

STAR Project

Municipality Belsh
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
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 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 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 standards for each

Observations	Recommendations
horizontal functions.	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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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 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
<p>Personnel matters – 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 (LGU's) and their employees will be transferred to the Municipality of Belsh. 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.
<p>Personnel matters – Termination of working relationship</p>	
<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</p>	<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: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>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.</p> <ul style="list-style-type: none"> - <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"> • 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.

Observations	Recommendations
<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 for the Municipality Belsh and four existing LGUs of Belshze, Rrasë, Grekan and Kajan 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

Table 1: Roles in the municipality/administrative units

Roles	Municipality Belsh	LGU Grekan	LGU Fierze	LGU Rrasë	LGU Kajan
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	x	x	x	x
Secretary of the LGU Council	✓	✓	✓	✓	✓

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

- LGU Council Belsh: 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 Belsh 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 Belsh, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 4 units are transformed in 1 Municipality with 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roli				
New Municipality	Belsh			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
Administrative Unit	LGU Fierze	LGU Rrasë	LGU Grekan	LGU Kajan
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 51

- 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 42

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

Public Services	Municipality Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë	Merged
Infrastructure and public services						
Water Supply Company	Sha	n/a	n/a	n/a	n/a	sha
Functioning of the sewerage system	3	n/a	n/a	n/a	n/a	3
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	3	n/a	n/a	n/a	n/a	3
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	n/a	n/a	1	n/a	1
Public lighting	n/a	n/a	n/a	n/a	n/a	n/a
The operation of urban public transport	1	n/a	n/a	n/a	n/a	1
Cemeteries administration and guarantee of funeral services	3	n/a	n/a	n/a	n/a	3
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	1.5	n/a	n/a	n/a	n/a	1.5
Collection, disposal and recovery of waste	1	1	n/a	1	n/a	3
Urban planning	2	1	1	1	1	6
Land management	3	1	1	1	0.5	6.5
Shelter	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	1	n/a	n/a	n/a	n/a	1
Organization of sporting, recreational and entertainment activities and management of relevant institutions	2	n/a	n/a	n/a	n/a	2
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development	n/a	n/a	n/a	n/a	n/a	
Preparation of local economic development programs	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
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
Organization of services within the local economic development support and information structures and infrastructure necessary	1	1	1	1	n/a	n/a

Public Services	Municipaliy Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë	Merged
Veterinary services	0.5	n/a	n/a	n/a	n/a	4
Conservation and development of forests and natural resources of local character						0.5
The order and civil protection	2	1	1	1	n/a	
Preservation of public order to prevent administrative violations	n/a	n/a	n/a	n/a	n/a	5
Civil protection						n/a
Educational institutions	n/a	n/a	n/a	n/a	n/a	
Maintenance of facilities in preliminary education						n/a
Medicine	n/a	n/a	n/a	n/a	n/a	
Health care system and the protection of public health						n/a
Social care	2	1	1	1	1	
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	n/a	n/a	n/a	n/a	6
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights						n/a
Environmental Protection	n/a	n/a	n/a	n/a	n/a	
Environmental Protection						n/a
Register Office	2	1	1	n/a	n/a	
Register Office						4
Business Registration	n/a	n/a	n/a	n/a	n/a	
National Registration Center	28	7	6	7	2.5	n/a
Total	n/a	n/a	n/a	n/a	n/a	50.5

Horizontal Functions	Municipality Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë	Merged:
Finance	4	1	2	1	1	9
Local taxes and Tariffs	3	1.5	1	1.5	1.5	8.5
Legal Issues	2	n/a	n/a	n/a	n/a	2
Procurement	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	1	n/a	n/a	n/a	n/a	1
Protocol	0.33	n/a	n/a	n/a	n/a	0.33
Archiving	0.33	0.5	n/a	0.5	n/a	1.33
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	11.33	1	n/a	5	2	19.33
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a
Total	21.99	4	3	8	4.5	41.49

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:

(Belsh)

- The legal department is under the General Directory, Finance directorate, Tax and economic aid.
- The function of Archive, Protocol is performed by one person.

The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Belsh)
- Licensed Services:

- None

- 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	Yes	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:

- Consistent with 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

The first block is related to function of the Mayor, the Cabinet of the Mayor, Sub / Heads and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.

- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

highest position in this block is the Secretary-General, the new role is added to the proposed organizational structure.

- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.

- In the fourth block of the office of one-stop service at LGU and LGU. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in LGU and subdivisions, if applicable.

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 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	
<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 a value of 52,421 thousand ALL. Overdue municipal obligations are reported at a value 32,435 thousand ALL.</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 5.5% 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

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.

uniform software solution for 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 Belsh, 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 Belsh, LGU Grekan, LGU Kajan, LGU Fierze, LGU Rrase.

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

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	139,001
Tax and non-tax revenue	11,406
Total Expenses	154,540
Total Assets	1,006,439
Liabilities	52,421

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	1,006,439	924,348
I	Current Assets	116,774	115,659
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	52,650	52,650
Class 4	2. Receivables	44,770	43,655
Class 3	3. Current Inventory accounts	19,354	19,354
II	Non-current Assets	888,590	807,614
23	1. Investments	-	-
25,26	2. Finance assets	80,976	-
21,24,28	3. Tangible assets	804,870	804,870
20	4. Intangible assets	2,744	2,744
III	Other assets	1,075	1,075
B	Liabilities	52,421	51,306
I	Current liabilities	52,421	51,306
Class 4	1. Accounts payable	52,421	51,306
16	2. Non-current liabilities	954,018	873,042
II	Non liquid liabilities	907,944	826,968
17	1. Foreign loans	46,074	46,074
III	Other liabilities	1,006,439	924,348
	Net assets (A - B)	116,774	115,659
	Presented: Consolidated budget	52,650	52,650
	Carried forward results	44,770	43,655

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,006,439 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 16% compared to December 31, 2014.

Current assets

- Current assets which have 12% of total assets are increased by 87% 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 38% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are increased of 680% .

Accounts Receivable

- Structure of total debtors of municipality Belsh consists of 17.19% of debtors of LGU Belsh, 20.62% of debtors of LGU Grekan and the remaining to the other LGU.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Belsh 88%, have increased by 15% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 8% which compose 88% of total assets.

PPE

- 49.33% of PPEs of Municipality Belsh are composed by the PPEs of LGU Belsh, 17.51 % PPEs by LGU Grekan, 16.61% by LGU Kajan, 12.79% by LGU Fieze, 3.87% by LGU Rrase,

Accounts Payable

Accounts payable have decreased by 16% during the period ended July 31, 2015 compared with the previous year 2014.

- 71.89% of the total accounts payable is composed of accounts payable of LGU Belsh, 25% by LGU Grekan, 1.38% by LGU Kajan, 1.55% by LGU Belshze, 0.18% by LGU Rrase

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

Tabela 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	200,614	204,660
A	I. REVENUES AND CONTRIBUTES	11,406	11,406
70,750,71	1. Tax revenues upon		
70	2. Contributions and social and health insurance	9,651	9,651
75	3. Non tax revenues	1755	1755
71	II. GENERAL ACTUAL GRANTS	139,001	143,046
72	III. FINANCIAL REVENUES	49,395	49,395
	IV. WORKS FOR INVESTMENTS	813	813
78	V. OTHER REVENUES		
77, 83		154,540	
	TOTAL EXPENSES		158,585
B	I. ACTUAL EXPENSES	148,860	
	1. Salaries and employees contribution		152,906
600 601	2. Goods and Services		31,133
602	3. Subsidies	31,133	27,702
603	4. Internal actual transfers	23,733	
604	5. External actual transfers	4,031	4108
605	6. Budget transfers for families and individuals	89963	89963
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	5680	5680
68	III. FINANCIAL EXPENSES	46074	46074
66	IV. OTHER EXPENSES	46074	46074
67	DETERMINED NET INCOME	0	0
C	From this: Functioning results	200,614	204,660
	Functioning observed grants	11,406	11,406

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 200,614 thousand lek. 6% of the total municipality income are composed of tax and non-tax revenues, 69% of income is from grants and 25% from other income.

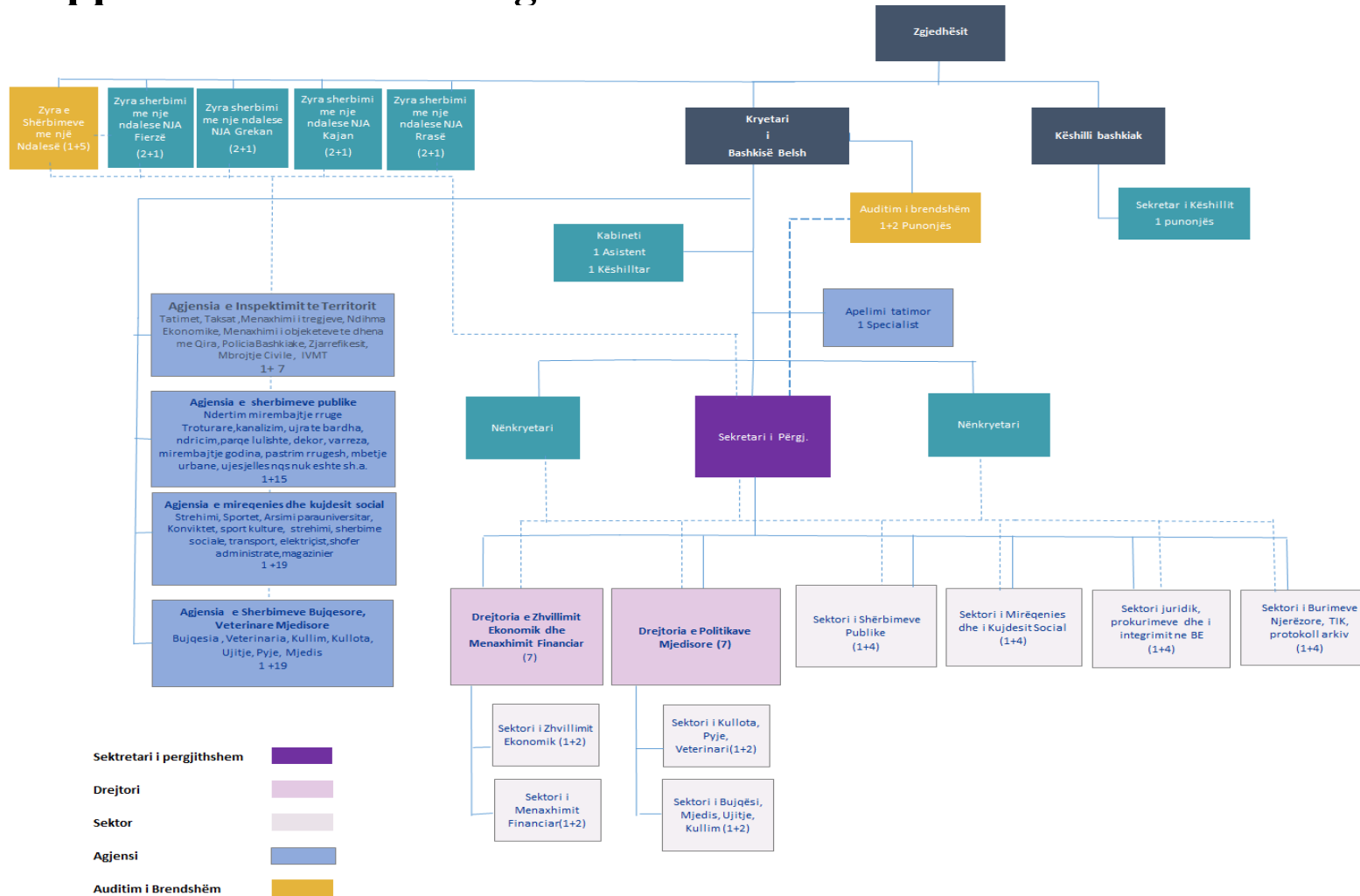
Structure of total revenues is comprised of 55.54% of the revenue generated from LGU Belsh, 13.64% PPE by LGU Grekan, 9.42 % from LGU Belshye, and 7.54% from LGU Rrase.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 154,540 thousand Lek. 96% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 46.65% from expenses LGU Belsh, 17.86% from LGU Gregan, 16.51% from LGU Kajan, 10.69% from LGU Belshye and 8.29% from LGURrase.

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 Cërrik, 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, excluding Mayors and employees of the Register Office, is 95 employees. More detailed: 67 persons working under employment contracts of one year, 7 persons working under labor contracts expired, (N/A) maternity leave, 12 are civil worker. The latter under the Labour Code are considered a protected class.
- 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 Belsh. It is worth mentioning that the Municipality Belsh, 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 working 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 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 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

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus. Also, LGU implemented the accounting software Alpha program, Finance 5, TeamViewer, Adobe Creative Suite, Adobe Acrobat, Adobe Reader, Adobe Flash Player, Converter, Power ISO, Acampo Burning, WinRAR archiver, VLC media Payer, Cleaner, Data Recovery, All these are unlicensed software's. The maintenance of the hardware and software is done by the maintenance staff of LGU Belch.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Municipality Belch	LGU Erase	LGU Gerkan	LGU Karjan	LGU Frieze
Installed Software	Windows Xu/ 7, Office 2007, Essentials, AutoCAD	Windows Xu/ 7, Office 2007, Essentials	Windows Xu/ 7, Office 2007, Essentials	Windows Xu/ 7, Office 2007, Essentials	Windows Xu/ 7, Office 2007, Essentials
Contracts of licenses	No license	No license	No license	No license	No license
Hardware (in usage)	13	1	4	3	4
Computer (desktop)	3	1	0	3	3
Printers	0	0	0	0	0
Servers	1	0	0	0	0
IT staff in total	No maintence contract	No maintence contract	No maintence contract	No maintence contract	No maintence contract
Hardware and Software maintenance	13	1	4	3	4

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Belch has lack of 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 principle that the cost / benefit.
<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 Belsh municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Softwares 	<ul style="list-style-type: none"> LGU Belsh should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

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 departamenteve and communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

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.

Observations and recommendations

Objectives	LGU Belsh	LGU Fierze	LGU Rrasë	LGU Grekan	LGU Kajan
Telephony service	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile
Telephony/service providers	n/a	n/a	n/a	n/a	n/a
Internet service	ServiSoft	Astrit Elezi	ServiSoft	Astrit Elezi	Astrit Elezi
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

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

- The function of the archive in LGU Belsh is performed by archive specialists, in archive function is performed by LGU secretary.
- From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, from all LGUs is held the Register of Correspondence.
- 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 Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	Partially	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	No,	Yes, 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
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No
Archive keys in two copies	No	Yes	Yes	Yes	No
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.					
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.					

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).					
<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, branches, 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	Yes	Yes	Yes	Yes
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	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë
Cover file (Module 6), clearly marked and grammar: <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 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	Yes	Yes	Yes	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 historical imYesrtance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	No	No	No	No	No
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	No
The content of the document	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes
Mod 1 - CorresYesndence model	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of CorresYesndence	Yes	Yes	No	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	Yes	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	Yes	Yes
Mode 5 - Table definitions of files for the year	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	Yes	Yes	No
Mod 7 - Register of files	Yes	Yes	Yes	Yes	Yes
Mod 8 - Internal File register	Partially	No	No	Partially	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Belsh	LGU Fierze	LGU Grekan	LGU Kajan	LGU Rrasë
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Belsh, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor 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.
- 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 Belsh	LGU Fierze	LGU Kajan	LGU Grekan	LGU Rrase
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	No	No	No
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	Yes	Yes	Yes
Committee of disposal of assets	Yes	No	Yes	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 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
LGU Belsh	Reconstruction of road Belsh	Completed (Is liquidated only 6,800,000)	20,244,000.00	20,244,000.00
LGU Belsh	Reconstruction of the streets	Completed (Is not liquidated)	61,302,482.00	161,629,289.00

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		888,590	807,614	770,769	
3		I. Intangible Assets		2,744	2,744	3,488	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	9,787	9,787	9,787	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(7,043)	(7,043)	(6,299)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		804,870	804,870	767,281	
10	210	Land		335	335	335	
11	211	Forests, Pasture, Plantation	F6, Sh1	1,796	1,796	1,796	
12	212	Building and Constructions	F6, Sh1	227,112	227,112	202,429	
13	213	Roads, networks, water facilities	F6, Sh1	652,535	652,535	638,389	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	22,931	22,931	22,632	
15	215	TransYesrt vehicles	F6, Sh1	19,260	19,260	19,260	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	22,452	22,452	17,512	
19	219	Depreciation of tangible assets	F7, Sh1	(141,552)	(141,552)	(135,072)	
20	231	Expenses in process for increase of current tangible assets	F4	-	-	-	
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		80,976	-	-	
25	25	Loan and sub-loans		-	-	-	
26	26	Participation with own capital		80,976	-	-	
27	B	CURRENT ASSETS		116,774	115,659	62,491	
28	Class 3	I. Inventory Status		19,354	19,354	18,668	
29	31	Materials	Sh2	706	706	242	
30	32	Inventory Objects	Sh2	18,648	18,648	18,426	
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		44,770	43,655	5,743	
39	409	Suppliers, prepayments or partial payment		-	-	-	
40	411-418	Similar clients or accounts		-	-	-	
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-	
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)		35,829	34,714	5,205	
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	8,941	8,941	538	
53	49	Forecasted amounts for depreciation (-)		-	-	-	
54	51	III. Financial accounts		52,650	52,650	38,080	

				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	52,129	52,129	37,622
59	531	Petty-cash		-	-	29
60	532	Other amounts		521	521	429
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		1,075	1,075	34,600
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		1,075	1,075	34,600
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,006,439	924,348	867,860
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		907,944	826,968	789,466	
2	10	I. Own funds		907,944	826,968	789,466	
3	101	Base funds	F8	907,944	826,968	789,466	
4	105	Capital internal grants		-	-	-	
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		52,421	51,306	45,051	
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		52,421	51,306	45,051	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	30,700	30,700	30,207	
23	42	Employees and related accounts		3,313	3,313	2,995	
24	431	Liabilities to government for taxes		142	142	335	
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	Te tjera operacione me shtetin(kreditor)		9,462	9,462	937
28	435	Social Insurance		891	891	931
29	436	Health Insurance		123	123	120
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	6,055	6,055	4,279
36	467	Other creditors		1,735	620	5,246
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)		46,074	46,074	33,343
43	X	TOTAL LIABILITY		1,006,439	924,348	867,860
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		148,175	152,221	240,656	
2	60	I. Current expenses		148,860	152,906	240,996	
3	600	Salaries, bonuses		26,795	26,795	44,444	
4	6001	Salaries		26,795	26,795	44,444	
5	6002	TemYesrary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		4,338	4,338	7,465	
9	6010	Insurance contributions		3,871	3,871	6,723	
10	6011	Health insurance		466	466	742	
11	602	Other goods and services		23,733	27,702	24,868	
12	6020	Stationary		916	916	2,363	
13	6021	Special services		470	470	289	
14	6022	Services from third party		3,531	3,531	5,469	
15	6023	TransYesrt expenses		1,644	1,644	3,849	
16	6024	Travel expense		138	138	320	
17	6025	Ordinary maintenance expenses		10,804	14,819	3,086	
18	6026	Rent expenses		100	100	696	
19	6027	Expenses for legal liability for compensation		355	355	-	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		5,775	5,728	8,796	
22	603	Subsidies		-	-	-	

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
23	6030	Subsidies for price differences		-	-	-
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		4,031	4,108	1,080
29	6040	Current transfers to other government levels		2,420	2,420	1,033
30	6041	Current transfers to various government institutions		13	38	47
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		1,598	1,650	-
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		89,963	89,963	163,139
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		89,963	89,963	163,139
41	63	II. Change in inventory balances	F1	(685)	(685)	(340)
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		-	-	-

				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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
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		148,175	152,221	240,656
61		D. RESULT CORRECTIONS ACTIVITES		6,365	6,365	10,556
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		5,334	5,334	9,866
64	8420	Revenues deYessited in the budget		284	284	172
65	8421	DeYessit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		748	748	518
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		154,540	158,585	251,212
70	85	RESULTS FROM FUNCTIONING		46,074	46,074	33,343
71	X	TOTAL		200,614	204,660	284,555

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	199,802	203,847	284,377
2	70	I. TAX INCOMES	9,651	9,651	21,352
3	700	a) On revenues, profit, and equity revenue	1,327	1,327	5,777
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,327	1,327	5,777
7	7009	Other tax	-	-	-
8	702	b) Property tax	5,586	5,586	11,810
9	7020	On immovable property	5,316	5,316	11,810
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	270	270	-
12	703	c) Tax uYesn goods and services in the country	2,685	2,685	3,765
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	1,880	1,880	2,767
17	7035	Local tax on goods usage and activity permission	805	805	998
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	53	53	-
25	709	g) Penalty interest	-	-	-

			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
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	1,755	1,755	3,689
35	710	a) From enterprise and ownership	37	37	1,267
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	37	37	1,267
			-	-	-
39	711	b) Administrative service and secondary revenues	1,500	1,500	2,279
40	7110	Administrative tariffs and regulations	1,467	1,467	2,170
41	7111	Secondary revenues and payments of services	-	-	-
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	33	33	109
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	218	218	143
48	72	IV. ACTUAL GRANTS (a+b)	139,001	143,046	254,812
49	720	a) Internal actual grant	139,001	143,046	254,812
50	7200	From same Government level	27,392	31,438	68,307
51	7201	From other Government levels	96,190	96,190	181,300
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	-	-	-

			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
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	15,418	15,418	5,205
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	49,395	49,395	4,524
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	42,805	-	-
69	787	Withdraw from investments	6,590	49,395	4,524
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	199,802	203,847	284,377
81	83	D. RESULT CORRECTIONS ACTIVITES	813	813	178
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	813	813	178
84	Class 7 & 8	TOTAL FROM OPERATIONS	200,614	204,660	284,555
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	200,614	204,660	284,555

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	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>
1	I	SOURCE OF FUNDS	-	44,167	44,167	-
2	105	Internal capital grants	-	33,719	33,719	-
3	1050	From the same government level	-	9,814	9,814	-
4	1051	From other Government levels	-	23,905	23,905	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	5,115	5,115	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	5,115	5,115	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	5,334	5,334	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	5,334	5,334	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (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>
21	161	Other internal borrowing (entry)	-	-	-	-
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	-	39,052	39,052	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	39,052	39,052	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	24,683	24,683	-
39	2313	Roads, networks, water facilities	-	13,647	13,647	-
40	2314	Technical installment, machinery, equipment, working tools	-	722	722	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

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>
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)	-	83,219	83,219	-

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	37,622	-	-	-
2	II. RECEIVABLES "CASH"	246,469	-	-	-
3	1. Funds from budget	231,332	-	-	-
4	Actual budget funds (Budget with changes)	190,790	-	-	-
5	Capital budget funds (Budget with changes)	40,542	-	-	-
6	2. Incomes and revenues during the year in "Cash"	15,136	-	-	-
7	Tax revenues in "Cash"	9,651	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	1,755	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3,730	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	183,934	-	-
15	1. Payment from the budget for actual expenses	-	140,540	-	-
16	2. Payments from the budget for capital expenses	-	33,719	-	-
17	3. Payments from revenues for actual expenses	-	2,220	-	-
18	4. Payments from revenues from capital expenses	-	5,334	-	-
19	5. Payments from storage	-	2,122	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	48,027	-	-
22	1. DeYessit of revenues in the budget	-	271	-	-
23	2. Unused budget (actual and capital)	-	47,756	-	-

24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	284,090	231,961	-	-
26	VI. CLOSING BALANCE	52,129	-	-	-

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	9,787	-	-	-	-	-	-	-	-	-	9,787
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	9,787	-	-	-	-	-	-	-	-	-	9,787
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	902,353	39,052	5,115	-	-	44,167	-	-	98	98	946,422
6	210 Land	335	-	-	-	-	-	-	-	-	-	335
7	211 Forests, Pasture, Plantation	1,796	-	-	-	-	-	-	-	-	-	1,796
8	212 Building and Constructions	202,429	24,683	-	-	-	24,683	-	-	-	-	227,112
9	213 Roads, networks, water facilities	638,389	14,146	-	-	-	14,146	-	-	-	-	652,535
10	214 Technical installment, machinery, equipment, working tools	22,632	223	77	-	-	300	-	-	-	-	22,931
11	215 TransYesrt vehicles	19,260	-	-	-	-	-	-	-	-	-	19,260
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	17,512	-	5,038	-	-	5,038	-	-	98	98	22,452
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + II)	912,140	39,052	5,115	-	-	44,167	-	-	98	98	956,209

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. INTANGIBLE	6,299	744	-	744	-	-	-	-	7,043
2	219	II. TANGIBLE	135,072	6,480	-	6,480	-	-	-	-	141,552
		TOTAL (I + II)	141,371	7,224	-	7,224	-	-	-	-	148,595

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	789,466.49	7,414	119,975	902,028	789,466	7,414	44,915	826,968		
2	1010	Status of base fund	789,466	-	-	789,466	789,466	-	-	789,466		
3	1011	Additions base fund	-	-	119,975	119,975	-	-	44,915	44,915		
4	1012	Decrease base fund	-	91	-	(91)	-	91	-	(91)		
5	1013	Decrease from tangible assets consume	-	7,258	-	(7,258)	-	7,258	-	(7,258)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	64	-	(64)	-	64	-	(64)		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
	105,107,11,12,		33,343	37,621	56,269	51,990	33,343	37,621	50,353	46,074		
10	13,145,15,85	INTERNAL FUND										
11	105	Capital internal grants	-	3,645	3,645	-	-	3,645	3,645	-		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	634	634	-	-	634	634	-		
14	12	Carried result	28,086	-	-	28,086	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
		Participation of the institution in investing for third parties	-	-	5,916	5,916	-	-	-	-		
16	145											

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>
		Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
17	15									
18	85	Result	5,257	33,343	46,074	17,988	33,343	33,343	46,074	46,074
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
		Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
21	146									
22		CONSOLIDATED FUND (1 up to 4)	822,809	45,035	176,244	954,018	822,809	45,035	95,268	873,042

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)	108	-	-	108	26,795	-	-	7,508	-	424
<i>1</i>	Directors	5	-	-	5	2,541	-	-	709	-	53
<i>2</i>	High level education specialist	25	-	-	25	12,817	-	-	3,629	-	345
<i>3</i>	Technical	13	-	-	13	3,357	-	-	937	-	26
<i>4</i>	Ordinary officers	35	-	-	35	4,766	-	-	1,308	-	-
<i>5</i>	Employees	30	-	-	30	3,314	-	-	925	-	-
<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	1,006,439	924,348	867,860
2	I	Current Assets	116,774	115,659	62,491
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	52,650	52,650	38,080
13	Class 4	2. Receivables	44,770	43,655	5,743
29	Class 3	3. Current Inventory accounts	19,354	19,354	18,668
39	II	Non-current Assets	888,590	807,614	770,769
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	80,976	-	-
47	21,24,28	3. Tangible assets	804,870	804,870	767,281
60	20	4. Intangible assets	2,744	2,744	3,488
65	III	Other assets	1,075	1,075	34,600
69	B	Liabilities	52,421	51,306	45,051
70	I	Current liabilities	52,421	51,306	45,051
71	Class	1. Accounts payable	52,421	51,306	45,051
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)	954,018	873,042	822,809
97		Presented: Consolidated budget	907,944	826,968	789,466
98		Carried forward results	46,074	46,074	33,343

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	200,614	204,660	284,555
2	70,750,71	I. REVENUES AND CONTRIBUTES	11,406	11,406	25,041
3	70	1. Tax revenues uYesn	9,651	9,651	21,352
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	1,755	1,755	3,689
23	72	II. GENERAL ACTUAL GRANTS	139,001	143,046	254,812
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	49,395	49,395	4,524
32	77, 83	V. OTHER REVENUES	813	813	178
33	B	TOTAL EXPENSES	154,540	158,585	251,212
34		I. ACTUAL EXPENSES	148,860	152,906	240,996
35	600 601	1. Salaries and employees contribution	31,133	31,133	51,909
38	602	2. Goods and Services	23,733	27,702	24,868
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	4,031	4,108	1,080
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	89,963	89,963	163,139
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	5,680	5,680	10,216
58	C	DETERMINED NET INCOME	46,074	46,074	33,343
59		From this: Functioning results	46,074	46,074	33,343
60		Functioning observed grants	200,614	204,660	284,555

STAR Project

Municipality Cerrik Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection	NBV	Net Book Value
Agency	Agency of Itocktaking of Public Property at the Ministry of Internal Affairs	No	Number
ALL	Albanian Lek	PM	Policy Modification
APP	Public Procurement Agency	RE	Reclassifications
CD	Compact Disc	T	Template
CDL	Council Decision of LGU	TAR	Territorial and administrative reform
CHUIA	Central Unit of Coordination of Internal Audit	VAT	Value Added Tax
DCM	Decision of the Council of Ministers of Republic of Albania	WIP	Work In Progress
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		

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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
Rolet – Municipality Council	
<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 	<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

Observations	Recommendations
<p>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.</p>	<p>sufficient time for analysis and detailed examination of the structure of the budget and presented structure.</p>
<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 horizontal functions. 	<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 standards for each of them.

Observations	Recommendations
<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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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.
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p>	

Observations	Recommendations
<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 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
<p>Personnel matters – 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 (LGU's) and their employees will be transferred to the Municipality of Cerrik. 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.
<p>Personnel matters – Termination of working relationship</p> <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</p>	<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:

Observations	Recommendations
<p>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. - <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> <ul style="list-style-type: none"> - <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

Organizational Model

Analysis of the organization and structure for the Municipality Cerrik and 4 Gostimë, Mollas, Klos and Shalës,, 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

Performed roles are shown in table 1, below:

Table 1: Roles in the municipaloty/administrative units

Roles	Municipality Cerrik	NJA Mollas	NJA Gostimë	NJA Klos	NJA Shalës
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	x	x	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Cerrik: The adoption of the Statute of the LGU Cërrik and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Cerrik 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 Cerrik, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 4 units are transformed in 1 Municipality with 4 administrative units, as presented in the table 2 below.

Table 2: Roles

Roles				
New Municipality	Cerrik			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	x			
Secretary of Municipality Council	✓			
Administrative Unit	LGU Mollas	LGU Gostimë	LGU Klos	LGU Shalës
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
- 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;

- 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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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;

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 111.

- 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 80.

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

Public Services	LGU Cërrik	LGU Gostimë	LGU Klos	LGU Mollas	LGU Shalës	Merge
Infrastructure and public services						
Water Supply Company	Sha	18	n/a	n/a	n/a	Sha+18
Functioning of the sewerage system	3	n/a	n/a	n/a	n/a	3
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	4	n/a	n/a	n/a	n/a	4
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	1	n/a	n/a	n/a	2
Public lighting	n/a	n/a	n/a	n/a	n/a	n/a
The operation of urban public transport	1	n/a	n/a	n/a	n/a	1
Cemeteries administration and guarantee of funeral services	2	n/a	n/a	n/a	n/a	2
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	5	n/a	n/a	n/a	n/a	5
Collection, disposal and recovery of waste	10	7	n/a	n/a	n/a	17
Urban planning	3	1	1	1	2	8
Land management	2	2	1	1	2	8
Shelter	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	6	n/a	n/a	n/a	n/a	6
Organization of sporting, recreational and entertainment activities and management of relevant institutions	6	n/a	n/a	n/a	n/a	6
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	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
Establishment and function of public markets and trade network	1	n/a	n/a	n/a	n/a	1

Infrastructure and public services	1	n/a	n/a	n/a	n/a	1
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
Veterinary services	1.5	1	1	1	n/a	4.5
Conservation and development of forests and natural resources of local character	n/a	1	n/a	1	n/a	2
The order and civil protection						
Preservation of public order to prevent administrative violations	7	2	1	1	n/a	11
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions						
Maintenance of facilities in preliminary education	2	n/a	n/a	n/a	n/a	2
Medicine						
Health care system and the protection of public health	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	3	1	1	1	1	7
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Protection						
Environmental Protection	0.5	n/a	n/a	n/a	n/a	0.5
Register Office						
Register Office	1	n/a	n/a	n/a	n/a	1
Business Registration						
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a
Total	61	34	5	6	5	111

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	Municipality Cerrik	LGU Gostimë	LGU Klos	LGU Mollas	LGU Shalës	Merged:
Finance	4	4	4	2.5	1	15.5
Local taxes and Tariffs	4	4	4	2.5	1.5	16
Legal Issues	1	1	1	1	n/a	4
Procurement	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	2	n/a	n/a	n/a	n/a	2
Human Resources	1	n/a	n/a	n/a	n/a	1
Protocol	n/a	n/a	n/a	n/a	n/a	n/a
Archiving	0.5	n/a	n/a	n/a	0.5	1
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	18.5	2	2	13	5	40.5
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a
Total	31	11	11	19	8	80

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:

LGU Cerrik:

- The personel responsible for the Sector of Social Protection is under the management of Department of Finance and Budget.
- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company. Is done by Municipality Cerrik.

Lisensed functions:

None

- 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	Po
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	Yes	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

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?
Social services of kindergartens	Yes	No	Jo
Social services - orphanages, shelters	Yes	No	Jo
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

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?
Social Care on domestic violence	Yes	Jo	Jo
Social care for the protection of children's Rights	Yes	Jo	Jo
Environmental Protection			
Environmental Protection	Yes	Jo	Jo

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:
- Consistent with 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:
- The first block is related to function of the Mayor, its Cabinet, Deputy mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the General-Secretary, the new role added to the proposed organizational structure.
- In the third block are listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block are included the one-stop service offices at Municipality and LGU. We explain that these offices will have a Municipality Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends solutions. Also, LGU offices can be raised even at the neighborhood level, which will be raised when the population is more than 20,000 residents. While in LGU 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will have the same role as in LGU and its agencies, if applicable.

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 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 recorderd in the assets register.</p>

<p>Investments</p>	
<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>
<p>Liabilities</p>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 126,413 thousand ALL. Overdue municipal obligations are reported at a value 121,159 thousand ALL.</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 13% 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.

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.

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 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 Cerrik, 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 Cerrik, LGU Gostime, LGU Mollas, LGU Shales and LGU Klos. Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Cerrik.

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	206,517
Tax and non-tax revenue	33,406
Total Expenses	212,727
Total Assets	1,628,567
Liabilities	126,413

Table 1. Summary of consolidated statement of financial position.
Amounts in thousand ALL

Description		In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,628,567	1,518,763
I	Current Assets	172,747	170,172
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	36,775	36,775
Class 4	2. Receivables	118,539	115,964
Class 3	3. Current Inventory accounts	17,433	17,433
II	Non-current Assets	1,446,216	1,338,988
23	1. Investments	198,659	198,659
25,26	2. Finance assets	107,229	-
21,24,28	3. Tangible assets	1,137,851	1,137,851
20	4. Intangible assets	2,478	2,478
III	Other assets	9,603	9,603
B	Liabilities	126,413	123,838
I	Current liabilities	126,413	123,838
Class 4	1. Accounts payable	126,413	123,838
	Net assets (A - B)	1,502,154	1,394,925
	Presented: Consolidated budget	1,466,648	1,359,419
	Carried forward results	35,506	35,506

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,628,568 thousand leke. Total assets of the municipality on July 31, 2015 increased by 10% compared to December 31, 2014.

Current assets

- Current assets which have 11% of total assets are increased by 27% 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 20% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts increased of 1%.

Accounts Receivable

- Structure of total debtors of municipality Cërrik consists of 14,73% of debtors of LGU Cërrik, 75,66 % from debtors LGU Mollas, 7.55% from LGU Gostime

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Cërrik 89%, have increased by 11% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 3% which compose 70% of total assets.

PPE

- 28,83% of PPEs of Municipality Cerrik are composed by the PPEs of LGU Cerrik, 21.69% PPEs by LGU Gostime, 30.55% by LGU Mollas, 12.4% by LGU Shales

Accounts Payable

Accounts payable have decreased by 8% during the period ended July 31, 2015 compared with the previous year 2014.

- 14,04% of the total accounts payable is composed of accounts payable of LGU Cerrik, 13.11% by LGU Gostime, 70.22% by LGU Mollas.

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
2	TOTAL REVENUES	252,568	252,364
A	I. REVENUES AND CONTRIBUTES	33,406	33,406
70,750,71	1. Tax revenues upon	18,822	18,822
75	3. Non tax revenues	14,584	14,584
71	II. GENERAL ACTUAL GRANTS	206,517	206,313
	IV. WORKS FOR INVESTMENTS	12,629	12,629
78	V. OTHER REVENUES	16	16
	TOTAL EXPENSES	217,061	216,857
B	I. ACTUAL EXPENSES	213,075	212,872
	1. Salaries and employees contribution	48,022	48,022
600 601	2. Goods and Services	28,838	27,825
	4. Internal transfers	7,919	8,730
605	6. Budget transfers for families and individuals	128,295	128,295
66	IV. OTHER EXPENSES	3,987	3,985
67	DETERMINED NET INCOME	35,506	35,506
C	From this: Functioning results	35,506	35,506
	Functioning observed grants	0	0

Overview of consolidated statement of financial performance

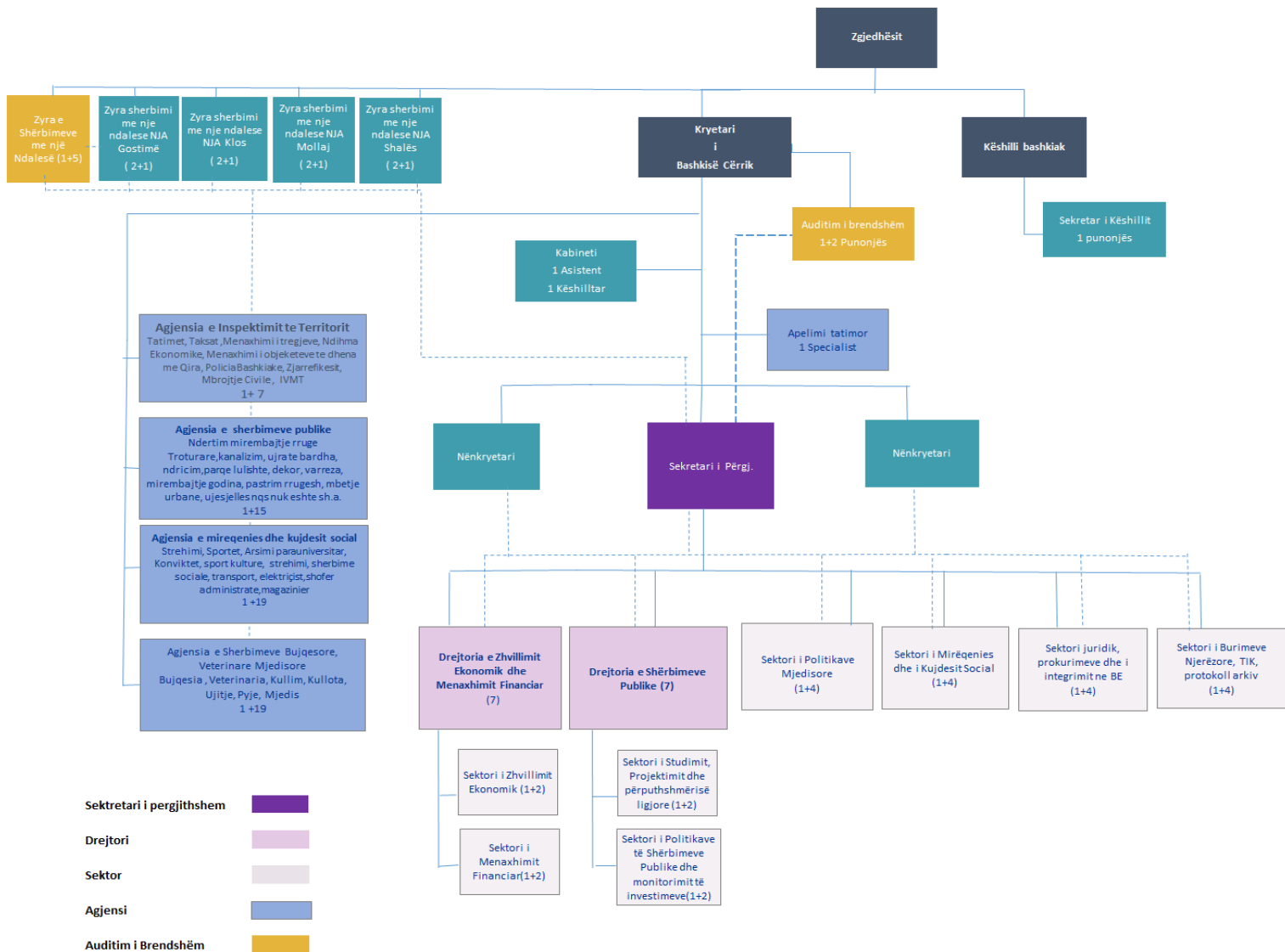
- Sources of funds (revenues)
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 252,568 thousand lek. 13% of the total municipality income are composed of tax and non-tax revenues, 83% of income is from grants and 5% from other income.

Structure of total revenues is comprised of 44.83% of the revenue generated from LGU Cerrik, 20.58% from LGU Gostime, 15.88% from LGU Mollas, 9.82% from LGU Shales, and 8.89% from LGU Klos.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses with 217,061 thousand Lek. 98% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 42,17% of expenditures of the LGU Cërrrik, 22,62% from LGU Gostime, 16% from LGU Mollas, 9.82 % from LGU Shales and 9.38% from LGU Klos.
- 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, excluding Mayors and employees of the Register Office, is 177 employees. More detailed: 17 persons working under employment contracts of one year, 139 persons working under labor contracts expired, (N/A) maternity leave. The latter under the Labour Code are considered a protected class.
- 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 Cerrik. It is worth mentioning that the Municipality Cerrik, 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.

Termination of working relationship

- The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.
- 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:
 - *Political functionaries*. 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.
 - *Employees with working contract*. 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.
 - *Civil Servants*. 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

- Organizational structures of local government units do not stipulate the position of General Secretary.
- 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

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus.
 - Consolidated information about the IT environment is presented in Table 9 – IT environment

Table 9: IT environment

Objective	LGU Ceric	NJA Goodtime	NJA Molls	NJA Kloss	NJA Shales
Installed Software	Windows Xu/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 9	Windows Xu/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 9	Windows Xu/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 9	Windows Xu/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 9	Windows Xu/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 9
Contracts of licensees	TeamViewer	TeamViewer	TeamViewer	TeamViewer	TeamViewer
Hardware (in usage)	20	8	7	0	4
Computer (desktop)	13	7	6	0	5
Printers	0	0	0	0	0
Servers	1	0	0	0	0
IT staff in total	Maintenance contract for the monitors	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Rroskovec has lack of 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 principle that the cost / benefit.
<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 Cerrik municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Software 	<ul style="list-style-type: none"> LGU Cerrik should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

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

- LGU receives telephone and internet service by a national service provider Albtelcom or local private provider
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication

Objectives	LGU Cërrik	NJA Gostimë	NJA Mollas	NJA Klos	NJA Shalës
Telephonic service	Only mobile phone	Only mobile phone	Only mobile phone	Only mobile phone	Only mobile phone
Telephone service supply	n/a	n/a	n/a	n/a	n/a
Internet service	ServiSoft	4ALB Tiranë	Sulova Net AI	IT-shpk-Elbasan	ServiSoft Cërrik
Evaluation of the telephonic coverage	n/a	n/a	n/a	n/a	n/a
Lines of the internal communication	Verbal/electronic post	Verbal/electronic post	Verbal/electronic post	Verbal/electronic post	Verbal/electronic post

Vëzhgime dhe rekomandime

Communication

Observations	Recommendations
<p>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 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.
<p>Lack of telephone service</p> <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 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

- The function of the archive in LGU Cerrik is performed by the secretary of the mayor.
- From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
 - In the LGU Mollas Gostimë, Klos and Shala, the information obtained in the field, for the majority of the technical requirements for archives are not met. Inventory of files and folders internal inventory largely been met in all LGU.
- 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 Cerrik	LGU Gostimë	LGU Mollas	LGU Klos	LGU Shalës
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	Protection agains fire	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	The door is sacured	No	Yes
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes	Yes	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	No	Yes
One copy of th e 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	Yes	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No	No
Docunents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchyof organizational structure).					

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Cerrik	LGU Gostimë	LGU Mollas	LGU Klos	LGU Shalës
<p>According to this scheme, all the documents that are found in the archive: 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	Only for period 2010-2015	Yes	Yes
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	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 <ul style="list-style-type: none"> - - The period of use 	Yes	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Cerrik	LGU Gostimë	LGU Mollas	LGU Klos	LGU Shalës
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal 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 histoREcal importance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	Yes	No	No	No	No
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	No	No	No
The content of the document	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	No	Yes
Mod 3 - Serial Number of Correspondence	Yes	No	Yes	No	Yes
Mod 4. -The Book Delivery	No	Yes	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Cerrik	LGU Gostimë	LGU Mollas	LGU Klos	LGU Shalës
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	No	No	No	No
Mode 5 - Table definitions of files for the year	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	No	No
Mod 7 - Register of files	Yes	Yes	Yes	Yes	Yes
Mod 8 - Internal File register	Yes	Yes	Yes	Yes	Yes
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
No register for leased properties is held in LGUs Cerrik.

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

Assets management	LGU Cerrik	LGU Gostimë	LGU Klos	LGU Mollas	LGU Shalës
Adopted rules and procedures on asset management	Yes	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	Yes	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes	Yes	Yes
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	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 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
LGU Cërrik	Water supply company Cërrik	Under process	15,887,765	94,380,040
LGU Cërrik	School “7 marsi” Cërrik	Under process	25,758,822	51,300,000
LGU Gostimë	Construction of the market Gostimë	Under process	3,091,505	9,065,340
LGU Mollas	Street reconstruction in village Mollas	Under process	0	11,876,180
LGU Mollas	Tree sowing in Mollas	Under process	12,747,883	48,934,419
LGU Mollas	Construction of the high school Mollas	Under process	157,672,897	166,525,202
LGU Mollas	Addition in the contract Mollas	Under process	800,000	9,607,165
LGU Mollas	Function of the sewage Mollas	Under process	500,000	6,090,480

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		1,446,216	1,338,988	1,301,611	
3		I. Intangible Assets		2,478	2,478	3,252	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	18,661	18,661	18,264	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(16,184)	(16,184)	(15,012)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		1,336,510	1,336,510	1,298,359	
10	210	Land		5,656	5,656	5,656	
11	211	Forests, Pasture, Plantation	F6, Sh1	1,692	1,692	1,692	
12	212	Building and Constructions	F6, Sh1	334,046	334,046	303,643	
13	213	Roads, networks, water facilities	F6, Sh1	865,965	865,965	845,952	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	20,881	20,881	20,881	
15	215	Transport vehicles	F6, Sh1	16,106	16,106	20,090	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	62,111	62,111	62,111
19	219	Depreciation of tangible assets	F7, Sh1	(168,606)	(168,606)	(158,320)
20	231	Expenses in process for increase of current tangible assets	F4	198,659	198,659	196,653
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		107,229	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		107,229	-	-
27	B	CURRENT ASSETS		172,747	170,172	167,727
28	Class 3	I. Inventory Status		17,433	17,433	17,086
29	31	Materials	Sh2	913	913	668
30	32	Inventory Objects	Sh2	16,520	16,520	16,418
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		118,539	115,964	119,945
39	409	Suppliers, prepayments or partial payment		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		118,539	115,964	119,945
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	-	-	-
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		36,775	36,775	30,696
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	36,775	36,775	30,683
59	531	Petty-cash		-	-	13
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		9,603	9,603	11,381
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		9,603	9,603	11,381
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,628,567	1,518,763	1,480,719
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – 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		1,466,648	1,359,419	1,318,908
2	10	I. Own funds		1,458,880	1,351,652	1,313,728
3	101	Base funds	F8	1,264,991	1,157,762	1,122,057
4	105	Capital internal grants		193,890	193,890	191,671
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		7,767	7,767	5,180
9	111	Reserve funds		198	198	198
10	115	Assignments from the year results for investments		7,569	7,569	4,982
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		126,413	123,838	132,690
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		126,413	123,838	132,690

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	117,158	119,054	69,442
23	42	Employees and related accounts		5,066	3,170	7,838
24	431	Liabilities to government for taxes		62	62	163
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		-	-	-
28	435	Social Insurance		432	432	1,268
29	436	Health Insurance		49	49	162
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	1,071	1,071	1,365
36	467	Other creditors		2,575	-	52,453
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)		35,506	35,506	29,121
43	X	TOTAL LIABILITY		1,628,567	1,518,763	1,480,719
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
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		212,727	212,525	423,717	
2	60	I. Current expenses		213,075	212,872	421,788	
3	600	Salaries, bonuses		41,669	41,669	72,541	
4	6001	Salaries		41,644	41,644	72,225	
5	6002	Temporary salaries		26	26	315	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		6,352	6,352	12,322	
9	6010	Insurance contributions		5,730	5,730	11,022	
10	6011	Health insurance		622	622	1,300	
11	602	Other goods and services		28,838	27,825	55,970	
12	6020	Stationary		601	601	1,972	
13	6021	Special services		2,936	2,936	2,495	
14	6022	Services from third party		7,014	10,068	23,217	
15	6023	Transport expenses		5,572	5,572	6,877	
16	6024	Travel expense		145	145	288	
17	6025	Ordinary maintenance expenses		5,000	2,200	7,441	
18	6026	Rent expenses		87	87	240	
19	6027	Expenses for legal liability for compensation		410	410	318	

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
20	6028	Borrowing costs related to loans		-	-	123
21	6029	Other operating expenses		7,074	5,807	13,000
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
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		7,919	8,730	2,724
29	6040	Current transfers to other government levels		7,907	8,716	2,649
30	6041	Current transfers to various government institutions		12	14	75
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		128,295	128,295	278,230
39	6060	Transfers paid from ISS and HII		27,709	27,709	60,693
40	6061	Transfers paid from other institutions and Local government		100,587	100,587	217,537
41	63	II. Change in inventory balances	F1	(348)	(348)	1,930
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-

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
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		-	-	-
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		212,727	212,525	423,717
61		D. RESULT CORRECTIONS ACTIVITES		4,334	4,333	7,809
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		3,858	3,858	7,522
64	8420	Revenues deposited in the budget		112	110	286
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		364	364	-
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		217,061	216,857	431,526

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
70	85	RESULTS FROM FUNCTIONING		35,506	35,506	29,121
71	X	TOTAL		252,568	252,364	460,646

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	252,552	252,348	458,717
2	70	I. TAX INCOMES	18,822	18,822	39,910
3	700	a) On revenues, profit, and equity revenue	2,495	2,495	10,269
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,495	2,495	10,269
7	7009	Other tax	-	-	-
8	702	b) Property tax	9,154	9,154	21,654
9	7020	On immovable property	8,973	8,973	21,654
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	181	181	-
12	703	c) Tax upon goods and services in the country	7,083	7,083	7,987
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	3,153	3,153	4,190
17	7035	Local tax on goods usage and activity permission	3,930	3,930	3,797
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-

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
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	90	90	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	14,584	14,584	26,474
35	710	a) From enterprise and ownership	3,116	3,116	6,366
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	3,116	3,116	6,366
			-	-	-
39	711	b) Administrative service and secondary revenues	11,468	11,468	20,095
40	7110	Administrative tariffs and regulations	11,259	11,259	19,658
41	7111	Secondary revenues and payments of services	151	151	337
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	58	58	62
45	7115	Fines and late-fees, sequestration and compensation	-	-	37

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
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	-	-	13
48	72	IV. ACTUAL GRANTS (a+b)	206,517	206,313	382,756
49	720	a) Internal actual grant	206,517	206,313	382,756
50	7200	From same Government level	53,731	49,743	71,323
51	7201	From other Government levels	133,407	137,190	280,758
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
53	7203	Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	19,379	19,379	30,675
57	7207	Third party sponsorship	-	-	-
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	12,629	12,629	9,577
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	8,549	-	-
69	787	Withdraw from investments	4,080	12,629	9,577
70	76	B. FINANCIAL INCOMES	-	-	-

			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
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits 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	252,552	252,348	458,717
81	83	D. RESULT CORRECTIONS ACTIVITES	16	16	1,930
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	16	16	1,930
84	Class 7 & 8	TOTAL FROM OPERATIONS	252,568	252,364	460,646
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	252,568	252,364	460,646

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 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	196,850	51,053	53,059	198,857
2	105	Internal capital grants	191,671	49,782	49,201	191,090
3	1050	From the same government level	21,530	6,609	17,591	32,512
4	1051	From other Government levels	170,141	43,173	31,610	158,578
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
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	4,982	1,271	3,858	7,569
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	4,982	1,271	3,858	7,569

In ALL '000

No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance,
			January 2015	Debit	Credit	31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	198	-	-	198
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)	-	-	-	-
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	196,653	53,059	51,053	198,659
34	230	Expenses for increase of Intangible Assets	-	398	398	-
35	231	Expenses for increase of Tangible Assets	196,653	52,661	50,655	198,659
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	12,748	-	-	12,748
38	2312	Building and Constructions	169,840	21,427	30,403	160,864

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>						
39	2313	Roads, networks, water facilities	14,065	30,994	20,013	25,047
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	240	240	-
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	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	393,503	104,112	104,112	397,516

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	30,683	-	-	-
2	II. RECEIVABLES "CASH"	326,040	-	-	-
3	1. Funds from budget	291,746	-	-	-
4	Actual budget funds (Budget with changes)	258,173	-	-	-
5	Capital budget funds (Budget with changes)	33,573	-	-	-
6	2. Incomes and revenues during the year in "Cash"	34,294	-	-	-
7	Tax revenues in "Cash"	18,822	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	14,584	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	888	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	275,528	-	-
15	1. Payment from the budget for actual expenses	-	197,615	-	-
16	2. Payments from the budget for capital expenses	-	49,201	-	-
17	3. Payments from revenues for actual expenses	-	23,672	-	-
18	4. Payments from revenues from capital expenses	-	3,858	-	-
19	5. Payments from storage	-	1,020	-	-

20	6. Other payments	-	162	-	-
21	IV. TRANSFERS	-	44,420	-	-
22	1. Deposit of revenues in the budget	-	99	-	-
23	2. Unused budget (actual and capital)	-	44,321	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	356,723	319,948	-	-
26	VI. CLOSING BALANCE	36,775	-	-	-

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	18,264	398	-	-	-	398	-	-	-	-	18,661
2	20 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	20 Studies and research	18,264	398	-	-	-	398	-	-	-	-	18,661
4	20 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	23 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,260,026	50,655	-	-	-	50,655	-	3,984	240	4,224	1,306,457
6	21 Land	5,656	-	-	-	-	-	-	-	-	-	5,656
7	21 Forests, Pasture, Plantation	1,692	-	-	-	-	-	-	-	-	-	1,692
8	21 Building and Constructions	303,643	30,403	-	-	-	30,403	-	-	-	-	334,046
9	21 Roads, networks, water facilities	845,952	20,013	-	-	-	20,013	-	-	-	-	865,965

	21	Technical installment, machinery,	20,881	-	-	-	-	-	-	-	-	20,881
10	4	equipment, working tools										
	21		20,090	-	-	-	-	-	3,984	-	3,984	16,106
11	5	Transport vehicles										
	21		-	-	-	-	-	-	-	-	-	-
12	6	Government reserve										
	21		-	-	-	-	-	-	-	-	-	-
13	7	Working and production animals										
	21		62,111	240	-	-	240	-	-	240	240	62,111
14	8	Economic Inventory										
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-
19		TOTAL (I + II)	1,278,290	51,053	-	-	51,053	-	3,984	240	4,224	1,325,118

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	
			1	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	9
<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	15,012	1,172	-	1,172	-	-	-	-	16,184
2	219	II. TANGIBLE	158,320	10,801	-	10,801	-	275	240	515	168,606
		TOTAL (I + II)	173,331	11,973	-	11,973	-	275	240	515	184,790

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	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
<i>a</i>	<i>b</i>		<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>		
1	101	BASE FUND	1,122,057.39	15,592	158,526	1,264,991	1,122,057	15,592	51,297	1,157,762		
2	1010	Status of base fund	1,122,057	-	-	1,122,057	1,122,057	-	-	1,122,057		
3	1011	Additions base fund	-	-	158,526	158,526	-	-	51,297	51,297		
4	1012	Decrease base fund	-	(90)	-	90	-	(90)	-	90		
		Decrease from tangible	-	11,973	-	(11,973)	-	11,973	-	(11,973)		
5	1013	assets consume										
		Decrease from selling	-	-	-	-	-	-	-	-		
6	1014	tangible assets										
7	1015	Decrease from	-	3,709	-	(3,709)	-	3,709	-	(3,709)		
		Decrease from transferring	-	-	-	-	-	-	-	-		
8	1016	tangible assets										
		DIFFERENCE IN	-	-	-	-	-	-	-	-		
		TANGIBLE ASSETS										
9	109,	REVALUATION										
	105,107,11,12,		225,971	80,173	91,366	237,163	225,971	80,173	91,366	237,163		
10	13,145,15,85	INTERNAL FUND										

No.	Acc. No.	Description	Restated														
			Opening Balance 1 Jan. 2015			Period of Movements			Closing Balances 31 July 2015			Opening Balance 1 Jan. 2015			Closing Balances 31 July 2015		
			Credit	Debit	Credit	Debit	Credit	Credit	Debit	Credit	Credit	Debit	Credit				
<i>a</i>	<i>b</i>		<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>							
11	105	Capital internal grants	191,671	49,782	52,001	193,890	191,671	49,782	52,001	193,890							
12	107	Current assets in use	-	-	-	-	-	-	-	-							
13	11	Other own funds	5,180	1,271	3,858	7,767	5,180	1,271	3,858	7,767							
14	12	Carried result	-	-	-	-	-	-	-	-							
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-							
		Participation of the	-	-	-	-	-	-	-	-							
		institution in investing for															
16	145	third parties															
		Forecasted amounts for	-	-	-	-	-	-	-	-							
17	15	disasters and expenses															
18	85	Result	29,121	29,121	35,506	35,506	29,121	29,121	35,506	35,506							
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-							
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-							
		Capital foreigner grants	-	-	-	-	-	-	-	-							
21	146	investing for third parties															
22		CONSOLIDATED FUND (1 up to 4)	1,348,028	95,766	249,891	1,502,154	1,348,028	95,766	142,663	1,394,925							

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
		1	2	3	4	5	6	7	8	9	10
a	Total number of employees (1+2+3+4+5+6)	190	6	6	190	41,669	-	-	11,207	-	1,115
1	Directors High level education specialist	12	-	-	12	5,401	-	-	1,442	-	360
2	Technical Ordinary	46	2	1	47	12,777	-	-	3,404	-	631
3	Technical Ordinary	12	-	-	12	2,364	-	-	639	-	-
4	Technical Ordinary										

	officers	42	1	1	42	8,761	-	-	2,505	120
5	Employees	78	3	4	77	12,340	-	-	3,217	- -
6	Temporary employees		-	-	-	- 26	-	-	-	- 4

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	1,628,567	1,518,763	1,480,719
2	I	Current Assets	172,747	170,172	167,727
3	Class 5	1. Petty- Cash, Banks, and Funds Availability	36,775	36,775	30,696
13	Class 4	2. Receivables	118,539	115,964	119,945
29	Class 3	3. Current Inventory accounts	17,433	17,433	17,086
39	II	Non-current Assets	1,446,216	1,338,988	1,301,611
40	23	1. Investments	198,659	198,659	196,653
44	25,26	2. Finance assets	107,229	-	-
47	21,24,28	3. Tangible assets	1,137,851	1,137,851	1,101,706
60	20	4. Intangible assets	2,478	2,478	3,252
65	III	Other assets	9,603	9,603	11,381
69	B	Liabilities	126,413	123,838	132,690
70	I	Current liabilities	126,413	123,838	132,690
71	Class	1. Accounts payable	126,413	123,838	132,690
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)	1,502,154	1,394,925	1,348,028

97	Presented: Consolidated budget	1,466,648	1,359,419	1,318,908
98	Carried forward results	35,506	35,506	29,121

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>I</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	252,568	252,364	460,646
2	70,750,71	I. REVENUES AND CONTRIBUTES	33,406	33,406	66,384
3	70	1. Tax revenues upon	18,822	18,822	39,910
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	14,584	14,584	26,474
23	72	II. GENERAL ACTUAL GRANTS	206,517	206,313	382,756
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	12,629	12,629	9,577
32	77, 83	V. OTHER REVENUES	16	16	1,930
33	B	TOTAL EXPENSES	217,061	216,857	431,526
34		I. ACTUAL EXPENSES	213,075	212,872	421,788
35	600 601	1. Salaries and employees contribution	48,022	48,022	84,863
38	602	2. Goods and Services	28,838	27,825	55,970
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	7,919	8,730	2,724
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	128,295	128,295	278,230

53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT			
54	66	III. FINANCIAL EXPENSES	268,358	264,879	439,806
57	67	IV. OTHER EXPENSES	16,838	16,838	33,567
58	C	DETERMINED NET INCOME	9,787	9,787	18,214
59		From this: Functioning results	7,051	7,051	15,353
60		Functioning observed grants	251,350	247,870	405,156
			-	-	-

STAR Project

**Municipality Elbasan
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 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 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 standards for each

Observations	Recommendations
horizontal functions.	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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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 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
<p>Personnel matters – 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 (LGU's) and their employees will be transferred to the Municipality of Elbasan. 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.
<p>Personnel matters – Termination of working relationship</p>	
<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</p>	<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: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>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.</p> <ul style="list-style-type: none"> - <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"> • 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.

Observations	Recommendations
<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 for the Municipality Elbasan and twelve existing LGUs of Elbasan, Bradashesh, Funarë, Gjergjan, Gjinar, Gracen, Labinot Fushë, Labinot Mal, Papër, Shirgjan, Shushicë, Tregan and Zavalinë 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

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Elbasan	LGU Brad	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Pap	LGU Shir	LGU Treg	LGU Zaev
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	x	x	x	x	x	x	✓	x	x	x	x
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Elbasan: 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 Elbasan 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 Elbasan, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 12 units are transformed in 1 Municipality with 12 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role												
New Municipality	Elbasan											
Municipality Council	✓											
Mayor	✓											
Deputy Mayor	✓											
Secretary of Municipality Council	✓											
Administrative Unit	LGU Brad	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab. F	LGU Lab.M	LGU Pap	LGU Shir	LGU Shu	LGU Treg	LGU Zav
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 259

- 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 214

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

Public Services	Municipality Elbasan	LGU Funar	LGU Gjergj	LGU Gjina	LGU Grace	LGU Lab. F	LGU Lab.M	LGU Papër	LGU Shirgj	LG U Shu sh	LGU Treg a	LGU Zaval	LGU Brad	Merge d:
Infrastructure and public services														
Water Supply Company	Sha	n/a	n/a	3	n/a	n/a	4	1	6	2	6	n/a	n/a	Sha+2 2
Functioning of the sewerage system	sha	1	n/a	n/a	2	n/a	n/a	1	1	1	n/a	n/a	n/a	Sha+6
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	1	n/a	n/a	1	n/a	n/a	1	1	1	n/a	n/a	n/a	6
Construction of roads, pavements and public squares	Nshp ¹	n/a	n/a	n/a	n/a	n/a	n/a	7	n/a	n/a	n/a	n/a	n/a	Nshp+ 7
Rehabilitation and maintenance of local roads, sidewalks and public squares	Nshp	n/a	n/a	n/a	1	n/a	6	n/a	n/a	2	3	n/a	n/a	Nshp+ 12
Public lighting	Nshp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Nshp
The operation of urban public transport	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	2
Cemeteries administration and guarantee of funeral services	Nshp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Nshp
Decorations Service in town / village	Nshp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Nshp
Administration of parks, gardens and public spaces	kontrak.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	kontrak tuar
Collection, disposal and recovery of waste	kontrak.	n/a	n/a	5	n/a	n/a	n/a	2	1	2	2	1	n/a	Kontra ktuar+ 13
Urban planning	3	0.5	2	n/a	n/a	1	n/a	3	n/a	1	1	n/a	3	14.5
Land management	3	0.5	3	n/a	1	n/a	n/a	3	2	1	2	1	4	20.5
Shelter	2	n/a	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	4
Social,cultural and sports Services														
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	1	n/a	n/a	1	n/a	1	1	n/a	n/a	n/a	n/a	n/a	n/a	4
Organization of sporting, recreational and entertainment activities and management of relevant institutions	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	1
Social services of kindergardens	1	n/a	n/a	1	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3

Public Services	Municipality Elbasan	LGU Funar	LGU Gjergj	LGU Gjina	LGU Grace	LGU Lab. F	LGU Lab.M	LGU Papër	LGU Shirgj	LG U Shush	LGU Treg a	LGU Zaval	LGU Brad	Merge d:
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
Local economic development														
Preparation of local economic development programs	n/a	n/a	4	n/a	2	n/a	n/a	n/a	4	n/a	n/a	n/a	5	15
Establishment and function of public markets and trade network	6	n/a	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	8
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
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
Veterinary services	3	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	1	1	n/a	1	7
Conservation and development of forests and natural resources of local character	n/a	n/a	n/a	n/a	n/a	1	1	1	n/a	1	1	n/a	1	6
The order and civil protection														
Preservation of public order to prevent administrative violations	20	1	1	n/a	1	1	1	n/a	1	1	1	1	3	32
Civil protection	20	n/a	n/a	1	n/a	3	1	2	2	n/a	n/a	n/a	n/a	29
Educational institutions														
Maintenance of facilities in preliminary education	QEA ²	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	QEA+ 2
Medicine														
Health care system and the protection of public health	1	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Social care														
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1	n/a	n/a	1	1	n/a	1	1	1	1	1	2	11
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	2
Social care for the protection of children's Rights	2	n/a	n/a	1	n/a	n/a	n/a	1	1	1	n/a	0.5	n/a	6.5
Environmental Protection														
Environmental Protection	2	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	3
Register Office														

² economic center of education

Public Services	Municipality Elbasan	LGU Funar	LGU Gjergj	LGU Gjina	LGU Grace	LGU Lab. F	LGU Lab.M	LGU Papër	LGU Shirgj	LG U Shu sh	LGU Treg a	LGU Zaval	LGU Brad	Merge d:
Register Office	10	1	1	1	n/a	1	n/a	1	1	1	1	n/a	1	19
Business Registration														
National Registration Center	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	1
Total	80	6	12	13	10	10	16	29	22	16	19	4.5	21	258.5

Horizontal Functions	Municipality Elbasan	LGU Brad	LGU Funar	LGU Gjergj	LGU Gjina r	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Paper	LGU Shirgj	LGU Shushic	LGU Tregan	LGU Zaval.	Merged:
Finance	7	3	2	3	2	1	1	2	3	3	2	1	2	32
Local taxes and Tariffs	18	2	1	1	2	1	1	1	2	1	2	2	1	35
Legal Issues	4	n/a	n/a	1	n/a	n/a	n/a	n/a	1	1	1	n/a	n/a	8
Procurement	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	4
Institutional Relations	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	1
Human Resources	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	5
Protocol	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	3
Archiving	1	1	n/a	1	n/a	n/a	1	1	n/a	1	1	n/a	0,5	7,5
Information Technology	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	3
Supporting services	25	37	4	6	2	4	n/a	n/a	19	11	3	n/a	1	112
Internal Audit	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	3
Total	72	43	7	12	6	6	3	4	27	17	9	3	4,5	213,5

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:

LGU Bradashesh:

- Personnel responsible for economic assistance is under the Department of Finance.
- The Personnel is responsible for the city Planning and Culture, under the Department of Agriculture and Forestry.

LGU Funar:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Gjergjan:

- Staff responsible for Economic Assistance and Archives is under the Department of Finance.

LGU Gracen:

- Personnel responsible for economic assistance under the Department of Finance

LGU Labinot Fushe:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Labinot Mal:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Shushicë:

- Personnel responsible for economic assistance under the Department of Finance.
- Staff responsible for waste management under the Water Directorate.
- Personnel responsible for Archives is under the Directorate of Inspectorate of forestry and construction.

LGU Tregan:

- Personnel is responsible for economic assistance under the Department of Finance

LGU Zavalinë:

- Personnel responsible for Archives under the social sector

The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Elbasan)
 - Function of the sewage system
 - Management of waste materials
- Licensed Services:
 - None
- 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	Yes	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:

- Consistent with 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

The first block is related to function of the Mayor, the Cabinet of the Mayor, Sub / Heads and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.

- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

highest position in this block is the Secretary-General, the new role is added to the proposed organizational structure.

- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.

- In the fourth block of the office of one-stop service at LGU and NJA. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in LGU and subdivisions, if applicable.

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 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	
<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 a value of 1,130,374 thousand ALL. Overdue municipal obligations are reported at a value 484,982 thousand ALL.</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 18% 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

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.

uniform software solution for 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 Elbasan, 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 Elbasan, LGU Labinot Fushe, LGU Labinot Mal, LGU Gjinar, LGU Shushice, LGU Gjergjan, LGU Funare, LGU Shirgjan, LGU Tregan, LGU Gracen, LGU Bradashesh, LGU Zavaline, LGU Paper.

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

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	1,287,731
Tax and non-tax revenue	306,043
Total Expenses	1,360,797
Total Assets	7,555,518
Liabilities	1,130,374

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	7,555,518	7,356,003
I	Current Assets	1,152,530	850,069
	1. Petty - Cash, Banks, and Funds	417,731	417,731
Class 5	Availability		
Class 4	2. Receivables	586,726	283,730
Class 3	3. Current Inventory accounts	148,072	148,608
II	Non-current Assets	6,389,797	6,205,495
23	1. Investments	650,973	650,973
25,26	2. Finance assets	185,049	-
21,24,28	3. Tangible assets	5,528,047	5,528,793
20	4. Intangible assets	25,728	25,728
III	Other assets	13,191	300,440
B	Liabilities	1,130,374	1,114,627
I	Current liabilities	655,137	639,389
Class 4	1. Accounts payable	655,137	639,389
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	475,026	475,026
17	1. Foreign loans	475,026	475,026
III	Other liabilities	212	212
	Net assets (A - B)	6,425,143	6,241,376
	Presented: Consolidated budget	6,088,761	5,904,994
	Carried forward results	336,383	336,383

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 7,555,518 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7% compared to December 31, 2014.

Current assets

- Current assets which have 15% of total assets are increased by 3% 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 111% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are decreased of 36% .

Accounts Receivable

- Structure of total debtors of municipality Elbasan consists of 83.84% of debtors of LGU Elbasan, 6.8% of debtors of LGU Gjinjar, 6.01% of debtors of LGU Pojan and the remaining to the other LGU.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Elbasan 85%, have increased by 10% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 8% which compose 73% of total assets.

PPE

- 50% of PPEs of Municipality Elbasan are composed by the PPEs of LGU Elbasan, 23.21% PPE from LGU Bradashesh, 4.16% from LGU Labinot MAI, 2.7% from LGU Funare, 2.57% from LGU Gjergjan, 2.38% from LGU Shushice and 2.25.% from LGU Gjinar

Accounts Payable

Accounts payable have increased by 37% during the period ended July 31, 2015 compared with the previous year 2014.

80% of the total accounts payable is composed of accounts payable of LGU Elbasan, 6.11% from LGU Gjinar, 8.56% from LGU Bradashesh,

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	1,695,416	1,697,070
A	I. REVENUES AND CONTRIBUTES	306,043	306,043
70,750,71	1. Tax revenues upon	196,411	196,411
75	3. Non tax revenues	109,632	109,632
71	II. GENERAL ACTUAL GRANTS	1,287,731	1,289,386
	IV. WORKS FOR INVESTMENTS	92,077	92,077
78	V. OTHER REVENUES	9,564	9,564
	TOTAL EXPENSES	1,360,797	1,362,451
B	I. ACTUAL EXPENSES	1,282,866	1,284,520
	1. Salaries and employees contribution	263,223	263,223
600 601	2. Goods and Services	241,196	242,348
603	4. Internal actual transfers	71,510	72,013
605	6. Budget transfers for families and individuals	706,271	706,271
66	IV. OTHER EXPENSES	61,690	61,690
67	DETERMINED NET INCOME	334,618	334,618
C	From this: Functioning results	334,618	331,221
	Functioning observed grants	-	3398

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 1,695,416 thousand lek. 18% of the total municipality income are composed of tax and non-tax revenues, 76% of income is from grants and 6% from other income.

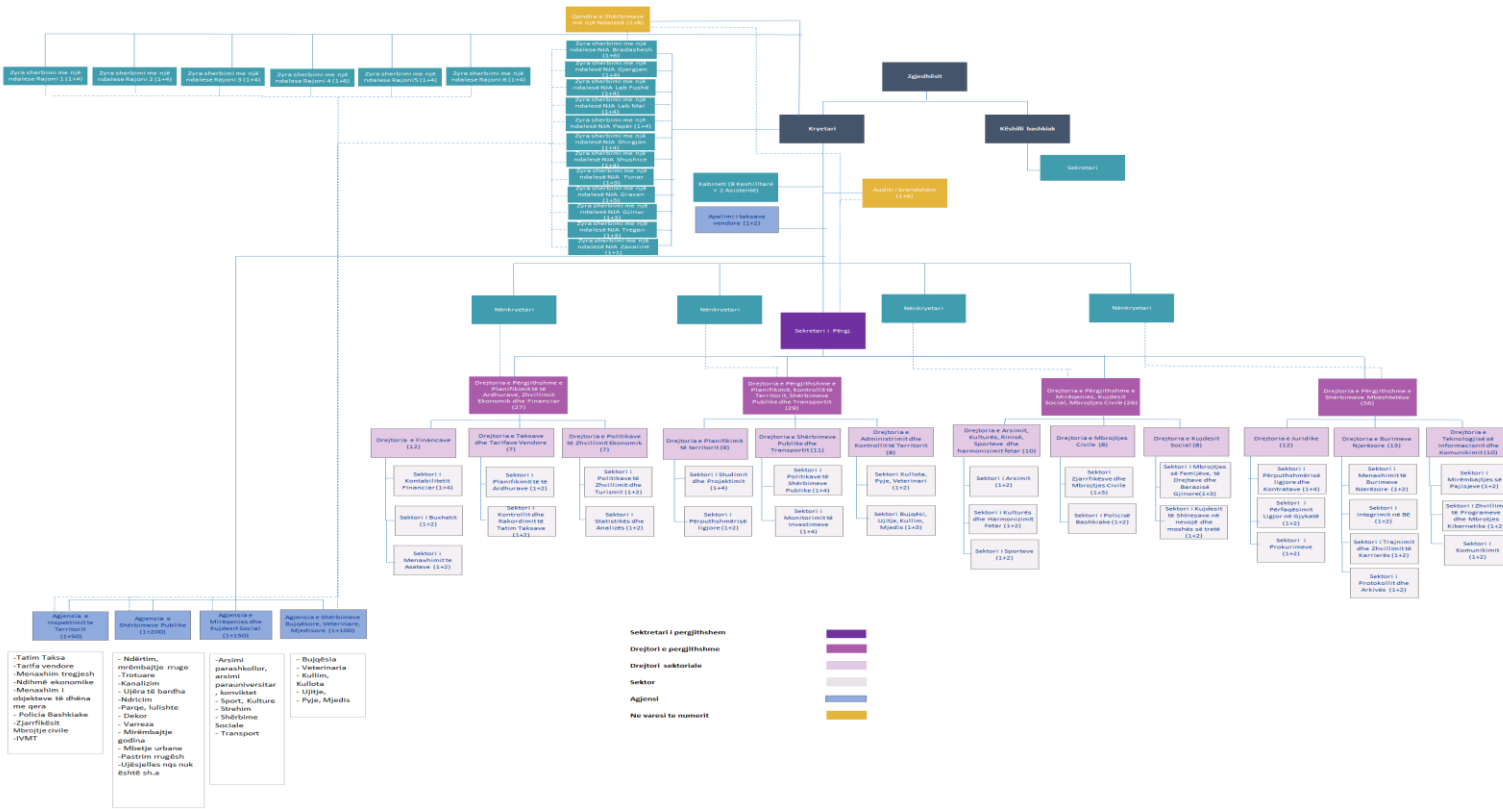
Structure of total revenues is comprised of 65.5% of the revenue generated from LGU Elbasan, 7.97% from LGU Bradashesh, 3.96% from LGU Shushice, 3.29% from LGU Labinot Mal, 2.64% from LGU Labinot Fushe

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 1,306,797 thousand Lek. 94% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 63.65% from expenses LGU Elbasan, 5.63% from LGU Bradashesh, 4.64% from LGU Shushice, 4.09% from LGU Labinot Mal, 3.15% from LGU labinot Fushe.

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 Cërrik, 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, excluding Mayors and employees of the Register Office, is 495 employees. More detailed: 211 persons working under employment contracts of one year, 81 persons working under labor contracts expired, (N/A) maternity leave, 24 persons are in the prove period to become civil worker. The latest under the Labor Code are considered a protected class.
- 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 Elbasan. It is worth mentioning that the Municipality Elbasan, 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 working 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 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 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

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus. Also, LGU implemented the accounting software Alpha program, Finance 5; the maintenance of the hardwares and softwares is done by the maintenance staff of LGU Elbasan.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Municipality Elbasan	LGU Bradash	LGU Funar	LGU Gjergjan	LGU Gjinar	LGU Gracen	LGU Lab.Fushe	LGU Lab.Mal	LGU Papër	LGU Shirgjan	LGU Shushicë	LGU Tregan	LGU Zavalinë
Installed Software	Windows 7, Office 2007, Sketch Up, Avast Free, Teamviewer	Windows 7, Office 2007,	Windows XP, Office 2007	Windows Xp/, Office 2007	Windows Xp/, Office 2007	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007S, Windows Xp	Office 2007, Windows Xp
Contracts of licences	Windows 7, Teamviewer, Avast	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense	No lisense
Hardware (in usage)													
Computer (desktop)	110	16	6	13	9	7	3	6	9	7	4	4	5
Printers	33	15	3	10	5	4	3	6	8	6	3	3	4
Servers	1	0	0	0	0	0	0	0	0	0	0	0	0
IT staff in total	3	0	0	0	0	0	0	0	0	0	0	0	0
Hardware and Software maintenance	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Elbasan has lack of 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 principle that the cost / benefit.
<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, terms, etc.) that can be implemented and stored safely in the central datacenter in Elbasan municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardware's and Software's 	<ul style="list-style-type: none"> LGU Elbasan should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.

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, and communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

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.

Observations and recommendations

Objectives	LGU Elbasan	LGU Bradash	LGU Funar	LGU Gjergj	LGU Gjinari	LGU Grace	LGU Lab.Fush	LGU Lab.Mali	LGU Papër	LGU Shirgjan	LGU Shushicë	LGU Tregan	LGU Zavalinë
Telephony service	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile
Telephony/service providers	n/a	Abissnet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Enada Onilne	Enada Onilne	Enada Onilne	n/a
Internet service		Local supplier, Telcom	Local supplier,	Local supplier,	Local supplier Nexhip Miraka	Local supplier, ServiSoft	Local supplier Arjan Rrumbullaku	Local supplier ServiSoft	Local supplier Nexhip Miraka	Local supplier Llazar Sota	Local supplier Enada Onilne	Local supplier Enada Onilne	FBD shpk Tiranë
Assess coverage of the telephony service	n/a	Local	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Local	Local	Local	n/a
Internal communication lines	Verbal/written	Verbal/written			Verbal/written			Verbal/written		Verbal/written			

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

- The function of the archive in LGU Elbasan is performed by archive specialists, in archive function is performed by LGU secretary.
- From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, from all LGUs is held the Register of Correspondence.
- 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 Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	Yes	No	No	No	No	No	Yes	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall
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
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No	No	No	No	No	No	No
Archive keys in two copies	No	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
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	No	No	No	Yes	No	No	Yes	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	No	No	No	No	No	Only safe	No	No	No	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).													
According to this scheme, all the documents that are found in the archive: Firstly are classified (grouped) by year Then, are classified based on structures (i.e. directorates, departments, branches, etc.) 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	Yes	Yes	No	No	Yes.j	No	No	Yes	Yes	None	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
documents containing information which refers to more than one department.													
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	Yes	No	Yes	No	No	No	Yes	No	Yes	Yes	No	Yes
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 period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files	Yes	Yes	Yes	No	Are completed	Yes	No	Yes	Yes	Under process	Yes	No	Partially

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
<ul style="list-style-type: none"> - Inventory identification number on file - The period of use 													
<p>Based on a) "the list of models of documents on storage" and b) "the list of models on national historical documents, ", 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).</p>	No	No	No	No	No	No	No	Yes	Yes	Nuk ka	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
The emblem of the Republic	Yes	Yes	No	No	Yes	No	No	Yes	Yes	No	Yes	No	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Number of documents attached	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
The content of the document	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Date and number of protocol	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes
Mod 1 - Correspondence model	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	Yes
Mod 3 - Serial Number of Correspondence	No	No	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	No
Mod 4. -The Book Delivery	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	Yes	No	No	No		No	Yes	No	Yes
Mode 5 - Table definitions of files for the	Yes	No	No	No	No	No	No	No	Yes	Under process	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Elbasan	LGU Brada	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Papër	LGU Shirgj	LGU Shushi	LGU Trega	LGU Zavalin
year													
Mod 6 - Elements of cover dossier	Yes	No	No	No	No	No	No	No	Yes	Under process	Yes	No	Yes
Mod 7 - Register of files	Yes	Yes	Yes	No	In archive	Yes	No	Yes	Yes	Under process	Yes	No	Under process
Mod 8 - Internal File register	Yes	Yes	Yes	No	placed in archive	Yes	No	Yes	Yes	Under process	Yes	No	Under process
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No	No	No	Yes	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No	No	in process	Under process	No	No	Under process
Mod 11 - The period laid down for storage (protection)	No	No	Yes	No	No	Yes	No	No	in process	Under process	Yes	No	Yes
Mod 12 - Destruction of documents containing any further value	No	No	No	Yes	No	No	No	No	in process	Under process	No	No	Yes

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 should 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 should 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:

- 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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Aalso, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Elbasan, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor 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.
- 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 Elbasan	LGU Brad	LGU Fun	LGU Gjer	LGU Gjin	LGU Grac	LGU Lab.F	LGU Lab.M	LGU Pap	LGU Shir	LGU Shush	LGU Treg	LGU Zav
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No
Leased Properties Register	Yes	No	No	Yes	No	No	No	No	n/a	Yes	Yes	No	No
Owned Companies Register	No	No	No	No	No	No	No	No	No	No	n/a	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No	No	No	n/a	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Assets DisYessal Committee	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes
Committee of disposal of assets	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	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.	<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

	Title	Status	Actual expenses	The budget approval
LGU Elbasan	Construction of "Lef Nosi Lagja 5 Maji.	Completed	15,002,662	15,960,000
LGU Elbasan	Construction of "28 Nëntori"	Completed	9,066,662	9,066,666
LGU Elbasan	Reconstruction of street "Qemal Stafa" 1	Completed	45,602,263 44,890,147	45,602,263 44,890,147
LGU Elbasan	Reconstruction of street "Qemal Stafa" 2	Completed	50,763,011 82,441,909	46,839,494 91,525,861
LGU Elbasan	Reconstruction of public square "Aqif Pasha" and street "Qemal Stafa").	Completed	38,095,974	38,098,860
LGU Elbasan	Addition construction on street "Thoma Kalefi"	Completed	5,058,856	5,395,259
LGU Elbasan	Construction of KUZ + KUB in 5 Maji	Completed	2,877,137	2,877,182

LGU Elbasan	Construction of school parks in Elbasanit	Completed	32,305,629	32,376,545
LGU Elbasan	Lighting in the "Aqif Pasha", "Qemal Stafa" e "Thoma Kalefi"	Under process	39,436,591	41,169,103
LGU Elbasan	Improvement of the condition of the Rom cominity, Elbasan	Under process	15,981,587	24,643,409
LGU Elbasan	Painting for 100 buildings	Under process	47,792,032	131,149,784
LGU Elbasan	Reconstruction of street Nusret and squires between buildings nr .60, 61, 62, 63/1, 64/3, lagja Emin Matraxhiu, Elbasan	Under process	15,924,656	29,976,831
LGU Elbasan	Reconstruction of street Marie Dhama and squires between buildings nr.716, 716/1, 717, 720, 720/1, 712 dhe 712/1	Under process	11,029,080	22,800,000
LGU Bradashesh	Contruccion of the high school in Katund I Ri	Under process	8,745,523	164,370,151
LGU Bradashesh	Reconstruction of house of z.Dashamir Albrahimit	Under process	259,200	3,661,296
LGU Bradashesh	Cleaning of the lake of Kushes from Aluvions.	Under process	654,108	12,415,596

LGU Bradashesh	Reconstruction of katund i ri,lagjia harvaleas	Under process	1,661,932	33,238,632
LGU Bradashesh	Reconstruction of kusarth- karakullak 20% addition contract	Under process	175,325	3,506,490
LGU Gjinar	Reconstruction of school in the village Pashtresh	Under process with "TBAKU construction	0	5,000,000
LGU Gjinar	Reconstruction of hospital Gjinar Faza e Parë	Under process "TBAKU"	0	5,000,000
LGU Gjinar	Reconstruction of the street Gjinar-fshati Gjinar	Not started yet	ALL 0	32,007,608
LGU Gjinar	Reconstruction of the street in Gjinar.	Not started yet	ALL 0	59,995,465
LGU Gjinar	Reconstruction of the street Bregore -Pobrat	Not started yet	0	71,008,333
LGU Gjinar	Reconstruction of the water supple Derstile - Sterstan	Not started yet	0	23,576,714
LGU Gjinar	Reconstruction of the street Gjinar Faza e dytë	Not started yet	0	4,083,333

LGU Gjinar	Construction of kindergarden Pobrat	Not started yet	0	1,845,198
LGU Gjinar	Construction of street Valesh-Shkolla Valesh	Not started yet	0	18,413,342
LGU Labinot Mal	Construction of street Griqan - Labinot Katund	Under process	2,432,382	49,800,000
LGU Labinot Mal	Construction of bridge Ura Lagja Nergjoni	Contract signed for 2019	131,406	2,500,000
LGU Labinot Mal	Gurra Labinot - Mal	Contract signed for 2019	49,512	1,000,000
LGU Papër	Construction of street Pajun	Has finished	1,644,635	1,644,635
LGU Papër	Supervision of the construction in Pajun	Has finished	30,000	30,000
LGU Papër	Supervision of sollak	Has finished	14,880	14,880
LGU Papër	Supervision of Vidhas	Has finished	4,200	4,200

LGU Shirgjan	Reconstruction of Elbasan-Cerrik,Fshati Bujqes	The contract is signed	38,448 ,207	40, 470,966
LGU Shirgjan	Reconstruction of street in the village Jagodin e Bathes.	The contract is signed	12, 212 ,820	19 ,200, 000
LGU Shushicë	Project of Hajdaran	Under proces	298,800	7,718,154
LGU Shushicë	Projecti of streets in Shushicë faza I	Under proces	573,000	42,248,400
LGU Shushicë	Projecti of streets in Shushicë faza II	Under proces	250,000	40,905,333
LGU Shushicë	Projecti of streets in Mlizë	Under proces	150,000	21,575,255
LGU Shushicë	Project of streets in Byshek Unaza	Has no strated yet	0	12,991,173
LGU Shushicë	Project of streets in Polis I vogl	Has no strated yet	0	39,650,173
LGU Shushicë	Project of streets in Kisha Shelcan	Under process	100,000	35,926,634

LGU Shushicë	Project water suppl Skalebër - Shushicë	Under process	298,000	43,948,906
LGU Shushicë	Project street Qafëhajdaran-Shushicë	Under process	252,000	140,539,535
LGU Shushicë	Projekt street Shushicë Fushbull	Has no strated yet	0	170,402,122
LGU Shushicë	Project of the emergensy Vreshtan	Has no strated yet	0	4,094,647
LGU Shushicë	Project of kindergarden Hajdaran	Has no strated yet	0	5,456,024
LGU Shushicë	Project Mlizë	Has no strated yet	0	5,775,000
LGU Shushicë	Projecti Korita	Not stared yet	0	2,284,816
LGU Shushicë	Projecti of office	Under process	357,000	10,571,672
LGU Shushicë	Project of Vreshtit	Under process	398,000	7,171,438

LGU Shushicë	Project of budget	Under process	50,000	50,000
LGU Shushicë	Project stret Byshek Pulari	Under process	538,200	9,597,840

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		6,389,797	6,205,495	5,802,658	
3		I. Intangible Assets		25,728	25,728	28,703	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	75,324	75,324	74,706	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(49,596)	(49,596)	(46,003)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		6,179,020	6,179,766	5,773,955	
10	210	Land		390,668	390,668	320,413	
11	211	Forests, Pasture, Plantation	F6, Sh1	44,646	44,646	15,128	
12	212	Building and Constructions	F6, Sh1	1,700,623	1,700,615	1,493,913	
13	213	Roads, networks, water facilities	F6, Sh1	3,603,769	3,603,769	3,476,944	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	240,571	240,571	214,346	
15	215	Transport vehicles	F6, Sh1	109,962	109,962	108,740	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	325,723	326,478	321,618	
19	219	Depreciation of tangible assets	F7, Sh1	(887,914)	(887,914)	(850,404)	
20	231	Expenses in process for increase of current tangible assets	F4	650,973	650,973	673,256	
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		185,049	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		185,049	-	-
27	B	CURRENT ASSETS		1,152,530	850,069	1,113,900
28	Class 3	I. Inventory Status		148,072	148,608	157,417
29	31	Materials	Sh2	13,399	13,399	20,278
30	32	Inventory Objects	Sh2	134,673	135,209	137,140
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		586,726	283,730	278,027
39	409	Suppliers, prepayments or partial payment		-	-	401
40	411-418	Similar clients or accounts		-	-	212
41	423	Employees, prepayment, deficits and penalties	Sh3	851	851	799
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)		518,270	215,251	193,804
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	67,605	67,628	82,811
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		417,731	417,731	678,456

				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	405,300	405,300	248,701
59	531	Petty-cash		-	-	60
60	532	Other amounts		12,431	12,431	12,235
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	417,460
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		13,191	300,440	159,721
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		1,694	16,352	16,659
67	486	Expenses in the future		11,497	284,087	143,062
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		7,555,518	7,356,003	7,076,279
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		6,088,761	5,904,994	5,983,636
2	10	I. Own funds		5,597,534	5,413,767	5,574,144
3	101	Base funds	F8	5,409,871	5,226,104	5,284,879
4	105	Capital internal grants		187,664	187,664	289,265
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		62,186	62,186	54,132
9	111	Reserve funds		25,917	25,917	23,501
10	115	Assignments from the year results for investments		36,270	36,270	30,631
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		429,040	429,040	355,360
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		1,130,162	1,114,415	894,065
17		I. Long-term debts		475,026	475,026	417,460
18	16	Internal borrowing and similar		475,026	475,026	417,460
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		655,137	639,389	476,606
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	451,939	451,939	297,834
23	42	Employees and related accounts		35,696	35,696	28,799
24	431	Liabilities to government for taxes		1,235	1,235	1,286
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		80,887	80,887	46,616
28	435	Social Insurance		8,193	8,193	7,504
29	436	Health Insurance		1,116	1,116	1,032
30	437	Other social organizations		27	27	17
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	43,001	43,001	26,820
36	467	Other creditors		33,042	17,295	66,697
37	C	OTHER ACCOUNTS		212	212	-
38	475	Incomes to register in the coming years		212	212	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		336,383	336,383	198,578
43	X	TOTAL LIABILITY		7,555,518	7,356,003	7,076,279
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		1,291,778	1,293,432	2,782,023	
2	60	I. Current expenses		1,282,866	1,284,520	2,780,970	
3	600	Salaries, bonuses		226,927	226,927	378,722	
4	6001	Salaries		219,543	219,543	373,426	
5	6002	Temporary salaries		3,237	3,237	5,219	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		4,147	4,147	78	
8	601	Health and social insurance contributions		36,297	36,297	62,841	
9	6010	Insurance contributions		32,684	32,684	56,715	
10	6011	Health insurance		3,612	3,612	6,126	
11	602	Other goods and services		241,196	242,348	442,977	
12	6020	Stationary		5,015	5,015	9,599	
13	6021	Special services		27,380	27,380	56,550	
14	6022	Services from third party		101,961	101,961	218,049	
15	6023	Transport expenses		17,904	18,894	43,725	
16	6024	Travel expense		126	126	633	
17	6025	Ordinary maintenance expenses		13,007	13,007	23,297	
18	6026	Rent expenses		1,696	1,696	4,004	
19	6027	Expenses for legal liability for compensation		17,326	17,326	29,899	
20	6028	Borrowing costs related to loans		-	-	20	
21	6029	Other operating expenses		56,780	56,942	57,201	
22	603	Subsidies		665	665	270	

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
23	6030	Subsidies for price differences		665	665	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	270
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		71,510	72,013	329,373
29	6040	Current transfers to other government levels		63,010	63,011	317,895
30	6041	Current transfers to various government institutions		6,073	6,489	634
31	6042	Current transfers for social and health insurance		2,428	2,513	-
32	6044	Current transfers for not for profit organizations		-	-	10,844
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		706,271	706,271	1,566,787
39	6060	Transfers paid from ISS and HII		18,017	18,017	4,311
40	6061	Transfers paid from other institutions and Local government		688,254	688,254	1,562,476
41	63	II. Change in inventory balances	F1	8,912	8,912	1,053
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		16,242	16,242	8,801
48	65	I. Internal finance expenses		16,242	16,242	8,801
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		16,242	16,242	8,801
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
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		1,308,019	1,309,674	2,790,824
61		D. RESULT CORRECTIONS ACTIVITES		52,778	52,778	43,776
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		47,176	47,176	37,563
64	8420	Revenues deposited in the budget		3,185	3,185	2,189
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		652	652	2,958
68	8424	Transfers for identified debtors and similar items		1,764	1,764	1,066
69	Class 6 & 8	TOTAL FROM OPERATIONS		1,360,797	1,362,451	2,834,600
70	85	RESULTS FROM FUNCTIONING		334,618	331,221	197,106
71	X	TOTAL		1,695,416	1,693,672	3,031,707

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required from 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	1,685,851	1,687,506	3,031,070
2	70	I. TAX INCOMES	196,411	196,411	294,282
3	700	a) On revenues, profit, and equity revenue	33,354	33,354	75,218
4	7000	Personal income tax	-	-	-
5	7001	Income tax	465	465	-
6	7002	Small business tax	32,890	32,890	75,218
7	7009	Other tax	-	-	-
8	702	b) Property tax	94,806	94,806	136,787
9	7020	On immovable property	89,632	89,632	120,119
10	7021	Sales of immovable property	94	94	-
11	7029	Other on property	5,080	5,080	16,668
12	703	c) Tax goods and services in the country	67,711	67,711	82,277
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	17,986	17,986	33,136
17	7035	Local tax on goods usage and activity permission	49,725	49,725	49,141
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	539	539	-
25	709	g) Penalty interest	-	-	-

			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
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	109,632	109,632	195,943
35	710	a) From enterprise and ownership	6,183	6,183	9,259
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	6,183	6,183	9,259
			-	-	-
39	711	b) Administrative service and secondary revenues	102,740	102,740	186,179
40	7110	Administrative tariffs and regulations	78,331	78,331	149,410
41	7111	Secondary revenues and payments of services	19,959	19,959	28,468
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1,039	1,039	-
44	7114	Revenues from tickets	127	127	378
45	7115	Fines and late-fees, sequestration and compensation	3,283	3,283	7,923
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	709	709	505
48	72	IV. ACTUAL GRANTS (a+b)	1,287,731	1,289,386	2,437,880
49	720	a) Internal actual grant	1,287,731	1,289,386	2,437,880
50	7200	From same Government level	432,133	433,371	513,878
51	7201	From other Government levels	689,947	690,364	1,724,774
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	-	-	-

			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
55	7205	Additional finances created within the system	-	-	441
56	7206	Expected financing from budget	165,351	165,351	198,787
57	7207	Third party sponsorship	300	300	-
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	92,077	92,077	102,965
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	92,077	92,077	102,965
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits 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	1,685,851	1,687,506	3,031,070
81	83	D. RESULT CORRECTIONS ACTIVITES	9,564	9,564	4,011
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	9,564	9,564	4,011
84	Class 7 & 8	TOTAL FROM OPERATIONS	1,695,416	1,697,070	3,035,081
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	1,695,416	1,697,070	3,035,081

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	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>
1	I	SOURCE OF FUNDS	1,116,638	438,387	478,905	1,157,155
2	105	Internal capital grants	289,265	331,310	229,640	187,595
3	1050	From the same government level	75,290	81,432	97,404	91,262
4	1051	From other Government levels	207,415	224,885	106,995	89,525
5	1052	Third parties contribution for investments	6,560	-	249	6,808
6	1059	Internal grants in nature	-	24,993	24,993	-
7	106	Foreigner Capital grants	-	27,060	27,060	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	27,060	27,060	-
11	14	Capital grants for investments to third parties	355,360	22,349	96,028	429,040
		Internal grants, participation capital in investments for				
12	145	third parties	355,360	22,349	96,028	429,040
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	31,051	41,735	47,354	36,670
15	111	Reserve funds	420	198	178	400
16	115	Fund allocation for investments from result of the year	30,631	41,537	47,176	36,270
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	23,501	3,245	8,569	28,825
19	16	Internal borrowing and similar	417,460	12,689	70,255	475,026
20	160	Bonds and direct credit (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>
21	161	Other internal borrowing (entry)	417,460	-	70,255	487,715
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	12,689	-	(12,689)
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	673,256	467,922	490,206	650,973
34	230	Expenses for increase of Intangible Assets	-	618	618	-
35	231	Expenses for increase of Tangible Assets	673,256	467,304	489,588	650,973
36	2310	Land	-	70,255	70,255	-
37	2311	Forests, Pasture, Plantation	-	17,602	17,602	-
38	2312	Building and Constructions	216,817	161,125	230,608	147,334
39	2313	Roads, networks, water facilities	456,439	190,131	142,932	503,638
40	2314	Technical installment, machinery, equipment, working tools	-	24,309	24,309	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	3,881	3,881	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

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>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending's 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 joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	1,789,894	906,309	969,110	1,808,128

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	248,701	-	-	-
2	II. RECEIVABLES "CASH"	2,073,858	-	-	-
3	1. Funds from budget	1,661,041	-	-	-
4	Actual budget funds (Budget with changes)	1,244,153	-	-	-
5	Capital budget funds (Budget with changes)	416,888	-	-	-
6	2. Incomes and revenues during the year in "Cash"	412,817	-	-	-
7	Tax revenues in "Cash"	196,411	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	109,553	-	-	-
10	Interact incomes "Cash"	635	-	-	-
11	Sponsorships, grants and other revenues "cash"	11,999	-	-	-
12	Loans and different lending	70,255	-	-	-
13	Entry from storage "Cash"	23,964	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	1,768,856	-	-
15	1. Payment from the budget for actual expenses	-	1,149,919	-	-
16	2. Payments from the budget for capital expenses	-	322,599	-	-
17	3. Payments from revenues for actual expenses	-	168,208	-	-
18	4. Payments from revenues from capital expenses	-	50,091	-	-
19	5. Payments from storage	-	7,783	-	-
20	6. Other payments	-	70,255	-	-
21	IV. TRANSFERS	-	148,403	-	-
22	1. Deposit of revenues in the budget	-	3,892	-	-
23	2. Unused budget (actual and capital)	-	144,510	-	-

24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	2,322,559	1,917,258	-	-
26	VI. CLOSING BALANCE	405,300	-	-	-

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	74,706	618	-	-	-	618	-	-	-	-	75,324
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	74,706	618	-	-	-	618	-	-	-	-	75,324
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	5,951,102	464,679	27,060	22,993	12,140	526,872	-	911	60,355	61,267	6,416,708
6	210 Land	320,413	70,255	-	-	-	70,255	-	-	-	-	390,668
7	211 Forests, Pasture, Plantation	15,128	17,602	-	14,442	144	32,188	-	-	2,671	2,671	44,646
8	212 Building and Constructions	1,493,913	232,608	-	3,000	8,746	244,353	-	-	37,651	37,651	1,700,615
9	213 Roads, networks, water facilities	3,476,944	142,932	-	-	3,038	145,970	-	-	19,145	19,145	3,603,769
10	214 Technical installment, machinery, equipment, working tools	214,346	69	24,309	1,846	-	26,224	-	-	-	-	240,571
11	215 Transport vehicles	108,740	-	-	2,012	-	2,012	-	-	-	-	110,752
12	216 Government reserve	-	-	-	-	-	-	-	790	-	790	(790)

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	321,618	1,213	2,751	1,692	213	5,869	-	121	888	1,010	326,478
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + II)	6,025,808	465,297	27,060	22,993	12,140	527,490	-	911	60,355	61,267	6,492,032

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	46,003	3,593	-	3,593	-	-	-	-	49,596
2	219	II. TANGIBLE	850,404	38,562	-	38,562	-	792	260	1,052	887,914
		TOTAL (I + II)	896,407	42,155	-	42,155	-	792	260	1,052	937,510

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	5,284,878.68	587,233	708,725	5,406,371	5,284,879	585,943	527,168	5,226,104		
2	1010	Status of base fund	5,301,235	476,315	76	4,824,996	5,301,235	475,026	69	4,826,278		
3	1011	Additions base fund	12,646	246	708,488	720,889	12,646	246	526,939	539,340		
4	1012	Decrease base fund	(7,836)	23,967	160	(31,643)	(7,836)	23,967	160	(31,643)		
5	1013	Decrease from tangible assets consume	(17,233)	40,155	-	(57,388)	(17,233)	40,155	-	(57,388)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	(3,482)	119	-	(3,602)	(3,482)	119	-	(3,602)		
8	1016	Decrease from transferring tangible assets	(452)	46,430	-	(46,882)	(452)	46,430	-	(46,882)		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	897,335	599,391	720,829	1,018,773	897,335	599,391	717,329	1,015,273		
11	105	Capital internal grants	289,265	330,953	229,351	187,664	289,265	330,953	229,351	187,664		
12	107	Current assets in use	-	-	-	-	-	-	-	-		

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>		
13	11	Other own funds	51,624	45,005	55,567	62,186	51,624	45,005	55,567	62,186		
14	12	Carried result	22,038	2,508	-	19,531	2,508	2,508	-	-		
15	13	Exceptional subsidiaries Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
16	145	Forecasted amounts for disasters and expenses	355,360	22,349	99,528	432,540	355,360	22,349	96,028	429,040		
17	15		-	-	-	-	-	-	-	-		
18	85	Result	179,047	198,578	336,383	316,852	198,578	198,578	336,383	336,383		
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)	6,182,214	1,186,624	1,429,554	6,425,143	6,182,214	1,185,334	1,244,497	6,241,376		

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
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	813	306	20	1,099	222,780	-	-	57,024	-	8,960
<i>1</i>	Directors High level education specialist	88	55	-	143	46,166	-	-	12,488	-	2,718
<i>2</i>	Technical Ordinary officers	243	59	5	297	84,460	-	-	22,196	-	4,291
<i>3</i>	Employees Temporary employees	130	32	2	160	26,935	-	-	7,291	-	1,243
<i>4</i>		93	29	2	120	23,188	-	-	5,556	-	699
<i>5</i>		218	131	10	339	40,288	-	-	9,022	-	4
<i>6</i>		41	-	1	40	1,744	-	-	471	-	5

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	7,555,518	7,356,003	7,076,279
2	I	Current Assets	1,152,530	850,069	1,113,900
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	417,731	417,731	678,456
13	Class 4	2. Receivables	586,726	283,730	278,027
29	Class 3	3. Current Inventory accounts	148,072	148,608	157,417
39	II	Non-current Assets	6,389,797	6,205,495	5,802,658
40	23	1. Investments	650,973	650,973	673,256
44	25,26	2. Finance assets	185,049	-	-
47	21,24,28	3. Tangible assets	5,528,047	5,528,793	5,100,698
60	20	4. Intangible assets	25,728	25,728	28,703
65	III	Other assets	13,191	300,440	159,721
69	B	Liabilities	1,130,374	1,114,627	894,065
70	I	Current liabilities	655,137	639,389	476,606
71	Class	1. Accounts payable	655,137	639,389	476,606
88	16	2. Non-current liabilities	475,026	475,026	417,460
89	II	Non liquid liabilities	475,026	475,026	417,460
90	17	1. Foreign loans	212	212	-
91	III	Other liabilities	6,425,143	6,241,376	6,182,214
96		Net assets (A - B)	6,088,761	5,904,994	5,983,636
97		Presented: Consolidated budget	336,383	336,383	198,578
98		Carried forward results			

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	1,695,416	1,697,070	3,035,081
2	70,750,71	I. REVENUES AND CONTRIBUTES	306,043	306,043	490,225
3	70	1. Tax revenues upon	196,411	196,411	294,282
19	71	3. Non tax revenues	109,632	109,632	195,943
23	72	II. GENERAL ACTUAL GRANTS	1,287,731	1,289,386	2,437,880
31	78	IV. WORKS FOR INVESTMENTS	92,077	92,077	102,965
32	77, 83	V. OTHER REVENUES	9,564	9,564	4,011
33	B	TOTAL EXPENSES			
34		I. ACTUAL EXPENSES	1,360,797	1,362,451	2,834,600
35	600 601	1. Salaries and employees contribution	1,282,866	1,284,520	2,780,970
38	602	2. Goods and Services	263,223	263,223	441,563
50	604	4. Internal actual transfers	241,196	242,348	442,977
51	605	5. External actual transfers	71,510	72,013	329,373
52	606	6. Budget transfers for families and individuals	706,271	706,271	1,566,787
57	67	IV. OTHER EXPENSES	61,690	61,690	44,829
58	C	DETERMINED NET INCOME	334,618	334,618	200,480
59		From this: Functioning results	334,618	331,221	197,106
60		Functioning observed grants	(0)	3,398	3,374

STAR Project

Municipality Gramsh 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 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 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 standards for each

Observations	Recommendations
horizontal functions.	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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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 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 Gramsh. 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 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</p>	<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: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>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.</p> <ul style="list-style-type: none"> - <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"> • 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.

Observations	Recommendations
<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 for the Municipality Gramsh and nine existing LGUs of Kodovjat, Kukur, Kushovë, Lënie, Pishaj, Poroçan, Skënderbegas, Sult and Tunjë 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

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Gramsh	LGU Kodovjat	LGU Kukur	LGU Kush-ovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	x	✓	x	x	x	✓	x	x	x
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Gramsh: 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 Gramsh 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 Gramsh, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 9 units are transformed in 1 Municipality with 9 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role									
New Municipality	Gramsh								
Municipality Council	✓								
Mayor	✓								
Deputy Mayor	✓								
Secretary of Municipality Council	✓								
Administrative Unit	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënde- rbegas	LGU Sult	LGU Tunjë
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 126

- 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 62

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

Public Services	Municipality Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë	Merged
Infrastructure and public services											
Water Supply Company	Sha	1	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	Sha+2
Functioning of the sewerage system	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	sha	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	sha
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	4	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11
Public lighting	1	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	n/a	n/a	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	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Decorations Service in town / village	1	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	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Collection, disposal and recovery of waste	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Urban planning	4	1	1	n/a	0.5	1	n/a	n/a	n/a	n/a	7.5
Land management	2	1	n/a	0.5	n/a	n/a	n/a	0.5	1	0.5	5.5
Shelter	n/a	n/a	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	9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9
Organization of sporting, recreational and entertainment activities and management of relevant institutions	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
Social services of kindergardens	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7
Social services - orphanages, shelters	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7
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
Establishment and function of public markets and trade network	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2

Public Services	Municipality Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë	Merged
Small business development, and the development of promotional activities such as fairs and advertisements in public places	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
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
Veterinary services	2	0.5	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	3.5
Conservation and development of forests and natural resources of local character	n/a	1	2	0.5	0.5	3	3	0.5	0.33	0.5	11.33
The order and civil protection											
Preservation of public order to prevent administrative violations	6	1	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	10
Civil protection	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Educational institutions											
Maintenance of facilities in preliminary education	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
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
Social care											
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	2	2	2	1	1	1	1	n/a	1	1	12
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Protection											
Environmental Protection	n/a	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5
Register Office											
Register Office	2	1	1	n/a	n/a	1	n/a	n/a	n/a	n/a	5
Business Registration											
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	75	13	11	2	2	11	4	3	2.33	2	125.33

Horizontal Functions	Municipality Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë	Merged
Finance	5	2	1.5	1	2	1.5	2	2	1	1	19
Local taxes and Tariffs	2	1	1	1	1	2	1	1	0.33	n/a	10.33
Legal Issues	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Procurement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	1	n/a	n/a	n/a	0.5	0.5	n/a	n/a	n/a	n/a	2
Protocol	0.33	n/a	n/a	n/a	n/a	0.5	n/a	n/a	n/a	0.5	1.33
Archiving	0.33	0.33	0.5	n/a	0.5	0.5	1	n/a	0.33	0.5	4
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	6.34	3.67	4	n/a	1	4	2	1	n/a	n/a	22
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	18	7	7	2	5	9	6	4	1.66	2	61.66

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:

LGU Gramsh:

- Personnel responsible for economic assistance is under the Department of Finance.

LGU Kodovjan:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Kukur:

- Staff responsible for Economic Assistance and Archives is under the Department of Finance.

LGU Pishaj:

- Personnel responsible for Veterinary

LGU Porocan:

- Personnel responsible for Veterinary.

LGU Skenderbegas:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Sult:

- Personnel responsible for economic assistance under the Department of Finance.

The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Gramsh)
 - Function of the sewage system
 - Management of waste materials
- Licensed Services:
 - None
- 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	Yes	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:

- Consistent with 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 sectorial 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

The first block is related to function of the Mayor, the Cabinet of the Mayor, Sub / Heads and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.

- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.

- The third block listed agencies, which are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.

- In the fourth block of the office of one-stop service at LGU and NJA. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in LGU and subdivisions, if applicable.

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 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	
<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 a value of 128,352 thousand ALL. Overdue municipal obligations are reported at a value 102,024 thousand ALL.</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 11% 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

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.

uniform software solution for 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 Gramsh, 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 Gramsh, LGU Pishaj, LGU Kodovajt, LGU Kukur, LGU Kushove, LGU Lenie, LGU Porocan, LGU Skederbegas, LGU Sult, LGU Tunje.

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

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	304,578
Tax and non-tax revenue	39,460
Total Expenses	316,707
Total Assets	1,638,325
Liabilities	128,352

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	1,638,325	1,526,830
I	Current Assets	160,922	158,427
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	21,332	21,332
Class 4	2. Receivables	109,720	107,225
Class 3	3. Current Inventory accounts	29,870	29,870
II	Non-current Assets	1,465,403	1,356,403
23	1. Investments	38,690	38,690
25,26	2. Finance assets	109,000	-
21,24,28	3. Tangible assets	1,301,629	1,301,629
20	4. Intangible assets	16,084	16,084
III	Other assets	12,001	12,001
B	Liabilities	128,352	125,857
I	Current liabilities	128,352	125,857
Class 4	1. Accounts payable	128,352	125,857
	Net assets (A - B)	1,509,973	1,400,973
	Presented: Consolidated budget	1,494,731	1,385,731
	Carried forward results	15,242	15,242

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,638,325 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 10% of total assets are increased by 16% 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 31% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are decreased of 4% .

Accounts Receivable

- Structure of total debtors of municipality Gramsh consists of 89.2% of LGU Gramsh, 8.13% of LGU Pishaj, of 1.69% LGU Kodovjat.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Gramsh 89%, have increased by 11% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 6% which compose 79% of total assets.

PPE

- 33.94% of PPEs of Municipality Gramsh are composed by the PPEs of LGU Gramsh, 18.36% from PPE of LGU Pishaj, 11.49% of LGU Kodovajt, 7.51% of LGU Kukur, 5.57% of LGU Kushove, 4.3 of LGU Lenie, 5,92% of LGU Porocan, 5,66% of LGU Skederbegas, 3,88% of LGU Sult, 3.38% of LGU Tunje.

Accounts Payable

Accounts payable have increased by 31% during the period ended July 31, 2015 compared with the previous year 2014.

78% of the total accounts payable are composed of accounts payable of LGU Gramsh, 8.69% from LGU Kodovajt, and 7.57% from LGU Pishaj.

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	345,602	344,066
A	I. REVENUES AND CONTRIBUTES	39,460	39,460
70,750,71	1. Tax revenues upon	23,802	23,802
75	3. Non tax revenues	15,658	15,658
71	II. GENERAL ACTUAL GRANTS	304,578	303,042
	IV. WORKS FOR INVESTMENTS	1,564	1,564
78	V. OTHER REVENUES		
	TOTAL EXPENSES	330,014	328,478
B	I. ACTUAL EXPENSES	313,503	311,968
	1. Salaries and employees contribution	59,332	59,332
600 601	2. Goods and Services	55,875	55,875
603	4. Internal actual transfers	18,081	16,571
605	6. Budget transfers for families and individuals	180,215	180,189
66	IV. OTHER EXPENSES	16,510	16,510
67	DETERMINED NET INCOME	15,588	15,588
C	From this: Functioning results	15,588	15,588
	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 345,602 thousand lek. 11% of the total municipality incomes are composed of tax and non-tax revenues, 88% of income is from grants and 1% from other income.

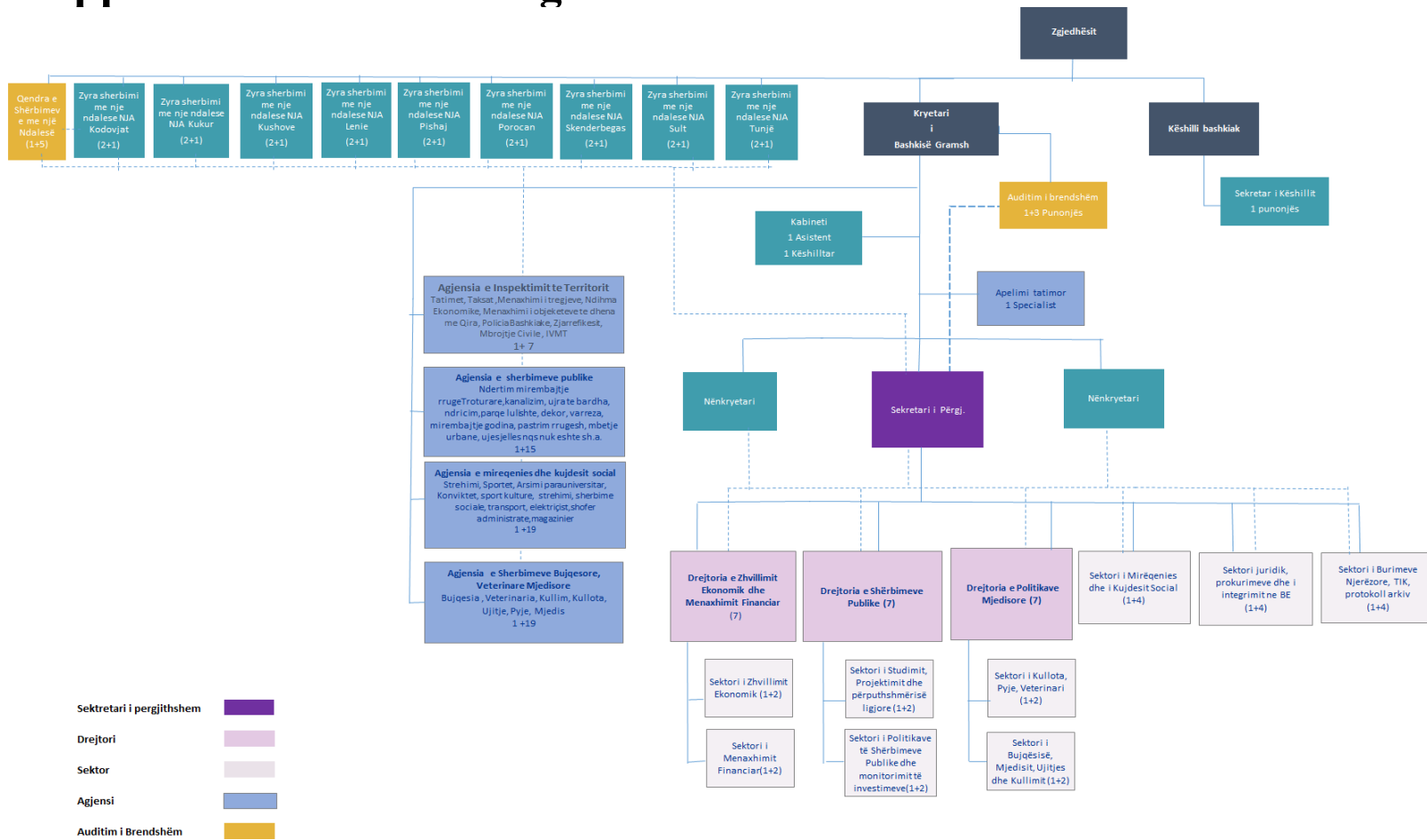
Structure of total revenues is comprised of 37.65% of the revenue generated from LGU Gramsh, 13.03% from LGU Pishaj, 10.89% from LGU Kodovjat, 8.29% LGU Porocan, 7.89% LGU Kukur

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 345,602 thousand Lek. 95% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 37.07% from expenses LGU Gramsh, 13.52% from LGU Pishaj, 10.56% from LGU Kodovjat, 8.46% from LGU Porocan, 7.86% from LGU Kukur.

- 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



- Sekretari i përgjithshëm
- Drejtori
- Sektor
- Agjensi
- Auditim i brendshëm

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 Cërrik, 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, excluding Mayors and employees of the Register Office, is 191 employees. More detailed: 158 persons working under employment contracts of one year, 30 persons working under labor contracts expired, (N/A) maternity leave, 3 persons are appointed. The latest under the Labor Code are considered a protected class.
- 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 Gramsh. It is worth mentioning that the Municipality Gramsh, 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 working 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 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 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

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus. Also, LGU implemented the accounting software Alpha program, Finance 5, the maintenance of the hardwares and softwares is done by the maintenance staff of LGU Gramsh.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Municipality Gramsh	NJA Kodovjat	NJA Kukur	NJA Kushovë	NJA Pishaj	NJA Lënie	NJA Skënderbegas	NJA Tunjë	NJA Sult	NJA Poroçan
Installed Software	Windows 7, Office 2007, Sketch Up, Avast Free, Teamviewer	Windows 7, Office 2007,	Windows XP, Office 2007	Windows Xp/, Office 2007	Windows Xp/, Office 2007	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp	Office 2007, Windows Xp
Contracts of licensees	Kasper Pure	Windows 7	Windows 7	Windows 7	Windows 7	No lisense	No lisense	No lisense	No lisense	No lisense
Hardware (in usage)										
Computer (desktop)	33	3	4	4	2	2	3	1	0	1
Printers	20	3	3	1	2	1	3	2	3	2
Servers	0	0	0	0	0	0	0	0	0	0
IT staff in total	1	0	0	0	0	0	0	0	0	0
Hardware and Software maintenance	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract	Maitenance contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Gramsh has lack of 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 principle that the cost / benefit.
<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, terms, etc.) that can be implemented and stored safely in the central datacenter in Gramsh municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardware and Software 	<ul style="list-style-type: none"> LGU Gramsh should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.

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 communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

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.

Observations and recommendations

Objectives	LGU Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Poroçan	LGU Lënie	LGU Skënderbegas	LGU Pishaj	LGU Sult	LGU Tunjë
Telephony service	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile
Telephony/service providers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

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

- The function of the archive in LGU Gramsh is performed by archive specialists, in archive function is performed by LGU secretary.
- From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, from all LGUs is held the Register of Correspondence.
- 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 Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë
Fire protection, shells protection from sun, dust and any other physical and biological agents	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	No	No	No	No	No	No	
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	No	No	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	No	No	No	No	No	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	Yes	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
Archive keys in two copies	Yes	No	No	No	No	No	No	No	No	No

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.	No	No	No	No	No	No	No	No	No	No
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Closed with key	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).										
According to this scheme, all the documents that are found in the archive: Firstly are classified (grouped) by year Then, are classified based on structures (i.e. directorates, departments, branches, etc.) 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.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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	No	No	No	No	No	No	No	No	No
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 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	No	No	No	No	No	No	No	No	No	No
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	No	No	No	No	No	No	No	No	No	No

preservation of these documents (by module 11).										
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	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	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors	Yes	No	No	No	No	No	No	No	No	No

secretariat and vice versa										
Mod 5 - Table definitions of files for the year	Yes	No	No	No	No	No	No	No	No	No
Mod 6 - Elements of cover dossier	No	No	No	No	No	No	No	No	No	No
Mod 7 - Register of files	Yes	No	No	No	No	No	No	No	No	No
Mod 8 - Internal File register	Yes	No	No	No	No	No	No	No	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No	No	No	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:

- 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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Aalso, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Gramsh, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor 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.
- 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 Gramsh	LGU Kodovjat	LGU Kukur	LGU Kushovë	LGU Lënie	LGU Pishaj	LGU Poroçan	LGU Skënderbegas	LGU Sult	LGU Tunjë
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Owned Companies Register	No	No	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	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 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

	Title	Status	Actual expenses	The budget approval
LGU Gramsh	Reconstruction around the culture palace	In process	8,733,137	8,733,137
LGU Gramsh	Reconstruction around sport park	In process	1,661,933	1,661,933
LGU Gramsh	Reconstruction of the square	In process	23,139,044	27,766,813
LGU Gramsh	Reconstruction of the gym "Shefqet Guzi"	In process	ALL 2,134,834	3,244,751
LGU Gramsh	Reconstruction of the main park Gramsh	In process	0	27,309,848
NJA Kodovjat	Sewage system Bulçarë	In process	4,881,100	6,700,000
NJA Kukur	Reconstruction of the high school "Muharrem Zela"	In process	10,524,813	20,900,000

NJA Kushovë	Reconstruction of bridge of Dumberasit	In process	41,100,000	41,100,000
NJA Pishaj	Sewage system	In process	7,836,884	13,200,000
NJA Pishaj	Reconstruction of Galigat bridge	In process	1,167,000	13,200,000
NJA Skënderbegas	Reconstruction of bridge in village Siman	In process	6,700,000	6,700,000
NJA Skënderbegas	Addition in the water supply Skënderbegas	In process	0	5,900,000

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		1,465,403	1,356,403	1,317,148	
3		I. Intangible Assets		16,084	16,084	15,612	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	16,084	16,084	15,612	
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		1,340,319	1,340,319	1,301,536	
10	210	Land		4,853	4,853	4,853	
11	211	Forests, Pasture, Plantation	F6, Sh1	10,807	10,807	3,975	
12	212	Building and Constructions	F6, Sh1	668,128	668,128	647,298	
13	213	Roads, networks, water facilities	F6, Sh1	763,665	763,665	712,273	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	7,526	7,526	7,155	
15	215	Transfers vehicles	F6, Sh1	42,878	42,878	42,878	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	127,980	127,980	123,789	
19	219	Depreciation of tangible assets	F7, Sh1	(324,207)	(324,207)	(308,994)	
20	231	Expenses in process for increase of current tangible assets	F4	38,690	38,690	68,308	
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		109,000	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		109,000	-	-
27	B	CURRENT ASSETS		160,922	158,427	138,992
28	Class 3	I. Inventory Status		29,870	29,870	33,073
29	31	Materials	Sh2	2,531	2,531	4,829
30	32	Inventory Objects	Sh2	25,550	25,550	26,434
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		1,790	1,790	1,810
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		109,720	107,225	83,630
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	94	94	597
42	431	Rights and taxes to the 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)		95,451	92,956	68,428
46	435	Social Insurance		-	-	438
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	14,175	14,175	14,169
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		21,332	21,332	22,288

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	21,332	21,332	22,288
59	531	Petty-cash		-	-	0
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		12,001	12,001	8,374
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		12,001	12,001	8,374
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,638,325	1,526,830	1,464,514
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		1,494,731	1,385,731	1,350,463
2	10	I. Own funds		1,442,847	1,385,731	1,350,463
3	101	Base funds	F8	1,404,194	1,347,078	1,282,154
4	105	Capital internal grants		38,653	38,653	68,308
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		51,884	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		128,352	125,857	98,046
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		128,352	125,857	98,046
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	100,508	100,508	60,181
23	42	Employees and related accounts		2,636	2,636	7,556
24	431	Liabilities to government for taxes		1,003	1,003	895
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 creditors		422	422	302
28	435	Social Insurance		768	768	1,788
29	436	Health Insurance		106	106	152
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		13,517	13,517	13,582
35	466	Creditors for assets under guard	Sh5	6,583	6,583	5,763
36	467	Other creditors		2,809	313	7,829
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)		15,242	15,242	16,005
43	X	TOTAL LIABILITY		1,638,325	1,526,830	1,464,514
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		316,707	315,171	556,647	
2	60	I. Current expenses		313,503	311,968	555,870	
3	600	Salaries, bonuses		51,728	51,728	91,504	
4	6001	Salaries		51,268	51,268	91,284	
5	6002	Salaries		460	460	220	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		7,604	7,604	13,762	
9	6010	Insurance contributions		6,835	6,835	12,378	
10	6011	Health insurance		770	770	1,385	
11	602	Other goods and services		55,875	55,875	98,615	
12	6020	Stationary		2,597	2,597	5,485	
13	6021	Special services		899	899	1,995	
14	6022	Services from third party		13,352	13,352	19,119	
15	6023	Transport expenses		7,529	7,529	20,687	
16	6024	Travel expense		835	835	1,755	
17	6025	Ordinary maintenance expenses		5,295	5,295	8,528	
18	6026	Rent expenses		228	228	82	
19	6027	Expenses for legal liability for compensation		4,430	4,430	3,581	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		20,711	20,711	37,384	
22	603	Subsidies		-	-	-	

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
23	6030	Subsidies for price differences		-	-	-
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		18,081	16,571	3,523
29	6040	Current transfers to other government levels		16,256	16,232	3,372
30	6041	Current transfers to various government institutions		1,825	339	150
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		180,215	180,189	348,466
39	6060	Transfers paid from ISS and HII		58,989	58,989	121,581
40	6061	Transfers paid from other institutions and Local government		121,226	121,200	226,884
41	63	II. Change in inventory balances	F1	3,203	3,203	777
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
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		-	-	-

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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
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		316,707	315,171	556,647
61		D. RESULT CORRECTIONS ACTIVITES		13,307	13,307	42,301
62	828	Names of cancelled revenues		700	700	-
63	831	Determination of revenues for investments		6,494	6,494	31,562
64	8420	Revenues deposited in the budget		23	23	21
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		4,681	4,681	8,769
67	8423	Transfers for changes in situation		1,408	1,408	1,132
68	8424	Transfers for identified debtors and similar items		-	-	817
69	Class 6 & 8	TOTAL FROM OPERATIONS		330,014	328,478	598,948
70	85	RESULTS FROM FUNCTIONING		15,588	15,588	16,005
71	X	TOTAL		345,602	344,066	614,953

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required 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	344,038	342,502	614,377
2	70	I. TAX INCOMES	23,802	23,802	36,615
3	700	a) On revenues, profit, and equity revenue	3,126	3,126	8,691
4	7000	Personal income tax	41	41	-
5	7001	Income tax	24	24	-
6	7002	Small business tax	2,634	2,634	8,393
7	7009	Other tax	427	427	298
8	702	b) Property tax	8,690	8,690	9,837
9	7020	On immovable property	6,952	6,952	8,733
10	7021	Sales of immovable property	10	10	-
11	7029	Other on property	1,728	1,728	1,104
12	703	c) Tax upon goods and services in the country	11,977	11,977	18,086
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	1,282	1,282	2,568
17	7035	Local tax on goods usage and activity permission	10,695	10,695	15,519
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	10	10	-
25	709	g) Penalty interest	-	-	-

			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
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	15,658	15,658	28,454
35	710	a) From enterprise and ownership	5,331	5,331	13,878
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	58
38	7109	Others from enterprise and ownership	5,331	5,331	13,819
			-	-	-
39	711	b) Administrative service and secondary revenues	10,327	10,327	14,576
40	7110	Administrative tariffs and regulations	2,220	2,220	1,606
41	7111	Secondary revenues and payments of services	79	79	6,649
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	7,908	7,908	5,424
44	7114	Revenues from tickets	33	33	36
45	7115	Fines and late-fees, sequestration and compensation	87	87	861
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	304,578	303,042	549,308
49	720	a) Internal actual grant	304,578	303,042	549,308
50	7200	From same Government level	214,717	213,181	473,780
51	7201	From other Government levels	-	-	-
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	-	-	-

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
55	7205	Additional finances created within the system	6,202	6,202	7,182
56	7206	Expected financing from budget	83,660	83,660	68,346
57	7207	Third party sponsorship	-	-	-
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 deposits 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	344,038	342,502	614,377
81	83	D. RESULT CORRECTIONS ACTIVITES	1,564	1,564	577
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	1,564	1,564	577
84	Class 7 & 8	TOTAL FROM OPERATIONS	345,602	344,066	614,953
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	345,602	344,066	614,953

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	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>
1	I	SOURCE OF FUNDS	69,201	66,762	36,251	38,690
2	105	Internal capital grants	69,201	66,762	36,251	38,690
3	1050	From the same government level	69,201	52,467	17,075	33,810
4	1051	From other Government levels	-	100	4,980	4,880
5	1052	Third parties contribution for investments	-	13,670	13,670	-
6	1059	Internal grants in nature	-	526	526	-
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)	-	-	-	-

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>
21	161	Other internal borrowing (entry)	-	-	-	-
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	68,308	54,481	84,099	38,690
34	230	Expenses for increase of Intangible Assets	-	472	472	-
35	231	Expenses for increase of Tangible Assets	68,308	40,339	69,957	38,690
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	3,072	-	3,072	-
38	2312	Building and Constructions	22,725	18,771	39,361	2,135
39	2313	Roads, networks, water facilities	42,512	20,061	26,018	36,555
40	2314	Technical installment, machinery, equipment, working tools	-	143	143	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	1,364	1,364	-
45	232	Capital transfers	-	13,670	13,670	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

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>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending's 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 joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	137,509	121,243	120,350	77,379

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	22,288	-	-	-
2	II. RECEIVABLES "CASH"	406,113	-	-	-
3	1. Funds from budget	365,052	-	-	-
4	Actual budget funds (Budget with changes)	333,362	-	-	-
5	Capital budget funds (Budget with changes)	31,690	-	-	-
6	2. Incomes and revenues during the year in "Cash"	41,060	-	-	-
7	Tax revenues in "Cash"	23,848	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	15,792	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	1,421	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	355,716	-	-
15	1. Payment from the budget for actual expenses	-	297,082	-	-
16	2. Payments from the budget for capital expenses	-	26,788	-	-
17	3. Payments from revenues for actual expenses	-	23,556	-	-
18	4. Payments from revenues from capital expenses	-	7,027	-	-
19	5. Payments from storage	-	1,263	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	51,353	-	-
22	1. Deposit of revenues in the budget	-	9,827	-	-
23	2. Unused budget (actual and capital)	-	36,844	-	-

24	3. Internal movements and transfers	-	4,681	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	428,401	407,068	-	-
26	VI. CLOSING BALANCE	21,332	-	-	-

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	15,612	472	-	-	-	472	-	-	-	-	16,084
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	15,612	472	-	-	-	472	-	-	-	-	16,084
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,542,222	69,957	14,138	-	3,368	87,463	402	3,447	-	3,849	1,625,837
6	210 Land	4,853	-	-	-	-	-	-	-	-	-	4,853
7	211 Forests, Pasture, Plantation	3,975	3,072	3,760	-	-	6,832	-	-	-	-	10,807
8	212 Building and Constructions	647,298	21,232	-	-	-	21,232	402	-	-	402	668,128
9	213 Roads, networks, water facilities	712,273	38,423	9,601	-	3,368	51,391	-	-	-	-	763,665
10	214 Technical installment, machinery, equipment, working tools	7,155	340	309	-	-	649	-	278	-	278	7,526
11	215 Transport vehicles	42,878	-	-	-	-	-	-	-	-	-	42,878
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-
14	218	Economic Inventory	123,789	6,891	468	-	-	7,359	-	3,169	-	127,980
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + I I)	1,557,834	70,429	14,138	-	3,368	87,935	402	3,447	-	1,641,921

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

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	-	-	-	-	-	-	-	-	-
2	219	308,994	10,722	5,216	15,939	134	591	-	726	324,207
	TOTAL (I + II)	308,994	10,722	5,216	15,939	134	591	-	726	324,207

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	1,282,154.46	22,004	144,043	1,404,194	1,282,154	22,004	86,927	1,347,078		
2	1010	Status of base fund	1,281,773	-	-	1,281,773	1,281,773	-	-	1,281,773		
3	1011	Additions base fund	2,202	-	144,043	146,245	2,202	-	86,927	89,129		
4	1012	Decrease base fund	(170)	3,147	-	(3,317)	(170)	3,147	-	(3,317)		
5	1013	Decrease from tangible assets consume	(1,384)	14,873	-	(16,257)	(1,384)	14,873	-	(16,257)		
6	1014	Decrease from selling tangible assets	-	152	-	(152)	-	152	-	(152)		
7	1015	Decrease from Decrease from transferring	(266)	3,832	-	(4,098)	(266)	3,832	-	(4,098)		
8	1016	tangible assets	-	-	-	-	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	84,313	59,559	81,025	105,779	84,313	59,559	29,141	53,895		

No.	Acc. No.	Description	Restated								
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements		Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3
<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>	
11	105	Capital internal grants	68,308	50,661	21,006	38,653	68,308	50,661	21,006	38,653	
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	-	-	51,884	51,884	-	-	-	-	
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-	
18	85	Result	16,005	8,899	8,135	15,242	16,005	8,899	8,135	15,242	
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)	1,366,468	81,563	225,069	1,509,973	1,366,468	81,563	116,069	1,400,973	

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
		1	2	3	4	5	6	7	8	9	10
a	Total number of employees (1+2+3+4+5+6)	197	5	10	192	51,728	-	-	8,613	78	1,721
1	Directors High level education specialist	36	-	1	35	12,428	-	-	1,935	-	782
2	Technical Ordinary officers	41	2	3	40	12,144	-	-	1,952	-	576
3	Employees	61	-	-	61	13,964	-	-	2,297	56	94
4		22	-	-	22	4,663	-	-	963	-	166
5		33	-	-	33	7,571	-	-	1,440	22	103

6	Temporary employees	4	3	6	1	958	-	-	26	-	-
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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	1,638,325	1,526,830	1,464,514
2	I	Current Assets	160,922	158,427	138,992
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	21,332	21,332	22,288
13	Class 4	2. Receivables	109,720	107,225	83,630
29	Class 3	3. Current Inventory accounts	29,870	29,870	33,073
39	II	Non-current Assets	1,465,403	1,356,403	1,317,148
40	23	1. Investments	38,690	38,690	68,308
44	25,26	2. Finance assets	109,000	-	-
47	21,24,28	3. Tangible assets	1,301,629	1,301,629	1,233,228
60	20	4. Intangible assets	16,084	16,084	15,612
65	III	Other assets	12,001	12,001	8,374
69	B	Liabilities	128,352	125,857	98,046
70	I	Current liabilities	128,352	125,857	98,046
71	Class	1. Accounts payable	128,352	125,857	98,046
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)	1,509,973	1,400,973	1,366,468
97		Presented: Consolidated budget	1,494,731	1,385,731	1,350,463
98		Carried forward results	15,242	15,242	16,005

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	345,602	344,066	614,953
2	70,750,71	I. REVENUES AND CONTRIBUTES	39,460	39,460	65,068
3	70	1. Tax revenues upon	23,802	23,802	36,615
19	71	3. Non tax revenues	-	-	-
23	72	II. GENERAL ACTUAL GRANTS	15,658	15,658	28,454
31	78	IV. WORKS FOR INVESTMENTS	304,578	303,042	549,308
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	-	-	-
34		I. ACTUAL EXPENSES	1,564	1,564	577
35	600 601	1. Salaries and employees contribution			
38	602	2. Goods and Services	330,014	328,478	598,948
50	604	4. Internal actual transfers	313,503	311,968	555,870
51	605	5. External actual transfers	59,332	59,332	105,267
52	606	6. Budget transfers for families and individuals	55,875	55,875	98,615
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	18,081	16,571	3,523
59		From this: Functioning results	-	-	-
60		Functioning observed grants			

STAR Project

Municipality Librazhd 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 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
Rolet – 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 standards for each

Observations	Recommendations
horizontal functions.	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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit.</p>	<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 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 Librazhd. 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 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</p>	<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: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>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.</p> <ul style="list-style-type: none"> - <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"> • 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.

Observations	Recommendations
<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 for the Municipality Librazhd and six existing LGUs of Hotolish, Qendër-Librazhd, Lunik, Polis, Stëblevë and Orenjë 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

Table 1: Roles in the municipality/administrative units

Roles	Municipality Librazhd	LGU Q.Librazhd	LGU Hotolisht	LGU Lunik	LGU Polis	LGU Stëblevë	LGU Orenjë
LGU Council	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	x	✓	x	x	x	x
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Librazhd: 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 Librazhd 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 Librazhd, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the

- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below

Roles

Performed roles are shown in table 1, below:

fulfillment of all obligations of local government based on his status as a legal entity.

- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 6 units are transformed in 1 Municipality with 6 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role						
New Municipality	Librazhd					
Municipality Council	✓					
Mayor	✓					
Deputy Mayor	✓					
Secretary of Municipality Council	✓					
Administrative Unit	LGU Q.Librazhd	LGU Hotolisht	LGU Lunik	LGU Polis	LGU Stëblevë	LGU Orenjë
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 149.

- 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 58.

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

Public Services	Municipality	Librazhd	LGU Lunik Hotolisht	LGU Orenjë	LGU Polis	LGU Qendër Librazhd	LGU Stëblevë	Merged
Infrastructure and public services								
Water Supply Company	Sha		n/a	n/a	n/a	2	n/a	Sha+2
Functioning of the sewerage system	sha		n/a	n/a	n/a	n/a	n/a	Sha
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1		n/a	n/a	n/a	n/a	n/a	1
Construction of roads, pavements and public squares	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	2		7	n/a	n/a	n/a	n/a	9
Public lighting	0.5		n/a	n/a	n/a	n/a	n/a	0.5
The operation of urban public transport	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	1
Decorations Service in town / village	0.5		n/a	n/a	n/a	n/a	n/a	0.5
Administration of parks, gardens and public spaces	16		n/a	n/a	n/a	n/a	n/a	16
Collection, disposal and recovery of waste	18		n/a	n/a	n/a	n/a	n/a	18
Urban planning	2		1	2	2	1	2	10
Land management	3		n/a	n/a	n/a	1	1	5.5
Shelter	1		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 institutions	10		n/a	n/a	n/a	n/a	1	11
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3		n/a	n/a	n/a	n/a	n/a	3
Social services of kindergardens	23		n/a	n/a	n/a	n/a	n/a	23
Social services - orphanages, shelters	4		n/a	n/a	n/a	n/a	n/a	4
Local economic development								
Preparation of local economic development programs	3		n/a	n/a	n/a	n/a	n/a	3
Establishment and function of public markets and trade network	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
Organization of services within the local economic development support and	n/a		n/a	n/a	n/a	n/a	n/a	n/a

Public Services	Municipality	Librazhd	LGU Lunik	LGU Hotolisht	LGU Orenjë	LGU Polis	LGU Qendër Librazhd	LGU Stëblevë	Merged
information structures and infrastructure necessary									
Veterinary services	1		1	1	n/a	1	n/a	1	5
Conservation and development of forests and natural resources of local character	n/a		1	1	n/a	n/a	n/a	2	4
The order and civil protection									
Preservation of public order to prevent administrative violations	2		1	1	1	1	2	n/a	8
Civil protection	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		1	1	n/a	n/a	n/a	n/a	2
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
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a		1	2	2	2	1.7	1	9.7
Social Care on domestic violence	0.5		n/a	n/a	n/a	n/a	n/a	n/a	0.5
Social care for the protection of children's Rights	0.5		n/a	n/a	n/a	n/a	n/a	n/a	0.5
Environmental Protection									
Environmental Protection	n/a		n/a	1	n/a	n/a	1	n/a	2
Register Office									
Register Office	1		1	1	1	1	1	n/a	6
Business Registration									
National Registration Center	2		n/a	n/a	n/a	n/a	n/a	n/a	2
Total	95		14	10	6	7	10.7	5.5	148.2

Horizontal Functions	Municipality Librazhd	LGU Lunik	LGU Hotolisht	LGU Orenjë	LGU Polis	LGU Qendër Librazhd	LGU Stëblevë	Merged
Finance	4	1	2	2	2	1.7	1	13.7
Local taxes and Tariffs	3	1	1	1	2	1.7	0.5	10.2
Legal Issues	1	n/a	n/a	n/a	n/a	1	n/a	2
Procurement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	0.34	0.33	n/a	n/a	n/a	n/a	n/a	0.67
Protocol	0.33	0.34	0.33	n/a	n/a	0.5	n/a	1.5
Archiving	0.33	0.33	0.34	1	1	0.5	n/a	3.5
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	n/a	3	2.33	2	3	11	3	24.33
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	11	6	6	6	8	16.4	4.5	57.9

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:

LGU Stebleve:

- Personnel responsible for economic assistance is under the Department of Finance.

LGU Qender Librazhd:

- Personnel responsible for economic assistance under the Department of Finance.

LGU Polis:

- Staff responsible for Economic Assistance and Archives is under the Department of Finance.

LGU Lunik:

- Personnel responsible for economic assistance

LGU Hotolisht:

- Personnel responsible for economic assistance.

LGU Skenderbegas:

- Personnel responsible for economic assistance under the Department of Finance.

The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectorial divisions and

functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Librazhd)
 - Management of waste materials
- Licensed Services:
 - None
- 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	Yes	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:

- Consistent with 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 sectorial 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

The first block is related to function of the Mayor, the Cabinet of the Mayor, Sub / Heads and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.

- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

highest position in this block is the Secretary-General, the new role is added to the proposed organizational structure.

- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.

- In the fourth block of the office of one-stop service at LGU and NJA. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in LGU and subdivisions, if applicable.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
Property, Plant and Equipment	
<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 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	
<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 a value of 110,997 thousand ALL. Overdue municipal obligations are reported at a value 64,960 thousand ALL.</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 5% 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

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.

software solution for 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 Librazhd, 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 Librazhd, LGU Qender, LGU Hotolisht, LGU Lunik, LGU Stebleve, LGU Polis, and LGU Orenje.

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

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	521,965
Tax and non-tax revenue	28,849
Total Expenses	357,444
Total Assets	1,648,877
Liabilities	110,997

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	1,648,877	1,598,788
I	Current Assets	310,641	306,755
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	154,314	154,314
Class 4	2. Receivables	103,991	100,105
Class 3	3. Current Inventory accounts	52,336	52,336
II	Non-current Assets	1,338,236	1,292,033
23	1. Investments	526	526
25,26	2. Finance assets	46,203	-
21,24,28	3. Tangible assets	1,288,142	1,288,142
20	4. Intangible assets	3,365	3,365
III	Other assets	-	-
B	Liabilities	110,997	107,111
I	Current liabilities	110,997	107,111
Class 4	1. Accounts payable	110,997	107,111
	Net assets (A - B)	1,537,880	1,491,677
	Presented: Consolidated budget	1,390,122	1,343,919
	Carried forward results	147,758	147,758

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,648,877 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 17% compared to December 31, 2014.

Current assets

- Current assets which have 19% of total assets are increased by 90% 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 268% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are decreased of 45% .

Accounts Receivable

- Structure of total debtors of municipality Librazhd consists of 35.82% of LGU Librazhd, 41.52 % of LGU Hotolisht, 12.88% LGU Qender
- Non-current accounts*
- Non-current assets which occupy the largest share of assets of the municipality Librazhd 81%, have increased by 7% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 4% which compose 78% of total assets.

PPE

- 30.15% of PPEs of Municipality Librazhd are composed by the PPEs of LGU Librazhd, 26.05% PPE of LGU Qender, 20.37% from LGU Hotolisht, 7.6% from LGU Orenje, 7.53% from LGU Polis, 5.02% LGU Lunik and 3.29% LGU Stebleve. .

Accounts Payable

Accounts payable have increased by 41% during the period ended July 31, 2015 compared with the previous year 2014.

37% of the total accounts payable is composed of accounts payable of LGU Librazhd, 39.69% from LGU Hotolisht, 12.57% from LGU Qender

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	550,367	550,708
A	I. REVENUES AND CONTRIBUTES	28,849	28,849
70,750,71	1. Tax revenues upon	17,967	17,967
75	3. Non tax revenues	10,882	10,882
71	II. GENERAL ACTUAL GRANTS	521,965	522,307
	IV. WORKS FOR INVESTMENTS	(447)	(447)
78	V. OTHER REVENUES	406,069	406,411
	TOTAL EXPENSES	358,884	359,226
B	I. ACTUAL EXPENSES	67,891	67,891
	1. Salaries and employees contribution	48,890	49,277
600 601	2. Goods and Services	7,234	7,189
603	4. Internal actual transfers	234,869	234,869
605	6. Budget transfers for families and individuals	47,185	47,185
66	IV. OTHER EXPENSES	144,298	144,298
67	DETERMINED NET INCOME	147,758	147,758
C	From this: Functioning results	(3,460)	(3,460)
	Functioning observed grants-		

Overview of consolidated statement of financial performance

Sources of funds (revenues)

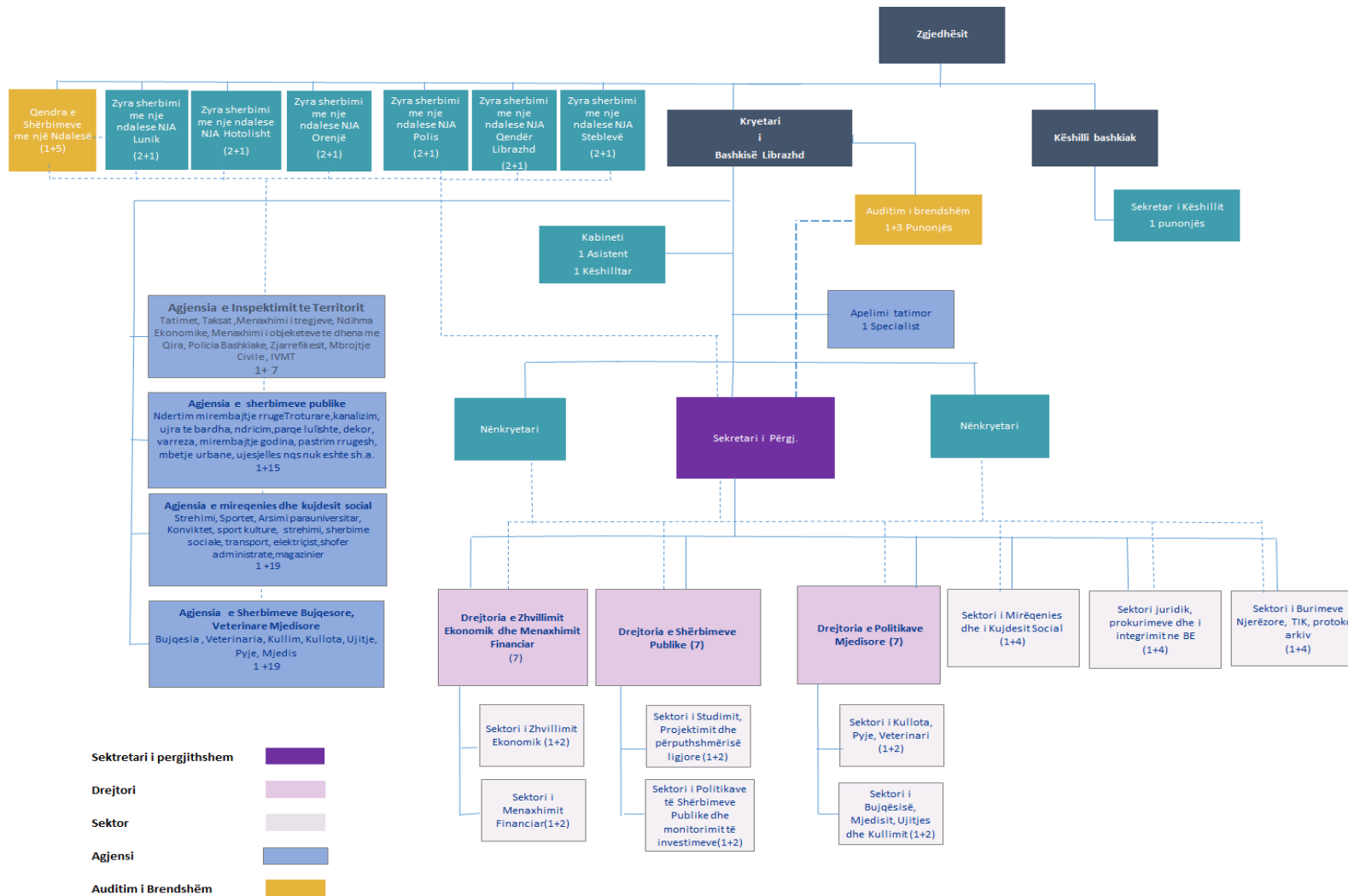
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 550,367 thousand lek. 5% of the total municipality incomes are composed of tax and non-tax revenues, 94% of income is from grants and 1% from other income.

Structure of total revenues is comprised of 49.59% of the revenue generated from LGU Librazhd, 13.13% LGU Qender, 12.54% from LGU Hotolisht, 8.16% from LGU Orenje, 6.61% from LGU Polis, 5.57% from LGU Lunik, 4.39% from LGU Stebleve

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 406,069 thousand Lek. 88% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 25.45% from expenses LGU Librazhd, 19.52% from LGU Qender, 18.57% from LGU Hotolisht, 11.62 % from LGU Orenje, 10.16% from LGU Polis, 7.68% from LGU Lunik, 6.9% from LGU Stebleve.
- More detailed 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 Cërrik, 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, excluding Mayors and employees of the Register Office, is 191 employees. More detailed: 52 persons working under employment contracts of one year, 149 persons working under labor contracts expired, (N/A) maternity leave.
- The latest under the Labor Code are considered a protected class.
- 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 Librazhd. It is worth mentioning that the Municipality Librazhd, 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 working 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 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 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

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus. Also, LGU implemented the accounting software Alpha program, Finance 5; the maintenance of the hardwares and softwares is done by the maintenance staff of LGU Librazhd.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Municipality Librazhd	NJA Orenjë	NJA Polis	NJA Lunik	NJA Qendër Librazhd	NJA Stëblevë	NJA Hotolisht
Installed Software	Windows 7, Office 2007, Sketch Up, Avast Free, Teamviewer	Windows 7, Office 2007,	Windows XP, Office 2007	Windows Xp/, Office 2007	Windows Xp/, Office 2007	Office 2007, Windows Xp	Office 2007, Windows Xp
Contracts of licensees	No lisenca	No lisenca	No lisenca	No lisenca	No lisenca	No lisenca	No lisenca
Hardware (in usage)							
Computer (desktop)	8	5	4	6	8	6	5
Printers	4	6	2	3	4	3	4
Servers	0	0	0	0	0	0	0
IT staff in total	0	0	0	0	0	0	0
Hardware and Software maintenance	Maintenance contract	Maintenance contract	Maintenance contract	Maintenance contract	Maintenance contract	Maintenance contract	Maintenance contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Librazhd has lack of 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 principle that the cost / benefit.
<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, terms, etc.) that can be implemented and stored safely in the central datacenter in Librazhd municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardware and Software. 	<ul style="list-style-type: none"> LGU Librazhd should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.

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 communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

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.

Observations and recommendations

Objectives	LGU Librazhd	LGU Lunik	LGU Orenjë	LGU Polis	LGU Qendër Librazhd	LGU Hotolisht	LGU Stëblevë
Telephony service	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile	Only mobile
Telephony/service providers	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier	Local supplier
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

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

- The function of the archive in LGU Librazhd is performed by archive specialists, in archive function is performed by LGU secretary.
- From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, from all LGUs is held the Register of Correspondence.

- 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 Librazhd	NJA Qendër-Librazhd	NJA Lunik	NJA Polis	NJA Orenjë	NJA Stëblevë	NJA Hotolisht
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	Yes	No	No	No	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, distance from the wall	Yes, distance from the wall	Yes, distance from the wall	Yes, distance from the wall	Yes, distance from the wall	Yes, distance from the wall	Yes, distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No
Archive keys in two copies	Yes	No	No	No	No	No	No
One copy of the e 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	No	No	No
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	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).							
<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, branches, 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	Yes	Yes	No	Yes	No	Yes
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.	Partially	Partially	Partially	No	Partially	No	Partially
<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 	Partially	Partially	Partially	Yes	Partially	No	Partially

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).	No	No	No	No	No	No	No
The emblem of the Republic	Yes	Yes	Yes	No	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	No	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Partially	Partially	Partially	No	Partially	No	Partially
The content of the document	Yes	Yes	Yes	No	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	No	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	No	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	No	Yes	No	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	No	Yes	No	Yes
Mod 4. -The Book Delivery	Yes	No	No	No	No	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	No	No	Yes	No	No	No
Mode 5 - Table definitions of files for the year	No	No	No	No	No	No	No

Mod 6 - Elements of cover dossier	Yes	Yes	Yes	No	Yes	Yes	Yes
Mod 7 - Register of files	Partially	Partially	No	No	Partially	No	Partially
Mod 8 - Internal File register	Partially	Partially	No	No	Partially	No	Partially
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Partially	No	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	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:

- 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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Aalso, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Librazhd, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor 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.
- 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	Municipality Librazhd	LGU Lunik	LGU Hotolisht	LGU Orenjë	LGU Polis	LGU Qendër-Librazhd	LGU Stëblevë
Adopted rules and procedures on asset management	No	No	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer	Finance officer
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No
Asset Accounting Register	Yes	No	No	No	No	No	No
Leased Properties Register	n/a	n/a	n/a	n/a	No	n/a	n/a
Owned Companies Register	n/a	n/a	n/a	n/a	No	n/a	n/a
Annual Assets Inventory	n/a	n/a	n/a	n/a	No	n/a	n/a
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	No	No	Yes	No	No
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	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 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

	Title	Status	Actual expenses	The budget approval
LGU Librazhd	Reconstruction water suppl	Contract is signed,In process	0	150,292,202.4
LGU Librazhd	Reconstruction of public squares	Contract is signed,In process	0	94,396,951
LGU polis	Reconstruction of the school in Polis	Contract is signed,In process	13,106,085	16,932,504

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		1,338,236	1,292,033	1,246,414	
3		I. Intangible Assets		3,565	3,565	3,365	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	3,365	3,365	3,365	
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		200	200	-	
9		II. Tangible Assets		1,288,468	1,288,468	1,243,049	
10	210	Land		6,347	6,347	6,347	
11	211	Forests, Pasture, Plantation	F6, Sh1	4,662	4,662	4,662	
12	212	Building and Constructions	F6, Sh1	515,055	515,055	494,561	
13	213	Roads, networks, water facilities	F6, Sh1	861,231	861,231	826,490	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	36,875	36,875	35,911	
15	215	Transport vehicles	F6, Sh1	26,342	26,342	29,363	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	50,677	50,677	48,220	
19	219	Depreciation of tangible assets	F7, Sh1	(213,048)	(213,048)	(202,830)	
20	231	Expenses in process for increase of current tangible assets	F4	326	326	326	
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		46,203	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		46,203	-	-
27	B	CURRENT ASSETS		310,641	306,755	163,885
28	Class 3	I. Inventory Status		52,336	52,336	50,289
29	31	Materials	Sh2	10,341	10,341	9,168
30	32	Inventory Objects	Sh2	41,995	41,995	41,121
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		103,991	100,105	71,642
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		52	52	-
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		79,060	77,290	59,447
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	24,880	22,764	12,195
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		154,314	154,314	41,955

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	154,137	154,137	41,764
59	531	Petty-cash		-	-	-
60	532	Other amounts		176	176	191
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		1,648,877	1,598,788	1,410,300
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		1,390,122	1,343,919	1,296,622		
2	10	I. Own funds		1,343,919	1,343,919	1,296,622		
3	101	Base funds	F8	1,343,919	1,343,919	1,296,622		
4	105	Capital internal grants		-	-	-		
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		46,203	-	-		
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-		
16	B	LIABILITIES		110,997	107,111	78,964		
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		110,997	107,111	78,964		
21	419	Clients (Creditors), partial prepayment		-	-	-		
22	401-408	Suppliers and related accounts	Sh6	63,687	62,807	41,386		
23	42	Employees and related accounts		10,579	10,579	12,323		
24	431	Liabilities to government for taxes		243	243	326		
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 creditors		24,509	22,394	10,129
28	435	Social Insurance		1,505	1,505	3,687
29	436	Health Insurance		1,703	1,703	1,163
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	7,377	7,377	9,598
36	467	Other creditors		1,395	505	353
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)		147,758	147,758	34,714
43	X	TOTAL LIABILITY		1,648,877	1,598,788	1,410,300
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		357,444	357,785	554,178	
2	60	I. Current expenses		358,884	359,226	553,222	
3	600	Salaries, bonuses		57,243	57,243	88,208	
4	6001	Salaries		57,111	57,111	87,252	
5	6002	Temporary salaries		132	132	554	
6	6003	Bonuses		-	-	332	
7	6009	Other personal expenses		-	-	70	
8	601	Health and social insurance contributions		10,648	10,648	15,253	
9	6010	Insurance contributions		9,947	9,947	13,773	
10	6011	Health insurance		701	701	1,480	
11	602	Other goods and services		48,890	49,277	58,561	
12	6020	Stationary		1,828	1,828	3,087	
13	6021	Special services		16,470	16,470	19,837	
14	6022	Services from third party		1,446	1,446	3,100	
15	6023	Transport expenses		2,816	2,816	8,028	
16	6024	Travel expense		769	769	1,710	
17	6025	Ordinary maintenance expenses		912	912	4,561	
18	6026	Rent expenses		1,354	1,354	695	
19	6027	Expenses for legal liability for compensation		955	955	1,089	
20	6028	Borrowing costs related to loans		1,067	1,067	3,550	
21	6029	Other operating expenses		21,271	21,658	12,904	
22	603	Subsidies		-	-	-	

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
23	6030	Subsidies for price differences		-	-	-
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		7,234	7,189	412
29	6040	Current transfers to other government levels		2,566	2,566	412
30	6041	Current transfers to various government institutions		4,668	4,622	0
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		234,869	234,869	390,787
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		234,869	234,869	390,787
41	63	II. Change in inventory balances	F1	(1,440)	(1,440)	957
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
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		-	-	-

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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
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		357,444	357,785	554,178
61		D. RESULT CORRECTIONS ACTIVITES		48,625	48,625	20,836
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		18,838	18,838	315
64	8420	Revenues deposited in the budget		7,351	7,351	6,006
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		22,157	22,157	14,162
67	8423	Transfers for changes in situation		40	40	(268)
68	8424	Transfers for identified debtors and similar items		239	239	622
69	Class 6 & 8	TOTAL FROM OPERATIONS		406,069	406,411	575,015
70	85	RESULTS FROM FUNCTIONING		147,758	147,758	34,714
71	X	TOTAL		553,827	554,168	609,729

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required 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	550,814	551,155	591,118
2	70	I. TAX INCOMES	17,967	17,967	32,872
3	700	a) On revenues, profit, and equity revenue	3,410	3,410	12,500
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	3,387	3,387	9,192
7	7009	Other tax	23	23	3,308
8	702	b) Property tax	6,302	6,302	10,314
9	7020	On immovable property	5,108	5,108	6,998
10	7021	Sales of immovable property	121	121	1,654
11	7029	Other on property	1,073	1,073	1,663
12	703	c) Tax upon goods and services in the country	7,744	7,744	9,580
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	1,726	1,726	2,405
17	7035	Local tax on goods usage and activity permission	6,018	6,018	7,175
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	511	511	477
25	709	g) Penalty interest	-	-	-

			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
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	10,882	10,882	18,062
35	710	a) From enterprise and ownership	1,522	1,522	989
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,522	1,522	989
39	711	b) Administrative service and secondary revenues	7,804	7,804	14,966
40	7110	Administrative tariffs and regulations	4,162	4,162	8,234
41	7111	Secondary revenues and payments of services	2,602	2,602	4,711
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	986	986	1,979
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	54	54	41
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	1,556	1,556	2,108
48	72	IV. ACTUAL GRANTS (a+b)	521,965	522,307	540,184
49	720	a) Internal actual grant	521,965	522,307	540,184
50	7200	From same Government level	374,758	375,099	399,949
51	7201	From other Government levels	111,228	111,228	120,146
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	-	-	-

			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
55	7205	Additional finances created within the system	-	-	1,641
56	7206	Expected financing from budget	35,980	35,980	17,937
57	7207	Third party sponsorship	-	-	511
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 retaking's 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 deposits 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	550,814	551,155	591,118
81	83	D. RESULT CORRECTIONS ACTIVITES	(447)	(447)	2,331
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	(447)	(447)	2,331
84	Class 7 & 8	TOTAL FROM OPERATIONS	550,367	550,708	593,450
85	85	RESULTS FROM FUNCTIONING	3,460	3,460	-
86	X	TOTAL	553,827	554,168	593,450

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	671,387	-	42,896	714,283
2	105	Internal capital grants	650,075	-	24,058	674,134
3	1050	From the same government level	611,591	-	19,241	630,832
4	1051	From other Government levels	35,015	-	333	35,348
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	3,470	-	4,484	7,954
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	21,312	-	18,838	40,150
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	21,312	-	18,838	40,150
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (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>						
21	161	Other internal borrowing (entry)	-	-	-	-
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	48,990	47,235	33,252	62,973
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	48,990	47,235	33,252	62,973
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	18,430	16,668	-	35,098
39	2313	Roads, networks, water facilities	23,269	30,567	30,567	23,269
40	2314	Technical installment, machinery, equipment, working tools	633	-	-	633
41	2315	Transport vehicles	4,228	-	2,248	1,980
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	2,430	-	437	1,992
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

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>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending's 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 joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	720,377	47,235	76,148	777,256

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	41,764	-	-	-
2	II. RECEIVABLES "CASH"	515,369	-	-	-
3	1. Funds from budget	484,249	-	-	-
4	Actual budget funds (Budget with changes)	335,134	-	-	-
5	Capital budget funds (Budget with changes)	149,115	-	-	-
6	2. Incomes and revenues during the year in "Cash"	31,121	-	-	-
7	Tax revenues in "Cash"	17,321	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	11,554	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,245	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	384,319	-	-
15	1. Payment from the budget for actual expenses	-	310,269	-	-
16	2. Payments from the budget for capital expenses	-	29,498	-	-
17	3. Payments from revenues for actual expenses	-	20,184	-	-
18	4. Payments from revenues from capital expenses	-	19,921	-	-
19	5. Payments from storage	-	4,448	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	18,676	-	-
22	1. Deposit of revenues in the budget	-	7,351	-	-
23	2. Unused budget (actual and capital)	-	11,325	-	-

24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	557,133	402,996	-	-
26	VI. CLOSING BALANCE	154,137	-	-	-

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	3,365	200	-	-	-	200	-	-	-	-	3,565
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	3,365	200	-	-	-	200	-	-	-	-	3,565
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,445,545	54,902	4,817	-	-	59,720	-	4,083	-	4,083	1,501,182
6	210 Land	6,347	-	-	-	-	-	-	-	-	-	6,347
7	211 Forests, Pasture, Plantation	4,662	-	-	-	-	-	-	-	-	-	4,662
8	212 Building and Constructions	494,555	20,494	-	-	-	20,494	-	-	-	-	515,049
9	213 Roads, networks, water facilities	826,490	34,408	333	-	-	34,741	-	-	-	-	861,231
10	214 Technical installment, machinery, equipment, working tools	35,911	-	964	-	-	964	-	-	-	-	36,875
11	215 Transport vehicles	29,361	-	626	-	-	626	-	3,646	-	3,646	26,340
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	48,220	-	2,895	-	-	2,895	-	437	-	437	50,677
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + I I)	1,448,911	55,102	4,817	-	-	59,920	-	4,083	-	4,083	1,504,747

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	1,296,621.82	15,706	63,004	1,343,919	1,296,622	15,706	63,004	1,343,919		
2	1010	Status of base fund	1,296,622	-	-	1,296,622	1,296,622	-	-	1,296,622		
3	1011	Additions base fund	-	-	62,507	62,507	-	-	62,507	62,507		
4	1012	Decrease base fund	-	6,493	497	(5,997)	-	6,493	497	(5,997)		
5	1013	Decrease from tangible assets consume	-	7,815	-	(7,815)	-	7,815	-	(7,815)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from Decrease from transferring	-	1,398	-	(1,398)	-	1,398	-	(1,398)		
8	1016	tangible assets	-	-	-	-	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	34,714	34,714	193,961	193,961	34,714	34,714	147,758	147,758		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	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>		
11	105	Capital internal grants	-	-	-	-	-	-	-	-		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	29,504	-	-	29,504	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	46,203	46,203	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
18	85	Result	5,210	34,714	147,758	118,254	34,714	34,714	147,758	147,758		
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)	1,331,335	50,420	256,964	1,537,880	1,331,335	50,420	210,761	1,491,677		

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
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	216	110	2	324	57,165	-	-	11,932	-	2,413
<i>1</i>	Directors High level education specialist	10	6	-	16	4,583	-	-	1,436	-	308
<i>2</i>	Technical Ordinary officers	72	63	1	134	23,806	-	-	5,750	-	1,385
<i>3</i>	Employees Temporary employees	74	31	1	104	14,453	-	-	2,700	-	368
<i>4</i>		11	-	-	11	2,161	-	-	388	-	15
<i>5</i>		49	10	-	59	9,910	-	-	1,657	-	-
<i>6</i>		-	-	-	-	2,252	-	-	-	-	338

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	1,648,877	1,598,788	1,410,300
2	I	Current Assets	310,641	306,755	163,885
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	154,314	154,314	41,955
13	Class 4	2. Receivables	103,991	100,105	71,642
29	Class 3	3. Current Inventory accounts	52,336	52,336	50,289
39	II	Non-current Assets	1,338,236	1,292,033	1,246,414
40	23	1. Investments	526	526	326
44	25,26	2. Finance assets	46,203	-	-
47	21,24,28	3. Tangible assets	1,288,142	1,288,142	1,242,723
60	20	4. Intangible assets	3,365	3,365	3,365
65	III	Other assets	-	-	-
69	B	Liabilities	110,997	107,111	78,964
70	I	Current liabilities	110,997	107,111	78,964
71	Class	1. Accounts payable	110,997	107,111	78,964
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	1,537,880	1,491,677	1,331,335
96		Net assets (A - B)	1,390,122	1,343,919	1,296,622
97		Presented: Consolidated budget	147,758	147,758	34,714
98		Carried forward results	1,648,877	1,598,788	1,410,300

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	550,367	550,708	593,450
2	70,750,71	I. REVENUES AND CONTRIBUTES	28,849	28,849	50,934
3	70	1. Tax revenues upon	17,967	17,967	32,872
19	71	3. Non tax revenues	10,882	10,882	18,062
23	72	II. GENERAL ACTUAL GRANTS	521,965	522,307	540,184
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	(447)	(447)	2,331
33	B	TOTAL EXPENSES			
34		I. ACTUAL EXPENSES	406,069	406,411	575,015
35	600 601	1. Salaries and employees contribution	358,884	359,226	553,222
38	602	2. Goods and Services	67,891	67,891	103,461
50	604	4. Internal actual transfers	48,890	49,277	58,561
51	605	5. External actual transfers	7,234	7,189	412
52	606	6. Budget transfers for families and individuals	234,869	234,869	390,787
57	67	IV. OTHER EXPENSES	47,185	47,185	21,793
58	C	DETERMINED NET INCOME	144,298	144,298	18,435
59		From this: Functioning results	147,758	147,758	34,714
60		Functioning observed grants	(3,460)	(3,460)	(16,279)

STAR Project

Municipality Peqin Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection	NBV	Net Book Value
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs	No	Number
ALL	Albanian Lek	PM	Policy Modification
APP	Public Procurement Agency	RE	Reclassifications
CD	Compact Disc	T	Template
CDL	Council Decision of LGU	TAR	Territorial and administrative reform
CHUIA	Central Unit of Coordination of Internal Audit	VAT	Value Added Tax
DCM	Decision of the Council of Ministers of Republic of Albania	WIP	Work In Progress
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		

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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
Rolet – Municipality Council	
<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 	<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

Observations	Recommendations
<p>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.</p>	<p>sufficient time for analysis and detailed examination of the structure of the budget and presented structure.</p>
<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 horizontal functions. 	<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 standards for each of them.

Observations	Recommendations
<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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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.
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p>	

Observations	Recommendations
<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 designanted 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
<p>Personnel matters – 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 (LGU's) and their employees will be transferred to the Municipality of Peqin. 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 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.
<p>Personnel matters – Termination of working relationship</p> <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</p>	<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:

Observations	Recommendations
<p>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. - <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> <ul style="list-style-type: none"> - <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

Organizational Model

Analysis of the organization and structure for the Municipality Peqin and 5 LGU Përparim, Pajovë, Gjocaj, Karinë and Shezë, 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

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Peqin	LGU Përparim	LGU Pajovë	LGU Shezë	LGU Gjocaj	LGU Karinë
LGU Council	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓
Deputy Mayor	x	x	✓	x	x	x
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Peqin: 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 Peqin 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 Peqin, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 5 units are transformed in 1 Municipality with 5 administrative units, as presented in the table 2 below.

Tableau 2: Roles in Municipalities

Roles					
New Municipality	Peqin				
Municipality Council	✓				
Mayor	✓				
Deputy Mayor	x				
Secretary of Municipality Council	✓				
Administrative Unit	LGU Gjocaj	LGU Kari në	LGU Përparim	LGU Pajovë	LGU Shezë
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 103

- 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 55.

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

Public Services	LGU Peqin	LGU Gjoçaj	LGU Karinë	LGU Pajovë	LGU Përparim	LGU Shezë	Merged
Infrastructure and public services							
Water Supply Company	Contracted	6	3	13	9	Contracted	Contracted+31
Functioning of the sewerage system	1	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	n/a	n/a	n/a	n/a	n/a	1
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	3	2	Contracted	Contracted	Contracted	Contracted	5+Contracted
Public lighting	1	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	License	License	License	License	License	License	License
Cemeteries administration and guarantee of funeral services	2	n/a	n/a	n/a	n/a	n/a	2
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	1	n/a	n/a	n/a	n/a	n/a	1
Collection, disposal and recovery of waste	Contracted	1	n/a	n/a	n/a	3	Contracted+4
Urban planning	2	2	1	2	2	1	10
Land management	1	1	1	n/a	1	1	5
Shelter	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	2	n/a	n/a	n/a	n/a	1	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	4	n/a	n/a	n/a	n/a	n/a	4
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	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

Establishment and function of public markets and trade network	2	n/a	n/a	n/a	n/a	n/a	2
Infrastructure and public services	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
Veterinary services	1	1	0.5	1	n/a	0.5	4
Conservation and development of forests and natural resources of local character	1	1	n/a	1	n/a	0.5	3.5
The order and civil protection							
Preservation of public order to prevent administrative violations	4	1	1	1	1	1	9
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions							
Maintenance of facilities in preliminary education	1	n/a	n/a	n/a	n/a	n/a	1
Medicine							
Health care system and the protection of public health	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	2	1	1	1	1	1	7
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection							
Environmental Protection	n/a	n/a	n/a	n/a	n/a	1	1
Register Office							
Register Office	1	1	n/a	1	1	1	5
Business Registration							
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	32	17	7.5	20	15	11	102.5

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	Municipality Peqin	LGU Karine	LGU Pajove	LGU Perparim	LGU Sheze	Merged:
Finance	5	2	1	2	1	1
Local taxes and Tariffs	4	2	1	2	1	2
Legal Issues	1	n/a	n/a	1	n/a	n/a
Procurement	0.5	0.5	0.5	0.5	0.5	0.5
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	0.3	0.3	0.3	0.3	0.3	1
Protocol	0.3	0.3	0.3	0.3	0.3	n/a
Archiving	0.3	0.3	0.3	0.3	0.3	n/a
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	3	7	n/a	3	2	5
Internal Audit	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Total	14.4	12.4	3.4	9.4	5.4	9.5

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:

LGU Peqin

- Department of Finance and Budget and the Directory of management of properties under the General/economic Directory.
- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company. Is done by Municipality Peqin.
 - The sewage system of LGU Peqin.
 - Administration of the cemeteries in Municipality Peqin.
 - Administration of parks, and green areas in LGU Peqin.

- Management of waste materials.

Licensed functions:

None

- 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	Po
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	Yes	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

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?
Social services of kindergartens	Yes	No	Jo
Social services - orphanages, shelters	Yes	No	Jo
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

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?
Social Care on domestic violence	Yes	Jo	Jo
Social care for the protection of children's Rights	Yes	Jo	Jo
Environmental Protection			
Environmental Protection	Yes	Jo	Jo

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:
- Consistent with 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:
- The first block is related to function of the President, the Cabinet of the President, Deputy mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the General-Secretary, the new role added to the proposed organizational structure.
- In the third block are listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block are included the one-stop service offices at Municipality and LGU. We explain that these offices will have a Municipality Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends solutions. Also, LGU offices can be raised even at the neighborhood level, which will be raised when the population is more than 20,000 residents. While in LGU 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will have the same role as in LGU and its agencies, if applicable

Financial due diligence

Observations	Recommendations
Property, Plant and Equipment	
<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 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	
<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 a value of 70,934 thousand ALL. Overdue municipal obligations are reported at a value 63,854 thousand ALL</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	
<p>During 2015, tax and non-tax revenues were 4% of total revenues, due to the low rate of revenue collection</p> <p>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.</p>	<p>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.</p> <p>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.</p>
Lack of unified accounting policies and practices	
<p>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.</p>	<p>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.</p> <p>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</p>

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.

a process of archiving in accordance with archiving policies. Using a uniform software solution for 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 Peqin, 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 Peqin, LGU Pajove, LGU Karine, LGU Perparim, LGU Gjocaj.

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.

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

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	202,754
Tax and non-tax revenue	19,349
Total Expenses	215,338
Total Assets	1,922,656
Liabilities	70,934

Table 1. Summary of consolidated statement of financial position.
Amounts in thousand ALL

		In ALL '000	
Description		2015 Period Restated	2015 Period
A	Assets	1,922,656	1,905,139
I	Current Assets	109,212	108,097
	1. Petty - Cash, Banks, and Funds	18,272	18,272
Class 5	Availability		
Class 4	2. Receivables	71,605	70,490
Class 3	3. Current Inventory accounts	19,334	19,334
II	Non-current Assets	1,813,444	1,797,043
23	1. Investments	993	993
25,26	2. Finance assets	46,449	30,047
21,24,28	3. Tangible assets	1,761,932	1,761,932
20	4. Intangible assets	4,070	4,070
III	Other assets	-	-
B	Liabilities	71,609	70,494
I	Current liabilities	70,934	69,819
Class 4	1. Accounts payable	70,934	69,819
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	675	675
III	Other liabilities	1,851,046	1,834,645
	Net assets (A - B)	1,837,031	1,820,629
	Presented: Consolidated budget	14,016	14,016
	Carried forward results	1,922,656	1,905,139

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,922,656 thousand leke. Total assets of the municipality on July 31, 2015 increased by 2% compared to December 31, 2014.

Current assets

- Current assets which have 6% of total assets are decreased by 10% 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 32% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts decreased of 4%.

Accounts Receivable

- Structure of total debtors of municipality Peqin consists of 23.32% of debtors of LGU Peqin, 53.95% of debtors of LGU Pajove, 9.97% of LGU Gjocaj, 9.11% of debtors of LGU Perparim.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Peqin 94%, have increased by 3% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 2% which compose 92% of total assets.

PPE

- 34.44% of PPEs of Municipality Peqin are composed by the PPEs of LGU Peqin, 19.37% PPEs by LGU Pajove, 18.4% by LGU Perparim, 5.4% by LGU kanine.

Accounts Payable

Accounts payable have decreased by 4% during the period ended July 31, 2015 compared with the previous year 2014.

- 22.54% of the total accounts payable is composed of accounts payable of LGU Peqin, 54.6% by LGU Pajove, 9.22% by LGU gjocaj.

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
2	TOTAL REVENUES		
A	I. REVENUES AND CONTRIBUTES	235,162	235,162
		19,349	19,349
70,750,71	1. Tax revenues upon		
70	2. Contributions and social and health insurance	14,515	14,515
71	II. GENERAL ACTUAL GRANTS	4,834	4,834
72	III. FINANCIAL REVENUES	202,754	202,754
	IV. WORKS FOR INVESTMENTS	13,046	13,046
78	V. OTHER REVENUES	12	12
77, 83		221,146	221,146
B	I. ACTUAL EXPENSES	216,006	216,006
	1. Salaries and employees contribution	44,326	44,326
600 601	2. Goods and Services	54,728	54,728
602	3. Subsidies	2,353	2,353
604	5. External actual transfers	114,600	114,600
605	6. Budget transfers for families and individuals	5,140	5,140
67	DETERMINED NET INCOME	14,016	14,016
C	From this: Functioning results	14,016	14,016
	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 235,162 thousand lek. 8% of the total municipality income are composed of tax and non-tax revenues, 86% of income is from grants and 6% from other income.

Structure of total revenues is comprised of 26.37% of the revenue generated from LGU Peqin, 29.37% PPE by LGU Pajove, 18.99% by LGU Perparim, 13.79% by LGU Gjocaj

Uses of Funds (expenses)

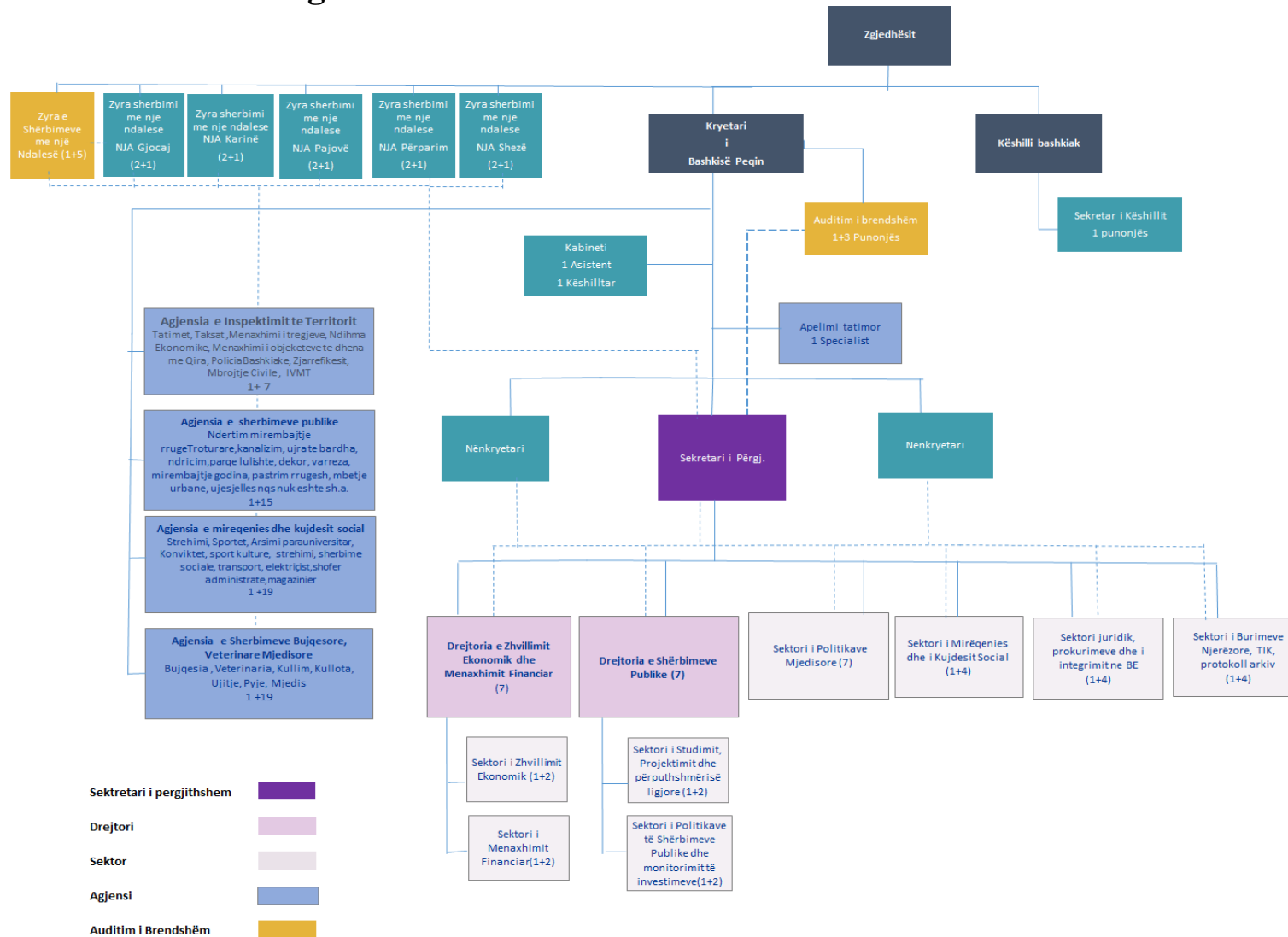
- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and

expenses with 221,146 thousand Lek. 98% of the total municipal expenditure is composed of current expenditures.

- Structure of total expenditure is comprised by 27.69% of the expenditures of LGU Peqin, 30.2% PPE by LGU Pajove, 17.74% by LGU Perparim, 12.67% by LGU Gjocaj

- 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



- Sekretari i përgjithshëm**
- Drejtori**
- Sektor**
- Agjensi**
- Auditim i brendshëm**

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, excluding Mayors and employees of the Register Office, is 150 employees. More detailed: 100 persons working under employment contract, 37 persons working under labor contracts expired, (N/A) maternity leave, 10 employees has the civil status. The latter under the Labour Code are considered a protected class.
- 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 Peqin. It is worth mentioning that the Municipality Peqin, 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.

Termination of working relationship

- The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.
- 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:
 - *Political functionaries.* 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.
 - *Employees with working contract.* 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.
 - *Civil Servants.* 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

- Organizational structures of local government units do not stipulate the position of General Secretary.
- 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**
 - Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows Autocad, Anti Spyware, Anti-Malware Malwarebytes, Antivirus.
 - Consolidated information about the IT environment is presented in Table 9 – IT environment

Table 9: IT environment

Objective	LGU Peqin	LGU Pajovë	LGU Përparim	LGU Gjocaj	LGU Karinë	LGU Shezë
Installed Software	Windows Xp/7/8, Office 2007,	Windows Xp/7/8, Office 2007,	Windows Xp/7/8, Office 2007,	Windows Xp/7/8, Office 2007,	Windows Xp/7/8, Office 2007,	Windows Xp/7/8, Office 2007,
Contracts of licences	No license	No license	No license			No license
Hardware (in useage)	13	5	6	0	4	6
Computer (desktop)	7	4	7	0	3	4
Printers	0	0	0	0	0	0
Servers	0	0	0	0	0	0
IT staff in total	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Rroskovec has lack of 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 principle that the cost / benefit.
<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 Peqin municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Software 	<ul style="list-style-type: none"> LGU Peqin should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

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

- LGU receives telephone and internet service by a national service provider Albtelecom or local private provider
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication

Objectives	LGU Peqin	LGU Gjocaj	LGU Pajovë	LGU Përparim	LGU Karinë	LGU Shezë
Telephonic service	Telephone/ cellular	Only mobile phone	Only mobile phone	Only mobile phone	Only mobile phone	Only mobile phone
Telephone service supply	Albtelecom	n/a	n/a		n/a	
Internet service	Local supplier, internet	Local supplier, internet Fabbtel sh.p.k.Elbasan	Local supplier, internet Visar Gjevori	Local supplier, internet Florenc Karaj	Local supplier, internet Eagle Mobile	Local supplier, internet
Evaluation of the telephonic coverage	Local coverage	n/a	n/a	n/a	n/a	n/a
Lines of the internal communication	Verbal	Verbal	Verbal	Verbal	Verbal	Verbal

Communication

Observations	Recommendations
<p>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 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.
<p>Lack of telephone service</p> <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 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

- The function of the archive in LGU Peqin is performed by archive and protocol specialists, From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- 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 Peqin	LGU Gjocaj	LGU Pajovë	LGU Përparim	LGU Karinë	LGU Shezë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	No	Yes, no distance from the wall	Yes, 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
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	No	No
Archive keys in two copies	Yes	No	No	No	No	No
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.	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Peqin	LGU Gjocaj	LGU Pajovë	LGU Përparim	LGU Karinë	LGU Shezë
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.						
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).						
<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	No	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	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Peqin	LGU Gjocaj	LGU Pajovë	LGU Përparim	LGU Karinë	LGU Shezë
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	Yes, partially	Yes, partially	Yes	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal 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 histoREcal importance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).						
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Peqin	LGU Gjocaj	LGU Pajovë	LGU Përparim	LGU Karinë	LGU Shezë
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	No	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	No	No	No	No	No	No
Mod 4. -The Book Delivery	Yes	No	No	No	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	Yes	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No	No	No
Mod 6 - Elements of cover dossier	No	No	No	No	Yes	No
Mod 7 - Register of files	Yes	No	No	No	Yes	No
Mod 8 - Internal File register	Yes	No	No	No	Yes	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.

No register for leased properties is held in LGUs Peqin.

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

Assets management	LGU Peqin	LGU Gjocaj	LGU Karinë	LGU Pajovë	LGU Përparim	LGU Shezë
Adopted rules and procedures on asset management	No	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	Yes	No	No	No	No	No
Leased Properties Register	No	No	No	No	No	No
Owned Companies Register	Yes	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	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 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
LGU Karinë	Reconstruction of the bridge, in Haseve	The project has finished and is liquidated only 500,000 ALL	715,200	715,200

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		1,813,444	1,797,043	1,767,141	
3		I. Intangible Assets		4,070	4,070	4,070	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	4,070	4,070	4,070	
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		1,762,926	1,762,926	1,763,071	
10	210	Land		3,751	3,751	3,151	
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-	
12	212	Building and Constructions	F6, Sh1	547,946	547,946	512,840	
13	213	Roads, networks, water facilities	F6, Sh1	1,254,295	1,254,295	1,243,668	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	24,509	24,509	20,983	
15	215	Transport vehicles	F6, Sh1	6,506	6,506	11,378	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	67,252	67,252	70,158
19	219	Depreciation of tangible assets	F7, Sh1	(142,327)	(142,327)	(131,718)
20	231	Expenses in process for increase of current tangible assets	F4	993	993	32,612
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		46,449	30,047	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		46,449	30,047	-
27	B	CURRENT ASSETS		109,212	108,097	121,053
28	Class 3	I. Inventory Status		19,334	19,334	19,170
29	31	Materials	Sh2	938	938	664
30	32	Inventory Objects	Sh2	18,345	18,345	18,308
31	33	Production, work and services in process		-	-	-
32	34	Products		52	52	198
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		71,605	70,490	74,927
39	409	Suppliers, prepayments or partial payment		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	217	217	-
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)		69,684	68,569	74,760
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		398	398	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	1,306	1,306	167
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		18,272	18,272	26,956
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	14,418	14,418	23,008
59	531	Petty-cash		7	7	-
60	532	Other amounts		3,848	3,848	3,948
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
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		1,922,656	1,905,139	1,888,194
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – 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		1,837,031	1,820,629	1,790,259
2	10	I. Own funds		1,790,582	1,790,582	1,790,259
3	101	Base funds	F8	1,786,727	1,786,727	1,786,311
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		3,855	3,855	3,948
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		46,449	30,047	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		70,934	69,819	74,968
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		70,934	69,819	74,968

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	60,507	60,507	52,361
23	42	Employees and related accounts		4,519	4,519	8,808
24	431	Liabilities to government for taxes		360	360	327
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		619	619	-
28	435	Social Insurance		1,053	1,053	1,290
29	436	Health Insurance		127	127	146
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	402	402	165
36	467	Other creditors		3,347	2,232	11,872
37	C	OTHER ACCOUNTS		675	675	-
38	475	Incomes to register in the coming years		675	675	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		14,016	14,016	22,967
43	X	TOTAL LIABILITY		1,922,656	1,905,139	1,888,194
44	81	ACCOUNTS OUT OF BALANCE SHEET				

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
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		215,338	215,338	215,338	
2	60	I. Current expenses		216,006	216,006	216,006	
3	600	Salaries, bonuses		38,849	38,849	38,849	
4	6001	Salaries		31,106	31,106	31,106	
5	6002	Temporary salaries		7,164	7,164	7,164	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		579	579	579	
8	601	Health and social insurance contributions		5,476	5,476	5,476	
9	6010	Insurance contributions		4,911	4,911	4,911	
10	6011	Health insurance		566	566	566	
11	602	Other goods and services		54,728	54,728	54,728	
12	6020	Stationary		1,483	1,483	1,483	
13	6021	Special services		551	551	551	
14	6022	Services from third party		17,052	17,052	17,052	
15	6023	Transport expenses		2,200	2,200	2,200	
16	6024	Travel expense		35	35	35	
17	6025	Ordinary maintenance expenses		1,241	1,241	1,241	
18	6026	Rent expenses		45	45	45	
19	6027	Expenses for legal liability for compensation		23,711	23,711	23,711	

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
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		8,410	8,410	8,410
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
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		2,353	2,353	2,353
29	6040	Current transfers to other government levels		1,040	1,040	1,040
30	6041	Current transfers to various government institutions		1,313	1,313	1,313
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 budes and other individuals		114,600	114,600	114,600
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		114,600	114,600	114,600
41	63	II. Change in inventory balances	F1	(667)	(667)	(667)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-

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
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		-	-	-
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		215,338	215,338	215,338
61		D. RESULT CORRECTIONS ACTIVITES		5,808	5,808	5,808
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		5,140	5,140	5,140
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		668	668	668
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		221,146	221,146	221,146

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
70	85	RESULTS FROM FUNCTIONING		14,016	14,016	14,016
71	X	TOTAL		235,162	235,162	235,162

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	235,149	235,149	396,331
2	70	I. TAX INCOMES	14,515	14,515	29,877
3	700	a) On revenues, profit, and equity revenue	3,138	3,138	7,839
4	7000	Personal income tax	-	-	-
5	7001	Income tax	34	34	454
6	7002	Small business tax	3,105	3,105	7,385
7	7009	Other tax	-	-	-
8	702	b) Property tax	5,056	5,056	9,666
9	7020	On immovable property	4,726	4,726	9,622
10	7021	Sales of immovable property	-	-	2
11	7029	Other on property	330	330	42
12	703	c) Tax upon goods and services in the country	6,155	6,155	11,920
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	3,197	3,197	4,758
17	7035	Local tax on goods usage and activity permission	2,959	2,959	7,162
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-

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
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	165	165	452
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	4,834	4,834	10,842
35	710	a) From enterprise and ownership	63	63	442
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	63	63	442
39	711	b) Administrative service and secondary revenues	4,571	4,571	10,348
40	7110	Administrative tariffs and regulations	4,172	4,172	9,607
41	7111	Secondary revenues and payments of services	398	398	741
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	0	0	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-

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
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	200	200	53
48	72	IV. ACTUAL GRANTS (a+b)	202,754	202,754	334,087
49	720	a) Internal actual grant	202,754	202,754	334,087
50	7200	From same Government level	81,293	81,293	212,041
51	7201	From other Government levels	58,657	58,657	24,779
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
53	7203	Participation of institution in national taxes	-	-	-
54	7204	Additional finances created within the system	-	-	-
55	7205	Expected financing from budget	62,405	62,405	37,459
56	7206	Third party sponsorship	398	398	12,742
57	7207	Other internal grants	-	-	47,066
58	7209	b) External actual grants	-	-	-
59	721	From foreigner Governments	-	-	-
60	7210	From international organizations	-	-	-
61	7211		-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	13,046	13,046	21,525
64	781	Works, investments in economy	-	-	16,996
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	9,026	-	-
69	787	Withdraw from investments	4,020	13,046	4,528
70	76	B. FINANCIAL INCOMES	-	-	-

			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
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits 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	235,149	235,149	396,331
81	83	D. RESULT CORRECTIONS ACTIVITES	12	12	915
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	12	12	915
84	Class 7 & 8	TOTAL FROM OPERATIONS	235,162	235,162	397,246
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	235,162	235,162	397,246

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)

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>						
1	I	SOURCE OF FUNDS	6,238	6,497	6,497	6,238
2	105	Internal capital grants	100	5,110	5,110	100
3	1050	From the same government level	100	5,110	5,110	100
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	1,388	1,388	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	1,388	1,388	-
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	6,138	-	-	6,138
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	6,138	-	-	6,138

In ALL '000

No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance,
			January 2015	Debit	Credit	31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
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)	-	-	-	-
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	32,612	14,910	46,529	993
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	32,612	14,910	46,529	993
36	2310	Land	-	600	600	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	31,683	3,850	35,106	428

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>						
39	2313	Roads, networks, water facilities	929	10,264	10,627	566
40	2314	Technical installment, machinery, equipment, working tools	-	196	196	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
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	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	38,850	21,407	53,026	7,231

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	23,008	-	-	-
2	II. RECEIVABLES "CASH"	203,919	-	-	-
3	1. Funds from budget	184,072	-	-	-
4	Actual budget funds (Budget with changes)	170,550	-	-	-
5	Capital budget funds (Budget with changes)	13,523	-	-	-
6	2. Incomes and revenues during the year in "Cash"	19,846	-	-	-
7	Tax revenues in "Cash"	13,122	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	6,226	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	498	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	201,640	-	-
15	1. Payment from the budget for actual expenses	-	149,711	-	-
16	2. Payments from the budget for capital expenses	-	16,344	-	-
17	3. Payments from revenues for actual expenses	-	28,886	-	-
18	4. Payments from revenues from capital expenses	-	6,438	-	-
19	5. Payments from storage	-	261	-	-

20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	10,869	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	10,869	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	226,927	212,509	-	-
26	VI. CLOSING BALANCE	14,418	-	-	-

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	4,070	-	-	-	-	-	-	-	-	-	4,070
2	20 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	20 Studies and research	4,070	-	-	-	-	-	-	-	-	-	4,070
4	20 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	23 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,862,177	14,910	1,388	-	33,862	50,160	-	5,683	2,394	8,078	1,904,259
6	21 Land	3,151	600	-	-	-	600	-	-	-	-	3,751
7	21 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	21 Building and Constructions	512,840	3,850	-	-	31,255	35,106	-	-	-	-	547,946
9	21 Roads, networks, water facilities	-	-	-	-	-	-	-	-	-	-	-

	3		1,243,668	10,264		-	364	10,627	-	-	-	-	1,254,295
10	21	Technical installment, machinery, equipment, working tools	20,983	196	1,087	-	2,243	3,526	-	-	-	-	24,509
11	4												
11	21	Transport vehicles	11,378	-	-	-	-	-	-	4,872	-	4,872	6,506
12	5												
12	21	Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	6												
13	21	Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	7												
14	21	Economic Inventory	70,158	-	300	-	-	300	-	811	2,394	3,206	67,252
17	8												
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + II)	1,866,247	14,910	1,388	-	33,862	50,160	-	5,683	2,394	8,078	1,908,329

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 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
a	b		1	2	3	4	5	6	7	8	9
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	131,718	10,609	-	10,609	-	-	-	-	142,327
		TOTAL (I + II)	131,718	10,609	-	10,609	-	-	-	-	142,327

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	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>				
1	101	BASE FUND	1,786,310.69	15,919	16,336	1,786,727	1,786,311	15,919				
2	1010	Status of base fund	1,786,311	-	-	1,786,311	1,786,311	-	-	-		
3	1011	Additions base fund	-	-	16,336	16,336	-	-	-	-		
4	1012	Decrease base fund	-	-	-	-	-	-	-	-		
5	1013	Decrease from tangible assets consume	-	10,609	-	(10,609)	-	10,609	-	-		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from transferring tangible assets	-	5,159	-	(5,159)	-	5,159	-	-		
8	1016		-	151	-	(151)	-	151	-	-		

Restated													
No.	Acc. No.	Description	Opening Balance 1 Jan. 2015			Period of Movements		Closing Balances 31 July 2015		Opening Balance 1 Jan. 2015		Period of Movements	
			Credit	Debit		Credit	Debit	Credit	Debit	Credit	Debit	Credit	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>					
		DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-	-		
9	109,	INTERNAL FUND	26,915	10,948	48,352	64,319	26,915	10,948					
11	105	Capital internal grants	-	-	-	-	-	-	-	-	-		
12	107	Current assets in use	3,948	595	502	3,855	3,948	595					
13	11	Other own funds	-	-	-	-	-	-	-	-	-		
14	12	Carried result	2,545	-	-	2,545	-	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	46,449	46,449	-	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-	-		
18	85	Result	20,422	10,353	1,401	11,470	22,967	10,353					
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	-		

Restated											
No.	Acc. No.	Description	Opening Balance 1 Jan. 2015			Closing Balances 31 July 2015			Opening Balance 1 Jan. 2015		
			Credit	Period of Movements		Credit	Period of Movements		Credit	Period of Movements	
<i>a</i>	<i>b</i>		<i>1</i>	Debit	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	Debit	<i>2</i>	Credit
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	1,813,226	26,867	64,688	1,851,046	1,813,226	26,867			

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
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	186	-	-	186	38,270	-	-	8,680	-	1,194
<i>1</i>	Directors	6	-	-	6	2,736	-	-	623	-	208
<i>2</i>	High level education specialist	29	-	-	29	8,160	-	-	2,027	-	407
<i>3</i>	Technical Ordinary officers	50	-	-	50	10,940	-	-	2,646	-	579
<i>4</i>	officers	37	-	-	37	6,198	-	-	1,251	-	-

5	Employees	33	-	-	33	6,384	-	-	1,463	-	-
6	Temporary employees	31	-	-	31	3,852	-	-	670	-	-

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	1,922,656	1,905,139	1,888,194	
2	I	Current Assets	109,212	108,097	121,053	
3	Class 5	1. Petty- Cash, Banks, and Funds Availability	18,272	18,272	26,956	
13	Class 4	2. Receivables	71,605	70,490	74,927	
29	Class 3	3. Current Inventory accounts	19,334	19,334	19,170	
39	II	Non-current Assets	1,813,444	1,797,043	1,767,141	
40	23	1. Investments	993	993	32,612	
44	25,26	2. Finance assets	46,449	30,047	-	
47	21,24,28	3. Tangible assets	1,761,932	1,761,932	1,730,459	
60	20	4. Intangible assets	4,070	4,070	4,070	
65	III	Other assets	-	-	-	
69	B	Liabilities	71,609	70,494	74,968	
70	I	Current liabilities	70,934	69,819	74,968	
71	Class	1. Accounts payable	70,934	69,819	74,968	
88	16	2. Non-current liabilities	-	-	-	
89	II	Non liquid liabilities	-	-	-	
90	17	1. Foreign loans	-	-	-	
91	III	Other liabilities	675	675	-	
96		Net assets (A - B)	1,851,046	1,834,645	1,813,226	

97	Presented: Consolidated budget	1,837,031	1,820,629	1,790,259
98	Carried forward results	14,016	14,016	22,967

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>I</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	235,162	235,162	397,246
2	70,750,71	I. REVENUES AND CONTRIBUTES	19,349	19,349	40,720
3	70	1. Tax revenues upon	14,515	14,515	29,877
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	4,834	4,834	10,842
23	72	II. GENERAL ACTUAL GRANTS	202,754	202,754	334,087
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	13,046	13,046	21,525
32	77, 83	V. OTHER REVENUES	12	12	915
33	B	TOTAL EXPENSES	221,146	221,146	374,279
34		I. ACTUAL EXPENSES	216,006	216,006	351,952
35	600 601	1. Salaries and employees contribution	44,326	44,326	77,648
38	602	2. Goods and Services	54,728	54,728	29,317
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	2,353	2,353	8,073
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	114,600	114,600	236,915

53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT			
54	66	III. FINANCIAL EXPENSES	268,358	264,879	439,806
57	67	IV. OTHER EXPENSES	16,838	16,838	33,567
58	C	DETERMINED NET INCOME	9,787	9,787	18,214
59		From this: Functioning results	7,051	7,051	15,353
60		Functioning observed grants	251,350	247,870	405,156
			-	-	-

STAR Project

Municipality Prrenjas 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
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 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	
<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 	<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

Observations	Recommendations
<p>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.</p>	<p>sufficient time for analysis and detailed examination of the structure of the budget and presented structure.</p>
<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 noticed 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 horizontal functions. 	<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 standards for each of them.

Observations	Recommendations
<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> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<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.
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p>	

Observations	Recommendations
<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 designanted 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.
<p>Personnel matters – The tranfer of the staff</p>	

Observations	Recommendations
<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 Prrenjas. 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.
<p>Personnel matters – Termination of working relationship</p> <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 of labor relations, it has financial consequences for the Municipality.</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 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

Observations	Recommendations
	<p>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.</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 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.

Observations	Recommendations
<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 for the Municipality Prrenjas and 3 LGU Qukës, Rrajcë and Stravaj, 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

Performed roles are shown in table 1, below:

Table 1: Roles in the municipaloty/administrative units

Roles	Municipality Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	x	x	✓	x
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Prrenjas: The adoption of the Statute of the LGU Cërrik and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Prrenjas 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 Prrenjas, 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: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU 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, 3 units are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

Tabela 2: Rolet në Bashki

Roles			
New Municipality	Prrenjas		
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	x		
Secretary of Municipality Council	✓		
Administrative Unit	LGU Qukës	LGU Rrajcë	LGU Stravaj
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/s shall continue to exercise the same powers. They shall be appointed by the Municipality Mayor.
- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Mayor.
- 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 59.

- 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 66.

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

Public Services	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj	Merged
Infrastructure and public services					
Water Supply Company	Sha	n/a	n/a	1	Sha+1
Functioning of the sewerage system	Sha	n/a	n/a	n/a	Sha
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	5	n/a	n/a	n/a	5
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	n/a	5	2	7
Public lighting	n/a	n/a	n/a	n/a	n/a
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	Contracted	n/a	n/a	n/a	Contracted
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	Contracted	n/a	n/a	n/a	Contracted
Collection, disposal and recovery of waste	Contracted	n/a	n/a	n/a	Contracted
Urban planning	3	2	3	1	9
Land management	1	1	1	1	4
Shelter	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	2	2	0.5	n/a	4.5
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	1	0.5	n/a	2.5
Social services of kindergardens	Under municipality responsibility	n/a	n/a	n/a	Under municipality responsibility
Social services - orphanages, shelters	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
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a
Infrastructure and public services	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
Veterinary services	1	1	1	0.5	3.5
Conservation and development of forests and natural resources of local character	1	1	1	2	5
The order and civil protection					
Preservation of public order to prevent administrative violations	3	2	3	1.5	9.5
Civil protection	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
Medicine					
Health care system and the protection of public health	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	1	2	1	0.5	4.5
Social Care on domestic violence	1	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	1
Environmental Protection					
Environmental Protection	n/a	n/a	n/a	n/a	n/a
Register Office					
Register Office	1	n/a	n/a	n/a	1
Business Registration					
National Registration Center	n/a	n/a	n/a	n/a	n/a
Total	21	12	16	9.5	58.5

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	Municipality Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj	Merged:
Finance	5	3.5	4	2	14.5
Local taxes and Tariffs	3	3	4	1	11
Legal Issues	0.5	0.5	n/a	1	2
Procurement	0.5	n/a	n/a	n/a	0.5
Institutional Relations	n/a	n/a	n/a	n/a	n/a
Human Resources	n/a	n/a	3	n/a	3
Protocol	0.5	0.5	0.5	n/a	1.5
Archiving	0.5	0.5	0.5	n/a	1.5
Information Technology	n/a	n/a	n/a	n/a	n/a
Supporting services	2	9	14	5.5	30.5
Internal Audit	1	n/a	n/a	n/a	1
Total	13	17	26	9.5	65.5

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:

LGU Stravaj:

- Department of Finance and Budget and the Directory of management of properties under the General/economic Directory.
- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, 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 the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company. Is done by Municipality Prrenjas.
- The sewage system of LGU Prrenjas.
- Administration of the cemeteries in Municipality Prrenjas.
- Administration of parks, and green areas in LGU Prrenjas.

- Management of waste materials.

Licensed functions:

None

- 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	Po
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	Yes	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

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?
Social services of kindergartens	Yes	No	Jo
Social services - orphanages, shelters	Yes	No	Jo
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

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?
Social Care on domestic violence	Yes	Jo	Jo
Social care for the protection of children's Rights	Yes	Jo	Jo
Environmental Protection			
Environmental Protection	Yes	Jo	Jo

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:
- Consistent with 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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:
- The first block is related to function of the Mayor, the Cabinet of the Mayor, Deputy mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the General-Secretary, the new role added to the proposed organizational structure.
- In the third block are listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block are included the one-stop service offices at Municipality and LGU. We explain that these offices will have a Municipality Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends solutions. Also, LGU offices can be raised even at the neighborhood level, which will be raised when the population is more than 20,000 residents. While in LGU 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will have the same role as in LGU and its agencies, if applicable

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 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 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 a value of 101,039 thousand ALL. Overdue municipal obligations are reported at a value 57,908 thousand ALL</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	
<p>During 2015, tax and non-tax revenues were 6% of total revenues, due to the low rate of revenue collection</p> <p>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.</p>	<p>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.</p> <p>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.</p>
Lack of unified accounting policies and practices	
<p>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.</p>	<p>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.</p> <p>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</p>

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.

a process of archiving in accordance with archiving policies. Using a uniform software solution for 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 Prrenjas, 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 Prrenjas, LGU Qukes, LGU Rrajce, LGU Stravaj.

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

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	251,350
Tax and non-tax revenue	16,838
Total Expenses	256,069
Total Assets	1,232,057
Liabilities	101,039

Table 1. Summary of consolidated statement of financial position.
Amounts in thousand ALL

Description		In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,232,057	1,150,950
I	Current Assets	121,546	76,889
Class 5	1. Petty - Cash, Banks, and Funds Availability	25,637	25,637
Class 4	2. Receivables	88,345	43,688
Class 3	3. Current Inventory accounts	7,564	7,564
II	Non-current Assets	1,110,511	1,074,061
23	1. Investments	13,214	13,214
25,26	2. Finance assets	36,450	-
21,24,28	3. Tangible assets	1,052,748	1,052,748
20	4. Intangible assets	8,099	8,099
III	Other assets	-	-
B	Liabilities	101,039	56,382
I	Current liabilities	101,039	56,382
Class 4	1. Accounts payable	101,039	56,382
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	1,131,018	1,094,568
	Net assets (A - B)	1,107,342	1,070,893
	Presented: Consolidated budget	23,675	23,675
	Carried forward results	1,232,057	1,150,950

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,232,057 thousand leke. Total assets of the municipality on July 31, 2015 increased by 3% compared to December 31, 2014.

Current assets

- Current assets which have 10% of total assets are increased by 27% 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 13% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts increased of 13% and the account of the state of inventories have slightly increased by 42%.

Accounts Receivable

- Structure of total debtors of municipality Pprenjas consists of 69.32% of debtors of LGU Prenjas, 18.6% of debtors of LGU Qukes, 6.97% of LGU Rrajce, 5.11% of debtors of LGU Stravraj.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Prrenjas 90%, have increased by 2% in total, where the biggest effect in this increase, was the addition of financial

assets item during 2015, and the increase of tangible assets by 2% which compose 85% of total assets.

PPE

- 25.44% of PPEs of Municipality Prrenjas are composed by the PPEs of LGU Prrenjas, 34.7% PPEs by LGU Qukes, 25.55% by LGU Rrajce, 14.4% by LGU Stravraj

Accounts Payable

Accounts payable have decreased by 5% during the period ended July 31, 2015 compared with the previous year 2014.

- 68.54% of the total accounts payable is composed of accounts payable of LGU prrenjas, 19.11% by LGU Qukes, 7.22% by LGU Rrajce,

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
2	TOTAL REVENUES	268,358	264,879
A	I. REVENUES AND CONTRIBUTES	16,838	16,838
		9,787	9,787
70,750,71	1. Tax revenues upon		
70	2. Contributions and social and health insurance	7,051	7,051
75	3. Non tax revenues	251,350	247,870
71	II. GENERAL ACTUAL GRANTS	-	-
72	III. FINANCIAL REVENUES	170	170
	IV. WORKS FOR INVESTMENTS		
78	V. OTHER REVENUES	257,960	254,481
77, 83		256,464	256,464
	TOTAL EXPENSES	34,727	34,727
B	I. ACTUAL EXPENSES	29,192	29,192
	1. Salaries and employees contribution	32,740	32,740
600 601	2. Goods and Services	159,804	159,804
602	3. Subsidies	1,496	(1,983)
603	4. Internal actual transfers	10,398	10,398
604	5. External actual transfers	23,675	23,675
605	6. Budget transfers for families and individuals	(13,277)	(13,277)
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	268,358	264,879
68	III. FINANCIAL EXPENSES	16,838	16,838
66	IV. OTHER EXPENSES	9,787	9,787
67	DETERMINED NET INCOME	7,051	7,051
C	From this: Functioning results	251,350	247,870
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

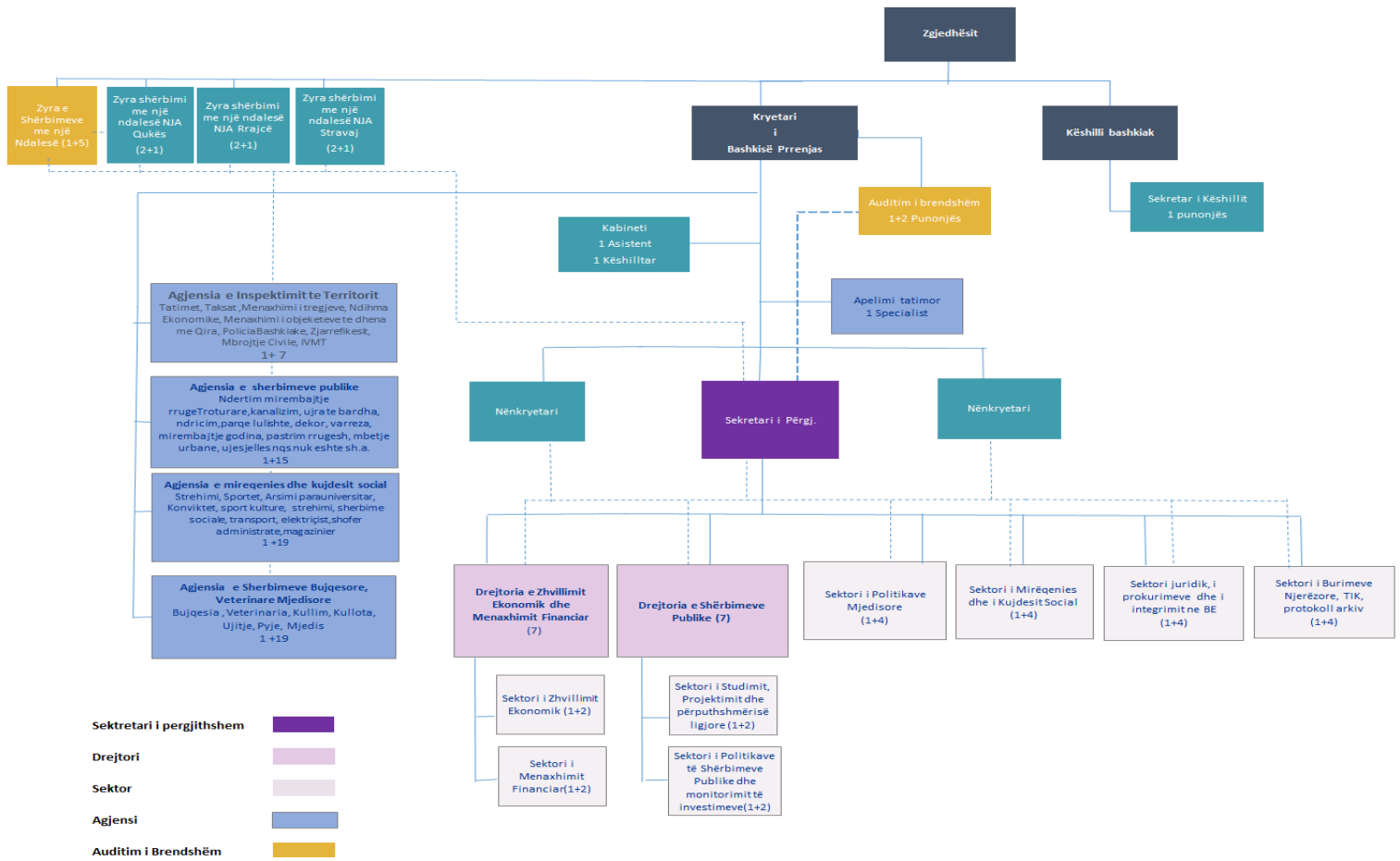
- *Sources of funds (revenues)*
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 268,358 thousand lek. 6% of the total municipality income are composed of tax and non-tax revenues, 93% of income is from grants and 1% from other income.

Structure of total revenues is comprised of 26.31% of the revenue generated from LGU Prrenjas, 31.2% PPE by LGU Qukes, 27.99% by LGU Rrajce, 13.79% by LGU Stravraj

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses with 257,960 thousand Lek. 100% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 27.29% of the expenditures of LGU Prrenjas, 32.2% PPE by LGU Qukes, 27.74% by LGU Rrajce, 12.27% by LGU Stavraj
- 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, excluding Mayors and employees of the Register Office, is 148 employees. More detailed: 16 persons working under employment contracts of one year, 104 persons working under labor contracts expired, (N/A) maternity leave. The latter under the Labour Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register

Personnel matters

Observations	Recommendations
<p>Observations and recommendations</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 Prrenjas. It is worth mentioning that the Municipality Prrenjas, 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.
<p>Termination of working 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 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

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.

- *Employees with working contract.* 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.

- *Civil Servants.* 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

- Organizational structures of local government units do not stipulate the position of General Secretary.
- 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**
 - Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows Autocad, Anti Spyware, Anti-Malware Malwarebytes, Antivirus.
 - Consolidated information about the IT environment is presented in Table 9 – IT environment

Table 9: IT environment

Objective	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
Installed Software	Windows Xp/7/8, Office 2007, Essentials, Autocad 2012, Essentials, TeamViewer 10	Windows Xp/7/8, Office 2007, Essentials, Autocad 2012, Essentials	Windows XP, Office 2007, Essentials, Teamviewer 10	Windows Xp/7, Office 2007, Essentials
Contracts of licences	No license	No license	No license	No license
Hardware (in useage)	12	9	3	3
Computer (desktop)	6	2	3	2
Printers	0	0	0	0
Servers	1	0	0	0
IT staff in total	No maintenece contract	No maintenece contract	No maintenece contract	No maintenece contract

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Rroskovec has lack of 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 principle that the cost / benefit.
<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 Prrenjas municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</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).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Software 	<ul style="list-style-type: none"> LGU Prrenjas should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

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

- LGU receives telephone and internet service by a national service provider Albtelcom or local private provider
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication

Objectives	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
Telephonic service	Telephone/ cellular	Only mobile phone	Only mobile phone	Only mobile phone
Telephone service supply	Albtelecom	n/a	n/a	n/a
Internet service	Albtelecom	Local supplier, internet Amaregi	Local supplier Ergys Caushi	Local supplier , Gjergji Petko
Evaluation of the telephonic coverage	Local coverage	n/a	n/a	n/a
Lines of the internal communication	Verbal	Verbal	Verbal	Verbal

Vëzhgime dhe rekomandime

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 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

- The function of the archive in LGU Prrnjas is performed by archive and protocol specialists, From the information obtained during the field work, the majority of the technical requirements are partially met in the LGUs.
- 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 Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	Yes	No
Secured doors and windows with a metallic net and automatic door closure	No	Yes	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	Yes, no distance from the wall	Yes, no distance from the wall	No distance from the wall
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	Yes	No	No	No
Archive keys in two copies	Yes	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.	No	No	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	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).				

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
<p>According to this scheme, all the documents that are found in the archive: 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>	Files are opened based on the denomination	Based on years	Yes	Based on years
Files containing information to be stored up to 10 years, have no need for internal restructuREng, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes
<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 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 <ul style="list-style-type: none"> - - The period of use 	The files are maintained as per model no.6	The files are maintained as per model no.6	The files are maintained as per model no.6	The files are maintained as per model no.6

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal 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 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	Yes
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	No	Yes	No
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	No	No	No	No
Mod 4. -The Book Delivery	Yes	Yes	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors	Yes	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
secretariat and vice versa				
Mode 5 - Table definitions of files for the year	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	Yes
Mod 7 - Register of files	Yes	Yes	Yes	Yes
Mod 8 - Internal File register	Yes	Yes	Yes	Yes
Mod 9 - Decision of the Commission of Experts	No	No	No	Yes
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	Yes	Yes	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
 - Decree 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 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
No register for leased properties is held in LGUs Prrenjas.

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

Assets management	LGU Prrenjas	LGU Qukës	LGU Rrajcë	LGU Stravaj
Adopted rules and procedures on asset management	Yes	Yes	Yes	Yes
Authorizing Officer	Mayor	Mayor	Mayor	Mayor
Executing Officer	Head of Finance	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes	Yes
Asset Accounting Register	Yes	Yes	Yes	Yes
Leased Properties Register	No	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	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	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 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.

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
Municipality Prrenjas	Reconstruction of the high school "Halit Berzeshta" Prrenjas	Started on 26/09/2014 contract no. 509/2. Ongoing.	7,988,124	10,682,208
LGU Prrenjas	Construction of street "Prrenjas Fshat - Katiel"	Started on 27/09/2012 no 572.	423,432,014	65,708,400
LGU Stravaj	Reconstruction of the water supply company	Ongoing.	4,241,536	5,912,665
LGU Stravaj	Construction of walls in Stranik+Farret	Ongoing.	0	1,082,448

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		1,110,511	1,074,061	1,051,743	
3		I. Intangible Assets		8,099	8,099	8,099	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	8,099	8,099	8,099	
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		1,065,962	1,065,962	1,043,644	
10	210	Land		4,918	4,918	4,918	
11	211	Forests, Pasture, Plantation	F6, Sh1	7,408	7,408	7,408	
12	212	Building and Constructions	F6, Sh1	365,540	365,540	359,718	
13	213	Roads, networks, water facilities	F6, Sh1	696,163	696,163	681,827	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	14,088	14,088	13,104	
15	215	Transport vehicles	F6, Sh1	18,572	18,572	18,572	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	49,010	49,010	49,818
19	219	Depreciation of tangible assets	F7, Sh1	(102,952)	(102,952)	(100,997)
20	231	Expenses in process for increase of current tangible assets	F4	13,214	13,214	9,276
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		36,450	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		36,450	-	-
27	B	CURRENT ASSETS		121,546	76,889	60,644
28	Class 3	I. Inventory Status		7,564	7,564	7,253
29	31	Materials	Sh2	929	929	772
30	32	Inventory Objects	Sh2	6,553	6,553	6,420
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		82	82	61
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		88,345	43,688	30,769
39	409	Suppliers, prepayments or partial payment		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-
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)		68,645	23,988	11,840
46	435	Social Insurance		670	670	1,005
47	436	Health Insurance		76	76	102
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	18,954	18,954	17,822
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		25,637	25,637	22,622
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	25,483	25,483	22,433
59	531	Petty-cash		-	-	-
60	532	Other amounts		155	155	190
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
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		1,232,057	1,150,950	1,112,387
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – 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		1,107,342	1,070,893	1,041,202
2	10	I. Own funds		1,071,719	1,070,893	1,041,202
3	101	Base funds	F8	1,071,719	1,070,893	1,041,202
4	105	Capital internal grants		-	-	-
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		35,623	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		101,039	56,382	59,352
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		101,039	56,382	59,352

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	55,768	12,607	26,232
23	42	Employees and related accounts		9,134	9,134	9,284
24	431	Liabilities to government for taxes		1,265	1,265	252
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		18,954	18,954	-
28	435	Social Insurance		795	795	1,585
29	436	Health Insurance		135	135	284
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		155	155	190
35	466	Creditors for assets under guard	Sh5	12,694	12,694	11,284
36	467	Other creditors		2,139	644	10,242
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)		23,675	23,675	11,834
43	X	TOTAL LIABILITY		1,232,057	1,150,950	1,112,387
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
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		256,069	256,069	431,838	
2	60	I. Current expenses		256,464	256,464	430,547	
3	600	Salaries, bonuses		29,248	29,248	62,432	
4	6001	Salaries		29,248	29,248	62,142	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	290	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		5,479	5,479	9,951	
9	6010	Insurance contributions		4,613	4,613	9,278	
10	6011	Health insurance		867	867	673	
11	602	Other goods and services		29,192	29,192	54,977	
12	6020	Stationary		624	624	2,116	
13	6021	Special services		-	-	1,582	
14	6022	Services from third party		6,385	6,385	11,604	
15	6023	Transport expenses		1,886	1,886	3,125	
16	6024	Travel expense		667	667	1,450	
17	6025	Ordinary maintenance expenses		1,761	1,761	3,181	
18	6026	Rent expenses		162	162	173	
19	6027	Expenses for legal liability for compensation		-	-	-	

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
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		17,707	17,707	31,745
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
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		32,740	32,740	428
29	6040	Current transfers to other government levels		32,715	32,715	428
30	6041	Current transfers to various government institutions		25	25	-
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		159,804	159,804	302,759
39	6060	Transfers paid from ISS and HII		60,281	60,281	25,750
40	6061	Transfers paid from other institutions and Local government		99,523	99,523	277,009
41	63	II. Change in inventory balances	F1	(395)	(395)	1,292
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-

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
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		-	-	-
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		256,069	256,069	431,838
61		D. RESULT CORRECTIONS ACTIVITES		1,891	(1,588)	(340)
62	828	Names of cancelled revenues		3,479	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		(1,588)	(1,588)	(340)
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		257,960	254,481	431,498

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
70	85	RESULTS FROM FUNCTIONING		23,675	23,675	11,834
71	X	TOTAL		281,635	278,156	443,332

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	268,188	264,708	438,723
2	70	I. TAX INCOMES	9,787	9,787	18,214
3	700	a) On revenues, profit, and equity revenue	1,110	1,110	5,134
4	7000	Personal income tax	-	-	-
5	7001	Income tax	240	240	-
6	7002	Small business tax	869	869	5,027
7	7009	Other tax	-	-	107
8	702	b) Property tax	2,569	2,569	7,607
9	7020	On immovable property	1,526	1,526	4,270
10	7021	Sales of immovable property	1,043	1,043	-
11	7029	Other on property	-	-	3,337
12	703	c) Tax upon goods and services in the country	6,080	6,080	5,472
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	1,489	1,489	1,942
17	7035	Local tax on goods usage and activity permission	4,590	4,590	3,531
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-

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
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	28	28	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
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	7,051	7,051	15,353
35	710	a) From enterprise and ownership	724	724	2,347
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	724	724	2,347
39	711	b) Administrative service and secondary revenues	6,258	6,258	11,879
40	7110	Administrative tariffs and regulations	2,192	2,192	1,936
41	7111	Secondary revenues and payments of services	2,230	2,230	5,833
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1,673	1,673	4,055
44	7114	Revenues from tickets	146	146	-
45	7115	Fines and late-fees, sequestration and compensation	17	17	54

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
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	69	69	1,127
48	72	IV. ACTUAL GRANTS (a+b)	251,350	247,870	405,156
49	720	a) Internal actual grant	251,350	247,870	405,156
50	7200	From same Government level	231,216	231,216	385,227
51	7201	From other Government levels	1,897	1,897	-
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	18,237	14,757	19,930
57	7207	Third party sponsorship	-	-	-
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	-	-	-

			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
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits 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	268,188	264,708	438,723
81	83	D. RESULT CORRECTIONS ACTIVITES	170	170	1,083
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	170	170	1,083
84	Class 7 & 8	TOTAL FROM OPERATIONS	268,358	264,879	439,806
85	85	RESULTS FROM FUNCTIONING	13,277	13,277	3,526
86	X	TOTAL	281,635	278,156	443,332

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 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	10,455	15,481	18,267	13,241
2	105	Internal capital grants	-	5,026	5,026	-
3	1050	From the same government level	-	5,026	5,026	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
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	10,455	10,455	13,241	13,241
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	10,455	10,455	13,241	13,241

In ALL '000

No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31 July 2015
			January 2015	Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
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)	-	-	-	-
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	9,276	24,077	20,139	13,214
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	9,276	24,077	20,139	13,214
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	5,837	5,837	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance,
			January 2015	Debit	Credit	31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
39	2313	Roads, networks, water facilities	9,276	18,240	14,302	13,214
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
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	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	19,730	39,558	38,406	26,454

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	22,433	-	-	-
2	II. RECEIVABLES "CASH"	164,897	-	-	-
3	1. Funds from budget	147,768	-	-	-
4	Actual budget funds (Budget with changes)	128,661	-	-	-
5	Capital budget funds (Budget with changes)	19,107	-	-	-
6	2. Incomes and revenues during the year in "Cash"	17,129	-	-	-
7	Tax revenues in "Cash"	8,518	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	8,320	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	291	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	161,845	-	-
15	1. Payment from the budget for actual expenses	-	126,986	-	-
16	2. Payments from the budget for capital expenses	-	19,051	-	-
17	3. Payments from revenues for actual expenses	-	13,823	-	-
18	4. Payments from revenues from capital expenses	-	-	-	-
19	5. Payments from storage	-	1,984	-	-

20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	3	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	-	-	-
24	3. Internal movements and transfers	-	3	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	187,330	161,848	-	-
26	VI. CLOSING BALANCE	25,483	-	-	-

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	8,099	-	-	-	-	-	-	-	-	-	8,099
2	20 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	2 Studies and research	8,099	-	-	-	-	-	-	-	-	-	8,099
4	20 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	23 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,135,365	20,159	92	1,029	-	21,280	-	-	945	945	1,155,700
6	21 Land	4,918	-	-	-	-	-	-	-	-	-	4,918
7	1 Forests, Pasture, Plantation	7,408	-	-	-	-	-	-	-	-	-	7,408
8	2 Building and Constructions	359,718	5,822	-	-	-	5,822	-	-	-	-	365,540
9	3 Roads, networks, water facilities	681,827	14,336	-	-	-	14,336	-	-	-	-	696,163

10	21 4 21	Technical installment, machinery, equipment, working tools	13,104	-	-	984	-	984	-	-	-	-	14,088
11	5 21	Transport vehicles	18,572	-	-	-	-	-	-	-	-	-	18,572
12	6 21	Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	7 21	Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	8	Economic Inventory	49,818	-	92	45	-	137	-	-	945	945	49,010
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + II)	1,143,464	20,159	92	1,029	-	21,280	-	-	945	945	1,163,799

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	100,997	1,955	-	1,955	-	-	-	-	102,952
		TOTAL (I + II)	100,997	1,955	-	1,955	-	-	-	-	102,952

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	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
<i>a</i>	<i>b</i>		<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>		
1	101	BASE FUND	1,041,201.96	94,526	125,043	1,071,719	1,041,202	94,526	124,216	1,070,893		
2	1010	Status of base fund	1,041,202	-	93,273	1,134,475	1,041,202	-	93,273	1,134,475		
3	1011	Additions base fund	-	-	9,163	9,163	-	-	8,336	8,336		
4	1012	Decrease base fund	-	12,184	22,607	10,423	-	12,184	22,607	10,423		
5	1013	Decrease from tangible assets consume	-	703	-	(703)	-	703	-	(703)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	-	-	-	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	81,638	-	(81,638)	-	81,638	-	(81,638)		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12,13,145,15,85	INTERNAL FUND	11,834	16,860	64,325	59,299	11,834	16,860	28,702	23,675		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1 Jan. 2015	2	3	31 July 2015	1 Jan. 2015	1 Jan. 2015	2	3	31 July 2015
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit			
<i>a</i>	<i>b</i>		<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>		
11	105	Capital internal grants	-	5,026	5,026	-	-	5,026	5,026	-		
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	-	-	35,623	35,623	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
18	85	Result	11,834	11,834	23,675	23,675	11,834	11,834	23,675	23,675		
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)	1,053,035	111,385	189,368	1,131,018	1,053,035	111,385	152,918	1,094,568		

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)	152	4	3	153	29,248	-	-	5,441	-	817
<i>1</i>	Directors	4	-	-	4	1,887	-	-	308	-	127
<i>2</i>	High level education specialist	59	1	-	60	13,656	-	-	2,863	-	387
<i>3</i>	Technical	21	-	-	21	3,478	-	-	650	-	179
<i>4</i>	Ordinary officers	21	1	1	21	4,139	-	-	758	-	121
<i>5</i>	Employees	47	2	2	47	6,087	-	-	862	-	2
<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	1,232,057	1,150,950	1,112,387
2	I	Current Assets	121,546	76,889	60,644
3	Class 5	1. Petty- Cash, Banks, and Funds Availability	25,637	25,637	22,622
13	Class 4	2. Receivables	88,345	43,688	30,769
29	Class 3	3. Current Inventory accounts	7,564	7,564	7,253
39	II	Non-current Assets	1,110,511	1,074,061	1,051,743
40	23	1. Investments	13,214	13,214	9,276
44	25,26	2. Finance assets	36,450	-	-
47	21,24,28	3. Tangible assets	1,052,748	1,052,748	1,034,368
60	20	4. Intangible assets	8,099	8,099	8,099
65	III	Other assets	-	-	-
69	B	Liabilities	101,039	56,382	59,352
70	I	Current liabilities	101,039	56,382	59,352
71	Class	1. Accounts payable	101,039	56,382	59,352
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	1,131,018	1,094,568	1,053,035
96		Net assets (A - B)	1,107,342	1,070,893	1,041,202

97	Presented: Consolidated budget	23,675	23,675	11,834
98	Carried forward results	1,232,057	1,150,950	1,112,387

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	268,358	264,879	439,806	
2	70,750,71	I. REVENUES AND CONTRIBUTES	16,838	16,838	33,567	
3	70	1. Tax revenues upon	9,787	9,787	18,214	
11	75	2. Contributions and social and health insurance	7,051	7,051	15,353	
19	71	3. Non tax revenues	251,350	247,870	405,156	
23	72	II. GENERAL ACTUAL GRANTS	-	-	-	
26		III. FINANCIAL REVENUES	170	170	1,083	
31	78	IV. WORKS FOR INVESTMENTS				
32	77, 83	V. OTHER REVENUES	257,960	254,481	431,498	
			256,464	256,464	430,547	
33	B	TOTAL EXPENSES	34,727	34,727	72,383	
34		I. ACTUAL EXPENSES	29,192	29,192	54,977	
35	600 601	1. Salaries and employees contribution	32,740	32,740	428	
38	602	2. Goods and Services	159,804	159,804	302,759	
49	603	3. Subsidies	1,496	(1,983)	952	
50	604	4. Internal actual transfers	10,398	10,398	8,307	
51	605	5. External actual transfers	23,675	23,675	11,834	
52	606	6. Budget transfers for families and individuals	(13,277)	(13,277)	(3,526)	

53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT			
54	66	III. FINANCIAL EXPENSES	268,358	264,879	439,806
57	67	IV. OTHER EXPENSES	16,838	16,838	33,567
58	C	DETERMINED NET INCOME	9,787	9,787	18,214
59		From this: Functioning results	7,051	7,051	15,353
60		Functioning observed grants	251,350	247,870	405,156
			-	-	-