



Institute
for Democracy
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From Recommendation to Action: Overcoming Barriers in SAI Recommendation Implementation

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Introduction

In every constitutional democracy, independent institutions play a crucial role in maintaining checks and balances. In Albania, the State Audit Institution (SAI) is the highest supervisory authority for financial and administrative matters within public institutions. It provides recommendations for public institutions, the central government, local authorities, and public companies or joint-stock companies where the state holds a 50%+1 share. SAI also has a clear constitutional mandate to oversee and audit the use of public funds, ensuring they are managed responsibly and transparently.¹ SAI's systematic auditing process includes:²

- **Evaluating Expenditures:** SAI performs financial and compliance audits to provide an objective, independent, and evidence-based assessment of how public funds are spent, identifying violations and deficiencies in financial management and control.
- **Performance Auditing:** SAI examines the economy, efficiency, and effectiveness of government policies and projects.
- **Reporting:** After completing audits, SAI publishes reports that contain recommendations for improvement and measures to address the identified issues.
- **IT Auditing:** In IT audits, the State Audit Institution gathers and evaluates evidence to determine whether a given computer system protects assets, maintains data integrity, effectively achieves the audited entity's goals, and uses resources efficiently.
- **Auditing the Implementation of Recommendations:** Through this audit, which can be thematic with a specific program or integrated as a separate point in SAI's audits of institutions, the State Audit Institution assesses the level of implementation of recommendations issued in previous audits.

The European Commission (EC) referenced the role and importance of SAI in the 2024 Progress Report for Albania. In the section on Chapter 32's analysis of "Financial Control," the institution noted that Albania has made limited progress in this area and that public internal financial control needs further strengthening.³ Regarding the implementation of SAI recommendations by public institutions, which is also the primary focus of this policy document, the EC stated that "further efforts are needed to ensure that SAI recommendations are implemented and that its reports are meaningfully evaluated and used by Parliament." In this regard, it is recommended that the monitoring and follow-up on the implementation of SAI's recommendations continue and that parliamentary review over state institutions be strengthened, specifically regarding how the latter implement the received recommendations.

1 Constitution of the Republic of Albania (1998). Article 162

2 Law No. 154/2014 "On the Organization and Functioning of the State Audit Institution"

3 European Commission. (2024). Albania 2024 Report. https://neighbourhood-enlargement.ec.europa.eu/document/download/a8eec3f9-b2ec-4cb1-8748-9058854dbc68_en?filename=Albania%20Report%202024.pdf

SAI's recommendations are essential for improving the management of state institutions.⁴ They provide guidance for public institutions, the government, and local authorities to address institutional weaknesses and optimize work processes. From 2019 to 2022, SAI has issued a considerable number of recommendations, which help strengthen transparency and accountability in public administration. However, achieving this goal requires that these recommendations be put into practice.

Implementation of SAI Recommendations and Related Challenges

In the analysis of the implementation rates of recommendations from the State Audit Institution (SAI) over recent years, an interesting trend emerges. First, it is observed that the implementation rate of recommendations by public institutions ranges between 49% and 55% (Table 1). This suggests that each year, the public institutions under SAI's supervision are expected to fully or partially implement about half of the presented recommendations.

Table 1: Recommendations implementation level

Year	Implemented/ Partially Implemented	In Progress/ Not Implemented	
2018 ⁵	52%	48%	(N=2885)
2019 ⁶	51%	49%	(N=2745)
2020 ⁷	55%	45%	(N=1292)
2021 ⁸	50%	50%	(N=3646)
2022 ⁹	49%	51%	(N=4494)

4 Ministry of Finance. (2024) Public Finance Management Sectoral Strategy 2023-2030 <https://financa.gov.al/wp-content/uploads/2024/07/Public-Finance-Management-Strategy-2023-2030.pdf>

5 KState Audit Institution. (2020). 2019 Annual Performance Report. https://drive.google.com/file/d/1Sec3WhPN7z-3kvSDwoklNy_yOqXhOgaD/view

6 State Audit Institution. (2021). 2020 Annual Performance Report. <https://drive.google.com/file/d/1Fj1GJ4IHwa7nyP-BatQQgCvXOKXvK3XQ/view?usp=sharing>

7 State Audit Institution. (2022). 2021 Annual Performance Report. https://drive.google.com/file/d/1-C60_4P7rDn-2QE2WcOLYs1PF8TqrtJ1d/view?usp=sharing

8 State Audit Institution. (2023). 2022 Annual Performance Report. https://drive.google.com/file/d/1XZ-FR_ljBJ5dbFU-zLEychi6OX8FpZX/view

9 State Audit Institution. (2024). 2023 Annual Performance Report. <https://kuvendiwebfiles.blob.core.windows.net/webfiles/202404090814030207Raporti%20i%20performances%202023%20final.pdf>

Further, when examining implementation by the nature of the recommendations, other details are revealed (Table 2). Recommendations involving disciplinary measures enjoy the highest implementation rate, consistently achieving high percentages over the four analyzed years. For administrative measures, recent trends show a satisfactory implementation rate, varying from 22% to 32% for the years 2019–2021, but increasing positively to 46% in 2022.

Meanwhile, organizational measures over the five years have had implementation levels ranging between 40% and 48%, indicating that institutions are expected to implement slightly less than half of the organizational measures imposed by SAI. Finally, the implementation level for legal measures aimed at the latter’s improvement and amendment shows marked variations over the years, possibly due to the small number of recommendations in this category.

Tabla 2: Recommendations implementation level by type of recommendation

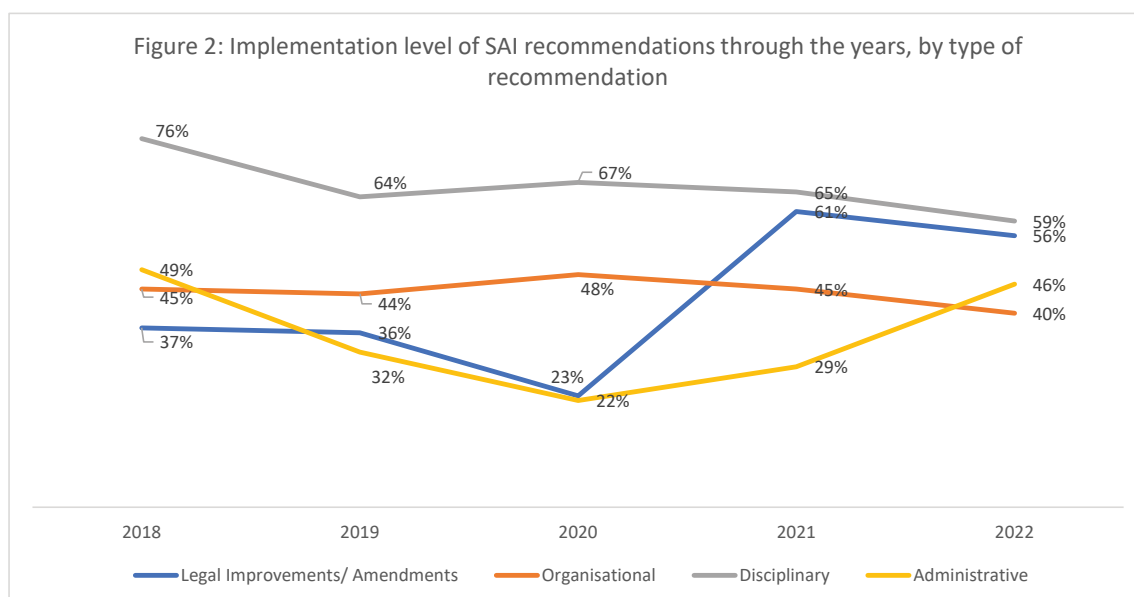
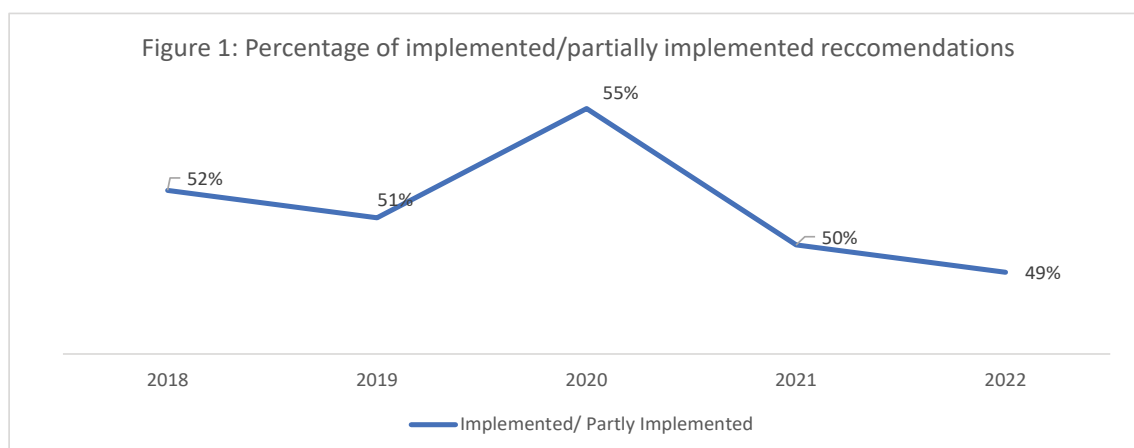
Year	Legal Improvements/ Amendments	Organisational	Disciplinary	Administrative
2018	37% (N=19)	45% (N=1902)	76% (N=656)	49% (N=278)
2019	36% (N=36)	44% (N=2062)	64% (N=530)	32% (N=117)
2020	23% (N=13)	48% (N=990)	67% (N=243)	22% (N=46)
2021	61% (N=36)	45% (N=2699)	65% (N=828)	29% (N=83)
2022	56% (N=43)	40% (N=2909)	59% (N=581)	46% (N=93)

From the collected data, a decline in the percentage of implemented recommendations is noted from 2020 to 2022. In 2020, 55% of recommendations were implemented, while in 2021, this percentage dropped to 50%, ending at 49% in 2022. This trend indicates that while SAI has continued to produce recommendations, their implementation by the executive branch has slowed down.

It is essential to note that 2020 saw a relatively small number of accepted recommendations (1292) compared to 2021 (3646) and 2022 (4494). When analyzing implementation trends by category (Figure 2), a rise in legal measures’ implementation is observed, peaking in 2021, which suggests a significant improvement in their compliance.

The implementation level for organizational and disciplinary measures has remained relatively constant during these years. However, administrative measures show a marked decline in implementation, with the lowest level in 2020, followed by an increase to 46% in 2022. This is partly because, for SAI’s administrative mea-

asures, the audited entity is not responsible for implementation, but rather the institution with the legal authority to take administrative action. For example, in cases of procurement violations, SAI recommends the Public Procurement Agency to assess the identified violations and to take administrative actions (e.g., fines) regarding the violations found in procurement procedures, the responsible employees, and their role in the procedure.¹⁰ These variations suggest a need for further evaluation of the effectiveness of recommendation implementation, particularly for administrative measures.



The figures show that despite the increasing number of recommendations and the volume that is being implemented by institutions in recent years, the implementation rate has remained stagnant. The stagnation of the level of implementation

¹⁰ State Audit Institution. (2017). Final Audit Report: Compliance Audit. <https://panel.klsh.org.al/storage/phpAu5pHV.pdf>

of SAI recommendations between 49% and 55% suggests that significant challenges are hindering the improvement of this process. Some of the identified challenges include:

- **Lack of resources in public institutions.** A primary challenge for central government institutions is a lack of human resources, technical capacities, and limited budgets. Many institutions often operate with insufficient staff and lack the necessary training to implement SAI recommendations. When institutions lack adequate budgets and trained staff, difficulties in implementing the required changes increase, leading to process blockages. This situation creates a heavy workload and difficulty in focusing on implementing the recommendations, thereby undermining the effectiveness of audits.¹¹ Additionally, the perception of recommendations as suggestions rather than obligations by officials can result in low commitment to implementing them. This creates an atmosphere where recommendations are not taken seriously, preserving the current status of administrative practices and hindering necessary progress in reforming governance processes.
- **SAI recommendations addressing consequences, not causes:** The goal of SAI's recommendations is to improve the financial management system. According to international auditing standards, a recommendation should address the root cause or the "why" behind a deficiency.¹² In SAI's repository of recommendations, although improvements have been made, recommendations still occasionally address consequences, resulting in findings from one fiscal year being similar to findings in the following year.
- **Low parliamentary oversight:** A weak monitoring and evaluation system may contribute to a decrease in recommendation implementation levels. Without clear mechanisms to track implementation progress, institutions lack motivation to implement recommendations. In this context, Parliament has a crucial role in overseeing independent institutions and the executive by demanding the implementation of SAI recommendations.¹³ Parliamentary oversight includes several key aspects:
 - **Monitoring reports:** Parliament reviews SAI reports and recommendations. Relevant committees are responsible for analyzing these reports and ensuring that the recommendations are considered by the executive. However, Parliament often does not actively engage in monitoring the implementation of these recommendations. The lack of regular and detailed discussions on SAI reports makes it difficult for recommendations to receive the necessary attention and priority.

11 Dhoga, N. & Sulstarova, R. (2023) Integrity in central government institutions: opportunities, challenges, and the way forward. Institute for Democracy and Mediation. <https://idmalbania.org/sq/dokument-politikash-revolucioni-digjital-vleresimi-i-vendimit-te-qeverise-se-shqiperise-per-te-kaluar-tek-ofrimi-i-sherbimeve-vetem-online>

12. State Audit Institution. (2016). International Auditing Standards. <https://panel.klsh.org.al/storage/phpFaW6UR.pdf>

13 National Democratic Institute. (2023). Strengthening the Role of Albanian Parliament in Curbing Corruption. <https://www.ndi.org/publications/strengthening-role-albanian-parliament-curbng-corruption>

- **Demanding accountability:** If the executive fails to implement SAI recommendations, Parliament has a duty to demand accountability. This includes holding hearings with audited institutions and discussing the responsibility for non-implementation of recommendations.

Furthermore, the role of the new parliamentary subcommittee on public sector auditing is critical in this context, as it can provide a more structured and focused platform to address oversight and accountability issues. Establishing this subcommittee enhances Parliament's potential to exercise more effective oversight over public institutions and ensure that SAI recommendations are implemented in practice. This structure, while preserving SAI's independence, can help improve the way audit recommendations are handled and implemented.

- **Political Influence on SAI Independence:** One of the main challenges facing SAI is politicization, which weakens its independence. The head of SAI is appointed by a simple majority in Parliament, which is highly polarized. The executive, which holds the majority of parliamentary seats, also controls the budgets of independent institutions. This situation raises questions about how the head of SAI and leaders of other independent institutions can maintain independence from executive influence. Political pressures and party interests can hinder Parliament's oversight function, thus compromising the accountability process of institutions subject to SAI audits. This challenge requires a coordinated approach to strengthen SAI's independence and ensure it can perform its functions without political interference.
- **Poor Coordination between SAI and Institutions:** This is an important factor that can cause misunderstandings about the significance and purpose of the recommendations. When dialogue is weak, officials may not fully understand the purpose and added value of these recommendations, making commitment to implementation more difficult. Additionally, poor communication during the monitoring phase can hinder progress tracking, making it challenging for institutions to feel accountable for implementation.

Recommendations

To improve the implementation level of the State Audit Institution's recommendations, it is essential to address existing challenges that hinder the supervision and implementation process. The following recommendations aim to strengthen institutional capacities, increase transparency and accountability, and create more effective cooperation between SAI and Parliament. These steps are crucial to ensure that SAI recommendations are successfully implemented, thereby contributing to a more responsible and efficient public administration.

- **Strengthening technical capacities:** Central and local government institutions should invest in human resources and specialized training for their staff. This will help enhance the skills needed to implement SAI recommendations more effec-

tively, reducing workload and increasing audit effectiveness. Additionally, raising awareness among public institution employees about the importance of implementing SAI recommendations is essential.

- **Improving the formulation of SAI recommendations:** The design of recommendations should consider two perspectives. First, from the audited entity's point of view, ensuring that the recommendation and necessary implementation steps are clear. Second, from SAI's perspective, ensuring that the recommendation is crafted to allow easy verification of its implementation. In this context, writing clear, concise recommendations that address root causes is particularly important, as it encourages the entity to increase compliance and enables SAI to enhance audit impact.
- **Enhancing cooperation with the parliament and strengthening its role:** Building a closer and more regular relationship between central government institutions and parliamentary committees is essential for better monitoring of recommendation implementation. Such cooperation will ensure that recommendations receive the attention and priority they deserve. In this context, the establishment of a "Public Sector Audit" subcommittee in Parliament is a significant step. This subcommittee will aid in strengthening parliamentary oversight, facilitating discussions on SAI recommendation implementation, and ensuring accountability from the executive. Parliament should actively demand accountability from the executive when SAI recommendations are not implemented. This should include holding hearings to discuss and analyze the reasons for non-compliance.
- **Ensuring SAI's independence from political influence:** SAI must safeguard its independence from politicization and the detrimental influence of political actors through a strict approach at the structural and operational levels. This can be achieved through transparent and merit-based appointments within the institution, clear legal guarantees, and improved accountability mechanisms that avoid political interference. In this way, SAI's activities are ensured to be neutral and entirely based on professional standards.
- **Improving communication between SAI and institutions:** More proactive and clear communication between SAI and its subject institutions would translate into more effective cooperation, higher compliance, and improved transparency. Such communication would help audited institutions better understand SAI's expectations of them, aligning their approach to the identified problems and issued recommendations. Another crucial aspect is enhancing the clarity and comprehensibility of SAI recommendations, especially those related to audits. These recommendations are often lengthy and complex, requiring a clearer and more straightforward assessment for institutions. This will help officials better understand the recommendations' purpose and engage more effectively in their implementation.
- **Increasing Cooperation with Civil Society and Foreign Partners:** Organizing joint discussions between SAI, civil society, and state institutions provides an effective communication platform for constructive discussions that raise awareness

about implementing SAI recommendations. This collaboration will encourage the sharing of ideas and best practices, as well as engage international experts who can contribute with knowledge and support. In this way, a stronger ecosystem for accountability and transparency will be created, helping improve financial management practices within public administration.

Implementing SAI recommendations is an important indicator of the healthy functioning of independent institutions and fulfilling obligations to citizens. Although the figures do not show an increase in the implementation level of these recommendations by public institutions in the country, all involved actors must work together to restore trust in the control and oversight process within public administration. Only in this way will a responsible and transparent government for Albanian citizens be ensured, and a stronger system of checks and balances built in the state.

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