



REPUBLIC OF ALBANIA
HIGH INSPECTORATE OF DECLARATION AND AUDIT OF ASSETS

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Object: Information on the activity of the High Inspectorate of Declaration and Audit of Assets.

High Inspectorate of Declaration and Audit of Assets, as one of the main institutions in the fight against corruption in Albania, welcomed the invitation to participate in the Regional Conference of the Stability Pact on sharing best practices in the fight against corruption, and the participants will have the opportunity to discuss on the challenge of our region and specially in our country, that is the fight against corruption. Certain meetings do not only express the international collaboration among anti-corruption agencies, but at the same time they do highlight a commitment and clear objectives to fight this negative phenomena of every society.

The High Inspectorate of Declaration and Audit of Assets operates in compliance with law no.9049 dated 10 April 2003 "On the declaration and audit of assets, financial obligations of the elected and certain public officials" and in pursuance of law no.9367 dated 7 April 2005 "On the prevention of conflicts of interests in the exercise of public functions"

This independent institution, defined by law, has as its legal mandate the establishment of the rules concerning the declaration and auditing of assets, the legitimacy of the creation of sources, financial obligations of the elected and certain public officials as well as their family members and their related persons. HIDAA is assigned by law as the Central Authority Responsible for the implementation of the law "On the prevention of conflicts of interests in the exercise of public functions" and related to its legal purpose, guarantees an impartial and transparent decision-making in the best possible interest of the public and of its trust in public institutions through preventing conflicts between public interests and private ones of an official in the exercise of his functions.

By accomplishing this legal framework, the High Inspectorate contributes in the implementation of the fight against corruption.

The public officials who have the legal obligation to make a declaration of their private interests at HIDAA start with the President up to the employees of the Customs and Tax Office. In total, the number of the public officials who are

registered at HIDAA as subjects of an administrative investigation, since the establishment of our institution until 31 Dec 2006 consists in **7738 persons**.

According to article 4 of law "On the Declaration and Audit of Assets...", the subjects specified in this law are obligated to declare to the High Inspectorate of Declaration and Audit of Assets **by March 31 of each year** the condition, up to December 31 of the prior year, of the assets, the source of their creation, and their financial obligations, as follows: immovable properties and real rights over them; movable properties that can be registered in public registers; things of special value over US\$ 5000; the value of shares, securities and parts of capital owned; the value of liquidities, the condition in cash, in revolving accounts, in deposits, treasury bond and loans, in lek or in foreign currency; financial obligations to natural and judicial persons, expressed in lek or in foreign currency; personal income for the year, from salary or participation on boards, commissions or any other activity, public and/or private that brings personal income, as well as gifts and preferential treatments, licenses and patents that bring income.

All the people, elected or appointed for the first time, who have the obligation to make a declaration of their private interests, are obligated to declare all accumulated assets, financial obligations and their sources and origin, **within 30 days**, from their election or appointment.

Whereas regarding the public officials when they do not have the obligation to make a declaration, they should complete the forms "declaration forms after leaving function" and submit it at HIDAA **no later than 15 days** from the date of leaving the function.

After the submission of the declaration forms, the verification process on the accuracy of the forms starts immediately, which is a process that consists in the preliminary processing, arithmetical and logical checking as well as full audit.

In the preliminary processing of the declaration forms, a considerable attention is paid to the verification of the jurisdiction (if he/she is a subject who has the obligation to make a declaration, and this is proved and confirmed by the list the office-holder including all the name of the officials who have the obligation to make a declaration). Attention is paid to the regularity of completion of the declaration and to any of the legal requirements stipulated in every page of the legal document "declaration form of the private interests", as well as the justifying documents and their legality.

During the preliminary processing the deadline is highly taken into consideration. In cases of not meeting the required deadline, in compliance to article 44, point "c" of law no.9367 dated 7 April 2005 "On the prevention of conflicts of interest...", HIDAA applies the administrative measure "fine", that is from 20 thousands up to 30 thousands lek. During 2006, for failure to submit

the form on time, without any good cause, HIDAA applied the **administrative measure “fine”** for **68 subjects/officials**, holding several functions, concretely:

- 2 Deputy Ministers
- 2 Directors of General Directorates in a Ministry
- 1 Counselor in a Ministry
- 4 employees of Tax and Customs Office
- 1 Ambassador
- 1 Prefect
- 5 chairmen of Real Estate Office
- 1 chairman of Bailiff Office
- 51 chairmen of local government

After the preliminary processing, the **Arithmetical and Logical Checking** is performed for all the declaration forms, in order to verify:

- accuracy of the valuation of the assets declared
- accuracy of the financial sources declared
- sufficiency of coverage of the assets with the declared sources
- and in case there is any element that might consist in a conflict of interest.

From a recent records, it comes out that in **2006, 4762 Arithmetical and Logical Checking sheets** are done. The total number of public officials who have undergone for the first time through the Arithmetical and Logical Checking for **2006** is **3324**. Whereas the number of the officials, who have undergone for **the second time** through the Arithmetical and Logical Checking for **2006** is **1438**.

One of the most important processes of the High Inspectorate is the full audit. In conformity with point 5, article 17 of law no.9367 dated 7 April 2005 “On the prevention of conflicts of interest in the exercise of public functions”, the public officials/subjects undergo a full audit in these cases:

- when there is a discrepancy resulting from the arithmetical and logical checking showing that the resources do not cover or do not justify the property rights of the declarant
- whenever it is considered necessary by the Inspector General, when he has data, from lawful sources, that cast doubt on the truthfulness and exactness of the data contained in the declaration of an official
- a full audit is performed for all the public officials that the lawmaker has defined the restrictions defined from article 27 to 33 of the law on the conflicts of interest
- As well as for the public officials selected by the random selection.

During the full audit it is always considered as the main aim to define:

- Accuracy of the declaration form
- Justifying the assets with the sources

- Conflict of Interest

The full audit is performed with the following instruments:

- Correspondence with the public institutions (providing data that exist in the public registers of several public institutions, in and out of the country).
- Correspondence with the banks in and out of the country.
- Collecting and obtaining information from other sources (several citizens, media etc).

The overall number of the public officials (public officials, former public officials and their related persons) that have passed for a **Full Audit** in conformity to article 25 of law no. 9049 dated 10 April 2003 “On the declaration and audit of assets, financial obligations of elected persons and certain public officials” as well as in conformity with article 17 and 18 of law no. 9367 dated 7 April 2005 “On the prevention of conflicts of interest in the exercise of public functions”, since the establishment of the institution until **31 December 2006** consists of **2397 persons/subjects**.

Out of this number, for **2006, 467 public officials/subjects** undergo a full audit. 18 of them resulted in problems.

In pursuance to law “On the prevention of conflicts of interest...”, **for the first time**, in 2006 it was accomplished the random selection of 4 per cent of the official document “periodic/annual declaration form” submitted by the public officials to undergo the full audit. HIDAA by accomplishing the random selection, highlighted a high level of transparency and real randomness, which was accepted as such by media, representatives of non-profit organizations and public institution, as well as by the foreign donors and international organizations, who were present in this process. At the same time we feel comfortable that the random selection was not contested by any of 165 selected public officials, which clearly highlights the awareness of the officials when it is a matter of implementing the law.

During 2006, after the performance of the full audit, it resulted that in the declaration forms of **four** public officials, the created assets and the income did not fit/match, and this difference reached the amount 3 million lek. **In another case**, a public official refused to declare his private interests. For these **public officials/subjects**, holding these functions: **Mayer of Municipality, Director of a General Directorate in a Ministry, Chairman of a District Court, District Prosecutor and Chairman of Commune**, the High Inspectorate of Declaration and Audit of Assets, in conformity with the Criminal Code of the Republic of Albania, made denouncements at the Prosecutor Office.

The problems, that do not consist in **criminal actions**, but we came across during the review and verification process of the declaration forms (discrepancies or elements of conflicts of interest), HIDAA, case by case, has announce the superiors of several institutions regarding the employees under their jurisdiction. Concretely, **during 2006**, HIDAA announced for **7 cases**, high-rank officials.

During 2006, High Inspectorate of Declaration and Audit of Assets paid a considerable attention to the improvement of the policies and avoidance or mitigation of conflicts of interest. Within this legal framework, technical assistance on advisory issues and support in the issuance of legal and bylaws is provided by HIDAA for the public institutions related to the prevention of conflicts of interest, by monitoring, reviewing and auditing the implementation of this law.

For this reason we have been careful in defining and identifying the conflict of interest, as a situation of conflict between the public duty and the private interests of an official, in which he has direct or indirect private interests that affect, might affect or seem to affect the performance, in an incorrect way of his public responsibilities and duties. The manner of preventing, identifying, treating, and solving the conflicts of interest, resulted as in the following::

1. Resigning form the public function
2. Avoiding or mitigating the conflict of interest
3. Excluding himself from the concrete process of decision-making
4. Transferring or alienating private interests

During its activity for 2006, HIDAA has identified, treated and solved **135 cases of conflict of interest** of the public officials exercising their public function in several public institutions, out of which 31 are employees of Customs Department; 84 employees of Tax-Fees Department; 7 employees in several ministries; 9 officials in several municipalities and 4 public officials in other central institutions.

The High Inspectorate, as the Central Authority Responsible for the implementation of the two aforementioned laws, has paid a lot of attention and importance to the training of the Representative Authorities in the central and local public institutions, aiming in this way their commitment in the fight against corruption.

To better achieve this aim, during 2006, HIDAA has organized **8 big training workshops**, with representatives of central and local public institutions, in Tirana and in other cities. In order to provide support and assistance for the public officials who have the obligation to make a declaration of their private interests at HIDAA, during 2006 it prepared and published two Legal Commentaries and an Explanatory and Training Manual on the Prevention of Conflicts of Interest, in which it is combined the conceptual methodology of the most important issues of the law along with examples identified by practice as

well as hypothetical examples, made up on purpose to help every public official, superior or superior institution to identify, treat and solve as quickly as possible the cases of conflicts of interest.

In order to strengthen the reviewing and auditing mechanisms of the hidden assets as well as the conflicts of interest cases, during 2006, HIDAA is committed to widen its investigation activity even overseas.

For this reason, to have more access in the financial institutions overseas, the High Inspectorate signs a Memoranda of Understanding with the Ministry of Foreign Affairs and the General Directorate of the Prevention of Money Laundering. The aim of these MoUs is the coordination and the collection of the personal assets data of the elected and certain public officials overseas, by means of international organizations with which these institutions has entered into an agreement or MoU.

Notwithstanding the fact that HIDAA is a relatively new institution, the High Inspectorate of Declaration and Audit of Assets was positively assessed by other counterpart bodies, programs or other organization of several countries. This attitude and assessment was realized in several regional and international meeting and activities, where HIDAA was invited to participate. The aim of these activities and meeting was the exchange of experience in the treatment and improvement of the policies of the fight against corruption, in this way avoiding or mitigating the conflicts of interest and accomplishing a process as transparent as possible related to the veracity of the declaration forms.

From 10 to 11 July 2006, HIDAA with the invitation of OSCE took part in a Conference of the Paco-Impact Program in Strasbourg, related to the achievements of conflicts of Interest and its influence in the fight against corruption.

From 2 to 3 November 2006, HIDAA participated in the Regional Conference on “ the Implementation of State Programs for the Prevention of Conflicts of Interest “, held in Maqedonia. In this Conference, HIDAA introduced the achievements of the institution in the fight against corruption as well as the measures taken by the Albanian state to avoid the involvement of the public officials of the Albanian Administration in corruptive affairs.

From 12 to 15 December 2006, HIDAA participated in the “Conference of the State Parties of the UN Convention against Corruption”, held in the capital city of Jordan, Amman. In this conference HIDAA introduced a briefing of efforts of the Albanian Society in the fight against corruption.

The relation between the High Inspectorate and Media, even for 2006 have been positive. In our institution media has offered useful information on the activity of HIDAA, and what is important is the detailed way they were

broadcasted or released. Just like in the pervious year, HIDAA considered media the same, without any differenciation in the way the information was published. In conformity with the law on the freedom of information, we have to stress that our institution, has had a good and correct collaboration with the media, the NGO-s, and the others interested in the publication of the declaration forms. By the recent data it comes out that for 2006 the public relation office at HIDAA has fulfilled the requests for **1008 declaration forms of private interests**. We have answered back, within a short time (not reaching the max, that is 15-day) all the requests of several institutions. So **about 1400 declaration forms of private interests** of several public officials are submitted on time.

At the same time our institution is trying to accelerate the establishment of the electronic database system. The case management system at HIDAA has passed in a complex development, divided in certain phases. The database includes all the information that the public official includes in his declaration form.

I strongly believe that it is clear for all of us that by respecting the mechanisms and the standards required by the Council of Europe and by all the international bodies we will percept and have a better and a positive introduction of the public officials related to the civil and international requirements

For all these I strongly believe that I have the possibilities to accomplish these objectives as well as to respect the institutional, regional cooperation, as the fight against the corruption is a phenomena of all the societies.

Thank you for your collaboration