

STAR Project

**Municipality Has
Consolidated Due Diligence report**

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Itocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
NCTR	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of their merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles– Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider preparation of budget and new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hierarchical manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should concentrate some of the horizontal / support functions in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directoriesshould consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters–The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Has. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters–Termination of employment relationship	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries</i>. Political functionaries of a Municipality are the

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <ul style="list-style-type: none"> - <i>Employees with employment contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
<p>Information Technology–Lack of security rules and softwares</p> <ul style="list-style-type: none"> • Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> • The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> • The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> • The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication–Lack of electronic means of communication</p>	<ul style="list-style-type: none"> • The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be

Observations	Recommendations
<ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<p>considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</p>
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Analysis of the organization and structure for the Municipality Has and 4 (four) local government units of Krumë, Golaj, Fajza dhe Gjinaj is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

The roles performed are shown in table 1, below:

Table 1: Roles in the municipality/local government units

Roles	Municipality Has	LGU Golaj	LGU Fajza	LGU Gjinaj
Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	n/a
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

- Council of Municipality Has, LGU Golaj, Fajza, Gjinaj: The adoption of the Statute and internal rules for operation of local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- Deputy Mayor: Assists the Mayor in the supervision of municipality/LGU operation.
- Secretary of Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, the municipality and three LGUs are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role			
New Municipality	Has		
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	✓		
Secretary of Municipality Council	✓		
Administrative Units	LGU Golaj	LGU Fajza	LGU Gjinaj
Administrator	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/shall continues to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;

- Observes and examines administrative offenses;
- It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 46.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 30.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	Municipality Has	LGU Golaj	LGU Fajza	LGU Gjinaj
Infrastructure and public services				
Water Supply Company	Sh.a	n/a	n/a	Contracted
Functioning of the sewerage system	1	n/a	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	n/a	n/a	n/a
Construction of roads, pavements and public squares	Contracted	Contracted	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	3	n/a	n/a
Public lighting	1	n/a	n/a	n/a
The operation of urban public transport	n/a	Licensed	n/a	n/a
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a
Decorations Service in town / village	0.5	n/a	n/a	n/a
Administration of parks, gardens and public spaces	0.5	n/a	n/a	n/a
Collection, disposal and recovery of waste	3	n/a	n/a	n/a
Urban planning	1	1	0.5	n/a
Land management	1	1	0.5	n/a
Shelter	n/a	n/a	n/a	n/a
Social,cultural and sports Services				
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	2	n/a	n/a	n/a
Organization of sporting, recreational and entertainment activities and management of relevant institutions	2	n/a	n/a	n/a
Social services of kindergardens	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	n/a	n/a	n/a	n/a
Local economic development				
Preparation of local economic development programs	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	1	n/a	n/a	n/a
Veterinary services	n/a	n/a	n/a	n/a
Conservation and development of forests and natural resources of local character	n/a	1	0.5	0.5
The order and civil protection				

Public Services	Municipality Has	LGU Golaj	LGU Fajza	LGU Gjinaj
Preservation of public order to prevent administrative violations	3	2	n/a	n/a
Civil protection	n/a	n/a	n/a	n/a
Educational institutions				
Maintenance of facilities in preliminary education	10	n/a	n/a	n/a
Health service				
Health care system and the protection of public health	n/a	n/a	n/a	n/a
Social care				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	n/a	n/a	n/a
Social Care on domestic violence	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a
Environmental Protection				
Environmental Protection	1	0.5	0.5	0.5
Register Office				
Register Office	1	1	1	1
Business Registration				
National Registration Center	n/a	n/a	n/a	n/a
Total	31	9.5	3	2

Horizontal Functions	Municipality Has	LGU Golaj	LGU Fajza	LGU Gjinaj	Merged:
Finance	2	2	0.4	0.4	4.8
Local taxes and Fees	2	2	1	n/a	5
Legal Issues	1	1	n/a	n/a	2
Procurement	1	0.5	0.5	0.4	2.4
Institutional Relations	1	0.5	0.5	0.5	2.5
Human Resources	2	n/a	n/a	n/a	2
Protocol	1	1	0.4	0.4	2.8
Archiving	1	0.5	0.4	0.4	2.3
Information Technology	n/a	n/a	n/a	n/a	n/a
Supporting services	2	n/a	3	n/a	5
Internal Audit	n/a	1	n/a	n/a	1
Total	13	8.5	6.2	2.1	29.8

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,

- Analysis show these exceptions:

Has Municipality

- The person in charge for sports is in the Sector of Consumer Protection, Environment and Tourism Management;
- The person in charge for the statistivs, dactilography is in the Sector of Human Resources

LGU Golaj

- The legal specialist is included in the Civil Emergencies, Investments Sector
- Health service in the Sector of Art and Culture;
- The amalgamation process provides a new orientation dimension of organizational model which is the division according to geography. Consequently, it is necessary to develop an organizational structure which serves the fulfilment of LGU operation .
- The organizational structure will require the creation of multireporting lines, fulfilment of objectives between sectors and functions, planning and combined use of resources, decisionmakings, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of functions are provided through own resources.

- The below services are contracted:

- Water Supply, Has Municipality anonymos company and Gjinaj LGU
- Water Supply Company (Has)
- Construction of local roads, sidewalks and public squares

- Licensed Services:

- Public transport operation

- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.

- To facilitate this analysis, we have compiled the following three questions to be used as development principles:

- Does the fulfillment of work require physical presence?
- Is there any reason (legal, strategic) to centralize the execution of function?
- Is the work scalable by performing it in distance/ centralized processing?

- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2).

- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit

- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social,cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 2;

In forming its organizational structure, the municipality may consider the following factors:

- Consistency in the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;

- Extent of control –scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
 - Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
 - Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
 - Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
 - Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to achieve the premises of economy and to reach an effective service delivery and reduce cost the structure proposed in Appendix 1 discusses four main blocks.

- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The functions included in this block are at General Management level , Directory and Sector, depending on the size of the New Municipality. The highest position in this block is the The Secretary General, a new role which is going to be added in the proposed Organizational Structure.
- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public

Service 3) Agency of Welfare and Social Care 4)Agency of Agricultural, Veterinary and Environmental Service.

- The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and in the divisions, if applied.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stoctaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorderd in the assets register.</p>

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 45,578 thousand. Overdue municipal obligations are reported at an amount of ALL 13,140 thousand.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 3% of total revenues, due to the low rate of revenue collection.

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government to include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Has, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Krume Municipality Center, Fajze Administrative Unit, Gjinaj Administrative Unit, and Golaj Administrative Unit.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Has.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies.

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	253,460
Tax and non-tax revenue	6,811
Total Expenses	186,604
Total Assets	1,658,582
Liabilities	45,578

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	1,658,582	1,581,248
I	Current Assets	127,418	127,418
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	74,973	74,973
Class 4	2. Receivables	31,955	31,955
Class 3	3. Current Inventory accounts	20,490	20,490
II	Non-current Assets	1,531,164	1,453,830
23	1. Investments	289,236	289,236
25,26	2. Finance assets	77,334	-
21,24,28	3. Tangible assets	1,158,772	1,158,772
20	4. Intangible assets	5,823	5,823
III	Other assets	-	-
B	Liabilities	45,578	45,578
I	Current liabilities	45,578	45,578
Class 4	1. Accounts payable	45,578	45,578
17	1. Longterm loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	1,613,004	1,535,670
	Presented: Consolidated budget	1,551,654	1,474,320
	Carried forward results	61,350	61,350

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 1,658,582 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 12% compared to December 31, 2014.

Current assets

- Current assets, which have 15% of total assets, are increased by 4% during the period ended as of 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 44% of monetary values, which affects much more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 15% and the account of the state of inventories have slightly decreased by 5%.

Accounts Receivable

- Structure of total debtors of municipality Has consists of 55.85% of debtors of Municipality Krume, 11.62% of debtors of LGU Fajze, 29.67% of debtors of LGU Golaj and 2.86% of debtors of LGU Gjinaj

Non-current accounts

- Non-current assets, which occupy the largest share of assets of the municipality, Has 92%, have increased by 12% in total, where the highest effect in this increase, was due to the increase in investment by 12% and increase of fixed assets by 5%.

PPE

- 53.81 % of PPEs of Municipality Has is occupied by PPE of Has Municipality, 17.5% PPE by Fajze LGU, 5.95% by Gjinaj LGU and 22.74% by Golaj LGU.

Accounts Payable

Accounts payable have decreased by 3% during the period ended July 31, 2015 compared with the previous year 2014. 47.87 % of the total accounts payable is composed of accounts payable of Municipality Krume, 17.8% e of accounts payable of Fajze LGU, 32.32% of Golaj LGU, 2.01% of Gjinaj LGU.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	261,247	261,247
70,750,71	I. REVENUES AND CONTRIBUTES	6,811	6,811
70	1. Tax revenues	3,925	3,925
71	3. Non tax revenues	2,886	2,886
72	II. GENERAL ACTUAL GRANTS	253,460	253,460
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	975	975
B	TOTAL EXPENSES	199,897	199,897
0	I. Current EXPENSES	185,629	185,629
600 601	1. Salaries and employees contribution	35,366	35,366
602	2. Goods and Services	25,387	25,387
604	4. Internal actual transfers	20,352	20,352
606	6. Budget transfers for families and individuals	104,524	104,524
67	IV. OTHER EXPENSES	14,268	14,268
C	DETERMINED NET INCOME	61,350	61,350
	From this: Functioning results	61,350	61,350
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

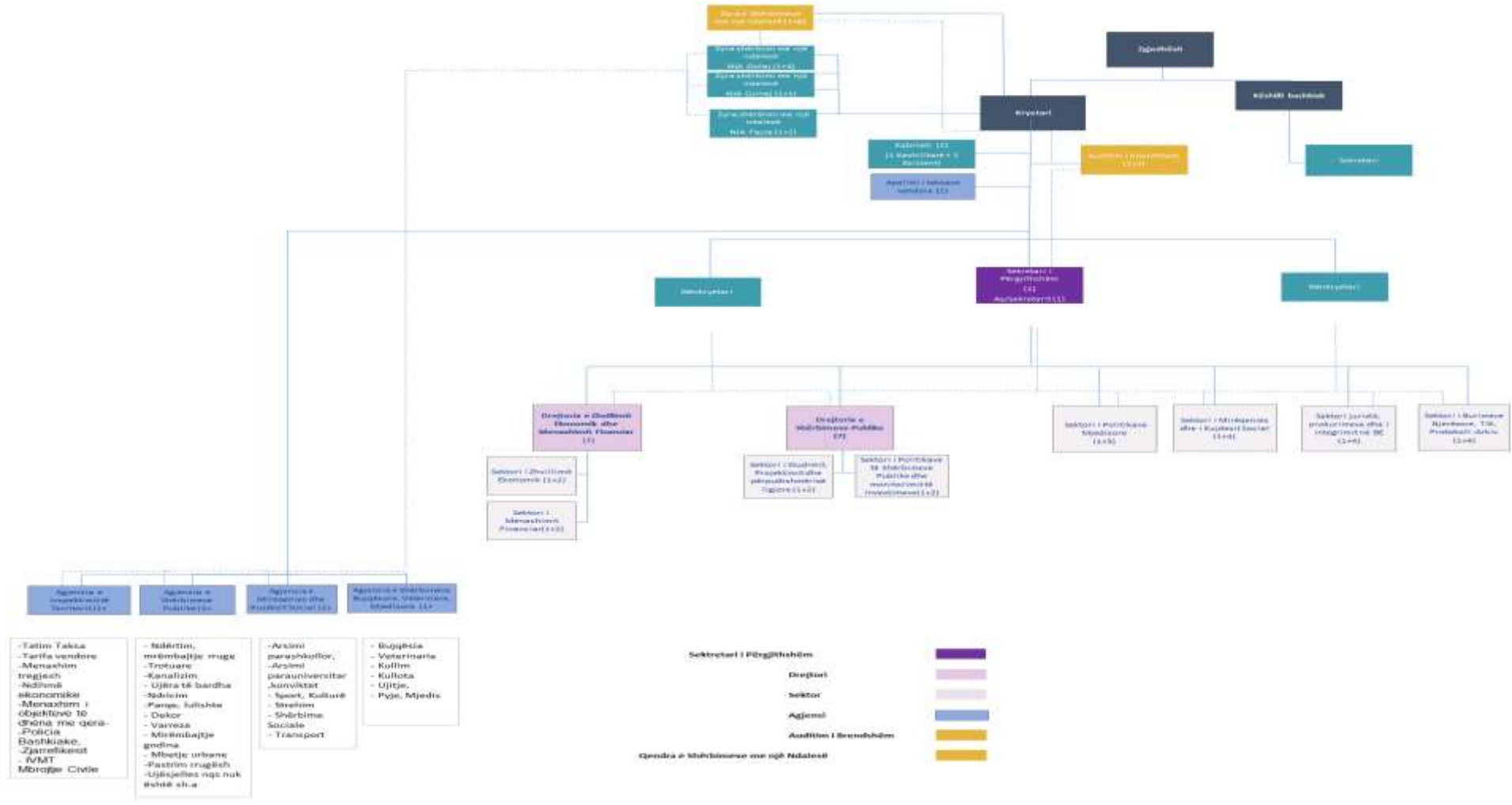
Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 261,247 thousand. This total of revenues compared to average revenues of the 7 months of year 2014 has decreased by 37%. The highest effect in the decrease of total revenues was due to the decrease of non tax revenues by 51%. Also the current grants which occupy 97% of total income have decreased by 36%.

Use of funds (expenses)

- Total expenses of Has Municipality for the fiscal period ended on 31 July 2015 compared to the average of 7 months of the previous year are reduced by 47%. The highest effect in the reduce of total expenses was due to the fall of expenses for salaries and employees contributions by 52%, depreciation of current expenses by 49% which occupy 93% of total expenses and depreciation by 49% of goods and service expenses .
- Consequently, the net result of Has Municipality has an increase of 48% compared to the net average result of the 7 months average for the year 2014.
- More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, job position for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel of Has Municipality, Golaj LGU, Fajza LGU and Gjinaj LGU, excluding Mayors and employees of the Register Office, is 121 employees. To be more detailed: 42 employees has signed annual employment contracts, 64 have indefinite employment contracts. There is no employee on maternity leave. The lattest under the Labour Code are considered a protected category. 15 employees have the civil service status.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Has. It is worth mentioning that the Municipality Has, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the applicable provisions for the settlement of an employment contract with indefinite term. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of employment relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of GeneralSecretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the GeneralSecretary. The GeneralSecretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- The use of information technology in Krume Municipality has been kept in a general inventory of Krume Municipality and other institutions through which the Municipality has kept the stocktaking of IT including schools. The administration is currently using 24 from 49 PC-s, 1 photocopier, 19 printers. The hardware equipments mainly consist of desktop computers, printers, UPS, and photocopiers. The softwares used are mainly old and unlicensed version. The softwares used most are Office 2010 and Windows XP.
- In Fajza AU the administration has 6 PC-s in use from a total of 34, including the PC-s it has at schools. 28 PC-s belonging to schools do not comply with the factual situation, from indirect data we understand that a good part of them either do not work or are lost. AU has 7 printers, 1 of which is multifunctional and have not been serviced. The softwares in use are not licensed.
- In Golaj AU there are currently operating 13 PC-s, 16 of which belong to AU, 2 photocopiers and a 4, 9 printers from a total of 14 in charge. AU has 1 multifunctional printer which has not been serviced. The other part included in the inventory belongs to schools, which have been reported stolen or damaged.
- The IT infrastructure is relatively old. PCs and other equipments are out of order and are being used although the amortization period has ended. The operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT Staff, consequently the maintenance of computer equipments is not performed.

- In Gjinaj AU there are 15 PC-s in the inventory including schools , but they are out of order. AU has 5 printers which also are out of order. The softwares in use are not licensed.
- Both Krumë Municipality and other LGU-s of Golaj, Fajza, Gjinaj have not employed IT staff.
- Consolidated information about the IT environment is presented in Table 9 –IT environment, below

Tabela 9: IT inventory system

Objective	Has Municipality	Golaj LGU	Fajza LGU	Gjinaj LGU
Installed Software	Windows XP, Windows 7, Office 2010	Microsoft Office, Windows 2007	Office 2007, XP etc.	Office 2007, XP etc
Contracts of licences	n/a	n/a	n/a	n/a
Computer (desktop)	24 (Administration)	13	6	15
Printers	19	9	7	5
Servers	n/a	0	0	0
IT staff in total	Not any	Not any	0	0
Hardware and Software maintenance	No maintenance service	No maintenance service	No maintenance service	No maintenance service

Observations and Recommendations

IT environment

Observations	Recommendations
Lack of rules and systems	
<ul style="list-style-type: none"> The LGU lacks a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider adoption of clear regulations on information security and implementation of necessary systems to manage users and store information
Lack of hardware equipments	
<ul style="list-style-type: none"> Hardware equipments are at a minimum. Not all employees have the possibility to have a personal computer and the existing equipments include a variety of marks and models. Servers and back-up mechanisms for information are missing. 	<ul style="list-style-type: none"> The new municipality may consider the unification of hardware means currently used. This would also help in ensuring their maintenance from specialized companies.

Appendix 4 –Communication

Objectives of the analysis

Assessment of the communication system status has the following objectives:

- Stoctaking of telephony and Internet deals
- Understanding the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and departameneteve and communication between different sectors;

Summarized description of the information received

- Has Municipality benefits internet from a national service provider. Also, the same provider offers access to fix line service. The internet service contract is annual. Whereas regarding the LGUs Golaj, LGU is the only one who benfits internet access from a local operator. The communication system in Fajza LGU and Gjinaj LGU is in difficult situation.
- Communication is reached through verbal and written means. Other formats like fix line or Internet are not applied.
- Regarding the internal communication, verbal and written communication means are used to circulate protooled memos, issued rules, orders of the Mayor.
- Consolidated information about the communication systems is presented in Table 10 –Communication systems.

Table 10: Communication System

Objective	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
Phone service	Fix line	No fix line	No fix line	No fix line
Fix line provider	National Operator	Not any	Not any	Not any
Internet service	Local service provider for internet , cable, optic fiber,	Local operator	There was one until 31 June 2015. The LGU currently has no internet access due to contract termination	Not any
Assesment of phone service coverage	Local coverage	Not any	Not any	Not any
Internal communication lines	Verbal and written	Verbal and written	Verbal and written	Verbal and written

Observations and recommendations

Communication

Observations	Recommendations
<p>Lack of electronic means of communication in AU-s and Municipality</p> <p>The employees use private and insecure email addresses to exchange information of Municipality and AU. Internal communication is either verbal or written and the documents circulate from one department to the other to be signed or communicate with one another in various departments.</p>	<ul style="list-style-type: none">• The municipality may consider the creation and administration of an internal email structure by training for this purpose all employees to create, save and share information. As an alternative, due to the fact that there is Internet access it can be taken into consideration the use of existing electronic platforms, free of charge or upon fee, by always setting clear rules on information type to be uploaded or circulated through these platforms.
	<ul style="list-style-type: none">• The municipality may consider entering fix line contracts with national or local operators. This option would also provide the opportunity to raise with a minimum investment an internal phone system, which would help improve the sharing of information and would eventually reduce the costs of communication.

Appendix 5–Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In Has Municipality the archive process, storage and processing of documents is currently performed in the existing Archive premise and with 1- respective employee. The technical requirements on Archive as provided in “The checklist of technical requirements “ are not completely fulfilled; the transfer of documents to be stored for a ten-year term has never been applied. The archive is in total disorder.
 - In other AU-s the Retention of documents in accordance with the methodology requirements and forms of stocktaking files have not been applied.
 - In other LGUs Golaj, Fajza Gjinaj, the technical requirements on Archive, as provided in “Checklist of Technical Requirements” are not fulfilled;
- The requirements on archive methodology have not been fulfilled; the archives generally are in disorder.
 - The transfer of documents to be stored for a 10 year term has never been applied
 - There are cases (Golja AU) when even the relevant Registers like that of Correspondence and other adopted models have not been kept,
 - Retention of documents in accordance with the methodology requirements and forms of stocktaking files has not been applied.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	Yes	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes, but there is no distance from the wall	No, the shelves are simple. Not according to the required specifications	No, the shelves are simple. Not according to the required specifications
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No
Archive keys in two copies	Yes	1 copy	Yes	Yes
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes, but there is only one copy	No	No
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	Yes	No	No
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	The archive is in disorder		Yes, but not completely

Technical requirements for practices in the premises of archives and record-keeping methodology	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e directorates, departments, branche, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	No	Yes	Yes, but not completely
Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.	No	Yes, only finance	No	No
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes, but not all files	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal importance, national", which the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish. This list should reflect those documents that are of histoREcal importance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	No	No	No	No
The emblem of the Republic	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	No
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	No	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	No	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
Mod 5 - Table definitions of files for the year	No	No	No	No
Mod 6 - Elements of cover dossier	No	No	No	No
Mod 7 - Register of files	No	Yes, but not all have inventories	No	No
Mod 8 - Internal File register	No	Yes, in general	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

Appendix 6 –Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Instruction of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2015;
- Provision of observations and recommendations regarding the management of assets within the merger based on information received by the end of the year 2015.

Summarized description of the information received

- In the Municipality and LGU-s The Mayor is the authorizing officer for asset management, while the enforcement officer is Head of Finance. In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 "On asset management in public sector" amended. However, particular requirements by the above mentioned Guideline on management of particular assets and evaluation of assets are partially fulfilled.
- The Head of Department is responsible for the maintenance of Accounting Book of Activities, whereas for all AU-s and Krume Municipality, no particular register on leased properties, owned companies and concessions is kept.
- The mayor of existing AUs approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets and put assets on disposal, exception make NJA Golaj;
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Has Municipality	LGU Golaj	LGU Fajza	LGU Gjinaj
Adopted rules and procedures on asset management	No	No	No	No
Authorizing Officer	Mayor of Municipality	Mayor of LGU	Mayor of LGU	Mayor of LGU
Executing Officer	Chief Accountant	Chief Accountant	Chief Accountant	Chief Accountant
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No
Owned Companies Register	No	No	No	No
Annual Assets Inventory	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	No	Yes	Yes
Assets Disposal Committee	Yes	No	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"> Not all former local government units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Has Municipality	Asphalting the road in Krumë Municipality, Komisariat – Water Supply	Concluded in year 2014, payment 5,799,897 during year 2015	ALL 19,548,780.00	ALL 19,548,780.00
Has Municipality	Riconstructionof roads, Puka - Zahrisht and Cahan	In process	ALL 3,498,900.00	ALL 3,531,600.00
Has Municipality	Organizing stream, "Vrella"	Completed	ALL 958,200.00	ALL 958,200.00
Has Municipality	Infrastructure of Krumë town, I Phase	In process	ALL 93,636,237.00	ALL 95,081,597.00
Has Municipality	Infrastructure of Krumë town, II Phase	In process	ALL 89,831,915.00	ALL 98,736,536.00
Krumë Municipality	Construction of watersupply for the villages of: Vranisht, Fajza, Liqeni i Kuq	In process	ALL 15.326.640.00	ALL 98.810.493.00

Appendix 8–Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.
(Amount in ALL'000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		1,531,164	1,453,830	1,363,455
3		I. Intangible Assets		5,823	5,823	5,831
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	4,757	4,757	4,757
6	203	Concessions, license, other similar licenses		1,085	1,085	1,085
7	209	Amortization of current intangible assets (-)	F7, Sh1	(20)	(20)	(12)
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		1,448,008	1,448,008	1,357,625
10	210	Land		-	-	-
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	701,295	701,295	701,163
13	213	Roads, networks, water facilities	F6, Sh1	463,759	463,759	406,743
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	52,531	52,531	43,663
15	215	TransYesrt vehicles	F6, Sh1	14,364	14,364	14,714
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	46,458	46,458	46,502
19	219	Depreciation of tangible assets	F7, Sh1	(119,634)	(119,634)	(112,560)
20	231	Expenses in process for increase of current tangible assets	F4	289,236	289,236	257,400
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		77,334	-	-
25	25	Loan and sub-loans		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	26	Participation with own capital		77,334	-	-
27	B	CURRENT ASSETS		127,418	127,418	111,030
28	Class 3	I. Inventory Status		20,490	20,490	21,465
29	31	Materials	Sh2	318	318	1,125
30	32	Inventory Objects	Sh2	20,172	20,172	20,340
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		31,955	31,955	37,528
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	96	96	96
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		3,038	3,038	10,644
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	28,821	28,821	26,787
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		74,973	74,973	52,037
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	74,973	74,973	52,037
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,658,582	1,581,248	1,474,485
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

					In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	A	OWN FUNDS		1,551,654	1,474,320	1,384,921	
2	10	I. Own funds		1,551,654	1,474,320	1,384,921	
3	101	Base funds	F8	1,478,920	1,474,068	1,384,669	
4	105	Capital internal grants		72,482	-	-	
5	106	Capital foreigner grants		252	252	252	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		-	-	-	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		-	-	-	
11	116	Revenues from selling of current assets		-	-	-	
12	12	III. Carried result		-	-	-	
13	13	IV. Exceptional subsidiaries (-)		-	-	-	
14	14	V. Participation of the institution in investing for third parties		-	-	-	
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-	
16	B	LIABILITIES		45,578	45,578	47,210	
17		I. Long-term debts		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		45,578	45,578	47,210	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	2,940	2,940	789	
23	42	Employees and related accounts		98	98	4,620	
24	431	Liabilities to government for taxes		-	-	167	
25	432	Taxes collected from government for the local government		-	-	-	
26	433	Government natural disaster		-	-	-	
27	4341	Te tjera operacione me shtetin(kreditor)		18,716	18,716	15,505	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		-	-	1,166
29	436	Health Insurance		-	-	156
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	13,623	13,623	9,683
36	467	Other creditors		10,201	10,201	15,125
37	C	OTHER ACCOUNTS		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title ex Yessure		-	-	-
42	85	Result (credit amount)		61,350	61,350	42,354
43	X	TOTAL LIABILITY		1,658,582	1,581,248	1,474,485
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	Class 6	A. Expenses for exploitation/usage		186,604	186,604	362,382	
2	60	I. Current expenses		185,629	185,629	361,643	
3	600	Salaries, bonuses		30,331	30,331	63,418	
4	6001	Salaries		30,331	30,331	63,393	
5	6002	TemYesrary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	25	
8	601	Health and social insurance contributions		5,034	5,034	10,677	
9	6010	Insurance contributions		4,529	4,529	9,373	
10	6011	Health insurance		506	506	1,304	
11	602	Other goods and services		25,387	25,387	49,386	
12	6020	Stationary		1,567	1,567	3,583	
13	6021	Special services		1,098	1,098	4,203	
14	6022	Services from third party		6,029	6,029	11,311	
15	6023	TransYesrt expenses		3,119	3,119	7,788	
16	6024	Travel expense		1,217	1,217	2,753	
17	6025	Ordinary maintenance expenses		4,274	4,274	6,594	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		3,804	3,804	4,879	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		4,280	4,280	8,275	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		20,352	20,352	7,776
29	6040	Current transfers to other government levels		20,352	20,352	12
30	6041	Current transfers to various government institutions		-	-	7,764
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		104,524	104,524	230,385
39	6060	Transfers paid from ISS and HII		520	520	-
40	6061	Transfers paid from other institutions and Local government		104,004	104,004	230,385
41	63	II. Change in inventory balances	F1	975	975	740
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		186,604	186,604	362,382
61		D. RESULT CORRECTIONS ACTIVITES		13,293	13,293	13,217
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deYessited in the budget		93	93	655
65	8421	DeYessit in the budget of unused revenues		13,200	13,200	12,543
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		-	-	19
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		199,897	199,897	375,599
70	85	RESULTS FROM FUNCTIONING		61,350	61,350	42,354
71	X	TOTAL		261,247	261,247	417,953

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	260,271	260,271	416,429
2	70	I. TAX INCOMES	3,925	3,925	6,670
3	700	a) On revenues, profit, and equity revenue	1,295	1,295	1,253
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,295	1,295	1,253
7	7009	Other tax	-	-	-
8	702	b) Property tax	1,289	1,289	2,828
9	7020	On immovable property	1,289	1,289	2,828
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax uYesn goods and services in the country	1,341	1,341	2,589
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	1,341	1,341	2,589
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	2,886	2,886	5,849
35	710	a) From enterprise and ownership	1,471	1,471	1,081
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,471	1,471	1,081
39	711	b) Administrative service and secondary revenues	1,415	1,415	3,486
40	7110	Administrative tariffs and regulations	1,008	1,008	1,970
41	7111	Secondary revenues and payments of services	53	53	922
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	354	354	593
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	-	-	1,283
48	72	IV. ACTUAL GRANTS (a+b)	253,460	253,460	394,270
49	720	a) Internal actual grant	253,460	253,460	394,270
50	7200	From same Government level	142,337	142,337	106,819
51	7201	From other Government levels	107,346	107,346	276,207
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	387
56	7206	Expected financing from budget	3,777	3,777	10,857

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sYesnsorship	-	-	-
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	9,640
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	9,640
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	260,271	260,271	416,429
81	83	D. RESULT CORRECTIONS ACTIVITES	975	975	759
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	975	975	759
84	Class 7 & 8	TOTAL FROM OPERATIONS	261,247	261,247	417,188
85	85	RESULTS FROM FUNCTIONING	-	-	765
86	X	TOTAL	261,247	261,247	417,953

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	-	82,240	82,240	-
2	105	Internal capital grants	-	82,240	82,240	-
3	1050	From the same government level	-	47,168	47,168	-
4	1051	From other Government levels	-	32,958	32,958	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	2,114	2,114	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	257,400	96,768	64,932	289,236
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	257,400	96,742	64,906	289,236
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	416	2,652	132	2,937
39	2313	Roads, networks, water facilities Technical installment, machinery, equipment, working	214,981	61,849	5,857	270,973
40	2314	tools	42,002	32,241	58,917	15,327
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	26	26	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	257,400	179,007	147,171	289,236

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	52,037	-	-	-
2	II. RECEIVABLES "CASH"	330,889	-	-	-
3	1. Funds from budget	318,214	-	-	-
4	Actual budget funds (Budget with changes)	225,213	-	-	-
5	Capital budget funds (Budget with changes)	93,001	-	-	-
6	2. Incomes and revenues during the year in "Cash"	12,675	-	-	-
7	Tax revenues in "Cash"	5,824	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	2,558	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,293	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	278,971	-	-
15	1. Payment from the budget for actual expenses	-	175,201	-	-
16	2. Payments from the budget for capital expenses	-	94,233	-	-
17	3. Payments from revenues for actual expenses	-	6,651	-	-
18	4. Payments from revenues from capital expenses	-	2,535	-	-
19	5. Payments from storage	-	352	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	28,981	-	-
22	1. DeYessit of revenues in the budget	-	18,228	-	-
23	2. Unused budget (actual and capital)	-	10,753	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	382,926	307,952	-	-
26	VI. CLOSING BALANCE	74,973	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	5,842	-	-	-	-	-	-	-	-	-	5,842
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	4,757	-	-	-	-	-	-	-	-	-	4,757
	Concessions, license, other similar											
4	203 licenses	1,085	-	-	-	-	-	-	-	-	-	1,085
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,212,785	13,773	2,114	-	51,159	67,045	-	1,423	-	1,423	1,278,406
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	701,163	132	-	-	-	132	-	-	-	-	701,295
9	213 Roads, networks, water facilities	406,743	5,857	-	-	51,159	57,016	-	-	-	-	463,759
	Technical installment, machinery,											
10	214 equipment, working tools	43,663	7,758	2,114	-	-	9,872	-	1,003	-	1,003	52,531
11	215 TransYesrt vehicles	14,714	-	-	-	-	-	-	350	-	350	14,364
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	46,502	26	-	-	-	26	-	70	-	70	46,458
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	T O T A L (I + II)	1,218,627	13,773	2,114	-	51,159	67,045	-	1,423	-	1,423	1,284,249

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000												
N	Account Number	Description	Opening	Additions during the Year						Decreases during the Year		Closing
			Accumulated Depreciation 1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	Accumulated Depreciation 31 July 2015	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	
1	209	I. INTANGIBLE	12	8	-	8	-	-	-	-	20	
2	219	II. TANGIBLE	112,560	8,195	-	8,195	-	1,120	-	1,120	119,634	
		TOTAL (I + II)	112,572	8,203	-	8,203	-	1,120	-	1,120	119,654	

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,384,668.59	9,832	176,565	1,551,402	1,384,669	9,832	99,231	1,474,068
2	1010	Status of base fund	1,384,669	-	32,515	1,417,183	1,384,669	-	-	1,384,669
3	1011	Additions base fund	-	452	144,051	143,599	-	-	99,231	99,231
4	1012	Decrease base fund	-	5,161	-	(5,161)	-	975	-	(975)
5	1013	Decrease from tangible assets consume	-	2,795	-	(2,795)	-	7,433	-	(7,433)
6	1014	Decrease from selling tangible assets	-	75	-	(75)	-	-	-	-
7	1015	Decrease from	-	1,348	-	(1,348)	-	1,423	-	(1,423)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	42,354	1,819	20,815	61,350	42,354	42,354	61,350	61,350
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	42,354	1,819	20,815	61,350	42,354	42,354	61,350	61,350

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
19	106	EXTERNAL FUND	252	-	-	252	252	-	-	252		
20	106	Capital foreigner grants	252	-	-	252	252	-	-	252		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		CONSOLIDATED FUND (1 up to 4)	1,427,275	11,651	197,380	1,613,004	1,427,275	52,186	160,581	1,535,670		

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	133	1	5	129	30,331	-	-	7,867	-	813
<i>1</i>	Directors	12	-	-	12	5,641	-	-	1,719	-	335
<i>2</i>	High level education specialist	26	1	-	27	8,008	-	-	2,155	-	198
<i>3</i>	Technical Ordinary	17	-	1	16	3,406	-	-	1,397	-	96
<i>4</i>	officers	26	-	-	26	5,515	-	-	958	-	79
<i>5</i>	Employees	52	-	4	48	7,761	-	-	1,638	-	107
<i>6</i>	Temporary employees	-	-	-	-	-	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial Position

Consolidated statements of financial Position represent the consolidated financial Position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	1,658,582	1,581,248	1,474,485
2	I	Current Assets	127,418	127,418	111,030
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	74,973	74,973	52,037
13	Class 4	2. Receivables	31,955	31,955	37,528
29	Class 3	3. Current Inventory accounts	20,490	20,490	21,465
39	II	Non-current Assets	1,531,164	1,453,830	1,363,455
40	23	1. Investments	289,236	289,236	257,400
44	25,26	2. Finance assets	77,334	-	-
47	21,24,28	3. Tangible assets	1,158,772	1,158,772	1,100,225
60	20	4. Intangible assets	5,823	5,823	5,831
65	III	Other assets	-	-	-
69	B	Liabilities	45,578	45,578	47,210
70	I	Current liabilities	45,578	45,578	47,210
71	Class	1. Accounts payable	45,578	45,578	47,210
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	-	-	-
96		Net assets (A - B)	1,613,004	1,535,670	1,427,275
97		Presented: Consolidated budget	1,551,654	1,474,320	1,384,921
98		Carried forward results	61,350	61,350	42,354

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	261,247	261,247	417,188
2	70,750,71	I. REVENUES AND CONTRIBUTES	6,811	6,811	12,519
3	70	1. Tax revenues uYesn	3,925	3,925	6,670
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	2,886	2,886	5,849
23	72	II. GENERAL ACTUAL GRANTS	253,460	253,460	394,270
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	9,640
32	77, 83	V. OTHER REVENUES	975	975	759
33	B	TOTAL EXPENSES	199,897	199,897	375,599
34		I. ACTUAL EXPENSES	185,629	185,629	361,643
35	600 601	1. Salaries and employees contribution	35,366	35,366	74,095
38	602	2. Goods and Services	25,387	25,387	49,386
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	20,352	20,352	7,776
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	104,524	104,524	230,385
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	14,268	14,268	13,956
58	C	DETERMINED NET INCOME	61,350	61,350	41,589
59		From this: Functioning results	61,350	61,350	42,354
60		Functioning observed grants	-	-	(765)

STAR Project

Municipality Kukes Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorable position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc. do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> • There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> • The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> • There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> • In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> • Absence of a specialized designated structure for relations with the voters community and other institutions or public or private, domestic or foreign entities. 	<ul style="list-style-type: none"> • The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters–The transfer of staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 10.06.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Kukes. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters–Termination of working relationship	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology–Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication–Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by

Observations	Recommendations
internal electronic communication system.	setting clear rules on the type of information that can be charged or circulate on these platforms.
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure of the Municipality and 14 LGUs of Kukës, Malzi, Bicaj, Ujmisht, Tërthore, Shtiçen, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën and Kolsh is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

The performed roles are shown in table 1, below:

Table 1: Roles in the municipality/local government units

Roles	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- Municipality Council of Kukës and LGUs Malzi, Bicaj, Ujmisht, Tërthore, Shtiçen, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën and Kolsh: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

After the merger, municipality center and 14 units are transformed in 1 Municipality with 14 LGUs as presented in table 2 below.

Table 2: Roles in the Municipality

Roles														
New Municipality							Kukës							
Municipality Council							✓							
Mayor							✓							
Deputy Mayor							✓							
Secretary of Municipality Council							✓							
LGUs	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Administrator	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- Deputy Mayor: Assists the Mayor in the supervision of the operation of LGU.
- Secretary of Council: storage of the council’s official papers; delivery of notifications on the Council’s meetings, publishing notifications and decisions approved by the Council; preparing public hearings.
- Municipality Council will continue to exercise the same powers. To help improve the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:

- Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
- Appoints and dismisses managers of administrative units.
- Deputy Mayor/shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are divided proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 246.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 73.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	Municipality Kukes	LG U Malzi	LG U Bica j	LGU Ujmisht	LGU Terthore	LGU Shti qe n	LG U Zapod	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë-Çajë	LG U Kalis	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
Infrastructure and public services																
Water Supply Company	Sh.a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Sh.a /2
Functioning of the sewerage system	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Contracte d
Rehabilitation and maintenance of local roads, sidewalks and public squares	32	n/a	2	n/a	n/a	2	3	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	40
Public lighting	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	Licensing/Municipality	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Licensing
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	16	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16
Collection, disposal and recovery of waste	31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31
Urban planning	4	0.5	1	0.3	0.4	0.5	0.5	0.5	n/a	n/a	n/a	0.5	1	n/a	0.4	9.6
Land management	3	0.5	n/a	0.3	0.4	1	0.5	0.5	n/a	n/a	0.5	0.5	1	0.3	0.4	8.9
Shelter	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social, cultural and sports Services																
Preservation and development of local cultural and historic values, organization of activities and management of relevant	21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21

Public Services	Municipality Kukes	LG U Mal zi	LG U Bica j	LGU Ujmish t	LGU Terthor e	LGU Shtiqe n	LG U Zapo d	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë- Çajë	LG U Kali s	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
institutions																
Organization of sporting, recreational and entertainment activities and management of relevant institutions	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Social services of kindergartens	30	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development																
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	n/a	1	n/a	n/a	n/a	n/a	n/a	1	n/a	1	n/a	n/a	n/a	n/a	4
Conservation and development of forests and natural resources of local character	n/a	1	n/a	0.3	0.4	1	0.5	n/a	n/a	n/a	0.5	0.5	1	0.3	0.4	5.9
The order and civil protection																
Preservation of public order to prevent administrative violations	13	1	1	n/a	n/a	1	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	17
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions																
Maintenance of facilities in preliminary education	5	n/a	2	n/a	n/a	n/a	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13
Medicine																
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Public Services	Municipality Kukes	LG U Mal zi	LG U Bica j	LGU Ujmis ht	LGU Terthor e	LGU Shtiqe n	LG U Zapo d	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë- Çajë	LG U Kali s	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
Social care																
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1.5
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1.5
Environmental Protection																
Environmental Protection	2	n/a	n/a	0.3	0.4	0.5	0.5	n/a	1	n/a	0.5	0.5	1	n/a	0.4	7.1
Register Office																
Register Office	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17
Business Registration																
National Registration Center	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Total	186	4	8	2.2	4.6	7	12	2	4	1	4.5	3	6	1.6	2.6	246

Horizontal Functions	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh	Merged
Finance	6	1	2	1	0.5	1	1	0.5	0.5	0.5	1	0.5	1	n/a	0.5	17
Local taxes and Tariffs	9	1	1	n/a	n/a	1	0.5	n/a	0.5	n/a	n/a	n/a	1	n/a	0.4	14.4
Legal Issues	1	0.5	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Procurement	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.5	7.8
Institutional Relations	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	3
Human Resources	2	0.5	0.5	n/a	0.5	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	4
Protocol	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	7.5
Archiving	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	n/a	0.5	0.5	0.5	0.5	0.5	6.5
Information Technology	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Supporting services	2	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1	n/a	n/a	n/a	0.5	n/a	n/a	4
Internal Audit	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
Total	30	4.5	6	2.5	2.5	4	3	2	3.5	1.5	3	2	5	1.3	2.4	72.2

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
- The matrix organizational structure will require multi reporting lines, compliance of the objectives through division of sectors and functions, planning and use of combined resources, decision taking, coordination and communication.

Service Delivery

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- The majority of functions are provided through own resources.
- The below services are contracted:
 - Construction of local roads, sidewalks and public squares
 - Water Supply Company
- Licensed Services:
 - Operation of Public Transport
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:

- Does the fulfillment of work require physical presence?
- Is there any reason (legal, strategic) to centralize the execution of function?
- Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (developing principle 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social, cultural and sports Functions, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 2;

In forming its organizational structure, the municipality may consider the following factors:

- Consistency in the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control –scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;

- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to reach the premises of economy and an effective service delivery, and reduce cost the structure proposed in Appendix 1 discusses four main blocks.
- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The

functions included in this block are at General Management level , Directory and Sector, depending on the size of the New Municipality. The highest position in this block is the The Secretary General, a new role which is going to be added in the proposed Organizational Structure

- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public Service 3) Agency of Welfare and Social Care 4)Agency of Agricultural, Veterinary and Environmental Service.

The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and its divisions, if applied.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out of balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments in shares/subsidiaries	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 181,946 thousand. Overdue municipal obligations are reported at an amount of ALL 40,015 thousand.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 7% of total revenues, due to the low rate of revenue collection.

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Kukes, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Kukes, Local Government Unit Malzi, Local Government Unit Bicaj, Local Government Unit Ujmisht, Local Government Unit Terthore, Local Government Unit Shtiqen, Local Government Unit Zapod, Local Government Unit Shishtavec, Local Government Unit Topojan, Local Government Unit Bushtrice, Local Government Unit Gryke-Caj, Local Government Unit Kalis, Local Government Unit Surroj, Local Government Unit Arren.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Kukes.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in ALL 000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	762,640
Tax and non-tax revenue	59,291
Total Expenses	590,464
Total Assets	3,641,687
Liabilities	181,946

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	3,641,687	3,173,890
I	Current Assets	460,880	460,880
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	204,930	204,930
Class 4	2. Receivables	168,174	168,174
Class 3	3. Current Inventory accounts	87,776	87,776
II	Non-current Assets	3,180,806	2,713,009
23	1. Investments	191,067	191,067
25,26	2. Finance assets	467,797	-
21,24,28	3. Tangible assets	2,509,470	2,509,470
20	4. Intangible assets	12,473	12,473
III	Other assets	-	-
B	Liabilities	181,946	181,946
I	Current liabilities	181,946	181,946
Class 4	1. Accounts payable	181,946	181,946
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	3,459,740	2,991,943
	Presented: Consolidated budget	3,268,582	2,800,785
	Carried forward results	191,158	191,158

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 3,641,687 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 8% compared to December 31, 2014.

Current assets

- Current assets which have 13% of total assets increased by 31% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 217% of monetary values, which affects more in the total increase of current assets meanwhile the receivables and the account of state of inventories suffered respectively a decrease of 15% and 2%.

Accounts Receivable

- Structure of total debtors of municipality Kukes consists of 87.06% from the debtors of Kukes Municipality Center, 2.26 % from the debtors of LGU Malzi, 2.26% from LGU Bicaj, 1.14% from LGU Ujmisht and the remaining part belongs to other LGU's.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kukes 87%, have increased by 5% in total, where the biggest effect in this increase, was due to the investment increase by 56%, adding financial assets item during 2015, and the increase of tangible assets by 2% which occupy 69% of total assets.

PPE

- 48,62% of PPE of municipality Kukes is occupied by PPE and Municipality Kukes, 5.55% PPE from LGU Malzi, 7.37% from LGU Bicaj, 2.26 % from LGU Ujmisht and the remaining part belongs to other LGUs.

Accounts Payable

Accounts payable have decreased by 13% during the period ended July 31, 2015 compared to the previous year 2014.

- 86.26% of the total accounts payable are occupied by accounts payable of LGU Kukes, 2.23% by LGU Malzi, 2.55% by LGU Bicaj, 1.06%, by LGU Ujmisht and the remaining part belongs to other LGUs.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousands ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	824,484	834,956
	I. REVENUES AND CONTRIBUTES	59,291	59,291
70	1. Tax revenues upon	16,954	16,954
71	3. Non tax revenues	42,337	42,337
72	II. GENERAL ACTUAL GRANTS	762,640	773,112
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	2,553	2,553
B	TOTAL EXPENSES	641,377	633,326
0	I. ACTUAL EXPENSES	581,246	580,972
	1. Salaries and employees contribution	100,893	100,618
600 601	2. Goods and Services	123,006	123,006
602	4. Internal actual transfers	39,517	39,517
606	6. Budget transfers for families and individuals	317,830	317,830
67	IV. OTHER EXPENSES	60,131	52,354
C	DETERMINED NET INCOME	183,107	201,630
	From this: Functioning results	191,040	191,158
	Functioning observed grants	(7,933)	10,472

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated financial statement of income was 824,484 thousand lek. 7% of the total income of municipality is composed of tax and non-tax revenues, 92% of income is from grants.

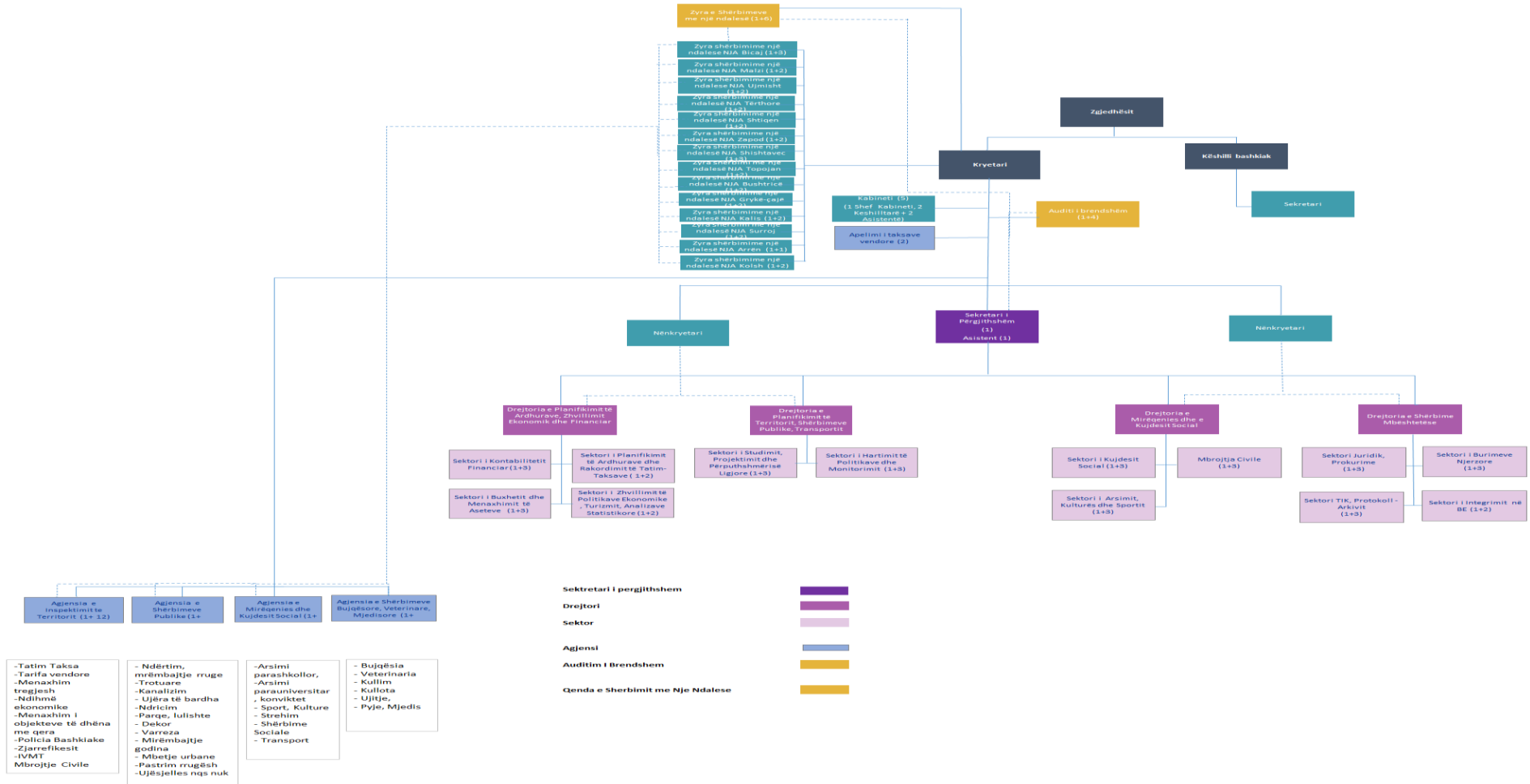
Structure of total revenues is comprised of 50.80% from revenues generated from Municipality Center Kukes, 5.93 % from LGU Malzi, 6.71% from LGU Bicaj, 3.61% from LGU Ujmisht and the remaining part belongs to other LGU's.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated financial statement of income and expenses were 641,377 thousand Lek. 91% of the total municipal expenditure is composed of current expenditures; the remaining part belongs to other expenses.
- Structure of total expenditure is comprised of 45.44% from expenses of Municipality Kukës, 5.11 % from LGU Malzi, 8.08% from AU Bicaj, 4.29% from LGU Ujmisht and the remaining part belongs to other LGU's.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel of Municipality Kukës and 14-LGUS excluding the Mayors and civil status employees is 398. For further details: 35 employees have a defined term employment agreement. 312 employees have indefinite employment contracts. There are no employees on maternity leave who are considered Protected Categories according to Labour Code. 23 employees have the civil service status, where 9 of whom are on probation period. We do not have information for the types of employment contracts of 28 employees.
 - Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Kukes. It is worth mentioning that the Municipality Kukes, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
<p>Termination of employment relationship</p> <ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with employment contracts</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
<p>Improvement of organizational structure</p> <ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of General Secretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- The information technology used in Kukes Municipality has a general inventory compiled by Kukes Municipality Center. The administration has in use 22 PC, 1 scanner, 1 multifunctional equipment and 20 printers. The hardware equipments mainly consist of:desktop computers, printers, UPS, and photocopiers. The softwares used are usually old and unlicensed softwares. The softwares often used are Office 2010 and Windows XP.
- Kukës Municipality has employed 2 IT employees.
- In 14 Administrative Units, the use of Information Technology is in very bad conditions. The IT infrastructure is relatively old. PCs and other equipment's are out of order and are being used although the amortization period has ended.
- In all AU-s the operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT Staff, consequently the maintenance of computer equipments is not qualitatively performed.
- No IT staff has been employed in the 14 LGU's.
 - Consolidated information about the IT environment is presented in Table 9 –IT environment, below

Objective	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Installed Software	Windows XP, Windows 7, Office 2010, 2015, Autocad-2007	Microsoft Office, Windows 2007	Microsoft Office, Windows 2007	Office 2007, XP etc.	Microsoft Office, Windows 2007	Microsoft Office, Windows 2007	XP, Windows 2007, Microsoft Office	Microsoft Office, Windows 2007	n/a	n/a	Microsoft Office, Windows 2007	Office 2007, Microsoft Widows XP, 2007	XP, Windows 2007, Microsoft Office	0	XP, Windows 2007, Microsoft Office
Contracts of licences	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Hardware (in use)															
Computer (desktop)	22	1	21	2	4	2	5	6	0	0	4	1	3	0	6
Printers	20	5	1	2	4	0	2	2	0	1	0	1	2	0	3
Servers	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT staff in total	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hardware and Software maintenance	IT Staff	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	n/a	No maintenance service	No maintenance service	No maintenance service	No maintenance service	0	No maintenance service

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The computers are not managed through a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the cost / benefit principle
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Kukes municipality or Private / Public Cloud.
<p>Taking stock of Software and Hardware</p> <ul style="list-style-type: none"> It is noticed the fact that desktop computers are often hooked up with various parts thus making it impossible the identification of the year of production or PC model. Also it does not exist an ongoing maintenance for electronic equipment's it has under administration. Despite Kukes Municipality, all LGUs do not have an internal IT staff. IT Services are carried out outside the institution and privately. Installed Programs in the PCs of Municipality and LGU are not purchased but pirate versions installed through internet downloads. This phenomenon affects information security and violates the right of author. 	<p>We suggest to the New Municipality:</p> <ul style="list-style-type: none"> To take stock of these equipment's and the respective purchase invoices together with the technical specifications/forms that accompany the good to be recorded in order to avoid substitute of equipment's with other similar products. Put at the disposal of Kukes Municipality different computer programs of new licensed versions and latest years to improve so the service of this institution. In order to provide maintenance of software's and hardware's we suggest entering a contract for maintenance with a company in order to assist and ensure replacement of damaged or depreciated parts.
<p>Information Security Policies</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles. 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).

Appendix 4 –Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and departments and communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider and also has access and phone service. The internet service contract is a 1 year contract and has no respective technical specifications. With regard to internal communication, electronic communication access through official emails has only 5 users. Mainly, verbal and written communication is used to circulate protocolled memos, issued rules, orders of Mayor etc.
- Communication system in other LGU-s is not in satisfactory conditions, communication is verbal and written. Other formats like fix line or internet are not applied.
- Consolidated information about the communication systems is presented in Table 10 –Communication systems.

Table 10:Communication Systems

Table 10:Communication Systems

Communication	
Observations	Recommendations
<p>Lack of electronic means of communication in LGU-s</p> <p>The employees use private and insecure email addresses to exchange information of Municipality and LGU. Internal communication is either verbal or written and the documents circulate from one department to the other to be signed or communicate with one another in various departments.</p>	<p>The New Municipality Kukes may consider the initiation and implementation of security policies and procedures. Based on the regulatory point of view it is needed the creation, adaptation and application of security information rules. From the technology point of view it will be necessary to implement lots of elements like creation and configuration of firewall, VPN, IPSec, etc.</p> <p><i>(LAN) Network Infrastructure of AU</i></p> <p>The New Municipality may consider implementing the network (their improvement if they exist) according to the contemporary parameters to ensure stable and safe communication in AU. These networks shall support Gbps level speeds for the LAN offered services.</p> <p><i>Electronic mail service</i></p> <p>The new Municipality may consider using a centralized electronic mail and email communication standards as an official mean of communication.</p> <p><i>Management of identities</i></p> <p>Management of users' identities in the network is a necessity. The new Municipality may consider the implementation of a service for managing the security of identities in order to identify all users in the network and authorize them through this service and have specific rights on PC, network resources or different applications to be provided.</p>

Appendix 5–Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2015 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year 2015;

Summarized description of the information received

- The archive process, storage and processing of documents is currently performed in the existing Archive premise. Municipality Kukes does not have an archive specialist but this function is carried out by the protocol specialist of Kukes Municipality. In Kukes Municipality, the technical requirements on Archive as provided in “The checklist of technical requirements “ are generally fulfilled. The transfer of documents to be stored for a ten year term has been applied .
- The archive is in order and adjusted. It has been applied the retention of documents in accordance with the methodology requirements and forms of stocktaking files.
- In 14 LGU-s the technical requirements on Archive as provided in “The checklist of Technical requirements” have not been fulfilled.
- The requirements on archive methodology have not been fulfilled; the archives are in total disorder.
- The transfer of documents to be stored for a 10 year term has never been applied. Also the documents are not kept in compliance with the requirements of methodology and forms of stocktaking files.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	No	No	Yes	No	Yes	No	No	Metalic network	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes	No	No	No	Yes	No	No	No	No	No	No	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but there is no distance from the wall	Yes	Yes, but there is no distance from the wall	No, dollap	No	Yes, but there is no distance from the wall	No	Yes	No	Yes	Yes	No	Yes, but there is no distance from the wall	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Archive keys in two copies	Yes	1-key copy	No	Yes	Yes	No, 1-copy	Yes	No	No	Yes	Yes	No	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	No	No	Yes	No	Yes	No	No	Yes	Yes	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	No	No	No	No	Yes	Yes	No	No	No	No	No	Not completely	No	In branch level (sector)

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e directorates, departments, branche, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
written in their cap.															
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	Yes	No	In process	No	Yes	No	No	No	No	No	No	No	No historic documents
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
"Republic of Albania"															
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No	No	No	Yes	No	No
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No
Mod 3 - Serial Number of Correspondence	Yes	Yes	No	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Mod 4. -The Book Delivery	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	No	Carton box	Yes	No	No	No	No	No	No	Yes	No	No
Mod 7 - Register of files	Yes	No	Yes	Yes	In process	No	Being elaborated	No	No	Yes	No	No	No	No	No
Mod 8 - Internal File register	Yes	No	No	Yes	In process	No	No	No	No	Yes	Yes	No	Yes	No	No
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	In process	No	No	No	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	In process	No	No	No	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
(protection)															
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	No, no commission	No	No	No	No	No	No	No	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilling the technical requirements, stocktaking and retention of books/registers	
<ul style="list-style-type: none"> • In all LGU-s, the technical requirements on Archive, as provided in “Checklist of Technical Requirements “ have not been fulfilled; • The requirements on archive methodology have not been fulfilled; the archives are in great disorder. • The transfer of documents to be stored for a 10 year term has never been applied. • It has not been applied the retention of documents in compliance with the requirements of methodology and forms of stocktaking files. 	<ul style="list-style-type: none"> • The New Municipality may take measures before receiving the archive documents from other AU-s to provide parallel inventory of documentations according to legal requirements. • To create the possibility and assist the Archive from ASHV specialist of Kukes and provide help through extra staff for the on time processing of the documents not submitted to ASHV. • To realize full elaboration of documents by respecting the technical – scientific conditions.
Transfer of Archive	
<ul style="list-style-type: none"> • Due to the merger of LGU-s with the Municipality Center, the archive volume of the new municipality is expected to increase. Consequently, considering the documents volume, reorganization of the new Municipality archive and its maintenance can become difficult. 	<ul style="list-style-type: none"> • The new municipality is suggested to ensure a premise with lots of spaces for the Archive or to create another facility for the merged AU archives; • It should be taken in consideration, as a temporary action, the opportunity to leave archive in the existing premises of each AU until it is realized the documents elaboration. , • Based on requirements of Law on Archives, The General Directorate of Archive should determine the transfer procedures of the documentations in order to efficiently reorganize the municipality archive. The digitalization of documents may be considered. • The new municipality of Kukës should consider the possibility to add staff in this area because there is actually only 1 specialist engaged to Protocol and Archive.

Appendix 6 –Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Minister of Finance Guideline no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2015;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year 2015

Summarized description of the information received

- In all existing LGUs, The Mayor is the authorizing officer for asset management, while the enforcement officer is Head of Finance.
- In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 "On asset management in public sector" amended. However, particular requirements by the above mentioned Guideline on management of particular assets and evaluation of assets are partially fulfilled.
- The Head of Department is responsible for the maintenance of Accounting Book of Activities, whereas for all excluded AU of Kukes Municipality, no particular register on leased properties, owned companies and concessions is kept.
- The mayor of MC and AUs approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets and put assets on disposal, exception make AU-s of Shishtavec, Topojan and Arrën
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Munic.Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthorë	LGU Shtiqërn	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Adopted rules and procedures on asset management	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Mayor of Municipality	Mayor LGU	Mayor LGU	Mayor LGU	Mayor LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU
Executing Officer	Director of Economic Directory	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	No information	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	LGU Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthorë	LGU Shtiqërn	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Assets Disposal Committee	Yes	Yes	Yes	Yes	No data	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes
Committee of disYessal of assets	Yes	Yes	Yes	Yes	No data	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes
											Yes	Yes	Yes	No	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. This deficiency does not provide for the New Municipality accurate information of assets of Municipality and existing LGU, Consequently it is not enabled a proper management of assets and in accordance with the legal framework in force. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector".
Implementation of risk management plan	
<ul style="list-style-type: none"> No risk management plan, targets and mechanisms for controlling asset management have been applied. 	<ul style="list-style-type: none"> The risk management plan, targets and mechanisms for controlling asset management to be applied by the New Municipality, considering the transfer of assets from other Administrative Units to be merged. The new municipality should consider and plan the composition of a committee in order to make possible the inventory, evaluation and disposal of assets according to law.

Appendix7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGUKukes	Construction of Gym. School “Lidhja e Prizrenit” Kukës	In Process	10,093,120	12,089,710
LGU Kukes	Sports Terrain. School “Bajram Curri”(Avni Rustemi), Kukës	In Process	4,151,199	8,851,437
LGU Kukes	Sports terrain of school “Riza Spahiu” , Kukës	Completed	6,469,961	6,469,961
LGUKukes	Sports terrain of school “Ahmet Voka” Gostil	Hasn’t started. The contract is concluded with the firm	-	3,647,677
LGUKukes	Construction of additional premises in school “Bajram Curri” Kukës	In Process	113,007,475	135,581,330
LGU Kukes	Construction of Gym. School “Lidhja e Prizrenit” Kukës	In Process	10,093,120	12,089,710

Appendix 8–Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non Current Assets		3,180,806	2,713,009	2,587,530	
3		I. Intangible Assets		12,473	12,473	11,969	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	12,473	12,473	11,969	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		2,700,537	2,700,537	2,575,560	
10	210	Land		70,974	70,974	70,974	
11	211	Forests, Pasture, Plantation	F6, Sh1	113,372	113,372	113,372	
12	212	Building and Constructions	F6, Sh1	1,253,367	1,253,367	1,206,769	
13	213	Roads, networks, water facilities	F6, Sh1	1,221,491	1,221,491	1,200,229	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	32,837	32,837	36,462	
15	215	Transport vehicles	F6, Sh1	85,494	85,494	84,993	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	108,908	108,908	110,677	
19	219	Depreciation of tangible assets	F7, Sh1	(376,974)	(376,974)	(370,325)	
20	231	Expenses in process for increase of current tangible assets	F4	191,067	191,067	122,409	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	25	III. Financial Assets		467,797	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		467,797	-	-
27	B	CURRENT ASSETS		460,880	460,880	350,887
28	Class 3	I. Inventory Status		87,776	87,776	89,334
29	31	Materials	Sh2	7,403	7,403	9,116
30	32	Inventory Objects	Sh2	80,372	80,372	80,218
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		168,174	168,174	197,002
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	107	107	107
42	431	Rights and taxes to deposit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		113,901	113,901	145,055
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	54,167	54,167	51,841
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		204,930	204,930	64,550

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	204,930	204,930	64,550
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,641,687	3,173,890	2,938,417
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

					In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	A	OWN FUNDS		3,268,582	2,800,785	2,676,864	
2	10	I. Own funds		3,268,582	2,800,785	2,676,864	
3	101	Base funds	F8	3,077,515	2,609,718	2,554,455	
4	105	Capital internal grants		191,067	191,067	122,409	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		-	-	-	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		-	-	-	
11	116	Revenues from selling of current assets		-	-	-	
12	12	III. Carried result		-	-	-	
13	13	IV. Exceptional subsidiaries (-)		-	-	-	
14	14	V. Participation of the institution in investing for third parties		-	-	-	
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-	
16	B	LIABILITIES		181,946	181,946	209,610	
17		I. Long-term debts		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		181,946	181,946	209,610	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	37,441	37,441	53,467	
23	42	Employees and related accounts		7,727	7,727	11,319	
24	431	Liabilities to government for taxes		20,256	20,256	20,666	
25	432	Taxes collected from government for the local government		-	-	-	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor)		54,274	54,274	51,948
28	435	Social Insurance		45,891	45,891	51,655
29	436	Health Insurance		12	12	-
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	13,772	13,772	12,607
36	467	Other creditors		2,573	2,573	7,947
37	C	OTHER ACCOUNTS		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		191,158	191,158	51,943
43	X	TOTAL LIABILITY		3,641,687	3,173,890	2,938,417
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		582,805	582,530	1,102,313
2	60	I. Current expenses		581,246	580,972	1,093,515
3	600	Salaries, bonuses		86,930	86,655	154,367
4	6001	Salaries		86,496	86,496	153,185
5	6002	TemYesrary salaries		159	159	1,152
6	6003	Bonuses		-	-	30
7	6009	Other personal expenses		274	-	-
8	601	Health and social insurance contributions		13,963	13,963	39,602
9	6010	Insurance contributions		13,700	13,700	38,916
10	6011	Health insurance		263	263	686
11	602	Other goods and services		123,006	123,006	200,261
12	6020	Stationary		3,694	3,694	19,471
13	6021	Special services		14,454	14,454	32,793
14	6022	Services from third party		18,387	18,387	26,294
15	6023	TransYesrt expenses		13,332	13,332	33,294
16	6024	Travel expense		4,663	4,663	10,204
17	6025	Ordinary maintenance expenses		16,700	16,700	16,364
18	6026	Rent expenses		30,944	30,944	8,425
19	6027	Expenses for legal liability for compensation		8,912	8,912	1,547
20	6028	Borrowing costs related to loans		1,577	1,577	2,211
21	6029	Other operating expenses		10,344	10,344	49,658
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		39,517	39,517	7,206
29	6040	Current transfers to other government levels		39,517	39,517	7,206
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budgets and other individuals		317,830	317,830	692,080
39	6060	Transfers paid from ISS and HII		14,788	14,788	60,784
40	6061	Transfers paid from other institutions and Local government		303,042	303,042	631,296
41	63	II. Change in inventory balances	F1	1,559	1,559	8,798
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		7,659	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		7,659	-	-
60	Class 6	TOTAL EXPENSES		590,464	582,530	1,102,313
61		D. RESULT CORRECTIONS ACTIVITES		50,913	50,795	7,488
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deYessited in the budget		1,158	1,040	239
65	8421	DeYessit in the budget of unused revenues		45,071	45,071	6,589
66	8422	Transfers of revenues within the system		3,690	3,690	-
67	8423	Transfers for changes in situation		994	994	660
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		641,377	633,326	1,109,801
70	85	RESULTS FROM FUNCTIONING		191,040	191,158	51,943
71	X	TOTAL		832,418	824,484	1,161,745

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	821,932	832,403	1,152,286
2	70	I. TAX INCOMES	16,954	16,954	23,204
3	700	a) On revenues, profit, and equity revenue	3,391	3,391	4,480
4	7000	Personal income tax	6	6	29
5	7001	Income tax	-	-	4,112
6	7002	Small business tax	3,384	3,384	339
7	7009	Other tax	-	-	-
8	702	b) Property tax	4,313	4,313	6,143
9	7020	On immovable property	4,036	4,036	6,053
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	277	277	90
12	703	c) Tax uYesn goods and services in the country	9,247	9,247	12,388
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	485	485	454
17	7035	Local tax on goods usage and activity permission	8,762	8,762	11,934
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	2	2	194
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	42,337	42,337	40,564
35	710	a) From enterprise and ownership	25,717	25,717	16,082
36	7100	From public non financial enterprise	2	2	13,394
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	25,715	25,715	2,688
39	711	b) Administrative service and secondary revenues	16,211	16,211	22,494
40	7110	Administrative tariffs and regulations	9,986	9,986	557
41	7111	Secondary revenues and payments of services	4,216	4,216	21,515
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	156	156	1
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	1,854	1,854	382
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	40
47	719	c) Other non tax revenues	409	409	1,987
48	72	IV. ACTUAL GRANTS (a+b)	762,640	773,112	1,088,518
49	720	a) Internal actual grant	762,640	773,112	1,088,518
50	7200	From same Government level	643,205	653,677	666,253
51	7201	From other Government levels	4,830	4,830	276,231
52	7202	From budget for special payments to Social Institute	-	-	-
53	7203	From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	113,901	113,901	146,034
57	7207	Third party sYesnsorship	705	705	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	821,932	832,403	1,152,286
81	83	D. RESULT CORRECTIONS ACTIVITES	2,553	2,553	9,458
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	2,553	2,553	9,458
84	Class 7 & 8	TOTAL FROM OPERATIONS	824,484	834,956	1,161,745
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	824,484	834,956	1,161,745

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	122,409	69,084	137,742	191,067
2	105	Internal capital grants	122,409	69,084	137,742	191,067
3	1050	From the same government level	88,787	34,961	137,240	191,067
4	1051	From other Government levels	33,621	33,621	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	501	501	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	122,409	137,742	69,084	191,067
34	230	Expenses for increase of Intangible Assets	-	1,003	1,003	-
35	231	Expenses for increase of Tangible Assets	122,409	136,738	68,080	191,067
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	101,386	114,570	48,488	167,468
39	2313	Roads, networks, water facilities	21,023	21,451	19,091	23,383
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	TransYesrt vehicles	-	501	501	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	216	-	216
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	244,818	206,825	206,825	382,134

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	64,550	-	-	-
2	II. RECEIVABLES "CASH"	935,077	-	-	-
3	1. Funds from budget	865,997	-	-	-
4	Actual budget funds (Budget with changes)	729,989	-	-	-
5	Capital budget funds (Budget with changes)	136,008	-	-	-
6	2. Incomes and revenues during the year in "Cash"	69,080	-	-	-
7	Tax revenues in "Cash"	16,954	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	42,594	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	5,278	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,254	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	733,145	-	-
15	1. Payment from the budget for actual expenses	-	590,773	-	-
16	2. Payments from the budget for capital expenses	-	136,673	-	-
17	3. Payments from revenues for actual expenses	-	2,043	-	-
18	4. Payments from revenues from capital expenses	-	568	-	-
19	5. Payments from storage	-	3,089	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	61,552	-	-
22	1. DeYessit of revenues in the budget	-	1,040	-	-
23	2. Unused budget (actual and capital)	-	60,512	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	999,627	794,697	-	-
26	VI. CLOSING BALANCE	204,930	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	11,969	1,003	-	-	-	1,003	500	-	-	500	12,473
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	11,669	1,003	-	-	-	1,003	500	-	-	500	12,173
4	203	300	-	-	-	-	-	-	-	-	-	300
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	2,823,477	67,579	501	-	2,870	70,951	-	4,930	3,053	7,984	2,886,444
6	210	70,974	-	-	-	-	-	-	-	-	-	70,974
7	211	113,372	-	-	-	-	-	-	-	-	-	113,372
8	212	1,206,769	48,488	-	-	600	49,088	-	2,490	-	2,490	1,253,367
9	213	1,200,229	19,091	-	-	2,271	21,362	-	-	100	100	1,221,491
10	214	36,462	-	-	-	-	-	-	1,354	2,271	3,625	32,837
11	215	84,993	-	501	-	-	501	-	-	-	-	85,494
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	110,677	-	-	-	-	-	-	1,086	683	1,769	108,908
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	T O T A L (I + II)	2,835,446	68,582	501	-	2,870	71,954	500	4,930	3,053	8,484	2,898,917

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	370,325	9,808	-	9,808	-	2,602	557	3,159	376,974
		TOTAL (I + II)	370,325	9,808	-	9,808	-	2,602	557	3,159	376,974

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	2,554,455.26	17,337	540,645	3,077,763	2,554,455	17,589	72,852	2,609,718
2	1010	Status of base fund	2,554,455	1,114	408,387	2,961,728	2,554,455	-	-	2,554,455
3	1011	Additions base fund	-	-	132,259	132,259	-	1,114	72,852	71,738
4	1012	Decrease base fund	-	6,415	-	(6,415)	-	6,415	-	(6,415)
5	1013	Decrease from tangible assets consume	-	9,808	-	(9,808)	-	9,808	-	(9,808)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	90	-	(90)
7	1015	Decrease from	-	-	-	-	-	162	-	(162)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12,13,145,15,85	INTERNAL FUND	174,352	45,921	258,881	387,312	174,352	45,921	259,129	387,560
11	105	Capital internal grants	122,409	33,621	102,279	191,067	122,409	33,621	102,279	191,067
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	2,801	2,801	-	-	-	-
18	85	Result	51,943	12,299	153,800	193,444	51,943	12,299	156,850	196,494
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	2,728,807	63,258	799,526	3,465,076	2,728,807	63,510	331,981	2,997,279

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	379	-	18	361	86,655	-	-	23,250	-	5,290
<i>1</i>	Directors	32	-	-	32	27,364	-	-	7,978	-	3,430
<i>2</i>	High level education specialist	64	-	1	63	20,003	-	-	4,993	-	1,762
<i>3</i>	Technical Ordinary	3	-	1	2	830	-	-	232	-	17
<i>4</i>	officers	141	-	8	133	27,614	-	-	7,023	-	80
<i>5</i>	Employees	125	-	-	125	8,445	-	-	2,356	-	-
<i>6</i>	Temporary employees	14	-	8	6	2,398	-	-	669	-	-

Template 10: Summary Consolidated Statement of financial Position

Consolidated statements of financial Position represent the consolidated financial Position of the Municipality.

No.	Account Number	Description	In ALL '000		
			2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,641,687	3,173,890	2,938,417
2	I	Current Assets	460,880	460,880	350,887
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	204,930	204,930	64,550
13	Class 4	2. Receivables	168,174	168,174	197,002
29	Class 3	3. Current Inventory accounts	87,776	87,776	89,334
39	II	Non-current Assets	3,180,806	2,713,009	2,587,530
40	23	1. Investments	191,067	191,067	122,409
44	25,26	2. Finance assets	467,797	-	-
47	21,24,28	3. Tangible assets	2,509,470	2,509,470	2,453,152
60	20	4. Intangible assets	12,473	12,473	11,969
65	III	Other assets	-	-	-
69	B	Liabilities	181,946	181,946	209,610
70	I	Current liabilities	181,946	181,946	209,610
71	Class	1. Accounts payable	181,946	181,946	209,610
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	-	-	-
96		Net assets (A - B)	3,459,740	2,991,943	2,728,807
97		Presented: Consolidated budget	3,268,582	2,800,785	2,676,864
98		Carried forward results	191,158	191,158	51,943

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	824,484	834,956	1,161,745
2	70,750,71	I. REVENUES AND CONTRIBUTES	59,291	59,291	63,768
3	70	1. Tax revenues uYesn	16,954	16,954	23,204
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	42,337	42,337	40,564
23	72	II. GENERAL ACTUAL GRANTS	762,640	773,112	1,088,518
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	2,553	2,553	9,458
33	B	TOTAL EXPENSES	641,377	633,326	1,109,801
34		I. ACTUAL EXPENSES	581,246	580,972	1,093,515
35	600 601	1. Salaries and employees contribution	100,893	100,618	193,968
38	602	2. Goods and Services	123,006	123,006	200,261
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	39,517	39,517	7,206
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	317,830	317,830	692,080
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	60,131	52,354	16,286
58	C	DETERMINED NET INCOME	183,107	201,630	51,943
59		From this: Functioning results	191,040	191,158	51,943
60		Functioning observed grants	(7,933)	10,472	-

STAR Project

**Municipality Tropojë
Consolidated Due Diligence report**

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Itocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
NCTR	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of their merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorable position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc. do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or public or private, domestic or foreign entities. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters–The transfer of staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 10.06.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Tropoje. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • The Mayor may approve the transitory structure of Tropoje Municipality including all employees to be transferred . • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters–Termination of employment relationship	
The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively:

Observations	Recommendations
<p>relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<p><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology–Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication–Lack of electronic means of communication</p>	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share

Observations	Recommendations
<ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<p>information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</p>
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure of the Municipality Bajram Curri and 7 (seven) administrative units Fierzë, Lekbibaj, Margegaj, Llugaj, Bujan, Bytyç dhe Fushe Tropojë is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

The performed roles are shown in table 1, below:

Table 1: Roles in the municipality/local government units

Role	MunicipalityB. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropoje
LGU Council	✓	✓	n/a	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	n/a	n/a	✓	✓	n/a	n/a	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- Municipality Council of Bajram Curri, LGU Fierzë, LGU Lekbibaj, LGU Margegaj, LGU Llugaj, LGU Bujan, LGU Bytyç dhe LGU Fush. Tropojë: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

After the merger, municipality center and 7 units are transformed in 1 New Municipality with 7 LGUs as presented in table 2 below.

Table 2: Roles in the Municipality

Roles							
New Municipality	Tropojë						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
LGUs	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Administrator	✓	✓	✓	✓	✓	✓	✓

- Deputy Mayor: Assists the Mayor in the supervision of the operation of LGU.
- Secretary of Municipality Council: storage of the council’s official papers; delivery of notifications on the Council’s meetings, publishing notifications and decisions approved by the Council; preparing public hearings .
- Municipality Council will continue to exercise the same powers. To help improve the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

- Approval of salary and bonuses for employees and others elected or appointed according to the law.

- By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are divided proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 106 in Municipality and all administrative units.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 41.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
Infrastructure and public services									
Water Supply Company	Contracted	3	n/a	6	n/a	n/a	n/a	n/a	Contracted/9
Functioning of the sewerage system	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	1	n/a	n/a	n/a	n/a	n/a	n/a	2
Construction of roads, pavements and public squares	Contracted	n/a	n/a	Contracted	n/a	n/a	n/a	n/a	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	5	n/a	n/a	n/a	n/a	n/a	1	n/a	6
Public lighting	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Collection, disposal and recovery of waste	12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12
Urban planning	1	0.5	n/a	0.5	0.5	1	0.5	1	5
Land management	1	0.5	0.5	0.5	0.5	0.5	0.5	1	5
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social,cultural and sports Services									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	12	n/a	n/a	2	n/a	n/a	n/a	n/a	14
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Social services of kindergardens	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development									
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1

Public Services	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
information structures and infrastructure necessary									
Veterinary services	1	1	n/a	n/a	n/a	n/a	1	1	4
Conservation and development of forests and natural resources of local character	1	0.5	n/a	1	0.5	0.5	0.5	0.5	4.5
The order and civil protection									
Preservation of public order to prevent administrative violations	6	1	1	n/a	n/a	1	1	2	12
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions									
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medicine									
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0.5	n/a	n/a	n/a	n/a	n/a	n/a	1	1.5
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection									
Environmental Protection	1	n/a	n/a	n/a	n/a	0.5	0.5	0.5	2.5
Register Office									
Register Office	2	1	1	1	1	1	1	1	9
Business Registration									
National Registration Center	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	62.5	8.5	2.5	11	2.5	4.5	6	8	105.5

Horizontal Functions	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
Finance	3	1	0.5	2	1.5	1	2	2	13
Local taxes and Tariffs	3	0.5	0.5	1	1	1	1	1	9
Legal Issues	1	0.5	n/a	n/a	0.5	n/a	0.5	n/a	2.5
Procurement	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4
Institutional Relations	0.5	n/a	n/a	0.5	n/a	n/a	n/a	n/a	1
Human Resources	1	0.5	0.5	n/a	n/a	0.5	1	n/a	3.5
Protocol	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4
Archiving	0.5	0.5	n/a	0.5	0.5	0.5	0.5	0.5	3.5
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	10	4	2.5	5	4.5	4	6	4.5	40.5

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
 - Bajram Curri Municipality:
 - The legal specialist is part of the office of Reception, Information, legal assistance, gender equality against family violence.
- The merger process will provide an entire orientation dimension of the organizational model which is the separation according to geography. Consequently, the need to for a matrix organizational structure pops up.

The matrix organizational structure will require multi reporting lines, compliance of the objectives through division of sectors and functions, planning and use of combined resources, decisiontaking, coordination and communication .

Service Delivery

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- The majority of functions are provided through own resources.
- The below services are contracted:
 - Construction of local roads, sidewalks and public squares
 - Water Supply Company
- Licensed Services:
 - Not any

- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (developping principle 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources

- Archive
- Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social,cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social, cultural and sports Functions, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 2;

In forming its organizational structure, the municipality may consider the following factors:

- Consistency in the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control –scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
 - Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
 - Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must

be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to reach the premises of economy and an effective service delivery, and reduce cost the structure proposed in Appendix 1 discusses four main blocks.
- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The functions included in this block are at General Management level , Directory and Sector, depending on the size of the New Municipality. The highest position in this block is the The

Secretary General, a new role which is going to be added in the proposed Organizational Structure

- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public Service 3) Agency of Welfare and Social Care 4)Agency of Agricultural, Veterinary and Environmental Service.
- The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and its divisions, if applied.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the former unicity and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments in shares/subsidiaries	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 110,518 thousand. Overdue municipal obligations are reported at an amount of ALL 86,582 thousand.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 10% of total revenues, due to the low rate of revenue collection.

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Tropoje, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Bajram Curri, Local Government Unit Fierze, Local Government Unit Lekbibaj, Local Government Unit Llugaj, Local Government Unit Bujan, Local Government Unit Bytyc, Local Government Unit Fushe Tropoje.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Tropoje.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in ALL 000</i>	<i>For the period ended 31 july 2015</i>
Income from grants	344,854
Tax and non-tax revenue	29,924
Total Expenses	276,645
Total Assets	3,431,289
Liabilities	110,958

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	3,431,289	3,430,878
I	Current Assets	239,715	239,715
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	96,495	96,495
Class 4	2. Receivables	97,795	97,795
Class 3	3. Current Inventory accounts	45,426	45,426
II	Non-current Assets	3,191,575	3,191,163
23	1. Investments	62,120	61,708
25,26	2. Finance assets	37,831	37,831
21,24,28	3. Tangible assets	3,090,905	3,090,905
20	4. Intangible assets	719	719
III	Other assets	-	-
B	Liabilities	111,133	111,133
I	Current liabilities	110,958	110,958
Class 4	1. Accounts payable	110,958	110,958
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	176	176
	Net assets (A - B)	3,320,156	3,319,744
	Presented: Consolidated budget	3,238,068	3,237,656
	Carried forward results	82,088	82,088

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 3,431,289 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 2% compared to December 31, 2014.

Current assets

- Current assets which have 7% of total assets increased by 5% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 79% of monetary values, which affects more the total increase of current assets meanwhile the receivables and the account of state of inventories suffered respectively a decrease of 23% and 5%.

Accounts Receivable

- Structure of total debtors of municipality Tropoje consists of 57.72% from the debtors of Bajram Curri, 7.46 % from the debtors of LGU Fierze, 5.88% from LGU Llugaj and the remaining part belongs to other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Tropoje 93%, have increased by 2% in total, where the biggest effect in this increase, was due to the increase in intangible fixed assets, increase in financial assets during 2015, and increase of tangible assets by 2 % which occupy 90 % of the total of assets.

PPE

- 26.11% of PPE of municipality Tropoje is occupied by PPE and Municipality Bajram Curri, 23.68% PPE from LGU Markgegaj, 19.41% from LGU Fushe Tropoje and the remaining part belongs to other LGUs.

Accounts Payable

Accounts payable have decreased by 20% during the period ended July 31, 2015 compared to the previous year 2014.

- 55.47 % of the total accounts payable is occupied by accounts payable of Municipality Bajram Curri, 18.12 % from LGU Fushe Tropoje, 9.69% from LGU Fierze and the remaining part belongs to other LGUs.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	364,790	364,790
	I. REVENUES AND CONTRIBUTES	29,924	29,924
70	1. Tax revenues upon	5,454	5,454
71	3. Non tax revenues	24,470	24,470
72	II. GENERAL ACTUAL GRANTS	344,854	344,854
78	IV. WORKS FOR INVESTMENTS	7,849	7,849
77, 83	V. OTHER REVENUES	(17,837)	(17,837)
B	TOTAL EXPENSES	278,094	278,094
0	I. ACTUAL EXPENSES	274,653	274,653
	1. Salaries and employees contribution	48,236	48,236
600 601	2. Goods and Services	44,437	44,437
602	4. Internal actual transfers	34,902	34,902
	6. Budget transfers for families and individuals	-	-
67	IV. OTHER EXPENSES	147,079	147,079
C	DETERMINED NET INCOME	3,440	3,440
	From this: Functioning results	86,696	86,696
	Functioning observed grants	86,696	86,696

Overview of consolidated statement of financial performance

Sources of funds (revenues)

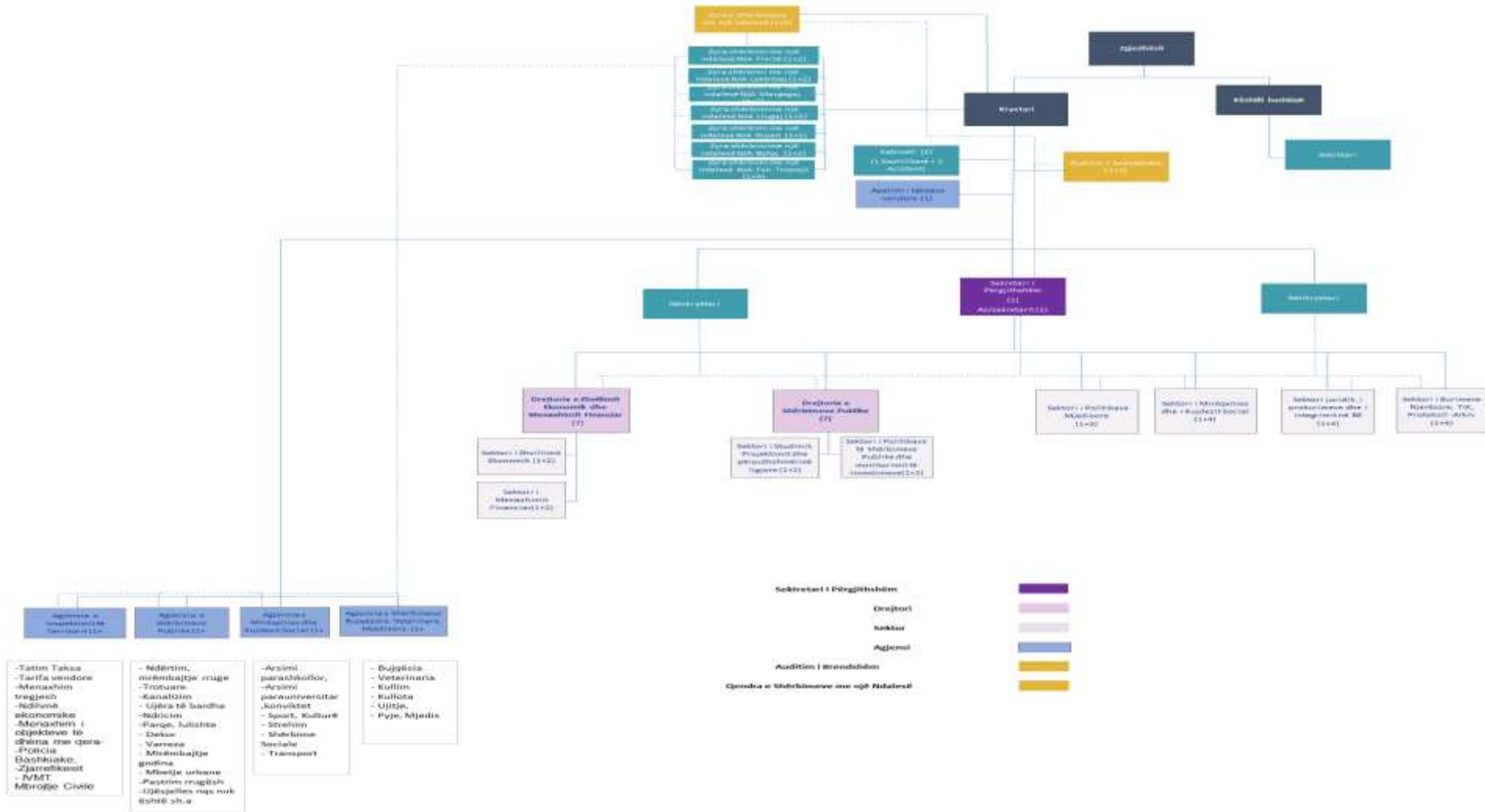
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated financial statement of income were 364,790 thousand lek. 8% of the total income of municipality is composed of tax and non-tax revenues, 95% of income is from grants and 8% from other incomes.
- The structure of total revenues is comprised of 28.3% from revenues generated from Municipality Bajram Curri, 41.48 % from LGU Fushe Tropoje, 13.85% from LGU Bytyc and the remaining part belongs to other AUs.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated financial statement of income and expenses were ALL 278, 094 thousand . 99% of the total municipal expenditure is composed of current expenditures, the remaining part belongs to other expenses.
- Structure of total expenditure is comprised of 24.58% from expenses of Municipality Bajram Curri, 27.01% from LGU Fushe Tropoje, 10.6% from LGU Markgegaj, and the remaining part belongs to other LGU-s.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel of the Municipality and LGUs excluding the Mayors and civil status employees is 170. For more details: 3 employees have definite employment contract. 80 employees have indefinite employment contracts. There are no employees on maternity leave who are considered Protected Categories according to Labour Code. 27 employees have the civil service status, We do not have information for the type of employment of 60 other employees.
 - Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Tropoje. It is worth mentioning that the Municipality Tropoje, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the applicable provisions for the settlement of an employment contract with indefinite term. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of employment relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with employment contracts</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of GeneralSecretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the GeneralSecretary. The GeneralSecretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- Only 2 LGU-s from a total of 7 has provided information for the purpose of this report regarding IT: LGU Fierze and Bytyç.
 - In LGU Fierzë use of information technology is not good. LGU Fierze has in use 7 computers but only 5 of them are in working conditions. The inventory includes 4 printers but only 2 of them are operating, whereas the remaining 2 printers belong to schools. PC and other equipments identified in the inventory are currently out of order.
 - The operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT staff, consequently the maintenance of computer equipments is not qualitatively performed.
 - LGU Bytyç uses 8 computers and 4 printers. PC and other equipments are out of order
 - The operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT staff, consequently the maintenance of computer equipments is not qualitatively performed.
 - LGU-s of Fierzë and Bytyç have no IT staff.
- Consolidated information about the IT environment is presented in Table 9 –IT environment, below

Objective	Municipality B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Installed Software	This LGU has sent no data	Microsoft Office, Windows 2007	This LGU has sent no data	This LGU has sent no data	This LGU has sent no data	This LGU has sent no data	Microsoft Office, Windows 2007	This LGU has sent no data
Contracts of licences		n/a					n/a	
Hardware (in use)								
Computer (desktop)		5					8	
Printers		1					4	
Servers		0					0	
IT staff in total		0					0	
Hardware and Software maintenance		No maintenance service					No maintenance service	

Observations and Recommendations

IT environment

Observations	Recommendations
Lack of rules and systems	
<ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider adoption of clear regulations on information security and implementation of necessary systems to manage users and store information
Lack of hardware equipments	
<ul style="list-style-type: none"> Hardware equipments are at a minimum. Not all employees have the possibility to have a personal computer and the existing equipments include a variety of marks and models. Servers and back-up mechanisms for information are missing. 	<ul style="list-style-type: none"> The new municipality may consider the unification of hardware means currently used. This would also help in ensuring their maintenance from specialized companies.

Appendix 4 –Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stoctaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and departameneteve and communication between different sectors;

Summarized description of the information received

- Communication system in LGU Fierzë dhe Bytyç is not in good conditions, communication is verbal and written. Other formats like fix line is not applied whereas internet service is currently applied in LGU Fierze due to termination of contract with the internet service provider

Consolidated information about the communication systems is presented in Table 10 –Communication systems. Table 10: Communication Systems

Objective								
	QB B. Curri	NJA Fierzë	NJA Lekbibaj	NJA Margegaj	NJA Llugaj	NJA Bujan	NJA Bytyç	NJA Fsh. Tropojë
Telephone service	No data was provided by Municipality Bajram Curri	No fix line	No data was provided	No data was provided	No data was provided	No data was provided	No fix line	No data was provided
Telephone service provider		Not any					Not any	
Internet service		There is not any, because the contract entered with the internet service provider has ended.					Not any	
Assess coverage of the telephony service		Not any					Not any	
Internal communication lines		Verbal and written					Verbal and written	

Observations and recommendations

Communication	
Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.
Lack of telephone service <ul style="list-style-type: none"> Local government units under survey does not receive the fixed telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.

Appendix 5–Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2015 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year 2015;

Summarized description of the information received

- Only the Municipality and 2 LGU-s have provided data regarding the Archive: Municipality Bajram Curri, LGU Fierzë and LGU Bytyç.
- In LGU Bajram Curri the technical requirements as provided in “Checklist of Technical Requirements” have been generally fulfilled. The requirements on archive methodology have not been fulfilled, there is a good archive but not completely organized. In this unit it has not been completely applied the retention of documents in compliance with the methodology requirements and form of inventory files.
- In LGU Fierzë, the technical requirements on Archives, as provided in “Checklist of Technical Requirements” have not been fulfilled.;
- The methodology requirements on archive have not been fulfilled, there is a archive in disorder and not organized. The transfer of documents to be stored for up to a ten year period has never been applied. The archive is not organized.
- The retention of documents in compliance with the methodology requirements and forms of inventory files has not been applied .
 - In LGU Bytyç, the technical requirements on Archives, as provided in “Checklist of Technical Requirements” have not been fulfilled.;
 - The requirements on archive methodology have not been fulfilled; the archives are in total disorder. The transfer of documents to be stored for a 10 year term has never been applied.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	Hasn't provided any data	Hasn't provided any data	Hasn't provided any data	Hasn't provided any data	No	Hasn't provided any data
Secured doors and windows with a metallic net and automatic door closure	Yes	No	“ “	“ “	“ “	“ “	No	
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	“ “	“ “	“ “	“ “	No	
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, r Wood shelves	Wood shelves	“ “	“ “	“ “	“ “	No	
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	“ “	“ “	“ “	“ “	No	
Records on physical control of the archive kept from the secretary of the archive	No	No	“ “	“ “	“ “	“ “	No	
Archive keys in two copies	Yes	Yes	“ “	“ “	“ “	“ “	Yes	
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	“ “	“ “	“ “	“ “	No	
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	“ “	“ “	“ “	“ “	No	
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	No	“ “	“ “	“ “	“ “	No	

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e directorates, departments, branche, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	No	“ “	“ “	“ “	“ “	No	
Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	No	“ “	“ “	“ “	“ “	No	

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	“ “	“ “	“ “	“ “	No	
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal imYesrtance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of histoREcal imYesrtance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	No	No	“ “	“ “	“ “	“ “	No	No
The emblem of the Republic	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Number of documents attached	Yes	No	“ “	“ “	“ “	“ “	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
The content of the document	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Signature of the director of the institution	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Date and number of protocol	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mode 5 - Table definitions of files for the year	No	No	“ “	“ “	“ “	“ “	No	No
Mod 6 - Elements of cover dossier	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mod 7 - Register of files	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mod 8 - Internal File register	No	No	“ “	“ “	“ “	“ “	No	No
Mod 9 - Decision of the Commission of Experts	No	No	“ “	“ “	“ “	“ “	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	“ “	“ “	“ “	“ “	No	No
Mod 11 - The period laid down for storage (protection)	No	No	“ “	“ “	“ “	“ “	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Mod 12 - Destruction of documents containing any further value	No	No	“ “	“ “	“ “	“ “	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

Appendix 6 –Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Minister of Finance Guideline no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2015;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year 2015

Summarized description of the information received

- Only Bajram Curri Municipality and LGU-s of Fierze and Bytyç provided information on assets.
- The Mayor is the authorizing officer for asset management, while the enforcement officer is Head of Finance. In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 "On asset management in public sector" amended.
- Requirements provided by the above mentioned Guideline on management of assets and records on particular assets and evaluation of assts are partially fulfilled.
- The Head of Department is responsible for the maintenance of Accounting Book of Activities of Municipality and LGU-s. Meanwhile no particular register on leased properties, owned companies and concessions is kept.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU B.Curri	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Adopted rules and procedures on asset management	No	No reporting	No reporting	No reporting	No reporting	No	No reporting
Authorizing Officer	Mayor of LGU,	“ “	“ “	“ “		Mayor of LGU	“ “
Executing/Enforcement Officer	Head of Finance	“ “	“ “	“ “		Head of Finance	“ “
Adopted plan, objectives and control mechanisms related Risk	Yes	“ “	“ “	“ “		Yes	“ “
Asset Accounting Register	Yes	“ “	“ “	“ “		Yes	“ “
Leased Properties Register	No	“ “	“ “	“ “		No	“ “
Owned Companies Register	No	“ “	“ “	“ “		No	“ “
Annual Assets Inventory	No	“ “	“ “	“ “		No	“ “
Assets Inventory Committee	Yes	“ “	“ “	“ “		Yes	“ “
Assets Evaluation Committee	Yes	“ “	“ “	“ “		Yes	“ “
Assets Disposal Committee	Yes	“ “	“ “	“ “		Yes	“ “
Committee of disposal of assets	Yes	“ “	“ “	“ “		Yes	“ “

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none">Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.	<ul style="list-style-type: none">Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it would be provided to the New Municipality accurate information of assets of existing LGU and would consequently enable a proper management of assets in accordance with the legal framework in force.

Appendix7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU of Bytyç	Organizing road "Pac-Berishë"	In process	5,123,019	521,845,851

Appendix 8–Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		3,191,575	3,191,163	3,124,652
3		I. Intangible Assets		869	869	575
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	719	719	425
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		150	150	150
9		II. Tangible Assets		3,152,875	3,152,463	3,124,077
10	210	Land		22,460	22,460	22,460
11	211	Forests, Pasture, Plantation	F6, Sh1	9,413	9,413	8,981
12	212	Building and Constructions	F6, Sh1	1,099,740	1,099,740	1,098,761
13	213	Roads, networks, water facilities	F6, Sh1	2,196,237	2,196,237	2,105,101
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	8,805	8,805	8,805
15	215	TransYesrt vehicles	F6, Sh1	41,712	41,712	43,310
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	79,419	79,419	82,993
19	219	Depreciation of tangible assets	F7, Sh1	(391,920)	(391,920)	(364,233)
20	231	Expenses in process for increase of current tangible assets	F4	61,970	61,558	92,858
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		25,040	25,040	25,040
23	28	Assignments		-	-	-
24	25	III. Financial Assets		37,831	37,831	-

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		37,831	37,831	-
27	B	CURRENT ASSETS		239,715	239,715	228,997
28	Class 3	I. Inventory Status		45,426	45,426	48,030
29	31	Materials	Sh2	24,915	24,915	25,798
30	32	Inventory Objects	Sh2	20,511	20,511	22,233
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		97,795	97,795	127,205
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	49	49	199
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		86,665	86,665	115,682
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	11,081	11,081	11,324
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		96,495	96,495	53,762
55	50	Securities		-	-	-

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	96,319	96,319	53,535
59	531	Petty-cash		176	176	227
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,431,289	3,430,878	3,353,649
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

No.	Account Number	Liabilities	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		3,238,068	3,237,656	3,179,931
2	10	I. Own funds		3,238,068	3,237,656	3,179,931
3	101	Base funds	F8	3,176,359	3,175,948	3,086,923
4	105	Capital internal grants		61,708	61,708	93,008
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		110,958	110,958	139,256
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		110,958	110,958	139,256
21	419	Clients (Creditors), partial prepayment		193	193	-
22	401-408	Suppliers and related accounts	Sh6	9,642	9,642	81,200
23	42	Employees and related accounts		-	-	6,643
24	431	Liabilities to government for taxes		20	20	414
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	4341	Te tjera operacione me shtetin(kreditor)		7,537	7,537	7,968
28	435	Social Insurance		19	19	2,933
29	436	Health Insurance		-	-	212
30	437	Other social organizations		-	-	107
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	16,800	16,800	15,607
36	467	Other creditors		76,746	76,746	24,171
37	C	OTHER ACCOUNTS		176	176	189
38	475	Incomes to register in the coming years		176	176	189
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exYessure		-	-	-
42	85	Result (credit amount)		82,088	82,088	34,272
43	X	TOTAL LIABILITY		3,431,289	3,430,878	3,353,649
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	Class 6	A. Expenses for exploitation/usage		276,645	276,645	488,831	
2	60	I. Current expenses		274,653	274,653	486,008	
3	600	Salaries, bonuses		41,915	41,915	82,398	
4	6001	Salaries		41,221	41,221	81,600	
5	6002	TemYesrary salaries		693	693	798	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		6,321	6,321	13,727	
9	6010	Insurance contributions		5,731	5,731	12,930	
10	6011	Health insurance		590	590	797	
11	602	Other goods and services		44,437	44,437	93,755	
12	6020	Stationary		2,307	2,307	12,109	
13	6021	Special services		1,459	1,459	1,687	
14	6022	Services from third party		4,727	4,727	15,098	
15	6023	TransYesrt expenses		4,656	4,656	7,759	
16	6024	Travel expense		2,341	2,341	5,057	
17	6025	Ordinary maintenance expenses		7,742	7,742	26,654	
18	6026	Rent expenses		-	-	60	
19	6027	Expenses for legal liability for compensation		12,605	12,605	8,726	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		8,600	8,600	16,605	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		34,902	34,902	6,664
29	6040	Current transfers to other government levels		12,741	12,741	4,380
30	6041	Current transfers to various government institutions		22,161	22,161	2,284
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		147,079	147,079	289,464
39	6060	Transfers paid from ISS and HII		1,260	1,260	85
40	6061	Transfers paid from other institutions and Local government		145,819	145,819	289,379
41	63	II. Change in inventory balances	F1	1,992	1,992	2,823
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		276,645	276,645	488,831
61		D. RESULT CORRECTIONS ACTIVITES		1,448	1,448	8,893
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deYessited in the budget		-	-	-
65	8421	DeYessit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		849	849	8,625
68	8424	Transfers for identified debtors and similar items		600	600	268
69	Class 6 & 8	TOTAL FROM OPERATIONS		278,094	278,094	497,725
70	85	RESULTS FROM FUNCTIONING		86,696	86,696	41,521
71	X	TOTAL		364,790	364,790	539,246

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	382,627	382,627	539,246
2	70	I. TAX INCOMES	5,454	5,454	12,189
3	700	a) On revenues, profit, and equity revenue	1,272	1,272	2,482
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	50
6	7002	Small business tax	1,272	1,272	2,327
7	7009	Other tax	-	-	105
8	702	b) Property tax	1,764	1,764	3,136
9	7020	On immovable property	1,558	1,558	2,296
10	7021	Sales of immovable property	-	-	52
11	7029	Other on property	205	205	788
12	703	c) Tax uYesn goods and services in the country	2,418	2,418	6,570
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	614	614	912
17	7035	Local tax on goods usage and activity permission	1,804	1,804	5,658
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	24,470	24,470	31,710
35	710	a) From enterprise and ownership	7,290	7,305	17,248
36	7100	From public non financial enterprise	1,288	1,288	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	6,001	6,017	17,248
39	711	b) Administrative service and secondary revenues	8,828	8,828	14,462
40	7110	Administrative tariffs and regulations	5,398	5,398	9,603
41	7111	Secondary revenues and payments of services	787	787	1,159
42	7112	Tax for legal actions and notary	-	-	18
43	7113	From goods and services sales	2,638	2,638	3,655
44	7114	Revenues from tickets	-	-	27
45	7115	Fines and late-fees, sequestration and compensation	5	5	-
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	8,352	8,337	-
48	72	IV. ACTUAL GRANTS (a+b)	344,854	344,854	476,697
49	720	a) Internal actual grant	344,854	344,854	476,697
50	7200	From same Government level	90,130	90,130	127,543
51	7201	From other Government levels	179,638	179,638	311,914
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	405	405	811
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	72,032	72,032	33,396
57	7207	Third party sYesnsorship	2,650	2,650	2,689

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	-	-	346
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	7,849	7,849	18,650
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	7,849	7,849	18,650
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	382,627	382,627	539,246
81	83	D. RESULT CORRECTIONS ACTIVITES	(17,837)	(17,837)	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	(17,837)	(17,837)	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	364,790	364,790	539,246
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	364,790	364,790	539,246

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
1	I	SOURCE OF FUNDS	31,949	25,561	25,561	31,949
2	105	Internal capital grants	31,949	25,561	25,561	31,949
3	1050	From the same government level	31,949	22,894	22,894	31,949
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	2,667	2,667	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	93,008	61,679	92,978	61,708
34	230	Expenses for increase of Intangible Assets	150	-	-	150
35	231	Expenses for increase of Tangible Assets	92,858	61,679	92,978	61,558
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	432	432	-
38	2312	Building and Constructions	-	1,056	1,056	-
39	2313	Roads, networks, water facilities	92,858	59,759	91,059	61,558
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	432	432	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	124,957	87,240	118,539	93,658

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	53,535	-	-	-
2	II. RECEIVABLES "CASH"	486,083	-	-	-
3	1. Funds from budget	456,882	-	-	-
4	Actual budget funds (Budget with changes)	335,768	-	-	-
5	Capital budget funds (Budget with changes)	121,114	-	-	-
6	2. Incomes and revenues during the year in "Cash"	29,201	-	-	-
7	Tax revenues in "Cash"	10,430	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	15,814	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	2,101	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	856	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	329,587	-	-
15	1. Payment from the budget for actual expenses	-	255,326	-	-
16	2. Payments from the budget for capital expenses	-	56,838	-	-
17	3. Payments from revenues for actual expenses	-	11,088	-	-
18	4. Payments from revenues from capital expenses	-	5,750	-	-
19	5. Payments from storage	-	583	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	114,926	-	-
22	1. Deposit of revenues in the budget	-	243	-	-
23	2. Unused budget (actual and capital)	-	19,269	-	-
24	3. Internal movements and transfers	-	95,414	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	539,618	444,512	-	-
26	VI. CLOSING BALANCE	95,105	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.			Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	425	294	-	-	-	294	-	-	-	-	719
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	425	294	-	-	-	294	-	-	-	-	719
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	3,395,402	92,978	81	-	-	93,059	-	5,225	-	5,225	3,483,236
6	210	22,460	-	-	-	-	-	-	-	-	-	22,460
7	211	8,981	432	-	-	-	432	-	-	-	-	9,413
8	212	1,098,761	979	-	-	-	979	-	-	-	-	1,099,740
9	213	2,105,101	91,135	-	-	-	91,135	-	-	-	-	2,196,237
10	214	8,805	-	-	-	-	-	-	-	-	-	8,805
11	215	43,260	-	-	-	-	-	-	1,599	-	1,599	41,662
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	82,993	432	81	-	-	513	-	3,626	-	3,626	79,880
17	24	25,040	-	-	-	-	-	-	-	-	-	25,040
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	3,395,826	93,272	81	-	-	93,353	-	5,225	-	5,225	3,483,955

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

No.	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	364,233	29,286	-	29,286	-	-	1,599	1,599	391,920
		TOTAL (I + II)	364,233	29,286	-	29,286	-	-	1,599	1,599	391,920

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	3,083,561.01	43,126	129,347	3,169,782	3,083,561	41,155	122,335	3,164,741
2	1010	Status of base fund	3,083,561	-	34,646	3,118,207	3,083,561	-	34,646	3,118,207
3	1011	Additions base fund	-	-	88,101	88,101	-	-	87,690	87,690
4	1012	Decrease base fund	-	6,043	-	(6,043)	-	6,043	-	(6,043)
5	1013	Decrease from tangible assets consume	-	30,017	6,601	(23,416)	-	28,046	-	(28,046)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	6,802	-	(6,802)	-	6,802	-	(6,802)
8	1016	Decrease from transferring tangible assets	-	265	-	(265)	-	265	-	(265)
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	127,280	39,488	56,005	143,797	127,280	39,488	56,005	143,797
11	105	Capital internal grants	93,008	52,827	21,528	61,708	93,008	52,827	21,528	61,708
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	7,209	7,209	-	-	7,209	7,209	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	34,272	(20,549)	27,268	82,088	34,272	(20,549)	27,268	82,088

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	3,210,841	82,614	185,352	3,313,579	3,210,841	80,643	178,340	3,308,538

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	188	6	9	185	45,421	2	-	9,903	-	2,311
<i>1</i>	Directors High level education specialist	17	-	-	17	6,190	2	-	1,510	-	343
<i>2</i>	Technical Ordinary officers	51	4	-	55	15,545	-	-	3,573	-	1,867
<i>3</i>	Employees Temporary employees	10	-	-	10	2,285	-	-	543	-	14
<i>4</i>		54	-	5	49	13,890	-	-	2,584	-	82
<i>5</i>		52	2	4	50	7,226	-	-	1,646	-	3
<i>6</i>		4	-	-	4	286	-	-	48	-	2

Template 10: Summary Consolidated Statement of financial Position

Consolidated statements of financial Position represent the consolidated financial Position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,431,289	3,430,878	3,353,649
2	I	Current Assets	239,715	239,715	228,997
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	96,495	96,495	53,762
13	Class 4	2. Receivables	97,795	97,795	127,205
29	Class 3	3. Current Inventory accounts	45,426	45,426	48,030
39	II	Non-current Assets	3,191,575	3,191,163	3,124,652
40	23	1. Investments	62,120	61,708	93,008
44	25,26	2. Finance assets	37,831	37,831	-
47	21,24,28	3. Tangible assets	3,090,905	3,090,905	3,031,219
60	20	4. Intangible assets	719	719	425
65	III	Other assets	-	-	-
69	B	Liabilities	111,133	111,133	139,446
70	I	Current liabilities	110,958	110,958	139,256
71	Class	1. Accounts payable	110,958	110,958	139,256
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	176	176	189
96		Net assets (A - B)	3,320,156	3,319,744	3,214,203
97		Presented: Consolidated budget	3,238,068	3,237,656	3,179,931
98		Carried forward results	82,088	82,088	34,272

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	364,790	364,790	539,246
2	70,750,71	I. REVENUES AND CONTRIBUTES	29,924	29,924	43,898
3	70	1. Tax revenues uYesn	5,454	5,454	12,189
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	24,470	24,470	31,710
23	72	II. GENERAL ACTUAL GRANTS	344,854	344,854	476,697
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	7,849	7,849	18,650
32	77, 83	V. OTHER REVENUES	(17,837)	(17,837)	-
33	B	TOTAL EXPENSES	278,094	278,094	497,725
34		I. ACTUAL EXPENSES	274,653	274,653	486,008
35	600 601	1. Salaries and employees contribution	48,236	48,236	96,126
38	602	2. Goods and Services	44,437	44,437	93,755
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	34,902	34,902	6,664
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	147,079	147,079	289,464
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	3,440	3,440	11,716
58	C	DETERMINED NET INCOME	86,696	86,696	41,521
59		From this: Functioning results	86,696	86,696	41,521
60		Functioning observed grants	-	-	-

STAR Project

Municipality Kukes Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorable position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc. do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or public or private, domestic or foreign entities. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters–The transfer of staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 10.06.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Kukes. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters–Termination of working relationship	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology–Lack of security rules and softwares</p> <ul style="list-style-type: none"> • Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> • The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> • The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> • The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication–Lack of electronic means of communication</p> <ul style="list-style-type: none"> • Despite that the administrative units have internet access, none of them has an 	<ul style="list-style-type: none"> • The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by

Observations	Recommendations
internal electronic communication system.	setting clear rules on the type of information that can be charged or circulate on these platforms.
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure of the Municipality and 14 LGUs of Kukës, Malzi, Bicaj, Ujmisht, Tërthore, Shtiçen, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën and Kolsh is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

The performed roles are shown in table 1, below:

Table 1: Roles in the municipality/local government units

Roles	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- Municipality Council of Kukës and LGUs Malzi, Bicaj, Ujmisht, Tërthore, Shtiçen, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën and Kolsh: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

After the merger, municipality center and 14 units are transformed in 1 Municipality with 14 LGUs as presented in table 2 below.

Table 2: Roles in the Municipality

Roles														
New Municipality							Kukës							
Municipality Council							✓							
Mayor							✓							
Deputy Mayor							✓							
Secretary of Municipality Council							✓							
LGUs	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Administrator	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- Deputy Mayor: Assists the Mayor in the supervision of the operation of LGU.
- Secretary of Council: storage of the council’s official papers; delivery of notifications on the Council’s meetings, publishing notifications and decisions approved by the Council; preparing public hearings.
- Municipality Council will continue to exercise the same powers. To help improve the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:

- Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
- Appoints and dismisses managers of administrative units.
- Deputy Mayor/shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are divided proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 246.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 73.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	Municipality Kukes	LG U Malzi	LG U Bica j	LGU Ujmisht	LGU Terthore	LGU Shti qe n	LG U Zapod	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë-Çajë	LG U Kalis	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
Infrastructure and public services																
Water Supply Company	Sh.a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Sh.a /2
Functioning of the sewerage system	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Contracte d
Rehabilitation and maintenance of local roads, sidewalks and public squares	32	n/a	2	n/a	n/a	2	3	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	40
Public lighting	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	Licensing/Municipality	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Licensing
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	16	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16
Collection, disposal and recovery of waste	31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31
Urban planning	4	0.5	1	0.3	0.4	0.5	0.5	0.5	n/a	n/a	n/a	0.5	1	n/a	0.4	9.6
Land management	3	0.5	n/a	0.3	0.4	1	0.5	0.5	n/a	n/a	0.5	0.5	1	0.3	0.4	8.9
Shelter	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social, cultural and sports Services																
Preservation and development of local cultural and historic values, organization of activities and management of relevant	21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21

Public Services	Municipality Kukes	LG U Mal zi	LG U Bica j	LGU Ujmish t	LGU Terthor e	LGU Shtiqe n	LG U Zapo d	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë- Çajë	LG U Kali s	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
institutions																
Organization of sporting, recreational and entertainment activities and management of relevant institutions	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Social services of kindergartens	30	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development																
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	n/a	1	n/a	n/a	n/a	n/a	n/a	1	n/a	1	n/a	n/a	n/a	n/a	4
Conservation and development of forests and natural resources of local character	n/a	1	n/a	0.3	0.4	1	0.5	n/a	n/a	n/a	0.5	0.5	1	0.3	0.4	5.9
The order and civil protection																
Preservation of public order to prevent administrative violations	13	1	1	n/a	n/a	1	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	17
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions																
Maintenance of facilities in preliminary education	5	n/a	2	n/a	n/a	n/a	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13
Medicine																
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Public Services	Municipality Kukes	LG U Mal zi	LG U Bica j	LGU Ujmis ht	LGU Terthor e	LGU Shtiqe n	LG U Zapo d	LGU Shitave c	LGU Topoja n	LGU Bushtric ë	LGU Gryk ë- Çajë	LG U Kali s	LGU Surr oj	LG U Arrë n	LGU Kols h	Merge d
Social care																
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1.5
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1.5
Environmental Protection																
Environmental Protection	2	n/a	n/a	0.3	0.4	0.5	0.5	n/a	1	n/a	0.5	0.5	1	n/a	0.4	7.1
Register Office																
Register Office	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17
Business Registration																
National Registration Center	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Total	186	4	8	2.2	4.6	7	12	2	4	1	4.5	3	6	1.6	2.6	246

Horizontal Functions	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh	Merged
Finance	6	1	2	1	0.5	1	1	0.5	0.5	0.5	1	0.5	1	n/a	0.5	17
Local taxes and Tariffs	9	1	1	n/a	n/a	1	0.5	n/a	0.5	n/a	n/a	n/a	1	n/a	0.4	14.4
Legal Issues	1	0.5	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Procurement	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.5	7.8
Institutional Relations	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	3
Human Resources	2	0.5	0.5	n/a	0.5	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	4
Protocol	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	7.5
Archiving	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	n/a	0.5	0.5	0.5	0.5	0.5	6.5
Information Technology	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Supporting services	2	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1	n/a	n/a	n/a	0.5	n/a	n/a	4
Internal Audit	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
Total	30	4.5	6	2.5	2.5	4	3	2	3.5	1.5	3	2	5	1.3	2.4	72.2

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
- The matrix organizational structure will require multi reporting lines, compliance of the objectives through division of sectors and functions, planning and use of combined resources, decision taking, coordination and communication.

Service Delivery

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- The majority of functions are provided through own resources.
- The below services are contracted:
 - Construction of local roads, sidewalks and public squares
 - Water Supply Company
- Licensed Services:
 - Operation of Public Transport
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:

- Does the fulfillment of work require physical presence?
- Is there any reason (legal, strategic) to centralize the execution of function?
- Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (developing principle 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social, cultural and sports Functions, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 2;

In forming its organizational structure, the municipality may consider the following factors:

- Consistency in the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control –scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;

- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to reach the premises of economy and an effective service delivery, and reduce cost the structure proposed in Appendix 1 discusses four main blocks.
- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The

functions included in this block are at General Management level , Directory and Sector, depending on the size of the New Municipality. The highest position in this block is the The Secretary General, a new role which is going to be added in the proposed Organizational Structure

- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public Service 3) Agency of Welfare and Social Care 4)Agency of Agricultural, Veterinary and Environmental Service.

The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and its divisions, if applied.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out of balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments in shares/subsidiaries	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 181,946 thousand. Overdue municipal obligations are reported at an amount of ALL 40,015 thousand.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 7% of total revenues, due to the low rate of revenue collection.

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Kukes, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Kukes, Local Government Unit Malzi, Local Government Unit Bicaj, Local Government Unit Ujmisht, Local Government Unit Terthore, Local Government Unit Shtiqen, Local Government Unit Zapod, Local Government Unit Shishtavec, Local Government Unit Topojan, Local Government Unit Bushtrice, Local Government Unit Gryke-Caj, Local Government Unit Kalis, Local Government Unit Surroj, Local Government Unit Arren.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Kukes.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in ALL 000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	762,640
Tax and non-tax revenue	59,291
Total Expenses	590,464
Total Assets	3,641,687
Liabilities	181,946

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	3,641,687	3,173,890
I	Current Assets	460,880	460,880
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	204,930	204,930
Class 4	2. Receivables	168,174	168,174
Class 3	3. Current Inventory accounts	87,776	87,776
II	Non-current Assets	3,180,806	2,713,009
23	1. Investments	191,067	191,067
25,26	2. Finance assets	467,797	-
21,24,28	3. Tangible assets	2,509,470	2,509,470
20	4. Intangible assets	12,473	12,473
III	Other assets	-	-
B	Liabilities	181,946	181,946
I	Current liabilities	181,946	181,946
Class 4	1. Accounts payable	181,946	181,946
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	3,459,740	2,991,943
	Presented: Consolidated budget	3,268,582	2,800,785
	Carried forward results	191,158	191,158

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 3,641,687 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 8% compared to December 31, 2014.

Current assets

- Current assets which have 13% of total assets increased by 31% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 217% of monetary values, which affects more in the total increase of current assets meanwhile the receivables and the account of state of inventories suffered respectively a decrease of 15% and 2%.

Accounts Receivable

- Structure of total debtors of municipality Kukes consists of 87.06% from the debtors of Kukes Municipality Center, 2.26 % from the debtors of LGU Malzi, 2.26% from LGU Bicaj, 1.14% from LGU Ujmisht and the remaining part belongs to other LGU's.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kukes 87%, have increased by 5% in total, where the biggest effect in this increase, was due to the investment increase by 56%, adding financial assets item during 2015, and the increase of tangible assets by 2% which occupy 69% of total assets.

PPE

- 48,62% of PPE of municipality Kukes is occupied by PPE and Municipality Kukes, 5.55% PPE from LGU Malzi, 7.37% from LGU Bicaj, 2.26 % from LGU Ujmisht and the remaining part belongs to other LGUs.

Accounts Payable

Accounts payable have decreased by 13% during the period ended July 31, 2015 compared to the previous year 2014.

- 86.26% of the total accounts payable are occupied by accounts payable of LGU Kukes, 2.23% by LGU Malzi, 2.55% by LGU Bicaj, 1.06%, by LGU Ujmisht and the remaining part belongs to other LGUs.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousands ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	824,484	834,956
70,750,71	I. REVENUES AND CONTRIBUTES	59,291	59,291
70	1. Tax revenues upon	16,954	16,954
71	3. Non tax revenues	42,337	42,337
72	II. GENERAL ACTUAL GRANTS	762,640	773,112
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	2,553	2,553
B	TOTAL EXPENSES	641,377	633,326
0	I. ACTUAL EXPENSES	581,246	580,972
	1. Salaries and employees contribution	100,893	100,618
600 601	2. Goods and Services	123,006	123,006
602	4. Internal actual transfers	39,517	39,517
606	6. Budget transfers for families and individuals	317,830	317,830
67	IV. OTHER EXPENSES	60,131	52,354
C	DETERMINED NET INCOME	183,107	201,630
	From this: Functioning results	191,040	191,158
	Functioning observed grants	(7,933)	10,472

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated financial statement of income was 824,484 thousand lek. 7% of the total income of municipality is composed of tax and non-tax revenues, 92% of income is from grants.

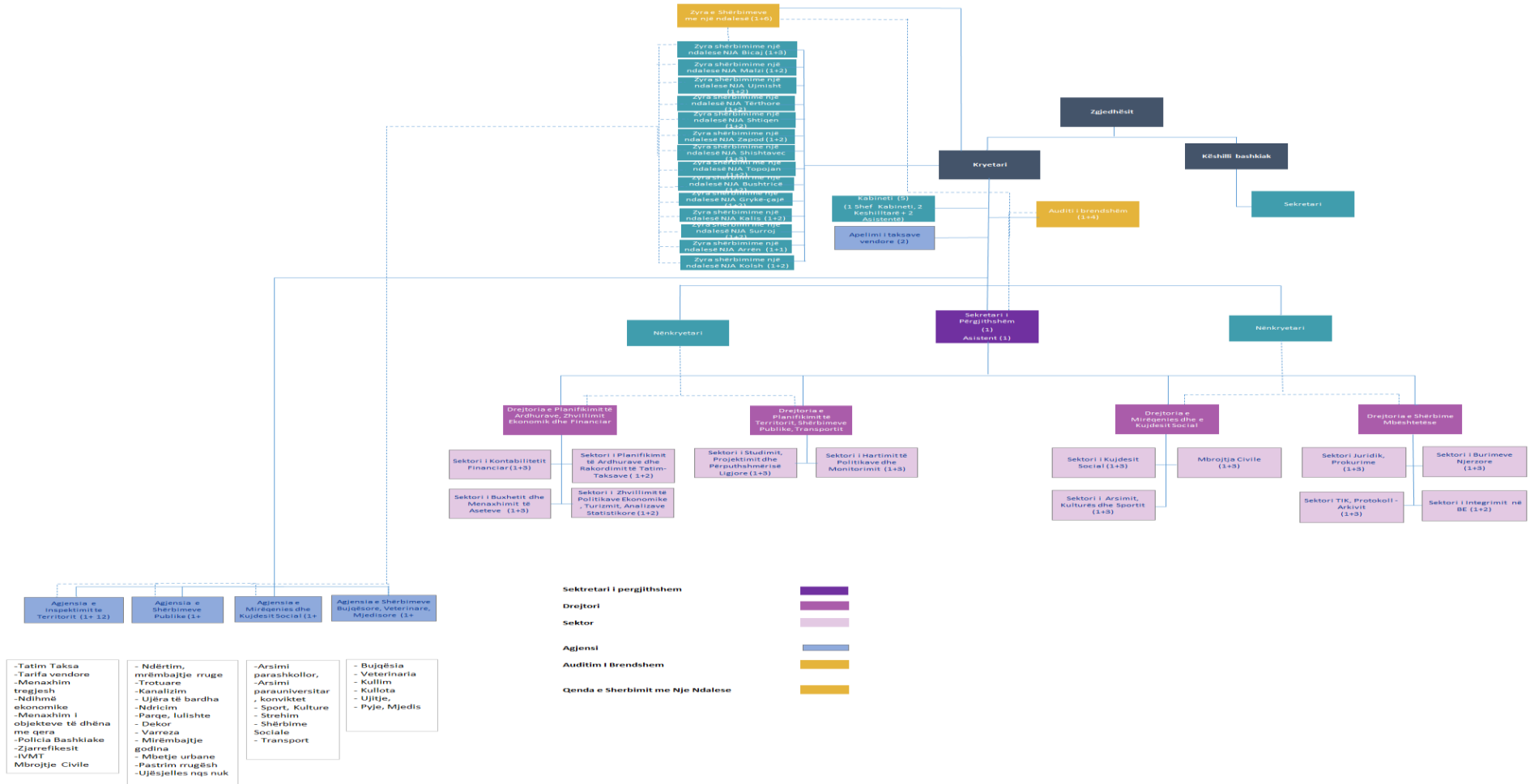
Structure of total revenues is comprised of 50.80% from revenues generated from Municipality Center Kukes, 5.93 % from LGU Malzi, 6.71% from LGU Bicaj, 3.61% from LGU Ujmisht and the remaining part belongs to other LGU's.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated financial statement of income and expenses were 641,377 thousand Lek. 91% of the total municipal expenditure is composed of current expenditures; the remaining part belongs to other expenses.
- Structure of total expenditure is comprised of 45.44% from expenses of Municipality Kukës, 5.11 % from LGU Malzi, 8.08% from AU Bicaj, 4.29% from LGU Ujmisht and the remaining part belongs to other LGU's.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel of Municipality Kukës and 14-LGUS excluding the Mayors and civil status employees is 398. For further details: 35 employees have a defined term employment agreement. 312 employees have indefinite employment contracts. There are no employees on maternity leave who are considered Protected Categories according to Labour Code. 23 employees have the civil service status, where 9 of whom are on probation period. We do not have information for the types of employment contracts of 28 employees.
 - Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Kukes. It is worth mentioning that the Municipality Kukes, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of employment relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with employment contracts</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of GeneralSecretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the GeneralSecretary. The GeneralSecretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- The information technology used in Kukes Municipality has a general inventory compiled by Kukes Municipality Center. The administration has in use 22 PC, 1 scanner, 1 multifunctional equipment and 20 printers. The hardware equipments mainly consist of:desktop computers, printers, UPS, and photocopiers. The softwares used are usually old and unlicensed softwares. The softwares often used are Office 2010 and Windows XP.
- Kukës Municipality has employed 2 IT employees.
- In 14 Administrative Units, the use of Information Technology is in very bad conditions. The IT infrastructure is relatively old. PCs and other equipment's are out of order and are being used although the amortization period has ended.
- In all AU-s the operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT Staff, consequently the maintenance of computer equipments is not qualitatively performed.
- No IT staff has been employed in the 14 LGU's.
 - Consolidated information about the IT environment is presented in Table 9 –IT environment, below

Objective	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqen	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Installed Software	Windows XP, Windows 7, Office 2010, 2015, Autocad-2007	Microsoft Office, Windows 2007	Microsoft Office, Windows 2007	Office 2007, XP etc.	Microsoft Office, Windows 2007	Microsoft Office, Windows 2007	XP, Windows 2007, Microsoft Office	Microsoft Office, Windows 2007	n/a	n/a	Microsoft Office, Windows 2007	Office 2007, Microsoft Widows XP, 2007	XP, Windows 2007, Microsoft Office	0	XP, Windows 2007, Microsoft Office
Contracts of licences	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Hardware (in use)															
Computer (desktop)	22	1	21	2	4	2	5	6	0	0	4	1	3	0	6
Printers	20	5	1	2	4	0	2	2	0	1	0	1	2	0	3
Servers	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT staff in total	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hardware and Software maintenance	IT Staff	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	No maintenance service	n/a	No maintenance service	No maintenance service	No maintenance service	No maintenance service	0	No maintenance service

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The computers are not managed through a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the cost / benefit principle
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Kukes municipality or Private / Public Cloud.
<p>Taking stock of Software and Hardware</p> <ul style="list-style-type: none"> It is noticed the fact that desktop computers are often hooked up with various parts thus making it impossible the identification of the year of production or PC model. Also it does not exist an ongoing maintenance for electronic equipment's it has under administration. Despite Kukes Municipality, all LGUs do not have an internal IT staff. IT Services are carried out outside the institution and privately. Installed Programs in the PCs of Municipality and LGU are not purchased but pirate versions installed through internet downloads. This phenomenon affects information security and violates the right of author. 	<p>We suggest to the New Municipality:</p> <ul style="list-style-type: none"> To take stock of these equipment's and the respective purchase invoices together with the technical specifications/forms that accompany the good to be recorded in order to avoid substitute of equipment's with other similar products. Put at the disposal of Kukes Municipality different computer programs of new licensed versions and latest years to improve so the service of this institution. In order to provide maintenance of software's and hardware's we suggest entering a contract for maintenance with a company in order to assist and ensure replacement of damaged or depreciated parts.
<p>Information Security Policies</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles. 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).

Appendix 4 –Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and departments and communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider and also has access and phone service. The internet service contract is a 1 year contract and has no respective technical specifications. With regard to internal communication, electronic communication access through official emails has only 5 users. Mainly, verbal and written communication is used to circulate protocolled memos, issued rules, orders of Mayor etc.
- Communication system in other LGU-s is not in satisfactory conditions, communication is verbal and written. Other formats like fix line or internet are not applied.
- Consolidated information about the communication systems is presented in Table 10 –Communication systems.

Table 10:Communication Systems

Table 10:Communication Systems

Communication	
Observations	Recommendations
<p>Lack of electronic means of communication in LGU-s</p> <p>The employees use private and insecure email addresses to exchange information of Municipality and LGU. Internal communication is either verbal or written and the documents circulate from one department to the other to be signed or communicate with one another in various departments.</p>	<p>The New Municipality Kukes may consider the initiation and implementation of security policies and procedures. Based on the regulatory point of view it is needed the creation, adaptation and application of security information rules. From the technology point of view it will be necessary to implement lots of elements like creation and configuration of firewall, VPN, IPSec, etc.</p> <p><i>(LAN) Network Infrastructure of AU</i></p> <p>The New Municipality may consider implementing the network (their improvement if they exist) according to the contemporary parameters to ensure stable and safe communication in AU. These networks shall support Gbps level speeds for the LAN offered services.</p> <p><i>Electronic mail service</i></p> <p>The new Municipality may consider using a centralized electronic mail and email communication standards as an official mean of communication.</p> <p><i>Management of identities</i></p> <p>Management of users' identities in the network is a necessity. The new Municipality may consider the implementation of a service for managing the security of identities in order to identify all users in the network and authorize them through this service and have specific rights on PC, network resources or different applications to be provided.</p>

Appendix 5–Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2015 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year 2015;

Summarized description of the information received

- The archive process, storage and processing of documents is currently performed in the existing Archive premise. Municipality Kukes does not have an archive specialist but this function is carried out by the protocol specialist of Kukes Municipality. In Kukes Municipality, the technical requirements on Archive as provided in “The checklist of technical requirements “ are generally fulfilled. The transfer of documents to be stored for a ten year term has been applied .
- The archive is in order and adjusted. It has been applied the retention of documents in accordance with the methodology requirements and forms of stocktaking files.
- In 14 LGU-s the technical requirements on Archive as provided in “The checklist of Technical requirements” have not been fulfilled.
- The requirements on archive methodology have not been fulfilled; the archives are in total disorder.
- The transfer of documents to be stored for a 10 year term has never been applied. Also the documents are not kept in compliance with the requirements of methodology and forms of stocktaking files.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	No	No	Yes	No	Yes	No	No	Metalic network	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes	No	No	No	Yes	No	No	No	No	No	No	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but there is no distance from the wall	Yes	Yes, but there is no distance from the wall	No, dollap	No	Yes, but there is no distance from the wall	No	Yes	No	Yes	Yes	No	Yes, but there is no distance from the wall	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Archive keys in two copies	Yes	1-key copy	No	Yes	Yes	No, 1-copy	Yes	No	No	Yes	Yes	No	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	No	No	Yes	No	Yes	No	No	Yes	Yes	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	No	No	No	No	Yes	Yes	No	No	No	No	No	Not completely	No	In branch level (sector)

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e directorates, departments, branche, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
written in their cap.															
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	Yes	No	In process	No	Yes	No	No	No	No	No	No	No	No historic documents
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
"Republic of Albania"															
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No	No	No	Yes	No	No
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No
Mod 3 - Serial Number of Correspondence	Yes	Yes	No	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiqën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Mod 4. -The Book Delivery	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	No	Carton box	Yes	No	No	No	No	No	No	Yes	No	No
Mod 7 - Register of files	Yes	No	Yes	Yes	In process	No	Being elaborated	No	No	Yes	No	No	No	No	No
Mod 8 - Internal File register	Yes	No	No	Yes	In process	No	No	No	No	Yes	Yes	No	Yes	No	No
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	In process	No	No	No	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	In process	No	No	No	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthore	LGU Shtiçën	LGU Zapod	LGU Shishtavec	LGU ToYesjan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
(protection)															
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	No, no commission	No	No	No	No	No	No	No	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilling the technical requirements, stocktaking and retention of books/registers	
<ul style="list-style-type: none"> • In all LGU-s, the technical requirements on Archive, as provided in “Checklist of Technical Requirements “ have not been fulfilled; • The requirements on archive methodology have not been fulfilled; the archives are in great disorder. • The transfer of documents to be stored for a 10 year term has never been applied. • It has not been applied the retention of documents in compliance with the requirements of methodology and forms of stocktaking files. 	<ul style="list-style-type: none"> • The New Municipality may take measures before receiving the archive documents from other AU-s to provide parallel inventory of documentations according to legal requirements. • To create the possibility and assist the Archive from ASHV specialist of Kukes and provide help through extra staff for the on time processing of the documents not submitted to ASHV. • To realize full elaboration of documents by respecting the technical – scientific conditions.
Transfer of Archive	
<ul style="list-style-type: none"> • Due to the merger of LGU-s with the Municipality Center, the archive volume of the new municipality is expected to increase. Consequently, considering the documents volume, reorganization of the new Municipality archive and its maintenance can become difficult. 	<ul style="list-style-type: none"> • The new municipality is suggested to ensure a premise with lots of spaces for the Archive or to create another facility for the merged AU archives; • It should be taken in consideration, as a temporary action, the opportunity to leave archive in the existing premises of each AU until it is realized the documents elaboration. , • Based on requirements of Law on Archives, The General Directorate of Archive should determine the transfer procedures of the documentations in order to efficiently reorganize the municipality archive. The digitalization of documents may be considered. • The new municipality of Kukës should consider the possibility to add staff in this area because there is actually only 1 specialist engaged to Protocol and Archive.

Appendix 6 –Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Minister of Finance Guideline no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2015;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year 2015

Summarized description of the information received

- In all existing LGUs, The Mayor is the authorizing officer for asset management, while the enforcement officer is Head of Finance.
- In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 "On asset management in public sector" amended. However, particular requirements by the above mentioned Guideline on management of particular assets and evaluation of assets are partially fulfilled.
- The Head of Department is responsible for the maintenance of Accounting Book of Activities, whereas for all excluded AU of Kukes Municipality, no particular register on leased properties, owned companies and concessions is kept.
- The mayor of MC and AUs approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets and put assets on disposal, exception make AU-s of Shishtavec, Topojan and Arrën
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Munic.Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthorë	LGU Shtiqë	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Adopted rules and procedures on asset management	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Mayor of Municipality	Mayor LGU	Mayor LGU	Mayor LGU	Mayor LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU	Mayor of LGU
Executing Officer	Director of Economic Directory	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	No information	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	LGU Kukës	LGU Malzi	LGU Bicaj	LGU Ujmisht	LGU Tërthorë	LGU Shtiqë	LGU Zapod	LGU Shishtavec	LGU Topojan	LGU Bushtricë	LGU Grykë-Çajë	LGU Kalis	LGU Surroj	LGU Arrën	LGU Kolsh
Assets Disposal Committee	Yes	Yes	Yes	Yes	No data	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes
Committee of disYessal of assets	Yes	Yes	Yes	Yes	No data	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes
											Yes	Yes	Yes	No	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. This deficiency does not provide for the New Municipality accurate information of assets of Municipality and existing LGU, Consequently it is not enabled a proper management of assets and in accordance with the legal framework in force. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector".
Implementation of risk management plan	
<ul style="list-style-type: none"> No risk management plan, targets and mechanisms for controlling asset management have been applied. 	<ul style="list-style-type: none"> The risk management plan, targets and mechanisms for controlling asset management to be applied by the New Municipality, considering the transfer of assets from other Administrative Units to be merged. The new municipality should consider and plan the composition of a committee in order to make possible the inventory, evaluation and disposal of assets according to law.

Appendix7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGUKukes	Construction of Gym. School “Lidhja e Prizrenit” Kukës	In Process	10,093,120	12,089,710
LGU Kukes	Sports Terrain. School “Bajram Curri”(Avni Rustemi), Kukës	In Process	4,151,199	8,851,437
LGU Kukes	Sports terrain of school “Riza Spahiu” , Kukës	Completed	6,469,961	6,469,961
LGUKukes	Sports terrain of school “Ahmet Voka” Gostil	Hasn’t started. The contract is concluded with the firm	-	3,647,677
LGUKukes	Construction of additional premises in school “Bajram Curri” Kukës	In Process	113,007,475	135,581,330
LGU Kukes	Construction of Gym. School “Lidhja e Prizrenit” Kukës	In Process	10,093,120	12,089,710

Appendix 8–Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non Current Assets		3,180,806	2,713,009	2,587,530	
3		I. Intangible Assets		12,473	12,473	11,969	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	12,473	12,473	11,969	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		2,700,537	2,700,537	2,575,560	
10	210	Land		70,974	70,974	70,974	
11	211	Forests, Pasture, Plantation	F6, Sh1	113,372	113,372	113,372	
12	212	Building and Constructions	F6, Sh1	1,253,367	1,253,367	1,206,769	
13	213	Roads, networks, water facilities	F6, Sh1	1,221,491	1,221,491	1,200,229	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	32,837	32,837	36,462	
15	215	Transport vehicles	F6, Sh1	85,494	85,494	84,993	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	108,908	108,908	110,677	
19	219	Depreciation of tangible assets	F7, Sh1	(376,974)	(376,974)	(370,325)	
20	231	Expenses in process for increase of current tangible assets	F4	191,067	191,067	122,409	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	25	III. Financial Assets		467,797	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		467,797	-	-
27	B	CURRENT ASSETS		460,880	460,880	350,887
28	Class 3	I. Inventory Status		87,776	87,776	89,334
29	31	Materials	Sh2	7,403	7,403	9,116
30	32	Inventory Objects	Sh2	80,372	80,372	80,218
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		168,174	168,174	197,002
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	107	107	107
42	431	Rights and taxes to deposit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		113,901	113,901	145,055
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	54,167	54,167	51,841
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		204,930	204,930	64,550

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	204,930	204,930	64,550
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,641,687	3,173,890	2,938,417
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

					In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	A	OWN FUNDS		3,268,582	2,800,785	2,676,864	
2	10	I. Own funds		3,268,582	2,800,785	2,676,864	
3	101	Base funds	F8	3,077,515	2,609,718	2,554,455	
4	105	Capital internal grants		191,067	191,067	122,409	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		-	-	-	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		-	-	-	
11	116	Revenues from selling of current assets		-	-	-	
12	12	III. Carried result		-	-	-	
13	13	IV. Exceptional subsidiaries (-)		-	-	-	
14	14	V. Participation of the institution in investing for third parties		-	-	-	
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-	
16	B	LIABILITIES		181,946	181,946	209,610	
17		I. Long-term debts		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		181,946	181,946	209,610	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	37,441	37,441	53,467	
23	42	Employees and related accounts		7,727	7,727	11,319	
24	431	Liabilities to government for taxes		20,256	20,256	20,666	
25	432	Taxes collected from government for the local government		-	-	-	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor)		54,274	54,274	51,948
28	435	Social Insurance		45,891	45,891	51,655
29	436	Health Insurance		12	12	-
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	13,772	13,772	12,607
36	467	Other creditors		2,573	2,573	7,947
37	C	OTHER ACCOUNTS		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		191,158	191,158	51,943
43	X	TOTAL LIABILITY		3,641,687	3,173,890	2,938,417
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL'000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		582,805	582,530	1,102,313
2	60	I. Current expenses		581,246	580,972	1,093,515
3	600	Salaries, bonuses		86,930	86,655	154,367
4	6001	Salaries		86,496	86,496	153,185
5	6002	TemYesrary salaries		159	159	1,152
6	6003	Bonuses		-	-	30
7	6009	Other personal expenses		274	-	-
8	601	Health and social insurance contributions		13,963	13,963	39,602
9	6010	Insurance contributions		13,700	13,700	38,916
10	6011	Health insurance		263	263	686
11	602	Other goods and services		123,006	123,006	200,261
12	6020	Stationary		3,694	3,694	19,471
13	6021	Special services		14,454	14,454	32,793
14	6022	Services from third party		18,387	18,387	26,294
15	6023	TransYesrt expenses		13,332	13,332	33,294
16	6024	Travel expense		4,663	4,663	10,204
17	6025	Ordinary maintenance expenses		16,700	16,700	16,364
18	6026	Rent expenses		30,944	30,944	8,425
19	6027	Expenses for legal liability for compensation		8,912	8,912	1,547
20	6028	Borrowing costs related to loans		1,577	1,577	2,211
21	6029	Other operating expenses		10,344	10,344	49,658
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		39,517	39,517	7,206
29	6040	Current transfers to other government levels		39,517	39,517	7,206
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budgets and other individuals		317,830	317,830	692,080
39	6060	Transfers paid from ISS and HII		14,788	14,788	60,784
40	6061	Transfers paid from other institutions and Local government		303,042	303,042	631,296
41	63	II. Change in inventory balances	F1	1,559	1,559	8,798
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		7,659	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		7,659	-	-
60	Class 6	TOTAL EXPENSES		590,464	582,530	1,102,313
61		D. RESULT CORRECTIONS ACTIVITES		50,913	50,795	7,488
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deYessited in the budget		1,158	1,040	239
65	8421	DeYessit in the budget of unused revenues		45,071	45,071	6,589
66	8422	Transfers of revenues within the system		3,690	3,690	-
67	8423	Transfers for changes in situation		994	994	660
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		641,377	633,326	1,109,801
70	85	RESULTS FROM FUNCTIONING		191,040	191,158	51,943
71	X	TOTAL		832,418	824,484	1,161,745

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	821,932	832,403	1,152,286
2	70	I. TAX INCOMES	16,954	16,954	23,204
3	700	a) On revenues, profit, and equity revenue	3,391	3,391	4,480
4	7000	Personal income tax	6	6	29
5	7001	Income tax	-	-	4,112
6	7002	Small business tax	3,384	3,384	339
7	7009	Other tax	-	-	-
8	702	b) Property tax	4,313	4,313	6,143
9	7020	On immovable property	4,036	4,036	6,053
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	277	277	90
12	703	c) Tax uYesn goods and services in the country	9,247	9,247	12,388
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	485	485	454
17	7035	Local tax on goods usage and activity permission	8,762	8,762	11,934
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	2	2	194
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	42,337	42,337	40,564
35	710	a) From enterprise and ownership	25,717	25,717	16,082
36	7100	From public non financial enterprise	2	2	13,394
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	25,715	25,715	2,688
39	711	b) Administrative service and secondary revenues	16,211	16,211	22,494
40	7110	Administrative tariffs and regulations	9,986	9,986	557
41	7111	Secondary revenues and payments of services	4,216	4,216	21,515
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	156	156	1
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	1,854	1,854	382
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	40
47	719	c) Other non tax revenues	409	409	1,987
48	72	IV. ACTUAL GRANTS (a+b)	762,640	773,112	1,088,518
49	720	a) Internal actual grant	762,640	773,112	1,088,518
50	7200	From same Government level	643,205	653,677	666,253
51	7201	From other Government levels	4,830	4,830	276,231
52	7202	From budget for special payments to Social Institute	-	-	-
53	7203	From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	113,901	113,901	146,034
57	7207	Third party sponsorship	705	705	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	821,932	832,403	1,152,286
81	83	D. RESULT CORRECTIONS ACTIVITES	2,553	2,553	9,458
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	2,553	2,553	9,458
84	Class 7 & 8	TOTAL FROM OPERATIONS	824,484	834,956	1,161,745
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	824,484	834,956	1,161,745

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	122,409	69,084	137,742	191,067
2	105	Internal capital grants	122,409	69,084	137,742	191,067
3	1050	From the same government level	88,787	34,961	137,240	191,067
4	1051	From other Government levels	33,621	33,621	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	501	501	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	122,409	137,742	69,084	191,067
34	230	Expenses for increase of Intangible Assets	-	1,003	1,003	-
35	231	Expenses for increase of Tangible Assets	122,409	136,738	68,080	191,067
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	101,386	114,570	48,488	167,468
39	2313	Roads, networks, water facilities	21,023	21,451	19,091	23,383
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	TransYesrt vehicles	-	501	501	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	216	-	216
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	244,818	206,825	206,825	382,134

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	64,550	-	-	-
2	II. RECEIVABLES "CASH"	935,077	-	-	-
3	1. Funds from budget	865,997	-	-	-
4	Actual budget funds (Budget with changes)	729,989	-	-	-
5	Capital budget funds (Budget with changes)	136,008	-	-	-
6	2. Incomes and revenues during the year in "Cash"	69,080	-	-	-
7	Tax revenues in "Cash"	16,954	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	42,594	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	5,278	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,254	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	733,145	-	-
15	1. Payment from the budget for actual expenses	-	590,773	-	-
16	2. Payments from the budget for capital expenses	-	136,673	-	-
17	3. Payments from revenues for actual expenses	-	2,043	-	-
18	4. Payments from revenues from capital expenses	-	568	-	-
19	5. Payments from storage	-	3,089	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	61,552	-	-
22	1. DeYessit of revenues in the budget	-	1,040	-	-
23	2. Unused budget (actual and capital)	-	60,512	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	999,627	794,697	-	-
26	VI. CLOSING BALANCE	204,930	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	11,969	1,003	-	-	-	1,003	500	-	-	500	12,473
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	11,669	1,003	-	-	-	1,003	500	-	-	500	12,173
4	203	300	-	-	-	-	-	-	-	-	-	300
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	2,823,477	67,579	501	-	2,870	70,951	-	4,930	3,053	7,984	2,886,444
6	210	70,974	-	-	-	-	-	-	-	-	-	70,974
7	211	113,372	-	-	-	-	-	-	-	-	-	113,372
8	212	1,206,769	48,488	-	-	600	49,088	-	2,490	-	2,490	1,253,367
9	213	1,200,229	19,091	-	-	2,271	21,362	-	-	100	100	1,221,491
10	214	36,462	-	-	-	-	-	-	1,354	2,271	3,625	32,837
11	215	84,993	-	501	-	-	501	-	-	-	-	85,494
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	110,677	-	-	-	-	-	-	1,086	683	1,769	108,908
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	T O T A L (I + II)	2,835,446	68,582	501	-	2,870	71,954	500	4,930	3,053	8,484	2,898,917

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	370,325	9,808	-	9,808	-	2,602	557	3,159	376,974
		TOTAL (I + II)	370,325	9,808	-	9,808	-	2,602	557	3,159	376,974

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	2,554,455.26	17,337	540,645	3,077,763	2,554,455	17,589	72,852	2,609,718
2	1010	Status of base fund	2,554,455	1,114	408,387	2,961,728	2,554,455	-	-	2,554,455
3	1011	Additions base fund	-	-	132,259	132,259	-	1,114	72,852	71,738
4	1012	Decrease base fund	-	6,415	-	(6,415)	-	6,415	-	(6,415)
5	1013	Decrease from tangible assets consume	-	9,808	-	(9,808)	-	9,808	-	(9,808)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	90	-	(90)
7	1015	Decrease from	-	-	-	-	-	162	-	(162)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12,13,145,15,85	INTERNAL FUND	174,352	45,921	258,881	387,312	174,352	45,921	259,129	387,560
11	105	Capital internal grants	122,409	33,621	102,279	191,067	122,409	33,621	102,279	191,067
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	2,801	2,801	-	-	-	-
18	85	Result	51,943	12,299	153,800	193,444	51,943	12,299	156,850	196,494
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	2,728,807	63,258	799,526	3,465,076	2,728,807	63,510	331,981	2,997,279

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	379	-	18	361	86,655	-	-	23,250	-	5,290
<i>1</i>	Directors	32	-	-	32	27,364	-	-	7,978	-	3,430
<i>2</i>	High level education specialist	64	-	1	63	20,003	-	-	4,993	-	1,762
<i>3</i>	Technical Ordinary	3	-	1	2	830	-	-	232	-	17
<i>4</i>	officers	141	-	8	133	27,614	-	-	7,023	-	80
<i>5</i>	Employees	125	-	-	125	8,445	-	-	2,356	-	-
<i>6</i>	Temporary employees	14	-	8	6	2,398	-	-	669	-	-

Template 10: Summary Consolidated Statement of financial Position

Consolidated statements of financial Position represent the consolidated financial Position of the Municipality.

No.	Account Number	Description	In ALL '000		
			2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,641,687	3,173,890	2,938,417
2	I	Current Assets	460,880	460,880	350,887
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	204,930	204,930	64,550
13	Class 4	2. Receivables	168,174	168,174	197,002
29	Class 3	3. Current Inventory accounts	87,776	87,776	89,334
39	II	Non-current Assets	3,180,806	2,713,009	2,587,530
40	23	1. Investments	191,067	191,067	122,409
44	25,26	2. Finance assets	467,797	-	-
47	21,24,28	3. Tangible assets	2,509,470	2,509,470	2,453,152
60	20	4. Intangible assets	12,473	12,473	11,969
65	III	Other assets	-	-	-
69	B	Liabilities	181,946	181,946	209,610
70	I	Current liabilities	181,946	181,946	209,610
71	Class	1. Accounts payable	181,946	181,946	209,610
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	-	-	-
96		Net assets (A - B)	3,459,740	2,991,943	2,728,807
97		Presented: Consolidated budget	3,268,582	2,800,785	2,676,864
98		Carried forward results	191,158	191,158	51,943

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	824,484	834,956	1,161,745
2	70,750,71	I. REVENUES AND CONTRIBUTES	59,291	59,291	63,768
3	70	1. Tax revenues uYesn	16,954	16,954	23,204
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	42,337	42,337	40,564
23	72	II. GENERAL ACTUAL GRANTS	762,640	773,112	1,088,518
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	2,553	2,553	9,458
33	B	TOTAL EXPENSES	641,377	633,326	1,109,801
34		I. ACTUAL EXPENSES	581,246	580,972	1,093,515
35	600 601	1. Salaries and employees contribution	100,893	100,618	193,968
38	602	2. Goods and Services	123,006	123,006	200,261
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	39,517	39,517	7,206
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	317,830	317,830	692,080
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	60,131	52,354	16,286
58	C	DETERMINED NET INCOME	183,107	201,630	51,943
59		From this: Functioning results	191,040	191,158	51,943
60		Functioning observed grants	(7,933)	10,472	-

STAR Project

**Municipality Tropojë
Consolidated Due Diligence report**

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Itocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
NCTR	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of their merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorable position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc. do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or public or private, domestic or foreign entities. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters–The transfer of staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 10.06.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Tropoje. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • The Mayor may approve the transitory structure of Tropoje Municipality including all employees to be transferred . • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters–Termination of employment relationship	
The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively:

Observations	Recommendations
<p>relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<p><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology–Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication–Lack of electronic means of communication</p>	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share

Observations	Recommendations
<ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<p>information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</p>
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure of the Municipality Bajram Curri and 7 (seven) administrative units Fierzë, Lekbibaj, Margegaj, Llugaj, Bujan, Bytyç dhe Fushe Tropojë is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

The performed roles are shown in table 1, below:

Table 1: Roles in the municipality/local government units

Role	MunicipalityB. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropoje
LGU Council	✓	✓	n/a	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	n/a	n/a	✓	✓	n/a	n/a	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- Municipality Council of Bajram Curri, LGU Fierzë, LGU Lekbibaj, LGU Margegaj, LGU Llugaj, LGU Bujan, LGU Bytyç dhe LGU Fush. Tropojë: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

After the merger, municipality center and 7 units are transformed in 1 New Municipality with 7 LGUs as presented in table 2 below.

Table 2: Roles in the Municipality

Roles							
New Municipality	Tropojë						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
LGUs	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Administrator	✓	✓	✓	✓	✓	✓	✓

- Deputy Mayor: Assists the Mayor in the supervision of the operation of LGU.
- Secretary of Municipality Council: storage of the council’s official papers; delivery of notifications on the Council’s meetings, publishing notifications and decisions approved by the Council; preparing public hearings .
- Municipality Council will continue to exercise the same powers. To help improve the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

- Approval of salary and bonuses for employees and others elected or appointed according to the law.

- By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are divided proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 106 in Municipality and all administrative units.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 41.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
Infrastructure and public services									
Water Supply Company	Contracted	3	n/a	6	n/a	n/a	n/a	n/a	Contracted/9
Functioning of the sewerage system	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	1	n/a	n/a	n/a	n/a	n/a	n/a	2
Construction of roads, pavements and public squares	Contracted	n/a	n/a	Contracted	n/a	n/a	n/a	n/a	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	5	n/a	n/a	n/a	n/a	n/a	1	n/a	6
Public lighting	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Collection, disposal and recovery of waste	12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12
Urban planning	1	0.5	n/a	0.5	0.5	1	0.5	1	5
Land management	1	0.5	0.5	0.5	0.5	0.5	0.5	1	5
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social,cultural and sports Services									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	12	n/a	n/a	2	n/a	n/a	n/a	n/a	14
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Social services of kindergardens	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development									
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1

Public Services	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
information structures and infrastructure necessary									
Veterinary services	1	1	n/a	n/a	n/a	n/a	1	1	4
Conservation and development of forests and natural resources of local character	1	0.5	n/a	1	0.5	0.5	0.5	0.5	4.5
The order and civil protection									
Preservation of public order to prevent administrative violations	6	1	1	n/a	n/a	1	1	2	12
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions									
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medicine									
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0.5	n/a	n/a	n/a	n/a	n/a	n/a	1	1.5
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection									
Environmental Protection	1	n/a	n/a	n/a	n/a	0.5	0.5	0.5	2.5
Register Office									
Register Office	2	1	1	1	1	1	1	1	9
Business Registration									
National Registration Center	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	62.5	8.5	2.5	11	2.5	4.5	6	8	105.5

Horizontal Functions	QB Bajram Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë	Merged:
Finance	3	1	0.5	2	1.5	1	2	2	13
Local taxes and Tariffs	3	0.5	0.5	1	1	1	1	1	9
Legal Issues	1	0.5	n/a	n/a	0.5	n/a	0.5	n/a	2.5
Procurement	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4
Institutional Relations	0.5	n/a	n/a	0.5	n/a	n/a	n/a	n/a	1
Human Resources	1	0.5	0.5	n/a	n/a	0.5	1	n/a	3.5
Protocol	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4
Archiving	0.5	0.5	n/a	0.5	0.5	0.5	0.5	0.5	3.5
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	10	4	2.5	5	4.5	4	6	4.5	40.5

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
Bajram Curri Municipality:
 - The legal specialist is part of the office of Reception, Information, legal assistance, gender equality against family violence.
- The merger process will provide an entire orientation dimension of the organizational model which is the separation according to geography. Consequently, the need to for a matrix organizational structure pops up.

The matrix organizational structure will require multi reporting lines, compliance of the objectives through division of sectors and functions, planning and use of combined resources, decisiontaking, coordination and communication .

Service Delivery

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- The majority of functions are provided through own resources.
- The below services are contracted:
 - Construction of local roads, sidewalks and public squares
 - Water Supply Company
- Licensed Services:
 - Not any

- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (developping principle 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources

- Archive
- Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social,cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social, cultural and sports Functions, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 2;

In forming its organizational structure, the municipality may consider the following factors:

- Consistency in the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control –scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
 - Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
 - Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must

be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to reach the premises of economy and an effective service delivery, and reduce cost the structure proposed in Appendix 1 discusses four main blocks.
- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The functions included in this block are at General Management level , Directory and Sector, depending on the size of the New Municipality. The highest position in this block is the The

Secretary General, a new role which is going to be added in the proposed Organizational Structure

- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public Service 3) Agency of Welfare and Social Care 4)Agency of Agricultural, Veterinary and Environmental Service.
- The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and its divisions, if applied.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the former unicity and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments in shares/subsidiaries	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 110,518 thousand. Overdue municipal obligations are reported at an amount of ALL 86,582 thousand.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 10% of total revenues, due to the low rate of revenue collection.

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Tropoje, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Bajram Curri, Local Government Unit Fierze, Local Government Unit Lekbibaj, Local Government Unit Llugaj, Local Government Unit Bujan, Local Government Unit Bytyc, Local Government Unit Fushe Tropoje.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Tropoje.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in ALL 000</i>	<i>For the period ended 31 july 2015</i>
Income from grants	344,854
Tax and non-tax revenue	29,924
Total Expenses	276,645
Total Assets	3,431,289
Liabilities	110,958

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	3,431,289	3,430,878
I	Current Assets	239,715	239,715
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	96,495	96,495
Class 4	2. Receivables	97,795	97,795
Class 3	3. Current Inventory accounts	45,426	45,426
II	Non-current Assets	3,191,575	3,191,163
23	1. Investments	62,120	61,708
25,26	2. Finance assets	37,831	37,831
21,24,28	3. Tangible assets	3,090,905	3,090,905
20	4. Intangible assets	719	719
III	Other assets	-	-
B	Liabilities	111,133	111,133
I	Current liabilities	110,958	110,958
Class 4	1. Accounts payable	110,958	110,958
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	176	176
	Net assets (A - B)	3,320,156	3,319,744
	Presented: Consolidated budget	3,238,068	3,237,656
	Carried forward results	82,088	82,088

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 3,431,289 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 2% compared to December 31, 2014.

Current assets

- Current assets which have 7% of total assets increased by 5% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 79% of monetary values, which affects more the total increase of current assets meanwhile the receivables and the account of state of inventories suffered respectively a decrease of 23% and 5%.

Accounts Receivable

- Structure of total debtors of municipality Tropoje consists of 57.72% from the debtors of Bajram Curri, 7.46 % from the debtors of LGU Fierze, 5.88% from LGU Llugaj and the remaining part belongs to other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Tropoje 93%, have increased by 2% in total, where the biggest effect in this increase, was due to the increase in intangible fixed assets, increase in financial assets during 2015, and increase of tangible assets by 2 % which occupy 90 % of the total of assets.

PPE

- 26.11% of PPE of municipality Tropoje is occupied by PPE and Municipality Bajram Curri, 23.68% PPE from LGU Markgegaj, 19.41% from LGU Fushe Tropoje and the remaining part belongs to other LGUs.

Accounts Payable

Accounts payable have decreased by 20% during the period ended July 31, 2015 compared to the previous year 2014.

- 55.47 % of the total accounts payable is occupied by accounts payable of Municipality Bajram Curri, 18.12 % from LGU Fushe Tropoje, 9.69% from LGU Fierze and the remaining part belongs to other LGUs.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	364,790	364,790
	I. REVENUES AND CONTRIBUTES	29,924	29,924
70	1. Tax revenues upon	5,454	5,454
71	3. Non tax revenues	24,470	24,470
72	II. GENERAL ACTUAL GRANTS	344,854	344,854
78	IV. WORKS FOR INVESTMENTS	7,849	7,849
77, 83	V. OTHER REVENUES	(17,837)	(17,837)
B	TOTAL EXPENSES	278,094	278,094
0	I. ACTUAL EXPENSES	274,653	274,653
	1. Salaries and employees contribution	48,236	48,236
600 601	2. Goods and Services	44,437	44,437
602	4. Internal actual transfers	34,902	34,902
606	6. Budget transfers for families and individuals	-	-
67	IV. OTHER EXPENSES	147,079	147,079
C	DETERMINED NET INCOME	3,440	3,440
	From this: Functioning results	86,696	86,696
	Functioning observed grants	86,696	86,696

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated financial statement of income were 364,790 thousand lek. 8% of the total income of municipality is composed of tax and non-tax revenues, 95% of income is from grants and 8% from other incomes.
- The structure of total revenues is comprised of 28.3% from revenues generated from Municipality Bajram Curri, 41.48 % from LGU Fushe Tropoje, 13.85% from LGU Bytyc and the remaining part belongs to other AUs.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated financial statement of income and expenses were ALL 278, 094 thousand . 99% of the total municipal expenditure is composed of current expenditures, the remaining part belongs to other expenses.
- Structure of total expenditure is comprised of 24.58% from expenses of Municipality Bajram Curri, 27.01% from LGU Fushe Tropoje, 10.6% from LGU Markgegaj, and the remaining part belongs to other LGU-s.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel of the Municipality and LGUs excluding the Mayors and civil status employees is 170. For more details: 3 employees have definite employment contract. 80 employees have indefinite employment contracts. There are no employees on maternity leave who are considered Protected Categories according to Labour Code. 27 employees have the civil service status, We do not have information for the type of employment of 60 other employees.
 - Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Tropoje. It is worth mentioning that the Municipality Tropoje, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the applicable provisions for the settlement of an employment contract with indefinite term. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of employment relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with employment contracts</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of GeneralSecretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the GeneralSecretary. The GeneralSecretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- Only 2 LGU-s from a total of 7 has provided information for the purpose of this report regarding IT: LGU Fierze and Bytyç.
 - In LGU Fierzë use of information technology is not good. LGU Fierze has in use 7 computers but only 5 of them are in working conditions. The inventory includes 4 printers but only 2 of them are operating, whereas the remaining 2 printers belong to schools. PC and other equipments identified in the inventory are currently out of order.
 - The operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT staff, consequently the maintenance of computer equipments is not qualitatively performed.
 - LGU Bytyç uses 8 computers and 4 printers. PC and other equipments are out of order
 - The operation systems and softwares are not licensed. The network is operating but there is difficulty in its maintenance because there is no IT staff, consequently the maintenance of computer equipments is not qualitatively performed.
 - LGU-s of Fierzë and Bytyç have no IT staff.
- Consolidated information about the IT environment is presented in Table 9 –IT environment, below

Objective	Municipality B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Installed Software	This LGU has sent no data	Microsoft Office, Windows 2007	This LGU has sent no data	This LGU has sent no data	This LGU has sent no data	This LGU has sent no data	Microsoft Office, Windows 2007	This LGU has sent no data
Contracts of licences		n/a					n/a	
Hardware (in use)								
Computer (desktop)		5					8	
Printers		1					4	
Servers		0					0	
IT staff in total		0					0	
Hardware and Software maintenance		No maintenance service					No maintenance service	

Observations and Recommendations

IT environment

Observations	Recommendations
Lack of rules and systems	
<ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider adoption of clear regulations on information security and implementation of necessary systems to manage users and store information
Lack of hardware equipments	
<ul style="list-style-type: none"> Hardware equipments are at a minimum. Not all employees have the possibility to have a personal computer and the existing equipments include a variety of marks and models. Servers and back-up mechanisms for information are missing. 	<ul style="list-style-type: none"> The new municipality may consider the unification of hardware means currently used. This would also help in ensuring their maintenance from specialized companies.

Appendix 4 –Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stoctaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and departameneteve and communication between different sectors;

Summarized description of the information received

- Communication system in LGU Fierzë dhe Bytyç is not in good conditions, communication is verbal and written. Other formats like fix line is not applied whereas internet service is currently applied in LGU Fierze due to termination of contract with the internet service provider

Consolidated information about the communication systems is presented in Table 10 –Communication systems. Table 10: Communication Systems

Objective								
	QB B. Curri	NJA Fierzë	NJA Lekbibaj	NJA Margegaj	NJA Llugaj	NJA Bujan	NJA Bytyç	NJA Fsh. Tropojë
Telephone service	No data was provided by Municipality Bajram Curri	No fix line	No data was provided	No data was provided	No data was provided	No data was provided	No fix line	No data was provided
Telephone service provider		Not any					Not any	
Internet service		There is not any, because the contract entered with the internet service provider has ended.					Not any	
Assess coverage of the telephony service		Not any					Not any	
Internal communication lines		Verbal and written					Verbal and written	

Observations and recommendations

Communication	
Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.
Lack of telephone service <ul style="list-style-type: none"> Local government units under survey does not receive the fixed telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.

Appendix 5–Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2015 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year 2015;

Summarized description of the information received

- Only the Municipality and 2 LGU-s have provided data regarding the Archive: Municipality Bajram Curri, LGU Fierzë and LGU Bytyç.
- In LGU Bajram Curri the technical requirements as provided in “Checklist of Technical Requirements” have been generally fulfilled. The requirements on archive methodology have not been fulfilled, there is a good archive but not completely organized. In this unit it has not been completely applied the retention of documents in compliance with the methodology requirements and form of inventory files.
- In LGU Fierzë, the technical requirements on Archives, as provided in “Checklist of Technical Requirements” have not been fulfilled.;
- The methodology requirements on archive have not been fulfilled, there is a archive in disorder and not organized. The transfer of documents to be stored for up to a ten year period has never been applied. The archive is not organized.
- The retention of documents in compliance with the methodology requirements and forms of inventory files has not been applied .
 - In LGU Bytyç, the technical requirements on Archives, as provided in “Checklist of Technical Requirements” have not been fulfilled.;
 - The requirements on archive methodology have not been fulfilled; the archives are in total disorder. The transfer of documents to be stored for a 10 year term has never been applied.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	Hasn't provided any data	Hasn't provided any data	Hasn't provided any data	Hasn't provided any data	No	Hasn't provided any data
Secured doors and windows with a metallic net and automatic door closure	Yes	No	“ “	“ “	“ “	“ “	No	
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	“ “	“ “	“ “	“ “	No	
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, r Wood shelves	Wood shelves	“ “	“ “	“ “	“ “	No	
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	“ “	“ “	“ “	“ “	No	
Records on physical control of the archive kept from the secretary of the archive	No	No	“ “	“ “	“ “	“ “	No	
Archive keys in two copies	Yes	Yes	“ “	“ “	“ “	“ “	Yes	
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	“ “	“ “	“ “	“ “	No	
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	“ “	“ “	“ “	“ “	No	
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	No	“ “	“ “	“ “	“ “	No	

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e directorates, departments, branche, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	No	“ “	“ “	“ “	“ “	No	
Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	No	“ “	“ “	“ “	“ “	No	

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	“ “	“ “	“ “	“ “	No	
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal imYesrtance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of histoREcal imYesrtance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	No	No	“ “	“ “	“ “	“ “	No	No
The emblem of the Republic	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Number of documents attached	Yes	No	“ “	“ “	“ “	“ “	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
The content of the document	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Signature of the director of the institution	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Date and number of protocol	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	“ “	“ “	“ “	“ “	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mode 5 - Table definitions of files for the year	No	No	“ “	“ “	“ “	“ “	No	No
Mod 6 - Elements of cover dossier	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mod 7 - Register of files	Yes	No	“ “	“ “	“ “	“ “	No	Yes
Mod 8 - Internal File register	No	No	“ “	“ “	“ “	“ “	No	No
Mod 9 - Decision of the Commission of Experts	No	No	“ “	“ “	“ “	“ “	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	“ “	“ “	“ “	“ “	No	No
Mod 11 - The period laid down for storage (protection)	No	No	“ “	“ “	“ “	“ “	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU B. Curri	LGU Fierzë	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Mod 12 - Destruction of documents containing any further value	No	No	“ “	“ “	“ “	“ “	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

Appendix 6 –Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Minister of Finance Guideline no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2015;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year 2015

Summarized description of the information received

- Only Bajram Curri Municipality and LGU-s of Fierze and Bytyç provided information on assets.
- The Mayor is the authorizing officer for asset management, while the enforcement officer is Head of Finance. In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 "On asset management in public sector" amended.
- Requirements provided by the above mentioned Guideline on management of assets and records on particular assets and evaluation of assts are partially fulfilled.
- The Head of Department is responsible for the maintenance of Accounting Book of Activities of Municipality and LGU-s. Meanwhile no particular register on leased properties, owned companies and concessions is kept.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU B.Curri	LGU Lekbibaj	LGU Margegaj	LGU Llugaj	LGU Bujan	LGU Bytyç	LGU Fsh. Tropojë
Adopted rules and procedures on asset management	No	No reporting	No reporting	No reporting	No reporting	No	No reporting
Authorizing Officer	Mayor of LGU,	“ “	“ “	“ “		Mayor of LGU	“ “
Executing/Enforcement Officer	Head of Finance	“ “	“ “	“ “		Head of Finance	“ “
Adopted plan, objectives and control mechanisms related Risk	Yes	“ “	“ “	“ “		Yes	“ “
Asset Accounting Register	Yes	“ “	“ “	“ “		Yes	“ “
Leased Properties Register	No	“ “	“ “	“ “		No	“ “
Owned Companies Register	No	“ “	“ “	“ “		No	“ “
Annual Assets Inventory	No	“ “	“ “	“ “		No	“ “
Assets Inventory Committee	Yes	“ “	“ “	“ “		Yes	“ “
Assets Evaluation Committee	Yes	“ “	“ “	“ “		Yes	“ “
Assets Disposal Committee	Yes	“ “	“ “	“ “		Yes	“ “
Committee of disposal of assets	Yes	“ “	“ “	“ “		Yes	“ “

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none">• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.	<ul style="list-style-type: none">• Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it would be provided to the New Municipality accurate information of assets of existing LGU and would consequently enable a proper management of assets in accordance with the legal framework in force.

Appendix7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU of Bytyç	Organizing road "Pac-Berishë"	In process	5,123,019	521,845,851

Appendix 8–Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		3,191,575	3,191,163	3,124,652
3		I. Intangible Assets		869	869	575
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	719	719	425
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		150	150	150
9		II. Tangible Assets		3,152,875	3,152,463	3,124,077
10	210	Land		22,460	22,460	22,460
11	211	Forests, Pasture, Plantation	F6, Sh1	9,413	9,413	8,981
12	212	Building and Constructions	F6, Sh1	1,099,740	1,099,740	1,098,761
13	213	Roads, networks, water facilities	F6, Sh1	2,196,237	2,196,237	2,105,101
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	8,805	8,805	8,805
15	215	TransYesrt vehicles	F6, Sh1	41,712	41,712	43,310
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	79,419	79,419	82,993
19	219	Depreciation of tangible assets	F7, Sh1	(391,920)	(391,920)	(364,233)
20	231	Expenses in process for increase of current tangible assets	F4	61,970	61,558	92,858
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		25,040	25,040	25,040
23	28	Assignments		-	-	-
24	25	III. Financial Assets		37,831	37,831	-

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		37,831	37,831	-
27	B	CURRENT ASSETS		239,715	239,715	228,997
28	Class 3	I. Inventory Status		45,426	45,426	48,030
29	31	Materials	Sh2	24,915	24,915	25,798
30	32	Inventory Objects	Sh2	20,511	20,511	22,233
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		97,795	97,795	127,205
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	49	49	199
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		86,665	86,665	115,682
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	11,081	11,081	11,324
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		96,495	96,495	53,762
55	50	Securities		-	-	-

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	96,319	96,319	53,535
59	531	Petty-cash		176	176	227
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,431,289	3,430,878	3,353,649
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

No.	Account Number	Liabilities	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		3,238,068	3,237,656	3,179,931
2	10	I. Own funds		3,238,068	3,237,656	3,179,931
3	101	Base funds	F8	3,176,359	3,175,948	3,086,923
4	105	Capital internal grants		61,708	61,708	93,008
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		110,958	110,958	139,256
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		110,958	110,958	139,256
21	419	Clients (Creditors), partial prepayment		193	193	-
22	401-408	Suppliers and related accounts	Sh6	9,642	9,642	81,200
23	42	Employees and related accounts		-	-	6,643
24	431	Liabilities to government for taxes		20	20	414
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	4341	Te tjera operacione me shtetin(kreditor)		7,537	7,537	7,968
28	435	Social Insurance		19	19	2,933
29	436	Health Insurance		-	-	212
30	437	Other social organizations		-	-	107
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	16,800	16,800	15,607
36	467	Other creditors		76,746	76,746	24,171
37	C	OTHER ACCOUNTS		176	176	189
38	475	Incomes to register in the coming years		176	176	189
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exYessure		-	-	-
42	85	Result (credit amount)		82,088	82,088	34,272
43	X	TOTAL LIABILITY		3,431,289	3,430,878	3,353,649
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		276,645	276,645	488,831
2	60	I. Current expenses		274,653	274,653	486,008
3	600	Salaries, bonuses		41,915	41,915	82,398
4	6001	Salaries		41,221	41,221	81,600
5	6002	TemYesrary salaries		693	693	798
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		6,321	6,321	13,727
9	6010	Insurance contributions		5,731	5,731	12,930
10	6011	Health insurance		590	590	797
11	602	Other goods and services		44,437	44,437	93,755
12	6020	Stationary		2,307	2,307	12,109
13	6021	Special services		1,459	1,459	1,687
14	6022	Services from third party		4,727	4,727	15,098
15	6023	TransYesrt expenses		4,656	4,656	7,759
16	6024	Travel expense		2,341	2,341	5,057
17	6025	Ordinary maintenance expenses		7,742	7,742	26,654
18	6026	Rent expenses		-	-	60
19	6027	Expenses for legal liability for compensation		12,605	12,605	8,726
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		8,600	8,600	16,605
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		34,902	34,902	6,664
29	6040	Current transfers to other government levels		12,741	12,741	4,380
30	6041	Current transfers to various government institutions		22,161	22,161	2,284
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		147,079	147,079	289,464
39	6060	Transfers paid from ISS and HII		1,260	1,260	85
40	6061	Transfers paid from other institutions and Local government		145,819	145,819	289,379
41	63	II. Change in inventory balances	F1	1,992	1,992	2,823
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		276,645	276,645	488,831
61		D. RESULT CORRECTIONS ACTIVITES		1,448	1,448	8,893
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deYessited in the budget		-	-	-
65	8421	DeYessit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		849	849	8,625
68	8424	Transfers for identified debtors and similar items		600	600	268
69	Class 6 & 8	TOTAL FROM OPERATIONS		278,094	278,094	497,725
70	85	RESULTS FROM FUNCTIONING		86,696	86,696	41,521
71	X	TOTAL		364,790	364,790	539,246

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	382,627	382,627	539,246
2	70	I. TAX INCOMES	5,454	5,454	12,189
3	700	a) On revenues, profit, and equity revenue	1,272	1,272	2,482
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	50
6	7002	Small business tax	1,272	1,272	2,327
7	7009	Other tax	-	-	105
8	702	b) Property tax	1,764	1,764	3,136
9	7020	On immovable property	1,558	1,558	2,296
10	7021	Sales of immovable property	-	-	52
11	7029	Other on property	205	205	788
12	703	c) Tax uYesn goods and services in the country	2,418	2,418	6,570
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	614	614	912
17	7035	Local tax on goods usage and activity permission	1,804	1,804	5,658
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	24,470	24,470	31,710
35	710	a) From enterprise and ownership	7,290	7,305	17,248
36	7100	From public non financial enterprise	1,288	1,288	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	6,001	6,017	17,248
39	711	b) Administrative service and secondary revenues	8,828	8,828	14,462
40	7110	Administrative tariffs and regulations	5,398	5,398	9,603
41	7111	Secondary revenues and payments of services	787	787	1,159
42	7112	Tax for legal actions and notary	-	-	18
43	7113	From goods and services sales	2,638	2,638	3,655
44	7114	Revenues from tickets	-	-	27
45	7115	Fines and late-fees, sequestration and compensation	5	5	-
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	8,352	8,337	-
48	72	IV. ACTUAL GRANTS (a+b)	344,854	344,854	476,697
49	720	a) Internal actual grant	344,854	344,854	476,697
50	7200	From same Government level	90,130	90,130	127,543
51	7201	From other Government levels	179,638	179,638	311,914
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	405	405	811
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	72,032	72,032	33,396
57	7207	Third party sYesnsorship	2,650	2,650	2,689

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	-	-	346
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	7,849	7,849	18,650
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	7,849	7,849	18,650
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	382,627	382,627	539,246
81	83	D. RESULT CORRECTIONS ACTIVITES	(17,837)	(17,837)	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	(17,837)	(17,837)	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	364,790	364,790	539,246
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	364,790	364,790	539,246

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
				Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	31,949	25,561	25,561	31,949
2	105	Internal capital grants	31,949	25,561	25,561	31,949
3	1050	From the same government level	31,949	22,894	22,894	31,949
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	2,667	2,667	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	93,008	61,679	92,978	61,708
34	230	Expenses for increase of Intangible Assets	150	-	-	150
35	231	Expenses for increase of Tangible Assets	92,858	61,679	92,978	61,558
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	432	432	-
38	2312	Building and Constructions	-	1,056	1,056	-
39	2313	Roads, networks, water facilities	92,858	59,759	91,059	61,558
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	432	432	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	124,957	87,240	118,539	93,658

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	53,535	-	-	-
2	II. RECEIVABLES "CASH"	486,083	-	-	-
3	1. Funds from budget	456,882	-	-	-
4	Actual budget funds (Budget with changes)	335,768	-	-	-
5	Capital budget funds (Budget with changes)	121,114	-	-	-
6	2. Incomes and revenues during the year in "Cash"	29,201	-	-	-
7	Tax revenues in "Cash"	10,430	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	15,814	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	2,101	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	856	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	329,587	-	-
15	1. Payment from the budget for actual expenses	-	255,326	-	-
16	2. Payments from the budget for capital expenses	-	56,838	-	-
17	3. Payments from revenues for actual expenses	-	11,088	-	-
18	4. Payments from revenues from capital expenses	-	5,750	-	-
19	5. Payments from storage	-	583	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	114,926	-	-
22	1. Deposit of revenues in the budget	-	243	-	-
23	2. Unused budget (actual and capital)	-	19,269	-	-
24	3. Internal movements and transfers	-	95,414	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	539,618	444,512	-	-
26	VI. CLOSING BALANCE	95,105	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	425	294	-	-	-	294	-	-	-	-	719
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	425	294	-	-	-	294	-	-	-	-	719
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	3,395,402	92,978	81	-	-	93,059	-	5,225	-	5,225	3,483,236
6	210	22,460	-	-	-	-	-	-	-	-	-	22,460
7	211	8,981	432	-	-	-	432	-	-	-	-	9,413
8	212	1,098,761	979	-	-	-	979	-	-	-	-	1,099,740
9	213	2,105,101	91,135	-	-	-	91,135	-	-	-	-	2,196,237
10	214	8,805	-	-	-	-	-	-	-	-	-	8,805
11	215	43,260	-	-	-	-	-	-	1,599	-	1,599	41,662
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	82,993	432	81	-	-	513	-	3,626	-	3,626	79,880
17	24	25,040	-	-	-	-	-	-	-	-	-	25,040
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	3,395,826	93,272	81	-	-	93,353	-	5,225	-	5,225	3,483,955

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disYessals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

No.	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	364,233	29,286	-	29,286	-	-	1,599	1,599	391,920
		TOTAL (I + II)	364,233	29,286	-	29,286	-	-	1,599	1,599	391,920

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	3,083,561.01	43,126	129,347	3,169,782	3,083,561	41,155	122,335	3,164,741
2	1010	Status of base fund	3,083,561	-	34,646	3,118,207	3,083,561	-	34,646	3,118,207
3	1011	Additions base fund	-	-	88,101	88,101	-	-	87,690	87,690
4	1012	Decrease base fund	-	6,043	-	(6,043)	-	6,043	-	(6,043)
5	1013	Decrease from tangible assets consume	-	30,017	6,601	(23,416)	-	28,046	-	(28,046)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	6,802	-	(6,802)	-	6,802	-	(6,802)
8	1016	Decrease from transferring tangible assets	-	265	-	(265)	-	265	-	(265)
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	127,280	39,488	56,005	143,797	127,280	39,488	56,005	143,797
11	105	Capital internal grants	93,008	52,827	21,528	61,708	93,008	52,827	21,528	61,708
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	7,209	7,209	-	-	7,209	7,209	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	34,272	(20,549)	27,268	82,088	34,272	(20,549)	27,268	82,088

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	3,210,841	82,614	185,352	3,313,579	3,210,841	80,643	178,340	3,308,538

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	188	6	9	185	45,421	2	-	9,903	-	2,311
<i>1</i>	Directors High level education specialist	17	-	-	17	6,190	2	-	1,510	-	343
<i>2</i>	Technical Ordinary officers	51	4	-	55	15,545	-	-	3,573	-	1,867
<i>3</i>	Employees Temporary employees	10	-	-	10	2,285	-	-	543	-	14
<i>4</i>		54	-	5	49	13,890	-	-	2,584	-	82
<i>5</i>		52	2	4	50	7,226	-	-	1,646	-	3
<i>6</i>		4	-	-	4	286	-	-	48	-	2

Template 10: Summary Consolidated Statement of financial Position

Consolidated statements of financial Position represent the consolidated financial Position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,431,289	3,430,878	3,353,649
2	I	Current Assets	239,715	239,715	228,997
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	96,495	96,495	53,762
13	Class 4	2. Receivables	97,795	97,795	127,205
29	Class 3	3. Current Inventory accounts	45,426	45,426	48,030
39	II	Non-current Assets	3,191,575	3,191,163	3,124,652
40	23	1. Investments	62,120	61,708	93,008
44	25,26	2. Finance assets	37,831	37,831	-
47	21,24,28	3. Tangible assets	3,090,905	3,090,905	3,031,219
60	20	4. Intangible assets	719	719	425
65	III	Other assets	-	-	-
69	B	Liabilities	111,133	111,133	139,446
70	I	Current liabilities	110,958	110,958	139,256
71	Class	1. Accounts payable	110,958	110,958	139,256
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	176	176	189
96		Net assets (A - B)	3,320,156	3,319,744	3,214,203
97		Presented: Consolidated budget	3,238,068	3,237,656	3,179,931
98		Carried forward results	82,088	82,088	34,272

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	364,790	364,790	539,246
2	70,750,71	I. REVENUES AND CONTRIBUTES	29,924	29,924	43,898
3	70	1. Tax revenues uYesn	5,454	5,454	12,189
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	24,470	24,470	31,710
23	72	II. GENERAL ACTUAL GRANTS	344,854	344,854	476,697
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	7,849	7,849	18,650
32	77, 83	V. OTHER REVENUES	(17,837)	(17,837)	-
33	B	TOTAL EXPENSES	278,094	278,094	497,725
34		I. ACTUAL EXPENSES	274,653	274,653	486,008
35	600 601	1. Salaries and employees contribution	48,236	48,236	96,126
38	602	2. Goods and Services	44,437	44,437	93,755
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	34,902	34,902	6,664
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	147,079	147,079	289,464
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	3,440	3,440	11,716
58	C	DETERMINED NET INCOME	86,696	86,696	41,521
59		From this: Functioning results	86,696	86,696	41,521
60		Functioning observed grants	-	-	-