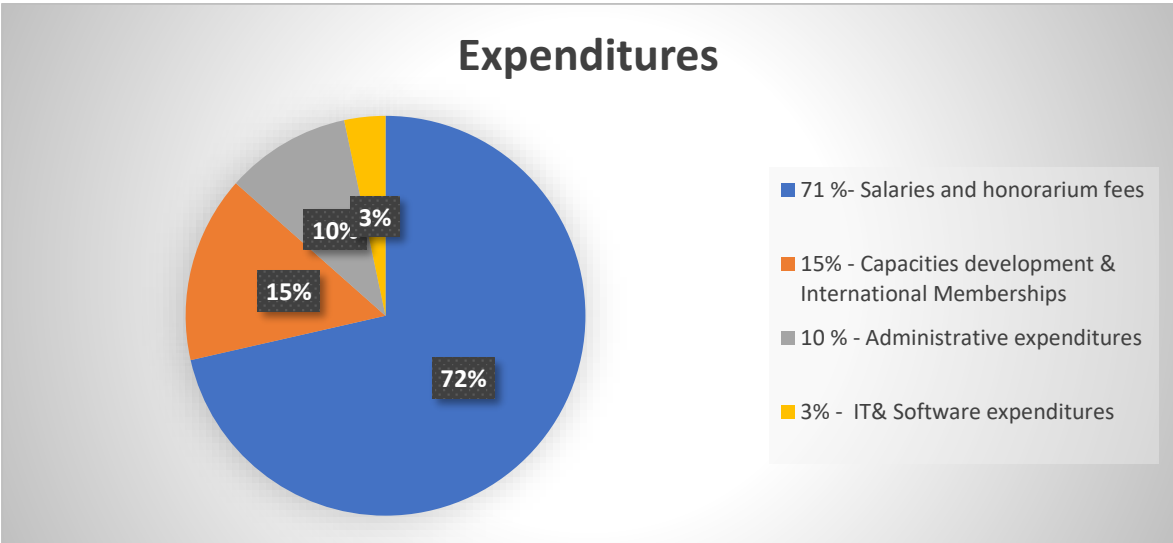
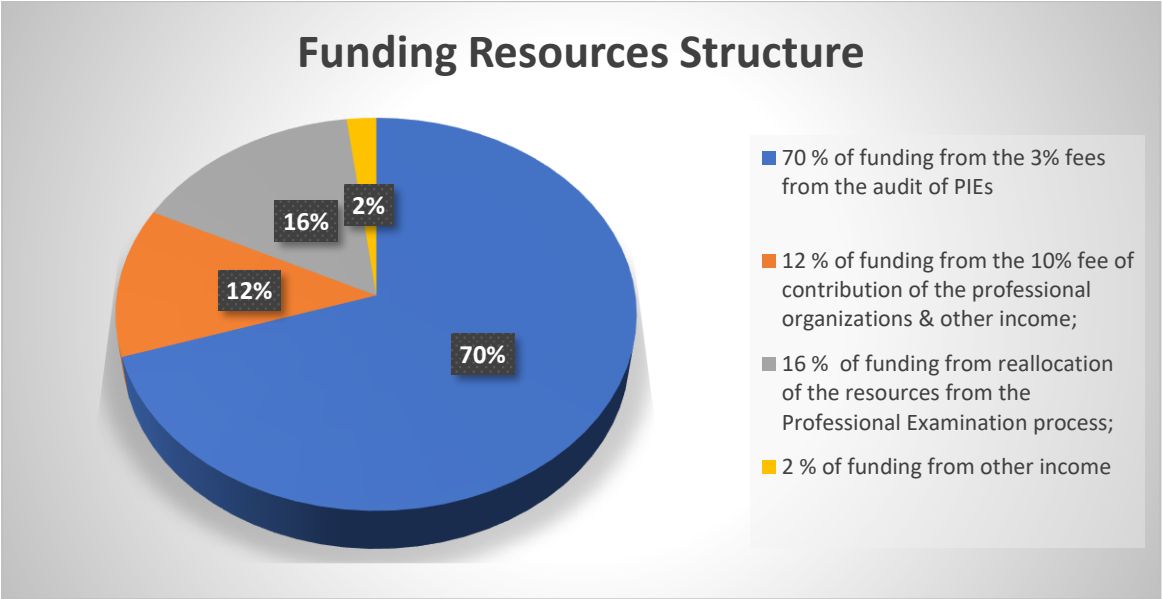
Also, in November 2025, the Regulation “On the organization and functioning of the Registration Committee and the updating of the Public Register” was approved, published in the Official Journal No. 230, dated 11.12.2025. This regulation defines the rules and procedures for the organization and functioning of the Registration Committee of statutory auditors and audit firms, as well as the oversight of compliance with the rules during the registration process in the Public Register of statutory auditors and audit firms, including the assignment of identification numbers to statutory auditors in the register

2.3.2 Financing of Public Oversight Board

The independent and continuous audits of high-quality financial statements are essential to help ensure reliable and appropriate financial reporting for our country's economy. The oversight activity carried out by POB is essential for continuous improvement of audit quality for the protection of the public interest. The resources provided by the fees of audits of public

interest entities and from the contributions of other professional organizations, subject to oversight by the Public Oversight Board, support the realization of our activities in overseeing the implementation of the law framework, the requirements of the Code of Ethics and international standards on auditing. With a focus on audit quality, as guardians of the fees collected to fund our efforts, we must act as effectively and efficiently as possible by further cultivating a work culture of high integrity, collaborative and inclusive.

The following graphic shows the funding structure of the Public Oversight Board:



The steady increase in resources is the result of improved efficiency in the administration of collected fees and enhanced operational effectiveness, as well as the outcome of important

reforms reflected in the legal and regulatory framework. These resources have been used in a sustainable and progressively increasing manner to support supervisory activities, directly contributing to the improvement of audit quality and the strengthening of confidence in financial reporting.

3. Main Activities performed in 2025

3.1. Functioning of commissions set up at POB

3.1.1 Professional Competence Examination Commission

The Professional Competence Examination Commission established based on the provisions of Articles 17 and 18 of Law 10091, date 05.03.2009 "*On statutory audit, organization of the profession of statutory auditor and certified accountant*", as amended and point IV/1/1 of the DCM No. 786, dated 09.11.2016 " On the procedures for the selection and cases of dismissal of members, as well as the rules on the organization and functioning of the Public Oversight Board", as amended. This commission has for the object of the activity the organization and conduct of the examination, relevant to the final professional competence examination of candidates for Statutory Auditors and Certified Accountants.

The members of the Commission for the Professional Competence Examinations, based on law no. 10091 dated 05.03.2009, as amended, were approved by the Public Oversight Board with Decision no. 71 dated 12.11.2020 "*On the appointment of the members of the Commission for the Professional Competence Examinations* ", Decision no. 51, dated 23.08.2022 of Public Oversight Board "*On the appointment of the Chairman of the Commission for the Professional Competence Examinations* " and Decision no. 15, Dated 20.04.2023 of the Public Oversight Board "*On the appointment of a member of the Commission for the Professional Competence Examinations* ".

The KPAP is composed of five members, who are appointed by the POB for a period of 4 (four) years, according to the following proposals:

- a. Chairman of the Minister of Finance;
- b. two members of the professional organization of statutory auditors;
- c. a member of the professional bodies or the National Accounting Council;
- d. a member of the university professors.

Through the process of evaluating candidacies for selection as members of the KPAP, the POB selects and appoints the successful candidates proposed by the professional organization of statutory auditors, professional bodies, or the National Accounting Council, as well as by university faculty in the field. The evaluation process is performed by an "Ad-Hoc" commission from the supporting structure, which evaluates the applications and submits them to the POB for decision-making.

The KPAP carries out its activity in the implementation of its mission determined by law and other regulatory acts, such as::

- Regulation No. 2, dated 22.02.2018, “*On the functioning of the Professional Competence Examination Commission and the oversight of the testing process for candidates for statutory auditor and certified accountant of the Public Oversight Board,*” as amended;
- Regulation No. 6, dated 31.05.2018, “*On testing procedures and the evaluation system in the professional competence examination of candidates for statutory auditor and certified accountant,*” as amended..

The Professional Competence Examination Commission (KPAP) approved the examination calendar for the final professional competence exams for obtaining the titles of Certified Accountant (CA) and Statutory Auditor (SA) for the 2025 examination session.

During the 2025 session, a total of 268 candidates were registered for obtaining the CA title and 83 candidates for obtaining the SA title.

In 2025, the KPAP held a total of 24 meetings.

In summary, the main activities carried out by the KPAP during 2025 in relation to the organization of the respective examination session consisted of the approval and implementation of the examination calendar within the framework of the final professional competence examinations for candidates for Certified Accountant (CA) and Statutory Auditor (SA).

The KPAP coordinated the processes in cooperation with the professional organization of statutory auditors (Institute of Authorized Accounting Experts (IEKA)) and the technical secretariat. This included the publication of examination-related information, administration of documentation, and verification of candidates’ applications. It also involved taking technical and administrative measures for the conduct of the examinations in accordance with the legal framework, ensuring equal conditions for all candidates.

Individuals engaged in drafting, supervising, and marking the final exams were approved and trained, and all necessary logistical conditions for the implementation of the process were ensured.

As part of the process, the first exam was held on 11.10.2025 in the subject “Financial reporting and preparation of financial statements in accordance with national and international financial reporting standards”, in which 174 candidates participated and 58 candidates passed.

Following the publication of the results in the above-mentioned subject, the technical secretariat received appeals, which were reviewed in accordance with the procedures established in the applicable legal and regulatory framework.

By Decision No. 21, dated 16.10.2025, the KPAP decided to postpone the examination process starting from the exam scheduled for 18 October 2025 and onwards, to a later date.

The continuity of this process remains one of the key priorities of the Public Oversight Board (POB), with a focus on addressing the postponement and undertaking concrete measures to ensure its continuation and completion during 2026..

3.1.2 The Investigation and Discipline Commission

Pursuant to Law No. 10091, dated 05.03.2009, “*On statutory audit, the organization of the profession of statutory auditors and certified accountants*”, as amended, Council of Ministers Decision No. 786, dated 09.11.2016, “*On the procedures for the selection and cases of dismissal of members, as well as the rules on the organization and functioning of the Public Oversight Board*”, as amended, and within the framework of the responsibilities arising from the Regulation “*On investigation and procedures for taking disciplinary measures*”, as well as in continuation of Decision No. 15, dated 21.05.2024 of the Public Oversight Board (POB) “*On the organization and functioning of the Investigation and Discipline Commission (KIDB) of the Public Oversight Board*”, the POB re-established this commission in 2025 by Decision No. 38, dated 26.06.2025.

Currently, this Commission is composed of five members: one member with a legal background and four non-practitioner professionals in the fields of audit, financial reporting and accounting, as well as tax legislation. This composition ensures an appropriate balance between legal and professional expertise, guaranteeing an independent and professional review of the cases examined by the Commission.

In accordance with points 4 and 5 of Article 5 of the Regulation “*On investigation and procedures for taking disciplinary measures*”, the Public Oversight Board Investigation and Discipline Commission (KIDB) confirms, at the beginning of each review process for determining and proposing disciplinary measures, that each member assigned to a case has no relationship or interest in the matter under investigation. In the event that any conflict is identified, either at the beginning or during the review process, the member is required to immediately withdraw from the decision-making process, thereby safeguarding the integrity and credibility of the Commission’s activity.

The scope of activity of the KIDB includes the examination of complaints submitted against statutory auditors, audit firms, the professional organization of statutory auditors (IEKA), as well as other entities falling within the oversight scope of the POB. In addition, the Commission reviews cases of violations identified within the framework of quality assurance inspections and oversight processes, as well as any other case which, in accordance with the regulation, leads to the initiation of an investigation procedure.

Articles 10–16 and 18 of the Regulation “*On investigation and procedures for taking disciplinary measures*” define the procedures for the initiation, review and completion of investigation processes by the POB, regulating the methods of initiating procedures, the

handling of complaints and information, the conduct of the investigation process, as well as the final decision-making, including the closure of the case or the proposal of disciplinary measures.

During 2025, the activity of this Commission was focused on the review of procedural matters, the analysis of legal amendments aimed at improving procedures and increasing effectiveness, with a view to strengthening the implementation of enforcement measures, as well as the preliminary handling of complaints.

During 2025, the KIDB held a total of 25 meetings, focused on the review of procedural matters, the analysis of the regulatory framework and the preliminary handling of complaints.

The main activities of the KIDB during 2025 include:

1. Review of complaints and conduct of hearings

During the period under review, the Commission handled two complaints submitted by entities and individuals, fully following the applicable administrative procedures. As part of this process, hearings were conducted with the involved parties, the documentation and evidence submitted were analysed, and final conclusions were reached for each case, which were addressed in accordance with the relevant competences for further handling by the professional organizations.

The entire process was conducted in line with the principles of transparency, impartiality and the right to be heard.

2. Improvement of the effectiveness and proportionality of the sanctioning system within the framework of drafting sub-legal acts

The Commission contributed to the improvement of the regulatory framework and the strengthening of institutional capacities through:

- Reviewing the report of the international consultant J.V. Diggelen on technical assistance within the framework of the World Bank SQARP project;
- Discussing and integrating the consultant's recommendations into the Regulation on investigation and disciplinary procedures, in the context of the amendments to Law No. 10091/2009 (effective from 30.01.2025);
- Discussing the draft regulation and related comments aimed at improving investigation procedures and the imposition of disciplinary measures.

3. Oversight of audit quality

Reviewing compliance with Law No. 10091/2009, the Regulation "*On the procedures for performing quality assurance inspections, and the organization and functioning of the quality assurance system of statutory auditors and audit firms*", and the Regulation "*On investigation*

and procedures for taking disciplinary measures”, in relation to the summary report and assessment within the quality assurance inspections process carried out during 2025.

During the period under review, the Commission’s activity was characterized by a clear focus on strengthening oversight and enforcement of the law, through the timely and transparent handling of complaints, engagement in improving audit quality through the analysis of quality assurance inspections reports, as well as active contribution to the enhancement of the regulatory framework, in line with legal amendments and international best practices.

This activity has directly contributed to increasing the effectiveness of the public oversight system and strengthening confidence in the auditing profession in Albania.

For the reporting period, no cases were submitted to this Commission that constituted misconduct or violations of the provisions of the audit law and the sub-legal acts issued for its implementation; consequently, no disciplinary measures were proposed against the supervised entities.

3.1.3 Legal Commission

Pursuant to point IV/1/1 of Council of Ministers Decision No. 786, dated 09.11.2016, “*On the procedures for the selection and cases of dismissal of members, as well as the rules on the organization and functioning of the Public Oversight Board*”, as amended, as well as other sub-legal acts regulating the functioning of the Public Oversight Board (POB), by Decision No. 13, dated 08.05.2025, the Legal Commission of the Public Oversight Board has been re-established and continues its activity.

Currently, this Commission is composed of three members who are specialists in the relevant field.

The activity of the Legal Commission consists of reviewing and providing legal opinions on:

- Draft regulations, draft decisions, sub-legal acts, and the review of other matters in support of the decision-making of the Public Oversight Board (POB);
- Matters reviewed by the Public Oversight Board Investigation and Discipline Commission (KIDB), where their nature requires specialized legal expertise beyond the capacity of the supporting legal structure to provide a comprehensive opinion, in accordance with the investigation regulation;
- Proposals of the KIDB and the respective reports on disciplinary measures concerning entities subject to Law No. 10091, dated 05.03.2009, as amended, submitted for approval to the POB;
- Provision of legal advice to commissions and working groups established within the POB;
- Proposals of the Senior Inspectors for Quality Assurance Control and the respective reports on grading assessments and related disciplinary measures following the completion of quality assurance control, submitted for approval to the POB;

- Various matters provided for under the legislation of the Republic of Albania that have an impact on the compliance of the POB’s activity with the legal framework on audit and the sub-legal acts issued for its implementation.

In the course of its activity, during 2025, the Legal Commission held a total of 12 meetings and issued 8 legal opinions, exercising its advisory function on legal and regulatory matters related to the functioning of the POB.

The Commission provided legal opinions on several amendments and additions to the Statute of the Public Oversight Board and reviewed the drafting of sub-legal acts within the framework of the amendments to the audit law, specifically:

- Regulation “*On the procedures and rules for the collection of revenues of the Public Oversight Board*”;
- Regulation “*On investigation and procedures for taking disciplinary measures*”;
- Regulation “*On the procedures for performing quality assurance control, and the organization and functioning of the quality assurance system of statutory auditors and audit firms engaged in the audit of public interest entities and non-public interest entities*”;
- Regulation “*On the organization and functioning of the Registration Committee and the updating of the Public Register*”;
- Regulation “*On cooperation and exchange of information at national and international level*”.

The Commission also reviewed and provided the relevant legal opinions on the summary reports of quality assurance controls carried out on statutory auditors and audit firms, as well as on the measures proposed by the Senior Inspectors for Quality Assurance Control, with the aim of supporting the decision-making of the POB in accordance with the applicable legal and regulatory framework.

3.1.4 Review Commission

Pursuant to Law No. 10091, dated 05.03.2009, “*On statutory audit, the organization of the profession of statutory auditors and certified accountants*”, as amended, and within the framework of fulfilling the responsibilities arising from Regulation No. 2, dated 20.02.2018, “*On the functioning of the Professional Competence Examination Commission and the oversight of the testing process of candidates for Statutory Auditor and Certified Accountant*”, as amended, the Public Oversight Board (POB) established the Review Commission by Decision No. 21, dated 11.05.2023, which was subsequently amended by Decision No. 17, dated 21.05.2024 of the POB.

The Review Commission is composed of five (5) professional members, of whom two (2) are legal experts and three (3) are selected from professionals in the fields of accounting, auditing, taxation, and management, in accordance with the requirements set out in the amended Regulation No. 2/2018 of the POB.

The Review Commission has the following competencies:

- to verify the exam drafters and markers proposed by the Professional Competence Examination Commission (KPAP) in accordance with this regulation;
- to verify the quality reviewers of exam content proposed by the KPAP, who are responsible for reviewing the quality of the question pool prepared by the drafters;
- to verify the re-markers proposed by the KPAP, who are engaged to review cases of marked exam papers where differences exceeding 5% of the total score arise from the marking process carried out by two parallel groups of markers.

During 2025, the Review Commission held 7 meetings and adopted 9 decisions.

The main issues addressed during 2025 include:

1. Verification and approval of the drafters, quality reviewers of exam content, markers, and re-markers for the first examination held on 11.10.2025, in the subject “*Financial reporting and preparation of financial statements in accordance with national and international financial reporting standards*”;
2. Verification and approval of the drafters and quality reviewers of exam content for the second examination held on 18.10.2025, in the subject “*Practical application of legislation on civil law, criminal law, commercial law and labour law in the Republic of Albania, to the extent that these are relevant to the statutory audit of financial statements*”;
3. Verification and approval of the drafters and quality reviewers of exam content for the third examination held on 25.10.2025, in the subject “*Practical application of tax legislation requirements in the Republic of Albania.*”.

4. Strengthening Audit Quality: Oversight, Professional Development, and Quality Indicators

4.1. Audit Quality

Audit quality is fundamental to maintaining trust in financial markets, providing investors, regulators and other stakeholders with confidence in the accuracy and reliability of financial reporting. Our role, as the independent oversight authority of the audit profession, is to support and enhance audit quality by ensuring that financial statements present a true and fair view of the financial position of economic entities. High-quality audits mitigate the risk of misstatements, fraud and corporate failures, thereby contributing to a sound and stable financial system.

A key function of our supervisory activities is the ongoing assessment of audit firms through inspections, reviews and, where necessary, the application of enforcement measures. By assessing compliance with the legal and regulatory framework, auditing standards and ethical requirements, we identify areas for improvement and promote best audit practices.

Safeguarding auditor independence remains a core priority, ensuring that auditors fulfil their public interest responsibilities free from business-related influence. This is particularly critical in cases where firms provide both audit and non-audit services, which may create potential conflicts of interest.

Our commitment to audit quality extends beyond supervision; we continuously develop our capacities to keep pace with emerging risks, technological advancements and market dynamics. Through cooperation with international regulatory partners and global standard-setting organisations in auditing and financial reporting, we promote global consistency and best practices in audit oversight.

Through the implementation of our quality assurance control programmes, the Public Oversight Board (POB) contributes to strengthening the credibility of financial reporting and reinforcing public confidence in audit and financial reporting.

4.2. Quality assurance control and capacity building

The POB has developed a strategy for the inspection and monitoring of audit firms/statutory auditors, which is based on direct inspection (through continuous inspections) for audit firms/statutory auditors of Public Interest Entities (PIEs), as well as on the monitoring (supervision) of medium-sized and small audit firms/statutory auditors. Each year, based on data collected through the reporting of audit engagement assignments, inspectors of the supporting structure complete a risk matrix which serves as the basis for the implementation of the inspection process. Monitoring is therefore grounded in a risk-based approach, focusing the POB's activities on entities presenting a higher level of risk.

During 2025, in fulfilment of its mandate, the POB carried out quality assurance control in 45 audit firms/statutory auditors, and 45 statutory audit engagements performed by these entities were reviewed.

During the inspection process, the POB places significant emphasis on transparency and open discussion of findings and areas for improvement with the parties involved in the process, reaffirming that the POB's focus is the identification of issues with higher risk to the public interest and the improvement of audit quality.

For a clearer understanding of the 2025 results, the analysis has been presented through charts illustrating the trend of results over the period 2018–2025. In addition, a chart has been included showing the areas for improvement identified during the review process and the follow-up on the implementation of action plans. A continuing challenge remains the strengthening of the capacities of sole practitioners, as well as the supporting staff engaged by them in the performance of assurance engagements (audit and other assurance services).

The Public Oversight Board has developed valuable experience through quality assurance controls conducted during the course of its activity, which has contributed to strengthening the technical capacities and effectiveness of the POB staff. At the same time, this experience is

transferred during the quality assurance inspection process to audit firms/statutory auditors, being reflected as a professional development process and an improvement in the quality of work for all parties involved in the process.

4.2.1 Strengthening the capacity of the support structure for Auditing Quality Supervision

To carry out its supervisory functions, the Public Oversight Board (POB) relies on the capabilities and capacity of its supporting structure to perform quality assurance controls on supervised entities. This implies investment in professional development and the promotion of a workplace culture that encourages continuous learning and knowledge enhancement. This approach contributes to increased productivity and staff collaboration by creating an environment that offers flexibility, autonomy, and opportunities for interaction among employees. Continuous professional development and the strengthening of institutional capacities are key pillars of an effective audit quality oversight system. The emphasis on protecting the public interest and investors through high-quality auditing and financial reporting is continuously increasing. At the same time, the evolution of the profession and the use of technology in audit practice represent an ongoing challenge for the regulator in terms of capacity development and maintaining the pace required for effective oversight.

The participation of the POB supporting structure in training activities, seminars, and conferences during 2025 has been intensive and focused on the most current issues in the profession. Within the framework of membership in the International Forum of Independent Audit Regulators (IFIAR), a number of important topics have been addressed and discussed, contributing to the deepening of knowledge and the improvement of inspection practices, as follows:

- Climate-related disclosures – insights and practices from the Financial Markets Authority of New Zealand;
- Updates on sustainability assurance from regulatory authorities of Japan and Malaysia;
- The evolving use of Artificial Intelligence in auditing and supervision;
- Implementation of ISQM 1 – issues and challenges raised by IFIAR members;
- IFIAR inspection findings survey – model updates and Q&A sessions;
- Plenary meetings and sessions with international audit networks (PwC, KPMG, Deloitte, BDO, EY) within IFIAR, focusing on the exchange of professional practices and developments;
- Implementation of ISQM 1 – inspection of technological resources of audit firms;
- Case studies – inspection of industries affected by real estate crises, as well as insurance audit inspections;
- Advanced risk-based inspection approaches and techniques for IT audits and specific sectors;
- Sustainability assurance and related international developments;

- Fraud detection in financial statements and challenges during inspections;
- Technical aspects of auditing, such as sampling (ISA 530) and the impact of the revised ISA 600 on group audits;
- Strengthening audit oversight and the role of audit committees;
- Management of disagreements with inspected entities and development of communication (soft skills);
- Initiatives to improve audit quality and practical analysis of revenue inspections.

At the same time, an important contribution to capacity building is ensured through continuous cooperation with the Centre for Financial Reporting Reform (CFRR) of the World Bank, within the framework of the Enhancing Accounting, Audit and Sustainability Reporting (EAASURE) programme, as well as the Strengthening Audit and Financial Reporting Quality Project (SQARP). These projects have delivered training focused on sustainability reporting and the implementation of relevant international standards, including:

- International Sustainability Standards Board (ISSB) – addressing key issues in sustainability reporting, including global standards adoption and interoperability aspects;
- Industry-specific disclosure requirements within sustainability reporting frameworks;
- Regulatory adoption of ISSB standards and implications for the reporting framework;
- Treatment and reporting of financed emissions in the sustainability context;
- Advancement of sustainability reporting for SMEs, focusing on the understanding of the Voluntary Sustainability Reporting Standard for SMEs (VSME), its content and scope of application.

In line with international developments, POB staff have also participated in training organised by the International Auditing and Assurance Standards Board (IAASB), focused on the International Standard on Sustainability Assurance (ISSA) 5000, including:

- Fundamental principles and concepts of sustainability assurance engagements;
- Engagement planning, risk assessment and response;
- Conclusions and reporting on sustainability assurance engagements

Furthermore, in order to promote greater cooperation and information exchange among supervisory authorities, a series of trainings have been conducted by the Action against Economic Crime in Albania (AEC) of the Council of Europe, in cooperation with the Financial Intelligence Agency (FIA), covering issues related to the improvement of the legal and institutional framework for corruption prevention, anti-money laundering/combating the financing of terrorism (AML/CFT), the effectiveness of law enforcement and criminal justice sectors in combating economic crime, as well as the impact of criminal elements on non-financial institutions, with emphasis on preventive measures and strengthening control mechanisms.

4.2.2 Strengthening the quality of Auditing in Albania: Reforms and collaborations for transparency and integrity

On 9–10 December 2025, the fourth Forum of Public Oversight Authorities (POB Forum) was organised within the framework of two key programmes of the World Bank Centre for Financial Reporting Reform (CFRR): the Road to Europe Programme of Accounting Reform and Institutional Strengthening for SMEs (REPARIS for SMEs) and the Enhancing Accounting, Audit and Sustainability Reporting (EAASURE) Programme. The POB Forum was established in May 2023 under REPARIS for SMEs, with the aim of improving audit quality in the Western Balkans through learning, experience sharing and regional cooperation. The Forum serves as a platform for sharing international and regional knowledge and experience in the field of public oversight and quality assurance, and includes competent authorities from 11 participating countries: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, Montenegro, North Macedonia, Serbia and Ukraine.

During this event, it was highlighted that Albania has reached an important milestone in the development of its audit oversight system, transitioning from a phase of technical reforms towards international recognition, particularly with the acceptance of the Public Oversight Board (POB) as an observer at plenary level in the Committee of European Auditing Oversight Bodies (CEAOB). This development represents evidence of institutional maturity, independence and credibility of the Albanian oversight system.

The progress achieved, is the result of sustained legal and institutional reforms, as well as continuous support from international partners, particularly the World Bank. The POB has evolved into a modern supervisory authority, implementing risk-based inspections, disciplinary mechanisms and standards aligned with European and international practices.

The impact of these reforms has also been reflected in the audit market, where the increase in audit fees and the reduction of modified audit opinions for public interest entities indicate an improvement in audit quality and financial reporting discipline. This development confirms the transition from a cost-driven market towards a model based on quality and professional responsibility..

Furthermore, discussions on the impact of these reforms over the last 15 years underlined that these activities have contributed to the transformation of oversight into a modern regulatory function. The transition from a minimal model to a fully functional authority has resulted in higher operational independence, dedicated staff, and an increased number of inspections and other supervisory activities.

Impact on the audit market:

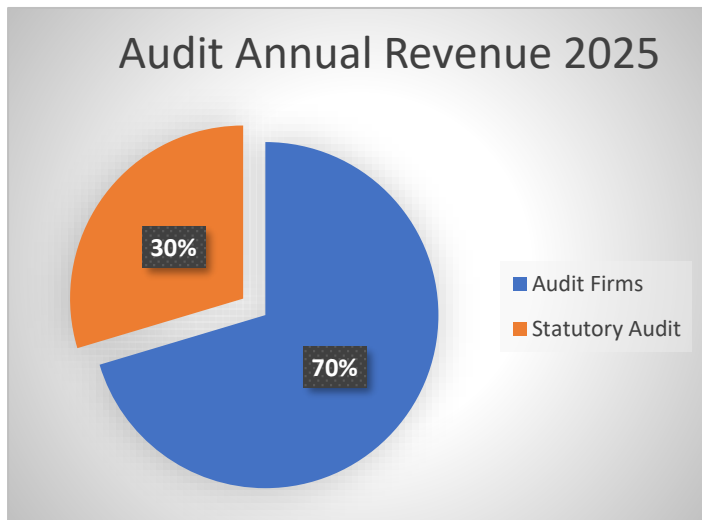
- The market has shown continuous growth and has doubled in value over time
- Increase in professional fees, reflecting that “low-cost auditing” is no longer an option

- Greater investment in quality, training, and compliance with the legal framework and professional standards.

This has created a positive cycle: better oversight → higher quality → more valuable audits → more sustainable practices → greater resources for oversight, demonstrating increased effectiveness and efficiency of the supervision carried out by the POB.

4.2.3 Competition in audit market

The audit market in Albania consists of 153 statutory auditors operating as sole practitioners, 79 audit firms, and 28 statutory auditors employed by audit firms, resulting in a total of 260 registered statutory auditors at the end of 2025.

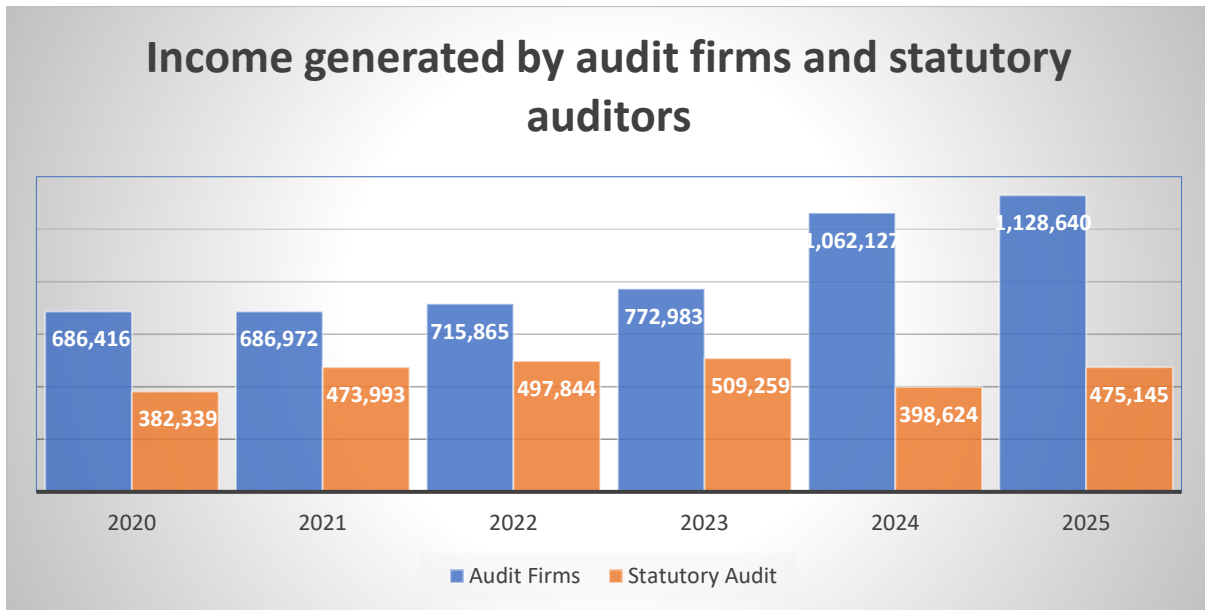


Statutory auditors and audit firms perform approximately 3,841 statutory audits per year, based on data relating to engagements completed in 2025. The total turnover, estimated from the data available to the Public Oversight Board (POB), amounts to 1,604 million ALL, or approximately 16.57 million EUR, representing an increase of 9.8% compared to the previous year. Statutory auditors account for approximately 30% of the annual

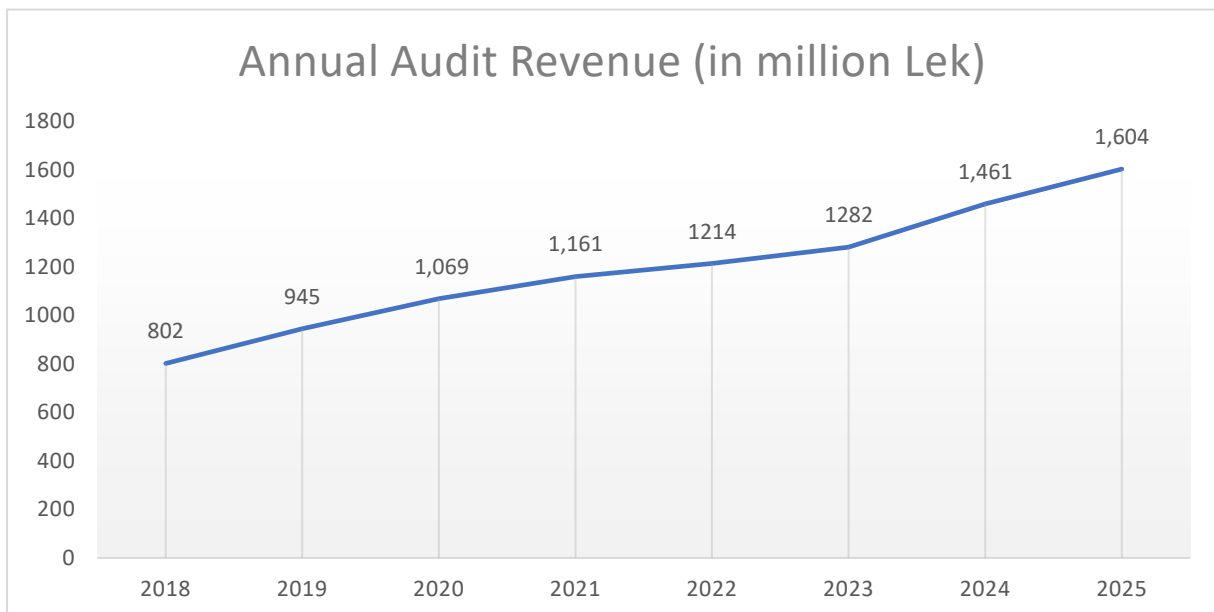
turnover from audits of financial statements for 2025, while audit firms account for approximately 70%.

Over the last five years, revenues generated from audit services have shown an upward trend for both audit firms and statutory auditors. This increase has also been influenced by changes in the legal form of professional practice, from sole practitioners to audit firms during 2025.

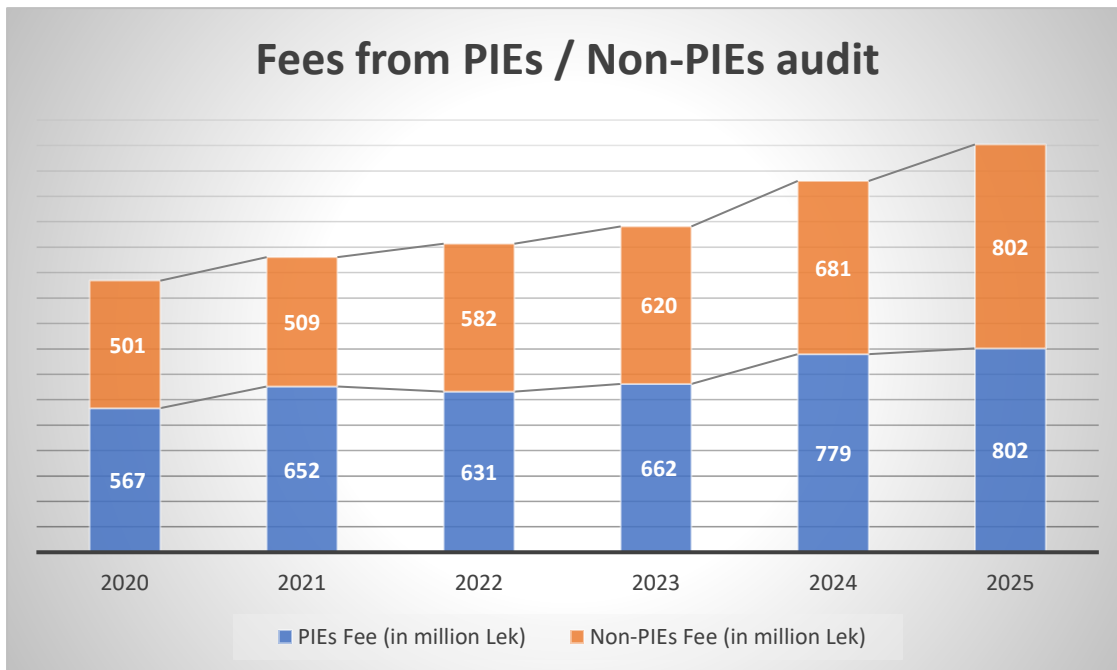
In detail, revenues generated from audit services by audit firms and statutory auditors during the period 2020–2025 are presented in the table below:



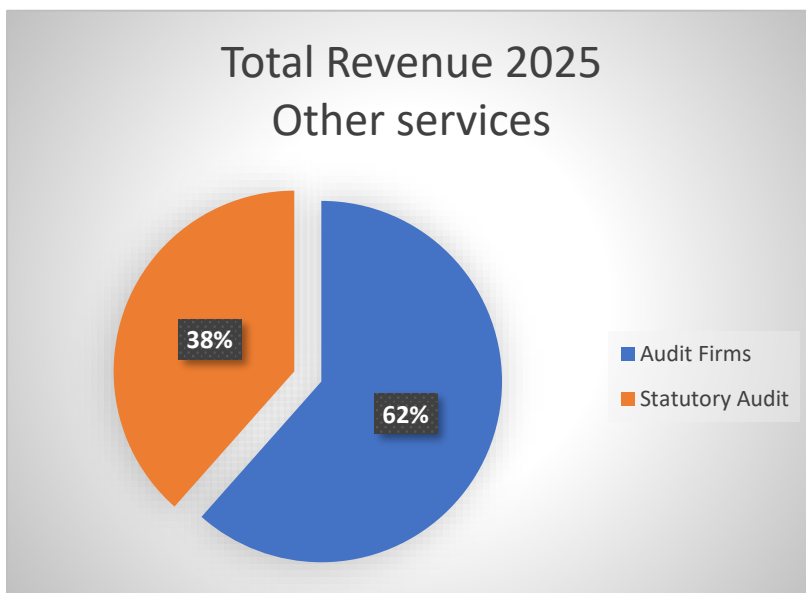
The market trend for the period 2018–2025, based on revenues generated from audit services, is presented as follows:



The following table provides information on revenues generated from audit services, divided by the nature of the economic entity, respectively for fees from public interest entities (PIEs) and fees from non-public interest entities (non-PIEs) during the period 2020–2025.



Other services provided by statutory auditors/audit firms represent a significant share of their total revenues. Based on available data for 2025, statutory auditors/audit firms generated revenues from other services amounting to approximately 1,464 million ALL, or around 15 million EUR.



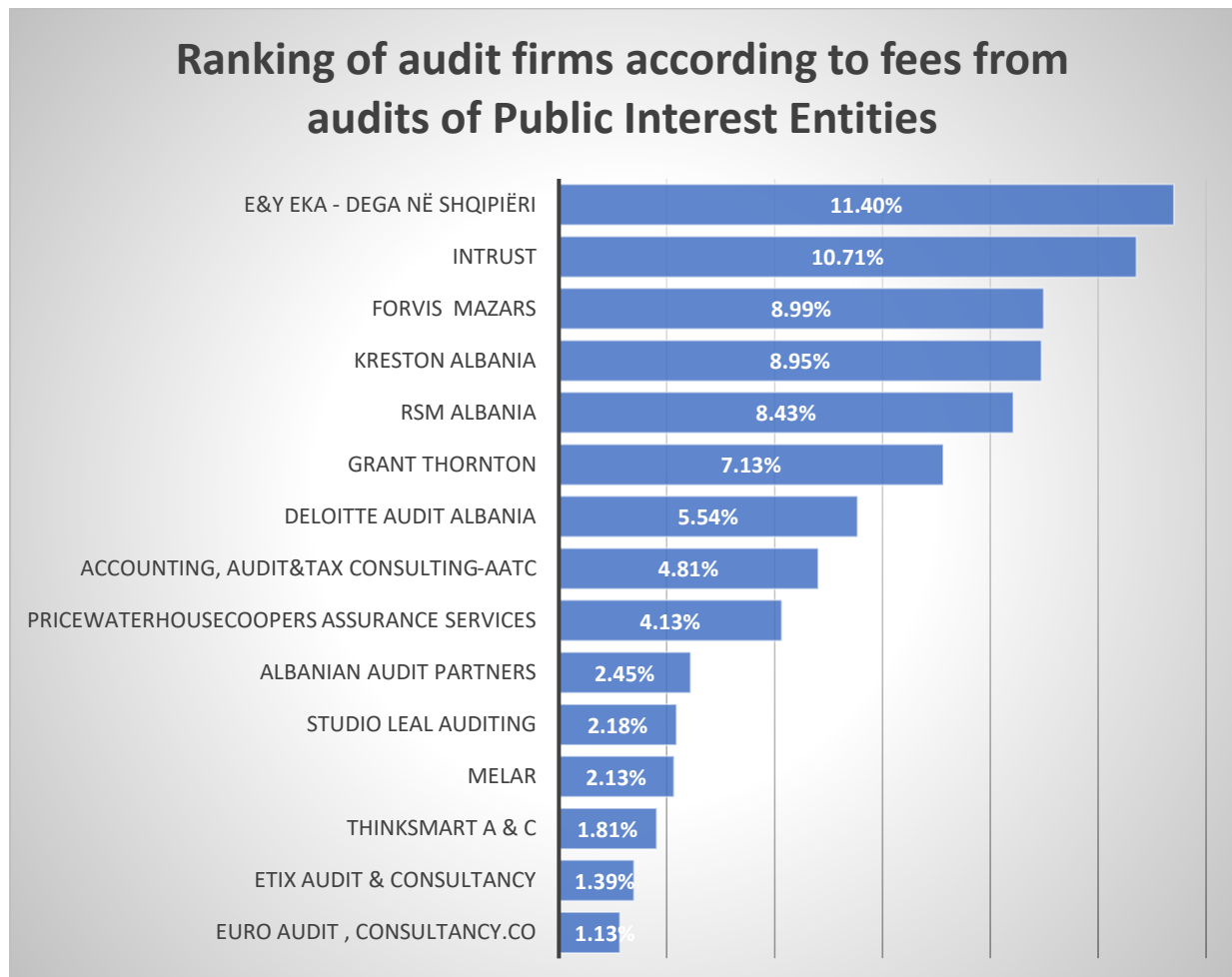
Similarly to audit engagements, audit firms account for the largest share of this activity, representing approximately 62% of total revenues from other services. These services include assurance engagements related to capital increases, transformations, mergers, demergers, asset valuations, court expert services and similar assignments; review engagements of historical

financial information; bookkeeping services; preparation of financial statements; consultancy services; and other related services,

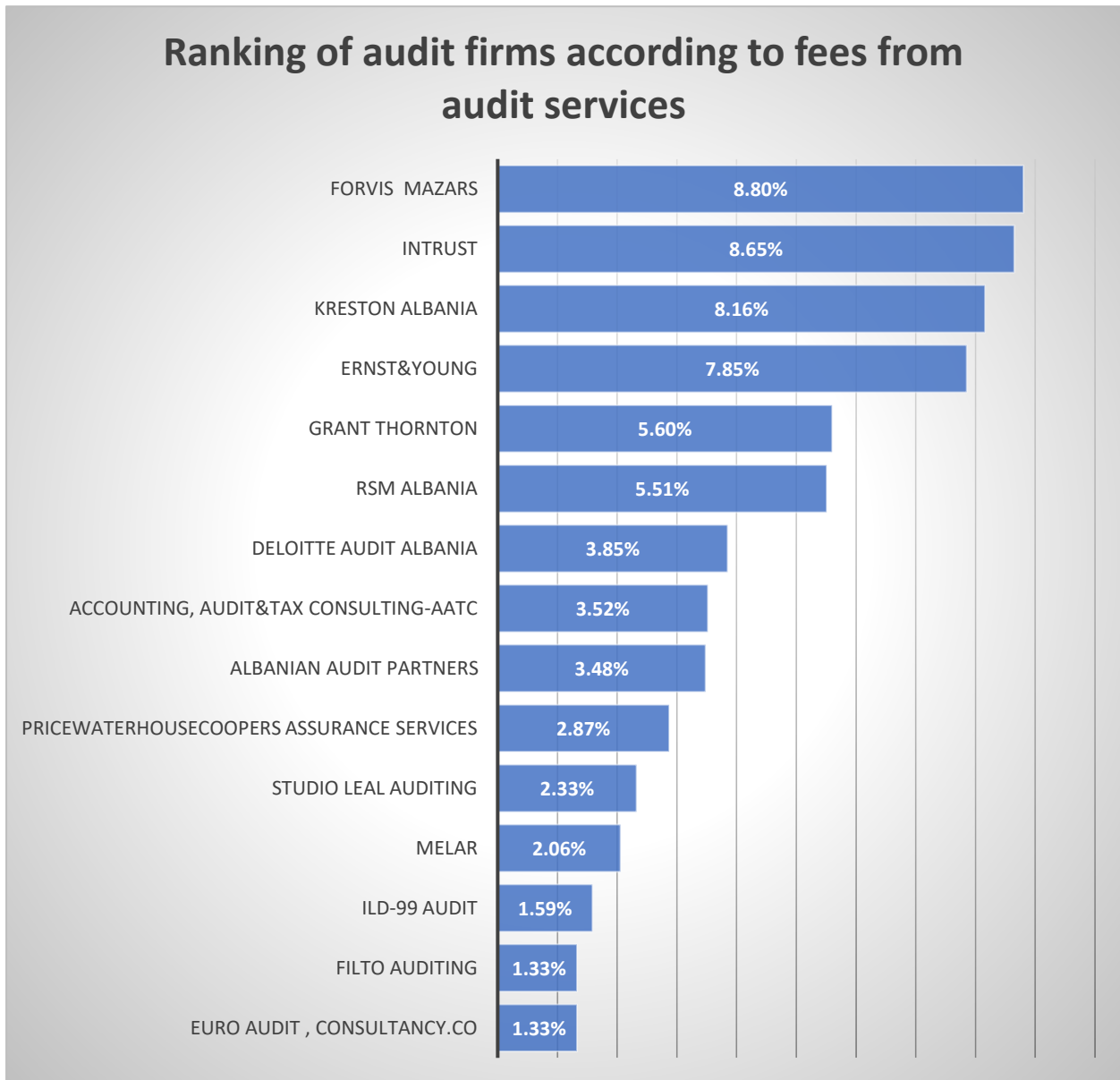
4.2.4 Ranking of Subjects

In accordance with the Regulation “*On the procedures for performing quality assurance controls, and the organization and functioning of the quality assurance system of statutory auditors and audit firms engaged in the audit of public interest entities and non-public interest entities*”, and the Regulation “*On the procedures and rules for the collection of revenues of the Public Oversight Board (POB)*”, by 30 January of each year, statutory auditors and audit firms report to the Public Oversight Board data on audit engagements for public interest entities (PIEs) and non-public interest entities, as well as on other services provided. Accordingly, following the processing of the information by the supporting structure, the classification of audit firms/statutory auditors is presented below in descending order, based on fees invoiced for audits of public interest entities (PIEs) (Table 1) and based on the total fees invoiced for audit services provided by audit firms/statutory auditors (Table 2), carried out during 2025.

Table 1 – Ranking of audit firms according to fees from audits of public interest entities (PIE)



Tabel 2 – Ranking of audit firms according to fees from audit services



4.3 Quality Assurance Oversight

The objective of audit quality assurance controls is to ensure and promote improvements in audit quality in accordance with the applicable legal and regulatory framework and professional auditing standards. Audit quality reviews assess the quality of auditors’ work, procedures and policies in the engagements they undertake, particularly in relation to Public Interest Entities (PIEs).

Audit firms and audit engagements selected for review are chosen based on a risk assessment in accordance with the aforementioned methodology, representing an innovation grounded in legal requirements and international best practices.

During 2025, the work schedule for the continuation of statutory auditors' inspections approved by the POB was planned. The POB supporting structure carried out on-site and desk-based inspections of 45 licensed statutory auditors or audit firms. These inspections were conducted in accordance with Regulation No. 7/2018 "*On the procedures and methodology for statutory audit quality control*", as amended.

The deficiencies identified and reported during the quality assurance control process, although representing an assessment by the POB and an important indicator for evaluating audit quality, should be analysed together with other quantitative and qualitative indicators of audit quality.

The POB will place greater emphasis on the expectation that inspected entities implement action plans to address deficiencies or findings identified through quality reviews in their internal quality control systems, in accordance with the applicable legal and regulatory framework on auditing.

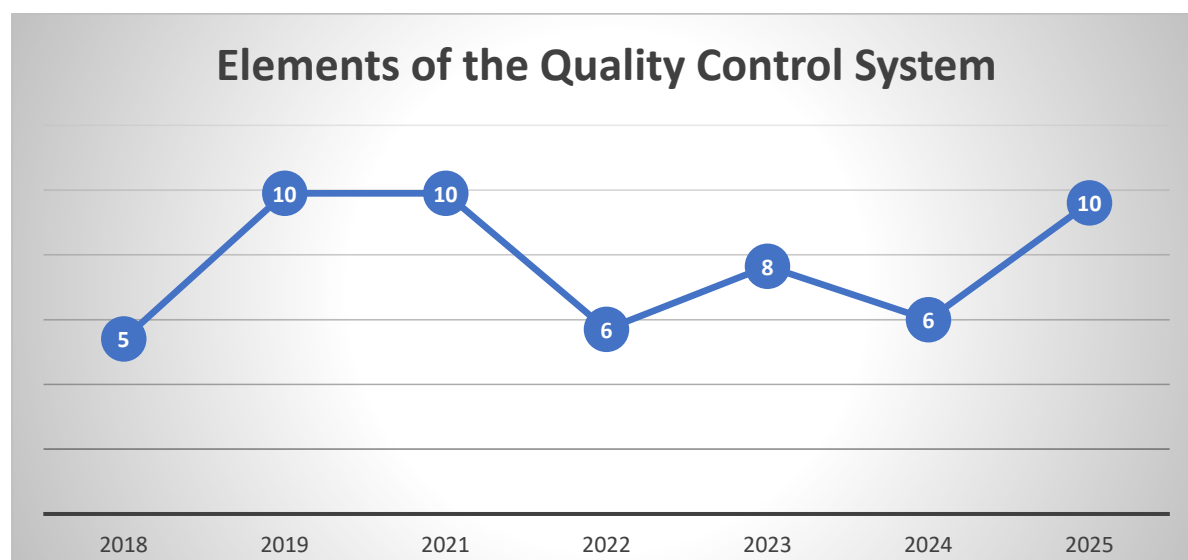
The key elements assessed in the quality assurance controls carried out by the POB include the quality of audit engagement documentation, with the aim of evaluating compliance with internal quality control system requirements and adherence to International Standards on Auditing and Assurance, as well as the relevant requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), alongside compliance with the applicable legal and regulatory framework.

The following analysis provides historical and quantitative information regarding the results of quality assurance controls conducted by the POB for the period 2018–2025, as a tool to identify general trends in the areas of findings. This information does not empirically measure changes in audit quality nor does it assess the significance of individual findings identified during inspections of audit firms/statutory auditors. It is important to note that findings from the inspection of an audit engagement do not necessarily indicate that the audited financial statements contain material misstatements due to error or fraud. The recurrence and level of findings reflected in the following analysis indicate an unstable reality in audit quality and underline the need to further strengthen the focus on continuous and sustainable improvement of audit quality.

Audit Year	2018	2019	2021	2022	2023	2024	2025
Type of findings							
Adaption with the national audit law provision	2	4	10	1	11	7	
Absence/Completeness of QC Manual	3	6	9	3	13	22	98
Implementation of MQC policies and procedures/ ISQC1 requirements	7	10	10	3	5	47	30
Audit Methodology	2	7	10	4	11	34	38
Lack of audit software	3	9	10	6	14	5	42

Number of findings

The following chart shows that there is a downward trend in the average number of findings at the level of the quality control system, although in absolute terms an increase is observed due to the doubling of the number of inspections carried out during 2025 compared to 2024 and previous years. Among the deficiencies identified in almost all cases is the lack of an electronic audit software system, and consequently deficiencies in the collection and archiving of the final audit file.



Regarding the transition from the implementation of International Standard on Quality Control 1 (ISQC 1 / SNKC1), which was based on rules defining the policies and procedures to be applied by practitioners in ensuring quality, towards an internal quality management system based on risk, as required by the International Standards on Quality Management 1 and 2 (ISQM 1 and ISQM 2), the process is still ongoing.

During the supervisory activities carried out during 2024–2025, practitioners have encountered difficulties related to:

- the definition of quality objectives for all elements of quality management, the identification and assessment of risks to achieving these objectives, and the design and implementation of responses to address identified quality risks in accordance with the requirements of the International Standard on Quality Management 1 (ISQM 1);
- the determination of criteria for audit engagements subject to engagement quality review, in accordance with the requirements of the International Standard on Quality Management 2 (ISQM 2);
- the definition of criteria to be met by the engagement quality reviewer, as well as the matters, scope and form of the engagement quality review report (ISQM 2);
- the collection, archiving and retention of the audit engagement file;
- the monitoring of the quality management system in compliance with ISQM 1 requirements, including criteria for appointing an external monitor where internal resources of the audit practitioner are not sufficient;
- the documentation of the internal quality management system.

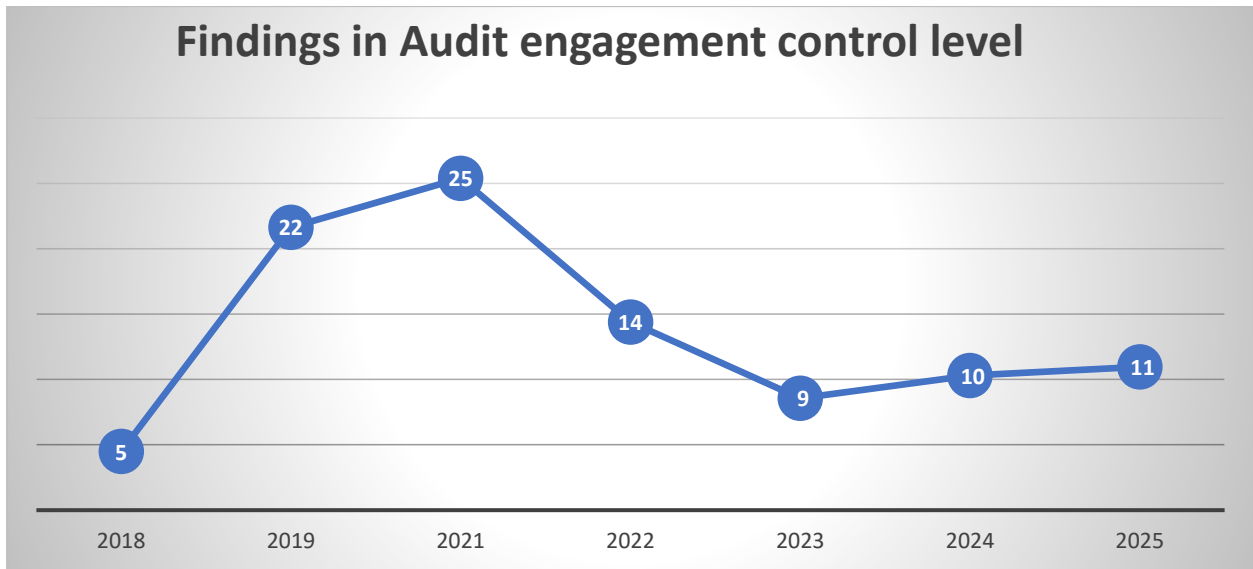
At the level of audit engagement controls, the identified deficiencies indicate that the main challenges continue to relate to the level and quality of audit documentation, particularly in the critical phases of planning, risk assessment and responses to identified risks.

Another important aspect identified relates to strengthening engagement quality control processes, particularly with regard to documenting the involvement and conclusions of the engagement quality reviewer. Insufficient documentation in this area limits the traceability of the review process and reduces transparency on how significant matters were addressed during the engagement.

In some cases, deficiencies were also identified in the documentation of communications with management and those charged with governance, as well as in procedures related to the assessment of going concern. Proper documentation of these processes is essential and demonstrates that significant matters have been appropriately discussed and evaluated in a timely manner during the audit process.

In conclusion, weaknesses continue to be observed in the management and archiving of audit documentation, which affect the accessibility and preservation of audit evidence. Structured archiving systems are essential to ensure the integrity of the audit file and to enable effective subsequent reviews.

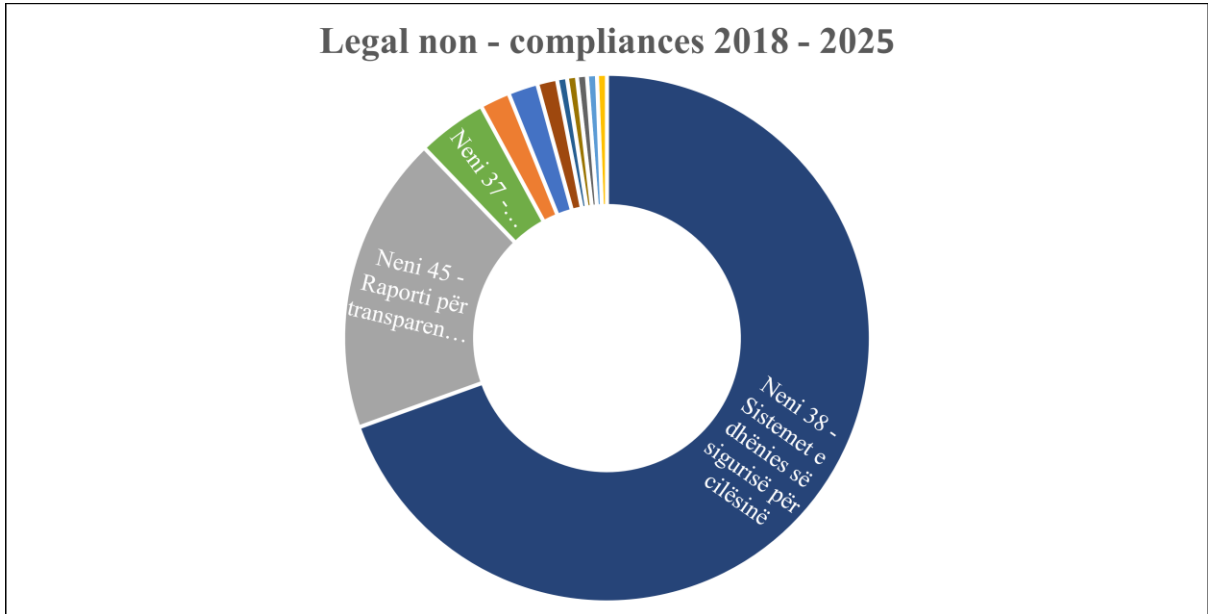
The following analysis presents the average number of findings per reviewed engagement, where a slight upward trend is identified, influenced by the increased number of engagements reviewed during 2025.



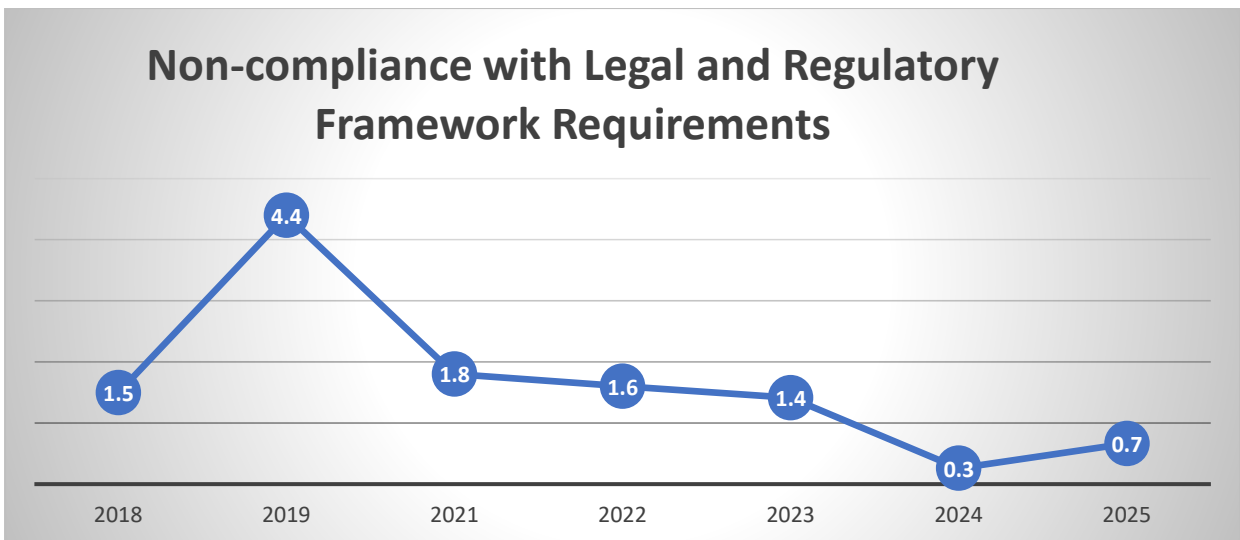
Nature of findings at audit engagement level 2018- 2025
Testing the internal control environment
Transactions with related parties (Checks and tests)
Going Concern
Fraud identification procedures
Audit response to identified risks
Use of experts/specialists
Assessing risks due to error and fraud

Nature of findings at audit engagement level 2018- 2025
Income recognition
Inventory procedures
Adequacy of presentation of financial statements and explanatory notes
Audit evidence and documentation
Communication with Those in Charge with Governance (Representation Letter + and Management Letter)
Best Practices: Completion Checklist and disclosure checklist

Non-compliance with the requirements of the legal and regulatory framework shows a significant decrease in relation to the total number of provisions. However, non-compliance with Article 38, with regard to the assurance systems implemented by practitioners, remains an area for improvement, mainly in relation to the appointment of the engagement quality reviewer and the application of ISQM requirements, as well as in the preparation and publication of the transparency report in accordance with Article 45 of the audit law.



The following chart also presents the respective trend in the average number of findings that constitute circumstances of non-compliance with laws and regulations.



Issues identified in the performance of joint audits:

Lack of policies and procedures in joint audit 2018 - 2025
Lack of EQCR definition outside engagement team
Assembling, archive and preserve the engagement file
Risk assessment during acceptance/continuance procedures
Communication with the previous auditor
Engagement direction, supervision and performance
Formalization of cooperation contracts
Division of areas of responsibility
Determination of reviewers while conducting audit engagement
Communication between audit group members
Consultation

4.4 Quality Assurance Control for Non-Public Interest Entities

In the context of strengthening audit profession oversight and enhancing the quality of statutory audits, during 2025 the Public Oversight Board (POB) implemented, for the first time in a structured manner, the delegation of quality assurance control for audits of non-public interest entities to the professional audit organization (IEKA), in accordance with Decision No. 1, dated 29.01.2025. This delegation was supported by a clear legal and regulatory framework, while maintaining the supervisory role of the POB and ensuring that the process was carried out in compliance with International Standards on Auditing and the requirements of the applicable legislation.

The delegation covered the period from 7 February to 15 October 2025 and aimed at assessing the quality of audit engagement documentation, as well as the level of compliance with professional standards, ethical requirements, and the legal framework. In this regard, IEKA was responsible for ensuring the necessary professional capacity, independence, and integrity of the process, as well as the implementation of a standardized control methodology based on risk assessment and the selection of engagements for inspection.

The quality assurance control process was carried out through a structured approach, which included the pre-inspection phase, the execution of inspections, and the reporting phase. The inspections were based on the review of audit engagement files, the evaluation of internal

quality control systems, and the testing of compliance with key auditing standards. The reporting process was developed in several stages, including the communication of preliminary findings to the inspected entities, the receipt of comments and commitments for improvement, and the finalization of the final reports accompanied by action plans to address the identified deficiencies.

The implementation of quality assurance control in the delegated entities demonstrates broad coverage of the audit market for non-public interest entities and a significant institutional commitment to strengthening audit quality.

The results of the quality control identified a number of important issues, both at the level of quality control systems and at the level of individual audit engagements. At system level, deficiencies were identified in the updating and implementation of quality control manuals in line with the latest International Standards on Quality Management (ISQM1 and ISQM2), as well as the absence of computerized systems for audit file documentation and archiving. In addition, in many cases insufficient formalization of quality monitoring procedures and mechanisms was identified.

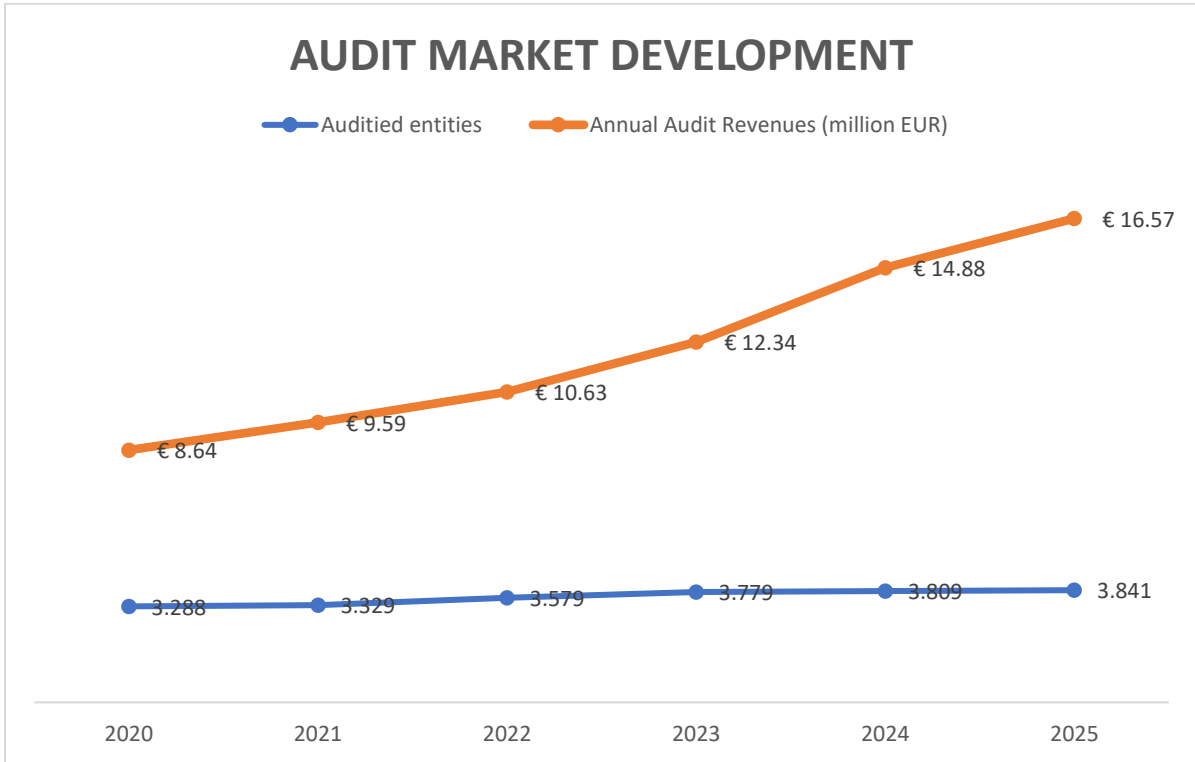
At the level of audit engagements, the main findings relate to insufficient audit evidence documentation, deficiencies in the implementation of key procedures in accordance with international standards (such as going concern assessment, written management representations, third-party confirmations, and documentation of engagement terms), as well as weaknesses in linking performed procedures with the conclusions reached. Furthermore, cases of outdated audit methodologies and working papers in relation to the latest developments in professional standards and the Code of Ethics were identified.

However, a positive element of the process was the overall level of cooperation from the inspected entities and the acceptance of recommendations provided by the inspectors. In most cases, the entities submitted concrete action plans to address the identified deficiencies, with defined deadlines, generally within a 12-month period, reflecting a commitment to improving their professional practices. Overall, the implementation of this delegation model represents an important step towards increasing the efficiency of oversight and strengthening audit quality in the segment of non-public interest entities. The process has contributed to identifying areas for professional improvement, raising awareness of international standards requirements, and fostering a stronger culture of quality and accountability in auditing. It also establishes a solid basis for further regulatory interventions and continuous improvements, in line with the strategic objective of alignment with the European Union acquis and strengthening public trust in the audit profession.

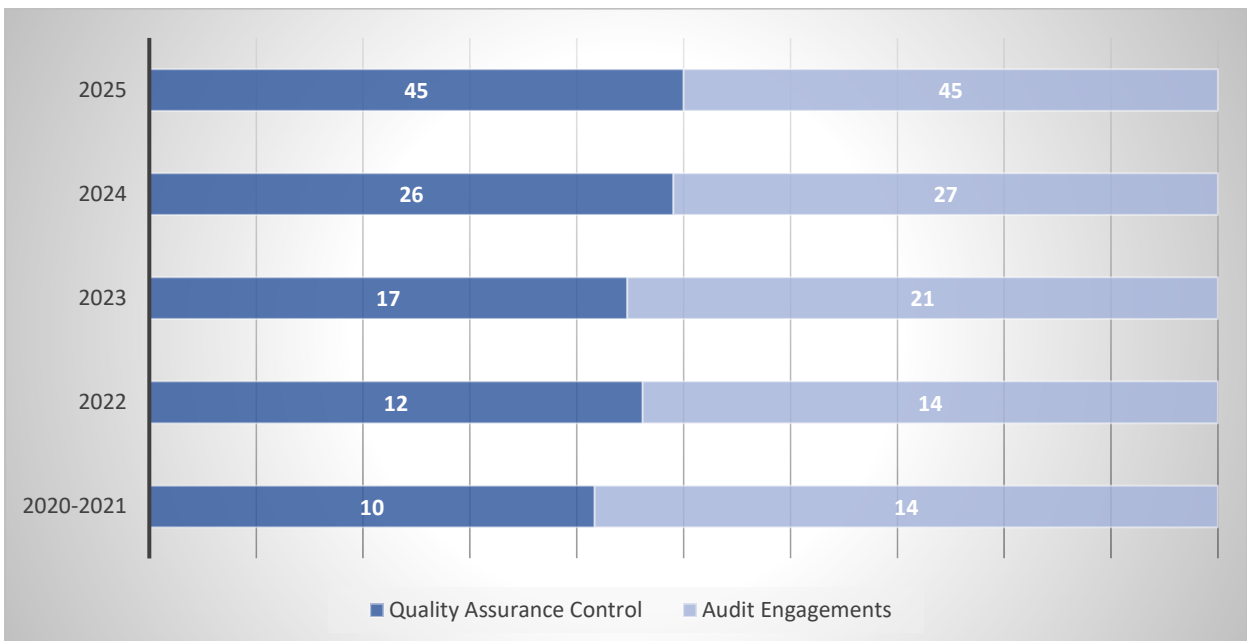
4.5 Achieved Results – Audit Quality Indicators

Over the years, based on quality assurance control of audit activities and the respective assessments, within the supervisory activity carried out by the Public Oversight Board (POB), quality assurance control in audit supervision has been a key component to ensure that the audit process complies with high professional standards, with the aim of protecting the public interest and strengthening confidence in financial reporting. During the supervisory period 2018–2025, a total of 129 quality assurance controls were performed, covering 155 audit engagements, as well as 45 quality assurance controls of statutory auditors engaged in non-public interest entities, which were delegated for the first time to the professional organization of statutory auditors. In total, this represents 174 completed inspections. The results of these fundamental developments, as well as the effectiveness of supervision, have contributed to significant changes in the audit market and financial reporting environment. The objective of risk-based inspections is to identify issues that may lead to the issuance of an inappropriate audit opinion, through the evaluation of internal quality control systems and audit engagement files.

An important indicator of improvement in auditors' work, in terms of work organization and time allocation for audit engagements, is reflected not only in the improvement of financial reporting quality of economic entities, but also in the significant increase in the total market value, as one of the key indicators for assessing audit performance as a result of quality assurance supervision. The development of the audit market is reflected in a stable average growth of 14.38 percent in annual revenues generated from statutory audit services, compared to an average growth of 5.9 percent in the number of audited entities. The audit market trend is presented graphically below.



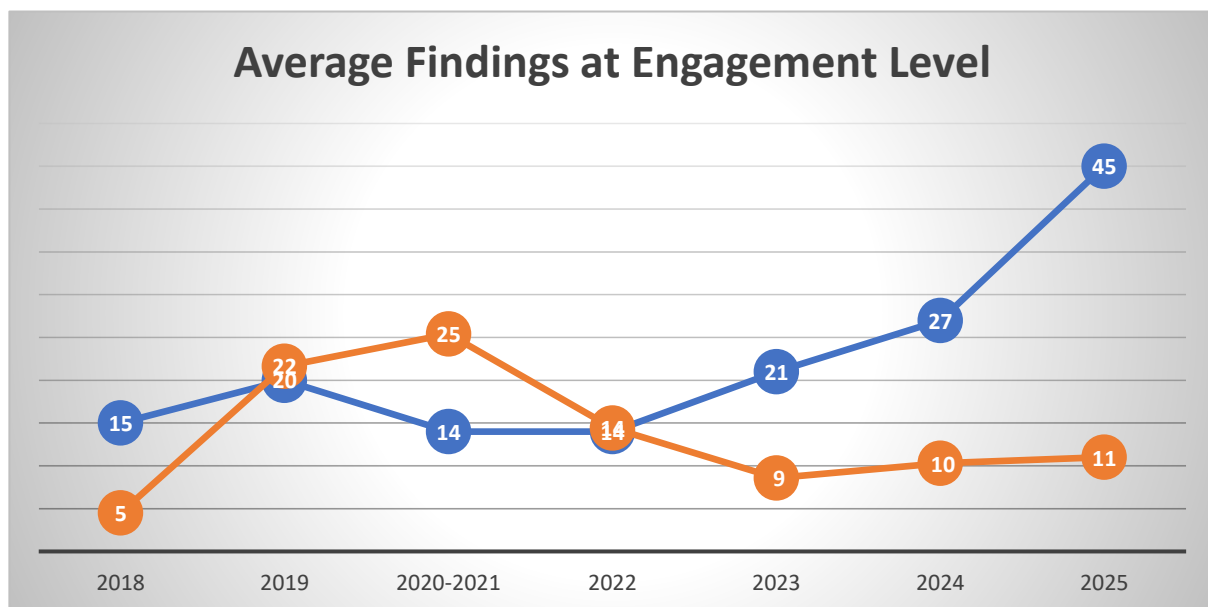
In the following graphic, the risk-based quality assurance control supervisory activity for the period 2018–2025 is summarized in a concise manner.



When referring to the objectives related to the reduction of findings and to surveys conducted among 56 international regulators regarding audit engagement inspections, it is important to highlight that, as the nature of findings remains similar, the downward trend in the average number of findings identified during quality assurance controls is also consistent both in our

jurisdiction and at international level. This reflects a shared supervisory objective among audit regulators.

The following graphic presents the trend of average findings identified per audit engagement during the period 2018–2025:



During 2018–2021, despite the number of audited engagements being inspected, the average number of findings per engagement had been increasing, reaching up to 25 findings on average per controlled engagement. Subsequently, a positive change is observed, as from 2022, the average number of findings per engagement has followed a downward trajectory, reflecting the continuous improvement in audit quality and the effectiveness of the measures taken to strengthen internal controls and the implementation of professional standards.

This demonstrates that audit quality has improved, and that the control and oversight processes are yielding tangible results, primarily in the reduction of systemic findings at both the system and engagement levels in relation to:

- The absence of automated programs;
- Non-compliance with the relevant ethical requirements;
- Non-compliance with the legal and regulatory framework;
- Completion of quality control reviews for Public Interest Entity (PIE) audit engagements;
- Preparation and publication of the transparency report;
- Provision of information regarding the execution of quality assurance inspections;
- Documentation of work procedures and audit working papers

5. Supervision of professional organizations

5.1 Supervision of Professional Organisations of Statutory auditors

In support of Law No. 10091, dated 05.03.2009 "*On legal audit, organization of the statutory auditor profession and certified accountant*", as amended, the Professional Organization of Statutory Auditors (IEKA) is subject to oversight by the Public Oversight Board. The above law provides that some of the occupational related activities are carried out by the professional organization of statutory auditors under the supervision and regulation of the Public Oversight Board.

In 2025, the Public Oversight Board (POB) has been engaged in overseeing the activities of the Institute of Authorized Accounting Experts (IEKA), concerning the following activities:

- Development of the program and the suitability of the organization of Continuing Professional Development (CPD);
- Registration and updating of the public register of statutory auditors and audit firms by the Registration Committee;
- The organization and conduct of the General Assembly of IEKA members, the election of the Governing Council and other governing bodies, as well as the functioning of internal processes supporting the effective operation of the organization;
- Establishment and strengthening of capacities for delegating the control of quality assurance for audit engagements of economic entities with no public interest;
- Implementation of the relevant requirements of the Code of Ethics by the membership.

In this context, enhanced interaction between the POB and IEKA has taken place through continuous meetings and communications throughout the reporting period. At the end of 2025, members of the POB held a meeting with the newly elected Governing Council of IEKA to address issues identified during supervision, as well as to share concerns regarding the proper functioning of activities and the improvement and strengthening of public oversight of the statutory audit profession. Within the framework of inter-institutional cooperation, the Governing Council of IEKA committed to undertake concrete steps to improve its activities and the exercise of its functions in relation to the following matters:

- **Updating the Regulation on Professional Education and Qualification**, through the preparation of a detailed action plan for its revision, as well as the regulation governing the delivery of professional modules, within the framework of educating candidates for statutory auditors.
- **Preparation of the Annual Continuing Professional Development (CPD) Plan for the year 2026.**
- **Improvement of internal processes and strengthening of the organizational structure**, whereby the organization was requested to develop a strategy and action plan to enhance internal organization and increase operational efficiency.

- **Implementation and monitoring of the Code of Ethics**, through a concrete plan for monitoring compliance by members, including control mechanisms and the follow-up of potential breaches.
- **Annual registration and updating of publicly available data in the public register of statutory auditors and audit firms**, as a key element of transparency and oversight of the profession.

With regard to the oversight of the activity of the Registration Committee, in accordance with Regulation No. 10, dated 11.06.2019 “*On the organization and functioning of the Registration Committee and the updating of the public register*”, as amended.

During 2025, oversight was carried out over 6 (six) meetings of the Registration Committee, during which a total of 36 (thirty-six) decisions were taken. Within the framework of this oversight activity, no issues or irregularities were identified that would constitute non-compliance with the requirements of the relevant legal and regulatory framework concerning registration/deregistration in the public register of statutory auditors.

Below is a summary table of the activities of the Registration Committee during 2025:

Changes in the Public Register of Statutory Auditors	Statutory auditor (Natural Person)	Audit Firm	Statutory Auditors Not Practicing the Profession *	Retired Statutory Auditors
First-Time Registrations	3	2	5	
Re-Registrations	14	3		
Temporary Suspension of Professional Practice	4	4		
De-registration	1			

*Note: Those who are issued with a unique individual identification number.

5.2 Supervision of Approved Professional Accountants Organisation

Based on regulation No. 9, dated 27.02.2019 “On regulating and supervising the functioning of the certified accountant profession and their professional organizations”, of Public Oversight Board continued its supervision with the PO of Certified accountants.

The POB has continued the supervisory procedures over the activities of these two organizations, IKM and SHKFSH, with the aim of improving their functioning.

The Supporting Structure of the POB has been engaged in overseeing the training activities delivered to members within the framework of Continuing Professional Development (CPD) for 2025, as well as the Assembly held by IKM, where monitoring was carried out on the conduct of the meeting, including procedures, compliance with the organization's Statute, the discussions held, and the voting process in accordance with the items on the agenda.

Further to the completion of the compliance verification process for Certified Accountants (CA), conducted by the professional organizations, to date the total number of Certified Accountants registered in the public register of both professional associations amounts to 492 CAs, of which 407 practice as individual professionals and 85 operate within accounting firms.

The objective of the verification process for Certified Accountants is to formalize the practice of all title holders, ensuring compliance with legal provisions related to obligations, including the application of ethical standards and other requirements under the applicable legal framework. Among other aspects, this process ensures that accounting services are not provided by unlicensed individuals or entities, nor by those engaging in unfair competition with duly authorized professionals. The final outcome of this process is the inclusion of Certified Accountants who meet the prescribed legal criteria in the consolidated public register of Certified Accountants, which is accessible to all interested parties.

6. Interinstitutional Cooperation and International Counterpart Institutions

Cooperation with the Financial Intelligence Agency and Moneyval

The Public Oversight Board (POB) has continuously maintained cooperation and coordination of reporting activities with the Financial Intelligence Agency (FIA) in order to implement all requirements arising from the recommendations of the Moneyval Committee and the Financial Action Task Force (FATF), as well as to measure the effectiveness of their implementation. In this context, a series of meetings were held as part of the interinstitutional working group responsible for monitoring and fulfilling these recommendations. During 2025, following the decision of the Coordination Committee for the Fight Against Money Laundering to establish the Interinstitutional Technical Working Group (ITWG), aimed at coordinating interinstitutional efforts in the field of anti-money laundering and counter-terrorist financing, the POB played an active role in the periodic meetings held. The Board contributed to the drafting and implementation of action plans, participation in international evaluation and monitoring processes, and the preparation of the National Risk Assessment (NRA), together with the respective implementation plan.

The activities carried out during this period were focused on increasing institutional effectiveness, improving interinstitutional coordination, and advancing preparations within the framework of the Moneyval evaluation process.

During the reporting period, discussions were focused on clarifying the roles and responsibilities of institutions in implementing action plans related to key immediate outcomes. These included strengthening international cooperation, improving supervision of the financial

sector and Virtual Asset Service Providers (VASPs), as well as increasing effectiveness in the investigation and prosecution of money laundering. Particular importance was also given to measures for asset seizure and confiscation, as well as the prevention of terrorist financing and the proliferation of weapons of mass destruction. In this context, emphasis was placed on institutional coordination and the undertaking of concrete actions to enhance system effectiveness.

The assessment of institutional progress and the addressing of deficiencies identified during simulation exercises related to immediate outcomes received particular attention, alongside efforts to raise awareness through training and public education on risks related to money laundering and terrorist financing. In this framework, the Board reported on the implementation of its individual action plan and its contribution to the Integrated Training Plan, as part of efforts to strengthen institutional capacities.

Subsequently, periodic meetings focused on monitoring the implementation of the National Risk Assessment (NRA) and on the need to update measures in line with current risks. An important component of the discussions was the progress in completing the Technical Compliance Questionnaire for the 6th Moneyval Round, where challenges encountered were identified and the need to improve the quality of reporting and interinstitutional coordination was emphasized.

At the end of the year, activities focused on monitoring the implementation of key strategic documents, including the National Strategy for the Prevention of Money Laundering and Terrorist Financing 2024–2027 and the National Risk Assessment. In addition, progress in implementing the public education strategy and the Integrated Training Plan was addressed, with the aim of increasing awareness and improving the capacities of participating institutions. During the reporting period, the POB reported on the progress of completing the Effectiveness Questionnaire, while also identifying the need to improve monitoring and reporting processes. In this context, the Integrated Training Plan for 2026 was approved, reflecting identified priorities and aiming at further strengthening institutional capacities.

Overall, the activities carried out during 2025 demonstrate a sustained commitment by the Board and partner institutions to improving the effectiveness of the national system for anti-money laundering and counter-terrorist financing, emphasizing the importance of interinstitutional cooperation, capacity building, and the continuous improvement of monitoring and reporting mechanisms.

6.1 POB Membership in IFIAR – Commitment to Quality and International Cooperation

Since 2011, the Public Oversight Board (POB) has been a full member of the International Forum of Independent Audit Regulators (IFIAR), a network of 56 jurisdictions aimed at improving audit quality globally and protecting the public interest through regulatory cooperation.

Membership in IFIAR enables the POB to::

- Participate in an international platform for the exchange of experience in audit oversight;
- Align national practices with international standards, particularly in the areas of quality assurance control, professional ethics, and disciplinary measures;
- Contribute to the development of global policies that impact the quality of financial reporting and investor confidence.

During 2025, the POB continued to be actively engaged in IFIAR activities through statistical reporting, knowledge sharing, and participation in discussions on emerging risks in the audit market. Participation in annual meetings and voting on strategic membership matters further demonstrates the POB's active engagement within the international network of audit oversight authorities.

6.2 POB and its role in the IFIAR Enforcement Working Group

During 2025, the Public Oversight Board (POB), as **a member of the IFIAR Enforcement Working Group**, was represented in two presentation panels addressing enforcement and investigation matters during the Enforcement Workshop, an important global forum aimed at strengthening international coordination in investigations and disciplinary measures, with the objective of enhancing audit quality and protecting the public interest.

This event brought together enforcement professionals from audit regulatory authorities worldwide to share practical experiences, contributing to the development of professional capacities and the improvement of the effectiveness of enforcement measures.

The representation of the POB reflects its continuous commitment to strengthening the oversight system.

Throughout the year, the POB actively contributed to both virtual and in-person meetings of the group, as well as to joint presentations analyzing the effectiveness of enforcement measures as a key element in ensuring audit quality. Participation in this group represents an important step towards strengthening the institutional capacities of the POB and promotes the image of audit oversight at the international level.

The active involvement of the Public Oversight Board in IFIAR, and particularly in the Enforcement Working Group, represents an important element of its institutional strategy to strengthen its regulatory role, enhance capacities, and align with international standards. These engagements aim not only to improve the quality of audit and oversight, but also to increase public and investor confidence in the integrity of the financial reporting system in Albania. In line with the objectives defined within the framework of oversight reform and the fulfilment of obligations related to the European integration process, the POB will continue to strengthen its international engagement and adopt best practices of global regulation in the protection of the public interest.

6.3 The Role of the POB as an Observer Member in the Committee of European Auditing Oversight Bodies (CEAOB)

At its 29th Plenary Meeting held in Brussels on 18–19 November 2025, the Committee of European Auditing Oversight Bodies (CEAOB) approved the Public Oversight Board (POB) with observer member status at the Plenary level.

CEAOB was established within the framework of cooperation among EU Member States for audit oversight, in implementation of the provisions of Regulation (EU) No. 537/2014. Its role is to strengthen audit oversight across the EU by facilitating supervisory convergence and ensuring the effective and consistent application of audit legislation throughout the Union.

CEAOB is composed of representatives of audit oversight authorities from EU Member States and the European Securities and Markets Authority (ESMA). In addition, the European Commission appoints as Vice-Chair of CEAOB the person holding the position and performing the function of Director within the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), responsible for policies related to statutory audit.

This status places the POB alongside its EU counterpart authorities and confirms that Albania has made progress in aligning its audit legislation with the EU acquis. Official representation within the structures of committees established at European level for audit oversight will serve as an important pillar in addressing the recommendations of the Progress Report - Chapter 6.

This development also serves as an important indicator of the success of reforms implemented by the Ministry of Finance (MoF), within the framework of programs financed by SECO and the EU, and implemented under the guidance and strategic support of the World Bank in the field of audit and financial reporting, reflecting the Government's commitment to the European integration process.

This status represents an important institutional achievement for the POB, as it enables::

- Representation in CEAOB plenary meetings, the most important forum of audit oversight authorities in the EU;
- Direct access to technical discussions and exchange of experience on oversight, quality assurance control of auditing, and enforcement measures related to the implementation of the legal and regulatory framework;
- Strengthening of institutional cooperation and alignment with EU best practices and standards, contributing to improved audit quality and increased public confidence in financial reporting in Albania.

Observer member status within the highest professional and regulatory structure for auditing in the EU marks an important step towards achieving the country's key strategic objective of European integration. Upon Albania's accession to the European Union, the POB is expected to become a full member of CEAOB.

6.4 Cooperation with the World Bank for strengthening capacities and Audit Quality

The World Bank Centre for Financial Reporting Reform (CFRR), based in Vienna, Austria, is responsible for implementing the World Bank’s activities in the field of financial reporting in Europe and Central Asia. The Centre provides technical assistance and support for the development of institutional capacities in beneficiary countries, promoting improvements in the quality of financial reporting and auditing..

The Public Oversight Board (POB), through World Bank projects aimed at strengthening the capacities of regulatory institutions and professional organizations in the field of accounting and auditing, closely cooperated with the CFRR during 2025 with the objective of further consolidating its supervisory role and enhancing the quality of statutory audit and financial reporting. During 2025, the POB participated in a number of activities organized within the framework of regional and national initiatives, including:

- The Ministerial Conference on financial reporting and sustainability reporting reforms: Navigating between the green and digital agenda;
- Progress in Audit Oversight Reforms.

The activities carried out during 2025 include::

- **18 March 2025 – Vienna, Austria**

Ministerial Conference

The POB participated in the Ministerial Conference held in Vienna on the topic “Financial reporting and sustainability reporting reforms: Navigating between the green and digital agenda”. This conference, organized by the World Bank Centre for Financial Reporting Reform and Sustainability (CFRR), aimed to mobilize political support for reforms in financial and sustainability reporting in line with international and regional standards. Mr. Dritan Fino, Chair of the Public Oversight Board, emphasized the close cooperation with the World Bank in drafting a National Action Plan for Sustainability Reporting, which will address regulatory aspects, business education and training, monitoring and enforcement of these rules, as well as cooperation with industry organizations to develop and promote sustainability reporting”.

In addition, in the public sector, Albania is integrating sustainability reporting into national strategies and public finances in line with international objectives, drawing on European best practices. At the same time, the financial and non-financial reporting framework in the public sector is being reformed, aiming at the implementation of international accounting standards and best international practices.

- **09 - 10 December 2025**

Regional Forum on “Audit Oversight”, recognition of the POB’s role in reforms and EU Integration

For the first time in Tirana, the IV Regional Forum on audit quality assurance control was organized, focusing on Albania as a success case, as well as on the practices of Western Balkan countries.

The Forum, titled “Progress in Audit Oversight Reforms”, organized by the World Bank Centre for Financial Reporting Reform and Sustainability (CFRR), aimed to improve audit quality in Western Balkan countries through learning, exchange of experiences, and regional cooperation. The Chair of the Public Oversight Board, in his speech, emphasized that Albania’s regulatory framework has been fully revised and developed in line with the European audit framework and international best practices.

“The POB reform has created long-term sustainability in conducting risk-based quality assurance controls, with more than 150 such controls carried out to date. The journey of the POB, although relatively short, demonstrates a simple truth: strong oversight is not punitive, but transformative. In Albania, the profession has recognized that quality is not optional, but essential”.

6.5 European Union – Progress Report

The European Commission held the Subcommittee meeting for 2025, during which the Public Oversight Board (POB) reported on the legal amendments undertaken in the field of statutory audit, with the aim of aligning the national framework with the EU acquis, namely Directive 2006/43/EC and Regulation (EU) No. 537/2014. It also reported on the adoption of the relevant secondary legislation, aiming to ensure full harmonisation with these acts. Furthermore, the POB presented its involvement in the structures of the Committee of European Auditing Oversight Bodies (CEAOB), which comprises regulators from EU Member States responsible for audit oversight in the implementation of Regulation (EU) No. 537/2014.

At the end of 2025, the POB submitted to the European Commission the full package related to the fulfilment of the closing benchmarks under Chapter 6 “Law for Traders and Commercial Companies”, including:

1. Law No. 10091, dated 05.03.2009 “On Statutory Audit, the Organisation of the Profession of Statutory Auditors and Certified Accountants”, as amended;
2. The Table of Concordance;
3. Regulation “On Investigation and Procedures for Taking Disciplinary Measures”, approved by POB Decision No. 43, dated 30.09.2025, and published in the Official Gazette No. 183, dated 09.10.2025;
4. Regulation “On Procedures for Conducting Quality Assurance Control, and the Organisation and Functioning of the Quality Assurance System for Statutory Auditors and Audit Firms”, approved by POB Decision No. 44, dated 30.09.2025, and published in the Official Journal No. 183, dated 09.10.2025;
5. Regulation “On the Organisation and Functioning of the Registration Committee and the Updating of the Public Register”, approved by POB Decision No. 53, dated 26.11.2025, and published in the Official Journal No. 230, dated 11.12.2025;

6. Regulation “On Cooperation and Exchange of Information at the Interinstitutional Level, both domestically and internationally”, approved by POB Decision No. 55, dated 26.11.2025, and published in the Official Journal No. 230, dated 11.12.2025;
7. Decision of the Council of Ministers No. 17, dated 16.01.2019 “On the Determination of Other State-Owned or Private Entities of Public Interest, due to the nature of their business, size or number of employees”, as amended;
8. Analysis of the audit oversight system in Albania.

The opening of negotiations in October 2024 for Albania’s accession to the European Union marks a key milestone in accelerating reforms in the field of economic and financial governance. Within the framework of Chapter 6 – “Law for Traders and Commercial Companies”, the subchapter “Audit and Accounting” requires full alignment of legislation and supervisory practices with the *acquis communautaire*. In this context, the Public Oversight Board (POB) plays a central role as the independent regulatory authority responsible for the oversight of statutory audit and for ensuring the integrity and quality of financial reporting. The POB is engaged in periodic progress reporting under the respective negotiation chapter, highlighting the implementation of EU requirements, while contributing to strengthening the reliability and transparency of the audit and accounting system in the country. This role directly supports the European integration process and the advancement of the rule of law in the economic field.

The Progress Report, specifically under Chapter 6, has assessed the work of the Public Oversight Board, placing particular emphasis on the role of the Public Oversight Board Investigation and Discipline Commission (KIDB), as well as on the legal framework addressing disciplinary measures against statutory auditors who breach the law and professional standards, in order to protect the public interest. It further underlines the importance of strengthening the capacities and role of the POB to enable alignment with EU statutory audit requirements.

6.6 Cooperation with other Regulators in the region and other regional Organisations

In carrying out its activities, the Public Oversight Board (POB) continuously cooperates with counterpart institutions in the region, particularly on matters related to the exchange of experience and practices concerning quality assurance control. This cooperation is considered important for strengthening relationships among regional regulators and is expected to be further enhanced in the future, particularly in the context of sharing experience and improving the capacities of the supporting staff structure.

7. Priorities and Objectives for 2026

7.1 Oversight and Quality Assurance of Statutory Audit

The main activity of the Public Oversight Board (POB) remains ensuring the quality of statutory audit and financial reporting through the performance of the quality assurance control process. For 2026, the execution of 30 quality assurance controls is planned, giving priority to the implementation of legal requirements related to the completion of the inspection cycle and the risk analysis of audit engagements.

At the same time, these controls aim to contribute to improving the quality of audit practice, particularly among small and medium practitioners, through the identification of deficiencies and the provision of concrete recommendations for improvement. Special focus is placed on enhancing the professional capacities of sole practitioner statutory auditors, as well as supporting staff involved in the performance of assurance engagements (audit and other assurance services), by promoting the strengthening of quality control systems and improving the documentation and implementation of audit procedures.

Furthermore, the quality assurance control inspection process will continue to serve as an important mechanism for the transfer of knowledge and experience from the POB team to audit firms and statutory auditors. This interaction during inspections contributes to increasing professional awareness and the application of best practices, translating into a developmental and improvement-oriented process in terms of work quality for all parties involved.

The main focus of the inspections is the assessment of the quality of audit engagement documentation and the level of compliance with the requirements of the legal and regulatory framework, the relevant requirements of the Code of Ethics, and the International Standards on Auditing and assurance engagements.

7.2 Oversight of Entry into the Profession and the Professional Competence Examination Process

During 2026, the Public Oversight Board (POB) will further strengthen cooperation with professional organisations, with the aim of improving the quality of professional education and enhancing the capacities of candidates entering the audit profession. This cooperation will focus on updating curricula in line with the latest international developments, with particular emphasis on sustainability reporting and assurance on sustainability reporting, in line with European requirements and standards. At the same time, concrete measures will be undertaken to improve the testing process within the Professional Competence Examination, ensuring increased quality and reliability in the assessment of candidates. In this context, the POB will ensure the continuity and further development of this process during 2026, addressing its postponement from 2025 and ensuring a more stable and effective organisation, in compliance with legal requirements and international best practices. The POB's approach towards the

Professional Competence Examination Commission (KPAP) will be to guide this structure from a predominantly administrative process towards a key mechanism for ensuring the quality of entry into the profession, strengthening the credibility of certification, and meeting the growing expectations of candidates and the public. In this regard, the POB aims to establish a more proactive approach, based on clear standards, transparency, and accountability, considering the examination process as a critical link in the overall quality chain of the profession. A preventive and structured approach, supported by sustainable planning, continuous improvement of procedures, and capacity building, will ensure the continuity of the process and organisational stability, contributing to the restoration and strengthening of public trust in the examination system.

7.3 Contribution of the POB to strengthening the AML/CFT framework and the European Integration Process

During 2026, the Public Oversight Board (POB) aims to play an active and structured role in the reporting and assessment process within the framework of the 6th round of the Council of Europe’s Moneyval Committee, contributing to demonstrating the effectiveness of the implementation of the legal and regulatory framework in combating money laundering, terrorist financing, and the financing of the spread of weapons of mass destruction. In this context, the POB will strengthen its role as a supervisory authority for designated non-financial businesses and professions (DNFBPs), through structured reporting of statistics and oversight results related to the profession of statutory auditors (SA) and certified accountants (CA), based on a risk-based supervisory approach in the field of AML/CFT.

At the same time, the POB will continue its contribution within the Interinstitutional Working Group established by Prime Minister’s Order No. 222, dated 26.11.2025, for the harmonisation of the national legal framework with the European Union (EU) acquis in the field of the prevention of money laundering and terrorist financing, in the context of fulfilling the obligations under Chapter 4 “Free Movement of Capital”, Section 4.3. Following the work of this group and the drafting of the relevant draft law, which transposes Directive (EU) 2024/1640 (6th AML Directive) and is aligned with Regulation (EU) 2024/1624, the POB will be engaged in drafting and adopting secondary legislation in implementation of the new legal requirements.

The main objective in this regard remains ensuring effective and risk-based supervision of the profession, as well as strengthening mechanisms for the identification, assessment, and mitigation of money laundering and terrorist financing risks, in line with European and international standards.

7.4 Role and contribution of the POB in fulfilling Chapter 6 of the EU Acquis ("Law for Traders and Commercial Companies")

The Public Oversight Board (POB) will continue its engagement by contributing directly to the fulfilment of the closing benchmarks under Chapter 6 "Law for Traders and Commercial Companies", through strengthening supervisory capacities and ensuring the effective implementation of the newly adopted legal and secondary regulatory framework in the field of statutory audit and public oversight. In this context, the main focus will be on the implementation of the work plan related to demonstrating the practical and effective functioning of the oversight system, in line with the requirements of the European Union (EU) acquis. In support of this objective, the POB will continue to contribute to the European integration process through the documentation and reporting of progress achieved, reflecting the implementation of the legal and regulatory framework aligned with Directive 2006/43/EC and Regulation (EU) No. 537/2014. In this regard, a comprehensive documentation package has already been submitted to the European Commission, including the updated legal and regulatory framework, tables of concordance, and the secondary legislation adopted by the POB, addressing key areas such as the quality assurance system, investigation and disciplinary procedures, the public register, as well as cooperation and exchange of information at national and international level.

During 2026, the POB will focus on continuing reforms in secondary legislation, with the aim of further strengthening institutional capacity and enhancing human resources for the effective implementation of supervisory functions. Particular attention will be paid to increasing transparency and accountability, ensuring a sustainable oversight system fully aligned with European Union standards. This commitment aims to directly contribute to advancing the negotiation process and meeting the criteria for the closure of Chapter 6.

At the same time, building on its status as an observer member at plenary level within the Committee of European Auditing Oversight Bodies (CEAOB), the POB will intensify its efforts to deepen integration into European audit oversight structures. In this context, an important priority for 2026 will be active engagement and efforts towards membership in the CEAOB Inspections Working Group, with the aim of exchanging best practices, enhancing professional capacities, and further aligning with inspection methodologies applied in European Union countries.

7.5 Strengthening supervisory capacities, professional development of staff, and improvement of Institutional effectiveness

The Public Oversight Board (POB) aims to strengthen its institutional capacities through sustained investment in human resources and the improvement of internal processes, recognising that human capital represents its most valuable asset for the effective fulfilment of its mission.

In this context, the POB will focus not only on increasing staff numbers, but also on further developing their professional skills, by enhancing expertise in the implementation of the legal and regulatory framework, the performance of quality assurance control, as well as in investigation processes and the imposition of disciplinary measures. Through training and professional development programmes, the objective will be to strengthen technical competencies and improve overall institutional performance.

At the same time, the POB will undertake measures to enhance staff engagement and well-being, by promoting an inclusive and collaborative work culture, and by creating conditions that support flexibility, autonomy, and effective interaction among staff. These measures aim not only to retain existing staff, but also to attract new and qualified professionals, in support of more effective oversight and improved quality of institutional processes. In this regard, a revision of the Council of Ministers Decision No. 786, dated 09.11.2016 “On the procedures for the selection and dismissal of members, as well as the rules on the organisation and functioning of the Public Oversight Board”, as amended, will be proposed, with a focus on strengthening staff well-being and ensuring the sustainable and effective functioning of a high-quality workforce, as well as the effective operation of the committees established within the POB, aiming to increase efficiency and coherence in the exercise of supervisory functions.

With regard to improving internal processes, the POB will aim to increase operational efficiency through the optimisation of procedures, the elimination of organisational barriers, and the use of supporting tools that facilitate the work of the team. Furthermore, a more flexible and results-oriented approach will be promoted, improving internal coordination and decision-making processes.

Through these measures, the POB aims to enhance its institutional impact and to fulfil more effectively and sustainably its strategic objectives and obligations arising from its mission.

7.6 Oversight of the Professional Organisation of Statutory Auditors and development of professional capacities

The Public Oversight Board (POB) will continue its cooperation within the framework of its oversight function over the Institute of Authorized Accounting Experts (IEKA), with a focus on improving the effectiveness of key processes related to professional development, registration, and the translation of professional standards, in compliance with the requirements of the law and its implementing by-laws.

In this context, the POB will continue to oversee the Continuing Professional Development process, aiming to enhance the quality and relevance of training programmes, as well as to improve the structure of the qualification curricula and professional internship programmes for candidates for statutory auditors. Particular attention will be given to the cooperation and contribution of the POB in improving the relevant regulations, in order to ensure their effective implementation and better alignment with developments in the profession.

The POB will also continue to oversee the Registration Committee (RC) and the processes for updating the public register, with the objective of ensuring continuous monitoring of the public register of statutory auditors and audit firms, as well as increasing the transparency and accuracy of the published data. In addition, attention will be given to the review of its operating rules, with the aim of guaranteeing transparency and data accuracy. In parallel, progress in the translation and adoption of International Standards on Auditing and assurance engagements will be monitored. Another important aspect will be the monitoring of the implementation of legal requirements related to annual registration and the updating of data in the public register of statutory auditors and audit firms, as a key element of transparency and effective oversight.

In this context, the POB will encourage and monitor the drafting and implementation of IEKA's strategy and action plans aimed at strengthening institutional capacities and improving the management of internal processes. It will also oversee the effective implementation of the Code of Ethics by its members, thereby contributing to enhancing integrity and professionalism in the practice of the profession.

7.7 Oversight of the Certified Accountant profession

Within the framework of the regulation and oversight of the Certified Accountant (CA) profession, as provided for in Regulation No. 9/2019, the planned processes and activities will focus on the oversight and coordination of the practice of the certified accountant profession, the verification of CAs, and matters related to Continuing Professional Development. This will be carried out through the supervision of activities and interaction with professional organizations of certified accountants recognized by the Public Oversight Board (POB).

This cooperation will continue and be further strengthened, with the objective of improving communication and coordination with professional organizations, in support of a more effective, transparent, and sustainable oversight of the profession.

7.8 Strengthening interinstitutional cooperation in support of financial stability and quality of reporting

During 2026, the Public Oversight Board (POB) aims to strengthen interinstitutional cooperation with key regulatory authorities, in particular with the Bank of Albania (BoA), with the objective of increasing the effectiveness of oversight over statutory audit and financial reporting, as essential components for ensuring the transparency, reliability, and integrity of financial information in the country..

In this context, the POB will engage in formalizing cooperation with the BoA through the signing of a cooperation agreement, which will enable structured information exchange, coordination of oversight mechanisms, and sharing of expertise between the institutions. This cooperation is intended to contribute to strengthening the regulatory and control framework, as well as to achieving a more integrated and effective oversight of the financial sector, businesses, and the audit profession. Through this cooperation, the POB aims to support increased public and investor confidence in financial markets, as well as to contribute directly to maintaining the stability and efficiency of the financial system in Albania, in line with international best practices and European integration requirements.

key priority will be to further deepen interinstitutional cooperation in order to enhance the effectiveness of oversight. The POB will continue and further strengthen cooperation with institutions such as the Financial Supervisory Authority (FSA), the General Directorate of Taxation (GDT), the National Business Center (NBC), the Accounting Council (AC), and other regulatory institutions, as well as expand cooperation with business associations and justice institutions to promote institutional integrity and transparency.

This report is prepared only for general information. POB accepts no liability to any party for loss, damage or expenses, whether they are in contract, contingency or otherwise from any action or decision taken (or not), as a result of any person relying on this report or using the findings reflected therein.