

Legal Aspects on the Audit of the Albanian Olympic Community by the International Organisations

Saimir Shatku

Phd. Sports University of Tirana, Albania

Ismail Varoshi

University of Tirana, Albania

Abstract

One of the main factors influencing the determination of the degree of democratization of a country and its economic development is the transparency of decision-making bodies and its free exercise without being influenced by political factors and other related elements. Transparency is the most important element in the exercise of any activity of any budget institution or economic entity, for the fact that it creates credibility and security for the general public in undertaking new initiatives, as well as offers strong grounds for fair and effective powers of all state institutions. To achieve this goal, a stable state approves in its constitutional and legal acts, the creation of special and independent structures with the sole purpose of controlling the legality and efficiency of the activity of any state body or even of private entities. Such special structures help to create a strong and constitutional power that exercises its core activity through independent bodies in full compliance with the legislation in force. It should be acknowledged that often different subjects or institutions exercise their activity by causing irregularities in conformity with the law and thereby violating openly other legal rights arising from them. For the purpose of avoiding and eliminating these abuses, the legislature has created an independent body of Supreme State Audit which enables the exercise of effective control over any activity of state bodies and institutions. This right which enables the exercise of such control in the legal language shall be considered as an audit process.

Keywords: Supreme State Audit Institution; The Albanian National Olympic Committee; audit; financial report; transparency; financial control.

Introduction

Auditing structures in Albania

Regarding the importance of the audit process in all decision-making processes of state bodies and other private entities, the Albanian legislation in force has foreseen in detail the functioning and the way of its operation.

In the Republic of Albania, the audit process is carried out by two main structures created solely for this purpose, which represent each particular aspect of the audit activity. On the one hand, the legislation and the Constitution of the country provide for the creation of an independent constitutional body such as the Supreme State Audit Institution, which performs annual or even continuous audits of all state bodies, auditing the legality of their daily activity.

The Supreme State Audit Institution, in order to fulfill its constitutional function, in accordance with International Standards on Auditing "INTOSAI" and best audit practice in European countries and beyond, modernization oriented and professional qualitative growth of human capacities, structural and technical aspects of the entire public administration, has increasingly emphasized the performance audit and its advisory role. In this way, it tries to exercise control over improving standards rather than punishing irregularities, but should not be denied that its reports are completely transparent on the activity of certain state bodies and have surely a direct impact on correcting and combating illegal cases.

The performance audits assess whether policy intentions and governing schemes relate to real-life problems and concerns of stakeholders, providing much wider information on the performance of all projects and programs in audited public entities. The audit by this independent body aims to improve the efficiency and effectiveness of public services provided to Albanian taxpayers by rationally using public funds.

Based on the applicable legislation, "**Statutory Audit**" is an independent audit of annual, individual and / or consolidated financial statements if: a) it is required by this law; b) required by other laws; c) is conducted voluntarily at the request of partners / shareholders of business entities or other stakeholders, *whereas*

"**Statutory Auditor**" is the individual approved by the competent authorities to carry out Statutory Audits, and is registered in the public registry of Statutory Auditors and audit firms, in accordance with the provisions of this law.

Thus, from the foregoing we understand that the audit involves an independent financial control process against all entities exercising various activities, realized by individuals approved by the applicable structures, in the capacity of the Statutory Auditor. This results in the fact that audit is a process which is accomplished by relying entirely on a legal financial control based on the legislation that applies to all entities subject to audit.

On the other side, in the field of auditing, private audit entities are organized in the form of an audit company or a private expert licensed by the relevant Ministry only for the purpose of auditing the activity of certain state bodies or private businesses.

In this part, the legislator has been attentive in terms of coverage of a wide space of control for all entities operating in the market and covering the most important organizational aspects of the country. In this way, the transparency process shall be more complete and correct in identifying various violations and irregularities.

Audit process of the Albanian National Olympic Committee

One of the entities subject to auditing is the Albanian National Olympic Committee¹, which covers a wide range of activities in the field of sports. Given the fact that sports activities are organized and funded in most cases by state funds and from foreign organizations, the financial control exercised by them on the use of these funds is a necessity. For this reason, in this particular area, the audit takes special importance with regard to the manner of functioning and the use of the funds granted to the Albanian National Olympic Committee (ANOC).

Certification of financial reporting is very important for the decision-making process by both Albanian and foreign investors to ANOC as well as to other users of this information who have legitimate interest in sport activities. This certification of financial statements is an obligation that derives from the law, but also a necessity to create transparency and credibility for the general public. The whole process is regulated by proper legislation on Statutory Auditing, organization of the profession of the Authorized Chartered Accountants and Certified Accountant, as each of them determines its audit mode. ANOC is obliged to carry out the statutory audit of the annual financial statements, prior to their publication, by statutory auditors or auditing companies who also have the relevant cost for this service, publishing them on its official website in order for the public to be recognized with the transparency of exercising all sports activities.

Pursuant to Law No. 9901, dated 14.04.2008, "On Traders and Companies", as amended, the appointment of authorized chartered auditors for the certification of financial statements is made by the Assembly of shareholders of the company, being considered as a fair choice, as the shareholders of the company represent the capital and can make any decisions regarding the company's expenses. This way applies also to joint stock companies with public capital, where the authorized chartered auditors are appointed by the legal representative of the sole owner of the company, who is the line ministry.

The primary role of statutory auditors is to certify the financial statements of government bodies, public entities, or other private entities in order to provide stakeholders, such as investors, shareholders and the general public, with an opinion

¹ founded in 1958 and recognized by the International Olympic Committee (IOC) in 1959

on the accuracy of fund management. Furthermore, referring to the fact that sports constitute one of the areas that show more interest to the public, the real audit of ANOC emerges as an urgent need. Therefore, by improving the integrity and reliability of the financial statements, statutory audit contributes to the proper functioning of the markets. In general, we can say that financial reporting, regardless of the sector in which it is carried out, should be not only reliable but also useful to users.

It is important that ANOC be audited accurately and in a correct manner and to publish financial statements certified by the auditor for general purposes, as these statements are used by legislators and government departments, domestic and foreign investors, employees, creditors, the general public, but also from other users, for various purposes in terms of efficiency and development of sports. In order for these users to obtain reasonable assurance regarding the financial indicators of this Committee, it is necessary that these statements be subject to audit by which an independent statement is obtained if they are properly prepared and if they reflect the reality for its financial activity and for the efficient use of funds made available.

Public sector entities, such as ANOC, use additional funding sources, mainly to meet a wide range of objectives in terms of undertaking sports activities. Whereas the audited financial statements may indicate in relation to financial position, operating results and changes in financial position, such financial statements can not, in themselves, adequately report on the results of non-trading activities referred to above.

Functions and activity of ANOC

ANOC is a non-profit national independent sport organization, organized on the basis of the Olympic Charter principles and operates under its statute. In its work, it is committed to fully respecting the Olympic Charter and the Anti-Doping Code of the Olympic Movement as well as to be in conformity with the decisions of the International Olympic Committee. In line with the role and mission of ANOC, among its main objectives we can mention:

It is committed to support and encourage the promotion of ethics in sport, combat doping and demonstrate responsibility in environmental protection issues;

To group all sports organizations of national character developing physical or sports activities recognized under the law on sport and coordinate their actions;

To develop and protect the Olympic Movement in Albania in accordance with the Olympic Charter;

Represent the Albanian Olympism on all issues of general national interest in official and public bodies in Albania and abroad;

To propagate at national level the fundamental principles of Olympism within the framework of sports activities and beyond, among other things, the spread of

Olympism in schools as well as in all structures of the education system, from kindergarten to university level;

Work to maintain and harmonize correct relations with state institutions, but it protects its autonomy from any kind of pressure, including political, religious, economic ones which may hinder it to be in full compliance with the Olympic Charter.

ANOC has exclusive competence for Albania's representation in the Olympic Games and multi-sports, continental and world-wide races, led by the International Olympic Committee;

Ensures connection with the International Olympic Committee, National Olympic Committees of other countries, the Organizing Committees of the Olympic Games and Regional Games Continental and Intercontinental;

Ensure observance and implementation of the Olympic Charter throughout the country and require compliance with the rules governing Olympic sports as defined by the International Olympic Committee;

Organize and develop activities in accordance with the principles of the Olympic Charter and be protected from any political, religious or economic interference;

To respect the rules and regulations of the International Olympic Committee;

Cooperate in the preparation and selection of Albanian athletes and ensure their participation in the Olympic Games and all Regional, Continental and International Games under the auspices of the IOC;

Contribute to the development of sports and to protect ethics in sports;

Favor the promotion of athletes in the social plan;

Favor, organize and participate in the initial and continuous formation of management staff, officials and technicians of sports organizations;

Promote the realization and improvement of the infrastructure and equipment necessary for the development of physical and sports activities;

Participate and cooperate with all state and non-state institutions which directly assist in the development of sports and physical activities for all;

Undertake any initiative in order provide to federations and member organizations, an effective help in their functioning, in the documentation research plan, propaganda, etc.;

Continuously fights against violence and discrimination in sports as well as against the use of doping substances prohibited by the International Olympic Committee and International Federations.

From the foregoing, citing all these competencies of the Albanian National Olympic Committee, we see that its activity is diversified in terms of development and

expansion of our sport at the international level, mainly related to participation in the Olympic Games. Among other things, it preserves and promotes athletes in their work, ensures their dignified representation in the world, provides collaborations with other organizations at the Olympic level and constantly fights discrimination in sports. In short, by analyzing each of the above competencies, we can highlight the main role that ANOC has in the progress and broad development of sports and athletes globally.

Referring to these competences, we can make their connection with the audit process of the Albanian National Olympic Committee (ANOC), since in order for them to be efficiently achieved; large funds are needed by the state, as well as other sponsors who show interest in it. Exactly their fair management shows a high degree of effectiveness of this independent organization in its work. Given the fact that it supports its activity without reward¹ and in the management of sports, it is necessary to carry out financial audits in undertaking concrete actions for the purpose of developing sports and other participatory activities.

For this fact, each year the audit process is carried out, which involves conducting procedures to obtain audit evidence about the amounts and information provided in the financial statements. The procedures selected to proceed depend on the auditor's judgment, including the assessment of the risks of irregularities in the financial statements due to fraud or error. In this risk assessment process, the auditor considers the organization's internal control in the preparation and fair presentation of the financial statements in order to draw up audit procedures appropriate to the activity of the ANOC. The auditor should not be expressed in terms of the effectiveness of the ANOC but only of the regularity of the financial statements in accordance with the legislation in force or with its policies.

The audit also includes the assessment of the appropriateness of the accounting methods used and their logic made up of management with its specific features, as well as assessing the overall presentation of the financial statements. It is conducted annually by a licensed auditing company, which has published the results achieved by detailed financial control. We are providing some evidences on the audit aspects of the ANOC, for illustrative purposes.

¹ Any financial action undertaken by the ANOC is carried out through the bank by avoiding cash payments.

Year	The contracted value for auditing the financial statements by national authorized chartered auditors	The contracted value for auditing the financial statements by international authorized chartered auditors	Difference	In percentage %
2010	14,000,000	3,450,000	10,550,000	305
2011	10,880,000	3,450,000	7,430,000	215
2012	10,890,000	3,450,000	7,440,000	215
2013	8,610,000	2,765,000	5,845,000	211
2014	12,900,000	2,800,000	10,100,000	360
2015	13,900,000	2,800,000	11,100,000	396

If we take into consideration the Albanian NOC audit process, we can say that it was fully realized in accordance with law no.9228 dated. 29.04. 2004 "On Accounting and Financial Statements", avoiding financial misstatement and fairly presenting the true nature of the finances used. These reports provide assurance provided by an experienced auditing company such as "Lireng Auditing", represented by chief auditor Neshat Maze, and who for several years has had the financial control of this organization; thus achieving more opportunities for the recognition and direct evaluation of its activity.

We see that the ANOC audit is carried out for nine years by the same licensed auditing company, which means that the realization of the financial records and their real presentation be seriously carried out for the general public and for the protection of their interests.

Referring to the table above, some data evidenced from 2010 to 2015 are reflected in terms of the cash value offered by the Albanian state in terms of the audit process by Albanian and foreign authorized accountants. By analyzing it, we see that they are significant amounts worth over 10 million ALL, which once again demonstrates the importance that this process takes in the progress and performance of the sporting processes.

Conclusions and Recommendations

The European Commission has emphasized the establishment and growth of such a function in the main Audit Institutions as a prerequisite for EU membership of countries aspiring to join the big European family. The same condition applies to Albania, which for years aspires to integrate into EU structures. State audit structures such as SSAI and private ones play the key role in auditing performance precisely and mainly on results, as much as in processes, emphasizing the need for change as well as for responsible and continuous improvement of public management.

A developing country such as Albania needs to find and fund public services such as sports in order to develop such an important area for the general public. The only way for it to be realized is the efficient and effective use of public funds provided.

In an organization such as ANOC, which supports its activity in international sports development, particular attention is given to audit process as it relates directly to the way it functions correctly. The financial control process is important in this respect as it attracts investors by being served with transparency. Based on its daily work, given the fact that it operates on the basis of funds provided, we can emphasize that abusive opportunities from its members or leaders are diverse. Thus, the audit process becomes of great significance, which avoids all cases of irregularities in conformity with the law, as well as paves the way for other corrected processes.

Bibliography

- [1] International Standards on Auditing with particular reference to ISA 800
- [2] <http://nocalbania.org/informacione/>
- [3] "Enciclopedia del diritto", 1992 (Istituto de'Agostini)
- [4] Monnet Jean. "A Ferment of Change", *Journal of Common Market Studies*, n. 1, 1962, p. 203-211.
- [5] White, R., "*Workers, Establishment and Services in the European Union*" (Oxford: Oxford University Press, 2004).
- [6] Craig, P., 'Constitutions, constitutionalism and the European Union' (2001) 7:2 ELJ nr. 125
- [7] Davies, G., (2012), "*The Court's jurisprudence on free movement of goods: Pragmatic presumptions, not philosophical principles*", 2 *European Journal of Consumer Law* 25
- [8] de Burca, G., and Weiler, J., "*The European Court of Justice*" (OUP, 2001)
- [9] Law no. 9228 dated 29.04.2004 "On Accounting and Financial Statements"
- [10] Law No. 10091 dated 05.03.2009 "On the statutory audit, organization of the profession of Authorized Chartered Auditors and Certified Accountants"
- [11] Law No. 10091 dated 05.03.2009 "On the statutory audit, organization of the profession of Authorized Chartered Auditors and Certified Accountants"