

STAR Project

Municipality Divjakë 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
PPE	Property, Plant & Equipment
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 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.

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 Divjakë. 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 of the ex-municipality Divjakë and 4 existing LGUs Gradisht, Grabian Remas and Tërbuf 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	Ex-municipality Divjakë	LGU Remas	LGU Tërbuf	LGU Grabian	LGU Gradisht
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓		
Secretary of the LGU Council	✓	✓	✓	✓	✓

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

- LGU Council: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Fier 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; 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 1 ex-municipality and 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role				
New Municipality	Divjakë			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
Administrative Unit	Tërbuf	Remas	Gradisht	Grabian
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 Council.
- 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;

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 221,5.

- 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 70,5

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

Public Services	LGU Divjakë	LGU Tërbuf	LGU Remas	LGU Gradisht	LGU Grabian	Merged
Infrastructure and public services						
Water Supply Company	Sh.a	n/a	n/a	14	5	19
Functioning of the sewerage system	n/a	3	n/a	n/a	2	5
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	5	n/a	n/a	n/a	n/a	5
Construction of roads, pavements and public squares	2	n/a	n/a	n/a	n/a	2
Rehabilitation and maintenance of local roads, sidewalks and public squares	2	n/a	n/a	n/a	n/a	2
Public lighting	1	1	1	1	1	5
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	5	3	3	6	3	20
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	6	2	n/a	1	2	11
Collection, disposal and recovery of waste	14	6	8	Contracted	5	Contracted,33
Urban planning	7	2	1	1	1	12
Land management	n/a	1	1	1	n/a	3
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	3	n/a	n/a	n/a	n/a	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3	n/a	n/a	n/a	n/a	3
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	0,5	n/a	n/a	n/a	n/a	0,5
Local economic development						
Preparation of local economic development programs	4	2	2	2	2	12
Establishment and function of public markets and trade network	4	1	1	n/a	n/a	6
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	1	n/a	n/a	n/a	1
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	1	n/a	2	1	4
Veterinary services	n/a	n/a	n/a	n/a	n/a	n/a
Conservation and development of forests and natural resources of local character	2	1	n/a	n/a	n/a	3
The order and civil protection						
Preservation of public order to prevent administrative violations	4	1	1	1	1	8
Civil protection	8	7	3	7	3	28

Public Services	LGU Divjakë	LGU Tërbuf	LGU Remas	LGU Gradisht	LGU Grabian	Merged
Educational institutions						
Maintenance of facilities in preliminary education	11	7	1	5	4	28
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	0,5	0,7	0,5	0,4	0,4	2,5
Social Care on domestic violence	n/a	0,7	n/a	0,3	0,3	1,3
Social care for the protection of children's Rights	n/a	0,6	n/a	0,3	0,3	1,2
Environmental Protection						
Environmental Protection	1	1	n/a	n/a	n/a	2
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	84	42	22,5	42	31	221,5

Table 4: Horizontal functions and people who execute these functions

Administrative Functions	LGU Divjakë	LGU Tërbuf	LGU Remas	LGU Gradisht	LGU Grabian	Merged
Finance	4	2	2	2	2	12
Local taxes and Tariffs	4	3	1	2	1	11
Legal Issues	2	1	n/a	n/a	n/a	3
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	0.5	1.5
Protocol	n/a	0.5	n/a	n/a	n/a	0.5
Archiving	1	0.5	0.5	1	0.5	3.5
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	24	7	3	3	1	38
Internal Audit	1	n/a	n/a	n/a	n/a	1
Total	37	14	6.5	8	5	70.5

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:

(Divjakë)

- Financial Assistance is under the Finance Directory.
- The person responsible for the food security performs also the duty of the veterinary.
- The person responsible for the Culture performs also the duty of the Sport.
- The person responsible for the environment performs also the duty of the Hygiene.

(Grabian)

- The person responsible for the Financial Assistance performs also the duty of the veterinary.
- The person responsible for the Urbanism performs also the duty of the Cadastre.
- The person responsible for Human Resources performs also the duty of the Archive.

(Gradishtë)

- The person responsible for the Financial Assistance performs also the duty of the cashier.
- The person responsible for the Archive performs also the duty of the storekeeper.

- The person responsible for the environment performs also the duty of the veterinary.

(Tërbuf)

- The person responsible for the Administration and protection of agriculture land performs also the duty of the urbanism.
- The person responsible for Archive-Protocol performs also the duty of the storekeeper.

(Rremas)

- The person responsible for Financial Assistance performs also the duty of the Archive.

- 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.

Responsibilities of following leadership positions / responsibilities that exist in ex-municipality and four LGUs, will change:\

(Divjakë):

- Finance Directory
- Taxation Directory
- Urban Development Directory
- Municipality Directory

- Local Urban Inspectorate
- Internal Audit
- Human Resources
- Legal Issues
- Archive-Protocol
- Food Security and Veterinary
- Environment and Hygiene
- Sport and Culture
- Public Services

(Tërbuf):

- Head of Finance Office
- Head of Financial Assistance Office
- Head of Taxation Office
- Head of Land Management Office
- Head of Civil Protection Office
- Archive-Protocol
- Head of Veterinary Office
- Public Services

(Grabian)

- Head of Finance Office
- Head of Financial Assistance Office

- Head of Taxation Office
- Head of Land Management Office
- Head of Civil Protection Office
- Archive-Protocol
- Public Services

(Gradishtë)

- Head of Finance Office
- Head of Financial Assistance Office
- Head of Taxation office
- Head of Land Management Office
- Head of Civil Protection Office
- Archive-Protocol
- Head of Veterinary Office
- Public Services

(Rremas)

- Head of Finance Office
- Head of Financial Assistance Office and Archive-Protocol
- Head of Taxation Office
- Head of Land Management Office
- Head of Civil Protection Office
- Public Services

Service Providing

- 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	Yes	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	No	No	No
Social services - orphanages, shelters	No	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

(Divjakë)

- Finance Directory
- Taxation Directory
- Urban Development Directory
- Municipality Police
- Local Urban Inspectorate
- Internal Audit
- Human Resources
- Legal Issues
- Archive-Protocol
- Food Security and Veterinary
- Environment and Hygiene
- Sport and Culture

- Public Services

(Rremas)

- Responsible for Finance Office
- Responsible for Financial Assistance Office and Archive-Protocol
- Responsible for Taxation Office
- Responsible for Land Management Office
- Responsible for Civil Protection Office
- Public Services

(Tërbuf)

- Responsible for Finance Office
- Responsible for Financial Assistance Office
- Responsible for Taxation Office
- Responsible for Civil Protection Office
- Archive-Protocol
- Responsible for Veterinary Office

- Public Services

(Granaian)

- Responsible for Finance Office
- Responsible for Financial Assistance Office
- Responsible for Taxation Office
- Responsible for Land Management Office
- Responsible for Civil Protection office
- Archive-Protocol
- Public Services

(Gradishtë)

- Responsible for Finance Office

- Responsible for Financial Assistance Office
- Responsible for Taxation Office
- Responsible for Land Management Office
- Responsible for Civil Protection office
- Archive-Protocol
- Responsible for Veterinary Office
- Public Services

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 254,773 thousand ALL. Overdue municipal obligations are reported at a value 63,728 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>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 14% 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>
<p>Lack of unified accounting policies and practices</p>	
<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 a process of archiving in accordance with archiving policies. Using a</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.

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 Divjakë, 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 Divjakë, LGU Tërbuf, LGU Grabian, LGU Gradishtë, LGU Rremas,

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

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	373,233
Tax and non-tax revenue	62,041
Total Expenses	199,256
Total Assets	2,292,521
Liabilities	254,773

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	2,292,521	2,272,771
I	Current Assets	422,279	422,279
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	154,914	154,914
Class 4	2. Receivables	218,068	218,068
Class 3	3. Current Inventory accounts	49,298	49,298
II	Non-current Assets	1,870,242	1,850,492
23	1. Investments	-	-
25,26	2. Finance assets	19,749	-
21,24,28	3. Tangible assets	1,838,053	1,838,053
20	4. Intangible assets	12,440	12,440
III	Other assets	-	-
B	Liabilities	254,773	254,773
I	Current liabilities	254,773	254,773
Class 4	1. Accounts payable	254,773	254,773
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	2,037,748	2,017,999
	Presented: Consolidated budget	1,892,471	1,872,722
	Carried forward results	145,277	145,277

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,292,521 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 18% of total assets are increased by 41% during the fiscal period in 2015 compared with 2014. Among the items of current assets is noticed an increase of 141% of cash, an increase which affects more the total increase of current assets while the accounts receivable and accounts of the state of inventories have increased by 15% and 10%.

Accounts Receivable

- Structure of total debtors of Municipality Divjakë consists of 36% of debtors of LGU Divjakë, 44.3% debtors of LGU Terbuf, 11.3% debtors of LGU Gradishtë and 8.3% debtors of LGU Remas.

Non-current accounts

- Non-current assets which occupies the largest share of assets of the municipality Divjakë (82%) have suffered an increase of 11% in total which the impact on this growth it has the increase of financial assets in 2015 and the increase of PPEs by 11% which comprise 80% of the total assets. up 80% of total assets.

PPEs

- 41.4% of PPEs of Municipality Divjakë are composed by the PPEs of LGU Divjakë, 19.7% PPEs of LGU Tërbuf, 14.8% of LGU Rremas, 9.2% by LGU Gradishtë, 15% by LGU Grabjan.

Accounts Payable

Accounts payable have increased by 4% for the period ended July 31, 2015 compared with the previous year 2014

- 31.8% of the total accounts payable is composed of accounts payable of LGU Divjakë, 49,4% from LGU Tërbuf 7,2% from LGU Rremas, 9.7% from LGU Gradishtë, 2% from LGU Grabjan.

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	452,400	452,400
	I. REVENUES AND CONTRIBUTES		
A		62,041	62,041
70,750,71	1. Tax revenues upon	49,636	49,636
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	12,404	12,404
71	II. GENERAL ACTUAL GRANTS	373,223	373,223
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	17,136	17,136
78	V. OTHER REVENUES	-	-
77, 83			
	TOTAL EXPENSES	203,706	203,706
B	I. ACTUAL EXPENSES	203,706	203,706
	1. Salaries and employees contribution	56,131	56,131
600 601	2. Goods and Services	45,976	45,976
602	3. Subsidies	-	-
603	4. Internal actual transfers	40	40
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	101,559	101,559
605			
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	-	-
67	DETERMINED NET INCOME	248,694	248,694
C	From this: Functioning results	145,277	145,277
	Functioning observed grants	103,417	103,417

Overview of consolidated statement of financial performance

Sources of funds (revenues)

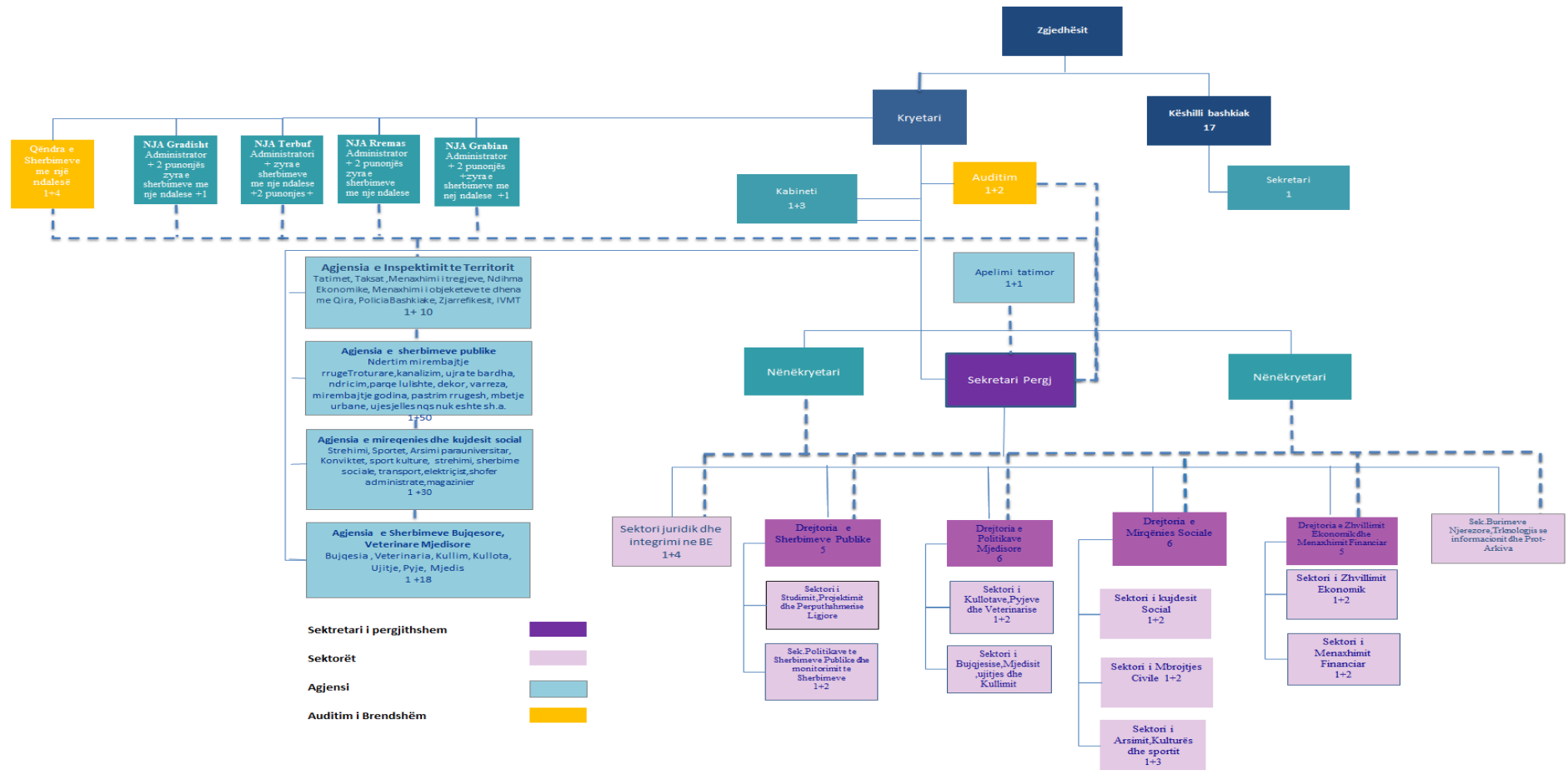
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 452,400 thousand. 14% of the total municipal income is composed of tax and non-tax revenues, 82% of income from grants and 4% from other income.
- The structure of total revenues is comprised of 58,9% of the revenue generated by LGU Divjakë, 17% from LGU Terbuf, 5,7% from LGU Grabian, 10,4% from LGU Gradishtë, 8% from LGU Rremas.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 203,706 thousand. 100% of the total expenditure of the municipality expenditure is composed of current expenditures, the rest from other expenses.
- The structure of total expenditure is comprised by 34,8% from LGU Divjakë, 22,5% of the LGU Terbuf, 11,8% of the LGU Grabian, 17,8% of the LGU Gradishtë, 13.1% of the LGU Rremas.

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, 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 285 employees. More detailed: 202 persons are working under employment contracts of one year, 61 persons working under the indefinitely employment contract, (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

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 Divjakë. It is worth mentioning that the Municipality Divjakë, 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>	

Observations	Recommendations
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> - It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of 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 Windows Office package 2007 and 2010, Microsoft Windows XP, Autocad 2013 and Antivirus. All these are unlicensed softwares. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Mallakaster. When there are defects to the hardwares the service is performed by employees on private.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
Installed Software	6	2	3	3	3
Contracts of licences	n/a	n/a	2	n/a	n/a
Computer (desktop)	16	5	9	11	3
Printers	10	3	4	4	3
Servers	6	2	n/a	4	3
IT staff in total	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	n/a	n/a	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Divjak 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 Fier 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 Divjak 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

- There is lack of telephone service in the LGU. The internet service is provided by a local service provider. With regard to internal communication, means of verbal and written communication are used to circulate memos minuted, issued regulations, orders of the mayor of New municipality between Departments and Sectors's of LGU.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
Telephony service	n/a	n/a	n/a	n/a	n/a
Telephony/service providers	n/a	n/a	n/a	n/a	n/a
Internet service	Local service provider	Local service provider	Local service provider	n/a	n/a
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

Observations and Recommendations

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

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 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

- Lack of technical and physical conditions in LGU's premises for storage of documents. Lack of inventory of files in LGU Divjak, Rremas and Grabian. There is lack of delivery book in LGU Divjakë.
- 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 Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	Yes	NO	YES	NO
Secured doors and windows with a metallic net and automatic door closure	No	Yes	NO	NO	NO
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	NO	YES	YES	NO
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	YES	Yes, but with no distance from the wall	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	Yes	NO	NO	NO	NO
Archive keys in two copies	Yes	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.	Yes	NO	YES	YES	NO
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	The building is secured with a guard	The building is secured with a guard.	The building is secured with a guard.	The building is secured with a guard.	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 Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
<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>	<p>The archivist keeps the Correspondence Register and the use Register.</p>	<p>The archivist keeps the Correspondence Register and the use Register.</p>	<p>The archivist keeps the Correspondence Register and the use Register.</p>	<p>The documents are classified according to chronology-scheme structure.</p>	<p>Partially</p>
<p>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.</p>	<p>The files are maintained in order according to the model 6.</p>	<p>The files are maintained in order according to the model 6.</p>	<p>Files are maintained in order.</p>	<p>The documents are classified during the term of storage.</p>	<p>NO</p>
<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 - The period of use 	<p>The files are maintained in order according to the model 6.</p>	<p>The files are maintained in order according to the model 6.</p>	<p>Files are maintained in order.</p>	<p>The documents are classified during the term of storage.</p>	<p>Partially</p>

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
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 list is compiled by professional and technical norms for processing archives.	The list is compiled by professional and technical norms for processing archives.	There is no list.	The list is compiled by professional technical standards and methodological archival service levels in the Republic of Albania.	NO
The emblem of the Republic	Yes	YES	YES	YES	NO
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	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 - Correspondence model					
Mod 3 - Serial Number of Correspondence	Yes	YES	YES	YES	YES

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Divjakë	LGU Tërbuf	LGU Grabian	LGU Gradisht	LGU Rremas
Mod 4. -The Book Delivery	No	NO	YES	YES	YES
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	YES	YES	YES	YES
Mode 5 - Table definitions of files for the year	No	YES	YES	YES	YES
Mod 6 - Elements of cover dossier	No	NO	NO	YES	NO
Mod 7 - Register of files	No	YES	NO	YES	NO
Mod 8 - Internal File register	No	YES	NO	YES	NO
Mod 9 - Decision of the Commission of Experts	No	NO	NO	YES	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	YES	NO
Mod 12 - Destruction of documents containing any further value	No	YES	NO	YES	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 2015;
- 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. Only LGU Grabian maintains the inventory of leased properties. Lack of commission on asset evaluation.
- 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 Divjakë	LGU Tërbuf	LGU Gradisht	LGU Grabian	LGU Rremas
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Fredi Kokoneshi	Astrit Dervishi	Ylli stambolliu	Avdi Snalla	Agim Rredhi
Executing Officer	Flutura Mitri	Adriatik Balla	Petrit Toska	Fation Ballabani	Nesti Cina
Adopted plan, objectives and control mechanisms related Risk	No	No	Yes	No	No
Asset Accounting Register	Yes,me shkrim	Yes	Yes	Yes	Yes
Leased Properties Register	No	No	No	Yes	No
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	n/a	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	No	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.

Apendix 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Divjakë	Paving of road and road Kongresi I Manastirit , village Mize , Municipality Divjake	In process	1.900.000	17 460 480
Divjakë	Paving Blloku Veri - Lindor neighborhood Stanit Divjake	In process	2.906.145	25 176 576
Divjakë	Construction of Water Supply in Beach Divjake (extra contract)	Completed	Mbetet pa likujduar 5 %	31 188 360
Divjakë	Construction of health center	Completed	5.201.018	49 964 862
Divjakë	Revitalization of Central Square and sidewalks of the main axis, Municipality Divjake	Completed	n/a	177 070 591
Gradisht	Paving "Road e Bilçareve " with bituminous sand village Mërtish	It has not started yet. The contract signed with the service provider.	3981672	Aprovuar me VKKomunes nr.02,dt.30.01.2015
Tërbuf	Extra reconstruction of high school Cerme Sektor	Completed	29.200.550	60047363 leke

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		1,870,242	1,850,492	1,682,808
3		I. Intangible Assets		12,440	12,440	12,261
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	13,260	13,260	13,081
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	(820)	(820)	(820)
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		1,838,053	1,838,053	1,670,548
10	210	Land		3,787	3,787	3,787
11	211	Forests, Pasture, Plantation	F6, Sh1	671	671	-
12	212	Building and Constructions	F6, Sh1	682,681	682,681	568,896
13	213	Roads, networks, water facilities	F6, Sh1	1,307,566	1,307,566	1,235,257
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	25,452	25,452	23,844
15	215	Transport vehicles	F6, Sh1	55,314	55,314	55,314
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	35,322	35,322	29,650
19	219	Depreciation of tangible assets	F7, Sh1	(272,741)	(272,741)	(255,941)
20	231	Expenses in process for increase of current tangible assets	F4	-	-	9,739
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		19,749	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		19,749	-	-
27	B	CURRENT ASSETS		422,279	422,279	299,184
28	Class 3	I. Inventory Status		49,298	49,298	44,848
29	31	Materials	Sh2	6,493	6,493	805
30	32	Inventory Objects	Sh2	42,804	42,804	44,043
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		218,068	218,068	190,147
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 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)		43,204	43,204	37,015
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	174,863	174,863	153,132
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		154,914	154,914	64,189
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	147,970	147,970	56,303
59	531	Petty-cash		-	-	-
60	532	Other amounts		6,944	6,944	7,886
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		2,292,521	2,272,771	1,981,992
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		1,892,471	1,872,722	1,690,848
2	10	I. Own funds		1,892,471	1,872,722	1,690,848
3	101	Base funds	F8	1,892,471	1,872,722	1,690,848
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		254,773	254,773	244,277
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		254,773	254,773	244,277
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	63,727	63,727	64,776
23	42	Employees and related accounts		8,978	8,978	11,814
24	431	Liabilities to government for taxes		2,244	2,244	2,226
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)		174,863	174,863	153,132
28	435	Social Insurance		2,029	2,029	1,773
29	436	Health Insurance		239	239	177
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		-	-	942
35	466	Creditors for assets under guard	Sh5	2,693	2,693	9,436
36	467	Other creditors		-	-	-
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)		145,277	145,277	46,867
43	X	TOTAL LIABILITY		2,292,521	2,272,771	1,981,992
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		199,256	199,256	361,983	
2	60	I. Current expenses		203,706	203,706	368,806	
3	600	Salaries, bonuses		47,705	47,705	71,976	
4	6001	Salaries		45,641	45,641	45,799	
5	6002	Temporary salaries		2,065	2,065	26,177	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		8,425	8,425	13,026	
9	6010	Insurance contributions		7,833	7,833	11,917	
10	6011	Health insurance		593	593	1,109	
11	602	Other goods and services		45,976	45,976	74,335	
12	6020	Stationary		1,733	1,733	5,097	
13	6021	Special services		3,043	3,043	7,287	
14	6022	Services from third party		18,351	18,351	24,508	
15	6023	Transport expenses		9,574	9,574	11,995	
16	6024	Travel expense		183	183	415	
17	6025	Ordinary maintenance expenses		3,751	3,751	10,896	
18	6026	Rent expenses		739	739	562	
19	6027	Expenses for legal liability for compensation		-	-	-	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		8,603	8,603	13,576	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		40	40	530
29	6040	Current transfers to other government levels		19	19	496
30	6041	Current transfers to various government institutions		21	21	34
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		101,559	101,559	208,940
39	6060	Transfers paid from ISS and HII		61,533	61,533	118,381
40	6061	Transfers paid from other institutions and Local government		40,026	40,026	90,559
41	63	II. Change in inventory balances	F1	(4,450)	(4,450)	(6,823)
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		199,256	199,256	361,983	
61		D. RESULT CORRECTIONS ACTIVITES		107,949	107,949	217,021	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		80,026	80,026	136,759	
64	8420	Revenues deposited in the budget		396	396	-	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		4,532	4,532	7,491	
68	8424	Transfers for identified debtors and similar items		22,995	22,995	72,771	
69	Class 6 & 8	TOTAL FROM OPERATIONS		307,205	307,205	579,004	
70	85	RESULTS FROM FUNCTIONING		145,277	145,277	46,867	
71	X	TOTAL		452,482	452,482	625,870	

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	452,400	452,400	625,202
2	70	I. TAX INCOMES	49,636	49,636	120,831
3	700	a) On revenues, profit, and equity revenue	5,187	5,187	11,133
4	7000	Personal income tax	-	-	-
5	7001	Income tax	357	357	2,219
6	7002	Small business tax	4,830	4,830	8,914
7	7009	Other tax	-	-	-
8	702	b) Property tax	40,168	40,168	102,434
9	7020	On immovable property	37,902	37,902	102,217
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	2,265	2,265	217
12	703	c) Tax upon goods and services in the country	4,282	4,282	7,264
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	2,073	2,073	3,341
17	7035	Local tax on goods usage and activity permission	2,209	2,209	3,923
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	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	12,404	12,404	40,282
35	710	a) From enterprise and ownership	2,454	2,454	6,325
36	7100	From public non financial enterprise	360	360	560
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	2,094	2,094	5,765
39	711	b) Administrative service and secondary revenues	9,566	9,566	33,060
40	7110	Administrative tariffs and regulations	5,772	5,772	26,794
41	7111	Secondary revenues and payments of services	2,800	2,800	4,580
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	993	993	1,686
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
46	7116	Revenues from ownership transfer, legalization of buildings without permits	384	384	898
47	719	c) Other non tax revenues	373,223	373,223	464,089
48	72	IV. ACTUAL GRANTS (a+b)	373,223	373,223	464,089
49	720	a) Internal actual grant	85,221	85,221	206,957
50	7200	From same Government level	225,291	225,291	174,265
51	7201	From other Government levels	25,277	25,277	43,944
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	(5,770)	(5,770)	-
55	7205	Additional finances created within the system	43,204	43,204	38,923
56	7206	Expected financing from budget	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party 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	17,136	17,136	-
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	17,136	17,136	-
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	452,400	452,400	625,202
80	Class 7	TOTAL INCOMES	82	82	668
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	82	82	668
83	841	Status change transfer	452,482	452,482	625,870
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	-
85	85	RESULTS FROM FUNCTIONING	452,482	452,482	625,870
86	X	TOTAL	452,400	452,400	625,202

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>Debit</i>	<i>Credit</i>	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	-	184,149	184,149	-
2	105	Internal capital grants	-	181,646	181,646	-
3	1050	From the same government level	-	28,327	28,327	-
4	1051	From other Government levels	-	64,870	64,870	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	88,448	88,448	-
7	106	Foreigner Capital grants	-	2,504	2,504	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	2,504	2,504	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third parties	-	-	-	-
12	145	Foreigner grants, participation capital in investments for third parties	-	-	-	-
13	146	parties	-	-	-	-
14	11	Other own funds	-	20,681	20,681	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	20,681	20,681	-
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)	-	-	-	-

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>
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	9,739	93,963	103,702	-
34	230	Expenses for increase of Intangible Assets	-	179	179	-
35	231	Expenses for increase of Tangible Assets	9,739	93,784	103,523	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	671	671	-
38	2312	Building and Constructions	4,800	24,721	29,521	-
39	2313	Roads, networks, water facilities	4,939	67,370	72,309	-
40	2314	Technical installment, machinery, equipment, working tools	-	507	507	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	515	515	-
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	-	-	-	-

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>
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)	9,739	278,112	287,851	-

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	56,303	-	-	-
2	II. RECEIVABLES "CASH"	405,867	-	-	-
3	1. Funds from budget	371,055	-	-	-
4	Actual budget funds (Budget with changes)	217,838	-	-	-
5	Capital budget funds (Budget with changes)	153,217	-	-	-
6	2. Incomes and revenues during the year in "Cash"	34,811	-	-	-
7	Tax revenues in "Cash"	26,627	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	8,184	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	-	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	302,257	-	-
15	1. Payment from the budget for actual expenses	-	163,769	-	-
16	2. Payments from the budget for capital expenses	-	82,457	-	-
17	3. Payments from revenues for actual expenses	-	20,663	-	-
18	4. Payments from revenues from capital expenses	-	34,065	-	-
19	5. Payments from storage	-	1,302	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	11,942	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	6,411	-	-
24	3. Internal movements and transfers	-	5,531	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	462,169	314,200	-	-
26	VI. CLOSING BALANCE	147,970	-	-	-

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.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	13,081	179	-	-	-	179	-	-	-	-	13,260
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	13,081	179	-	-	-	179	-	-	-	-	13,260
	Studies and research Concessions, license, other similar licenses											
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current intangible assets											
5	II. TANGIBLE	1,916,749	103,523	90,952	-	-	194,475	-	430	-	430	2,110,794
6	210	3,787	-	-	-	-	-	-	-	-	-	3,787
7	211	-	671	-	-	-	671	-	-	-	-	671
8	212	568,896	29,521	84,264	-	-	113,785	-	-	-	-	682,681
9	213	1,235,257	72,309	-	-	-	72,309	-	-	-	-	1,307,566
	Roads, networks, water facilities											
10	214	23,844	507	1,531	-	-	2,038	-	430	-	430	25,452
11	215	55,314	-	-	-	-	-	-	-	-	-	55,314
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	29,650	515	5,156	-	-	5,672	-	-	-	-	35,322
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
	Damaged current tangible assets Assignments											
19	TOTAL (I + II)	1,929,830	103,702	90,952	-	-	194,654	-	430	-	430	2,124,053

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	820	-	-	-	-	-	-	-	820
2	219	II. TANGIBLE	255,941	16,800	-	16,800	-	-	-	-	272,741
		TOTAL (I + II)	256,761	16,800	-	16,800	-	-	-	-	273,561

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 '00 , 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	1,690,848	17,313	218,935	1,892,471	1,690,848	17,313	199,186	1,872,722
2	1010	Status of base fund	1,690,848	-	-	1,690,848	1,690,848	-	-	1,690,848
3	1011	Additions base fund	-	-	218,935	218,935	-	-	199,186	199,186
4	1012	Decrease base fund	-	82	-	(82)	-	82	-	(82)
5	1013	Decrease from tangible assets consume	-	16,800	-	(16,800)	-	16,800	-	(16,800)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	430	-	(430)	-	430	-	(430)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	46,867	52,533	150,943	145,277	46,867	52,533	150,943	145,277
11	105	Capital internal grants	-	9,739	9,739	-	-	9,739	9,739	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated							Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>		Credit <i>4=1+3-2</i>
<i>a</i>	<i>b</i>	disasters and expenses									
18	85	Result	46,867	42,794	141,204	145,277	46,867	42,794	141,204	145,277	
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)	1,737,715	69,845	369,878	2,037,748	1,737,715	69,845	350,129	2,017,999	

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.

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)	214	4	-	218	47,705	-	-	10,085	-	1,062
1	Directors	22	-	-	22	8,240	-	-	1,660	-	405
	High level education										
2	specialist	41	-	-	41	12,657	-	-	3,316	-	538
3	Technical	24	-	-	24	6,374	-	-	1,191	-	68
4	Ordinary officers	15	4	-	19	2,767	-	-	636	-	44
5	Employees	112	-	-	112	15,603	-	-	3,283	-	6
6	Temporary employees	-	-	-	-	2,065	-	-	-	-	-

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	2,292,521	2,272,771	1,981,992
2	I	Current Assets	422,279	422,279	299,184
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	154,914	154,914	64,189
13	Class 4	2. Receivables	218,068	218,068	190,147
29	Class 3	3. Current Inventory accounts	49,298	49,298	44,848
39	II	Non-current Assets	1,870,242	1,850,492	1,682,808
40	23	1. Investments	-	-	9,739
44	25,26	2. Finance assets	19,749	-	-
47	21,24,28	3. Tangible assets	1,838,053	1,838,053	1,660,808
60	20	4. Intangible assets	12,440	12,440	12,261
65	III	Other assets	-	-	-
69	B	Liabilities	254,773	254,773	244,277
70	I	Current liabilities	254,773	254,773	244,277
71	Class	1. Accounts payable	254,773	254,773	244,277
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	2,037,748	2,017,999	1,737,715
96		Net assets (A - B)	1,892,471	1,872,722	1,690,848
97		Presented: Consolidated budget	145,277	145,277	46,867
98		Carried forward results	2,292,521	2,272,771	1,981,992

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	452,400	452,400	625,202
2	70,750,71	I. REVENUES AND CONTRIBUTES	62,041	62,041	161,113
3	70	1. Tax revenues upon	49,636	49,636	120,831
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	12,404	12,404	40,282
23	72	II. GENERAL ACTUAL GRANTS	373,223	373,223	464,089
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	17,136	17,136	-
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	203,706	203,706	368,806
34		I. ACTUAL EXPENSES	203,706	203,706	368,806
35	600 601	1. Salaries and employees contribution	56,131	56,131	85,002
38	602	2. Goods and Services	45,976	45,976	74,335
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	40	40	530
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	101,559	101,559	208,940
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	248,694	248,694	256,396
59		From this: Functioning results	145,277	145,277	46,867
60		Functioning observed grants	103,417	103,417	209,530

STAR Project

Municipality Fier
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 honorific 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
Role – 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 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 	<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 hierarchal 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; Directories 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 is 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 transfer 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 Fier. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that are 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 labors relations with employees who leave are 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 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. -

Observations	Recommendations
	<p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <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.
<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

Observations	Recommendations
	<p>another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.</p>
<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 Fier and nine existing LGUs of Cakran, Dërmënas, Frakull, Levan, Libofshë, Mbrostar, Portëz, Qëndër, Topojë 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 Fier	LGU Dërmënas	LGU Cakran	LGU Frakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Portëz	LGU Qëndër	LGU Topojë
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓		✓	✓	✓	✓		✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Fier: 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 Fier 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 Fier, 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, 10 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	Fier								
Municipality Council	✓								
Mayor	✓								
Deputy Mayor	✓								
Secretary of Municipality Council	✓								
Administrative Unit	Cakran	Dërmënas	Frakull	Levan	Libofsh	Mbrostar	Portëz	Qëndër	Topojë
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 976,2

- 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 255,4

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

Public Services	LGU Cakran	LGU Dërmënas	LGU Fier	LGU Frakull	LGU Levan	LGU Libofsh	LGU Mbrostar	LGU Portëz	LGU Qëndër	LGU Topojë	Merged
Infrastructure and public services											
Water Supply Company	1	Contracted	Contracted	Sh.a	3	21	19	Contracted	sh.a	Contracted	Sh.a, Contracted,44
Functioning of the sewerage system	0,2	n/a	30	0,2	sh.a,2	0,2	2	4	sh.a	n/a	Sh.a,38,6
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	n/a	35	Sh.a	2	5	4	4	sh.a	1	Sh.a,52
Construction of roads, pavements and public squares	n/a	n/a	50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50
Rehabilitation and maintenance of local roads, sidewalks and public squares	Contracted	n/a	43	1	Contracted	n/a	n/a	n/a	n/a	n/a	Contracted,44
Public lighting	n/a	n/a	8	n/a	1	n/a	1	n/a	1	n/a	11
The operation of urban public transport	n/a	n/a	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5
Cemeteries administration and guarantee of funeral services	0,2	2	23	0,2	2	0,2	4	2	4	3	40,6
Decorations Service in town / village	n/a	n/a	5	n/a	n/a	1	n/a	n/a	1	n/a	7
Administration of parks, gardens and public spaces	n/a	n/a	56	n/a	n/a	4	4	n/a	1	n/a	65
Collection, disposal and recovery of waste	Contracted	2	26	6	Contracted,2	4	6	6	11	4	Contracted,67
Urban planning	5	1	28	3	2	3	4	5	7	1	59
Land management	n/a	1	16	3	1	2	4	n/a	1	1	29
Shelter	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Social, cultural and sports Services											
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	n/a	n/a	62	n/a	n/a	n/a	n/a	n/a	n/a	n/a	62
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Social services of kindergartens	n/a	n/a	19	n/a	1	n/a	n/a	n/a	11	n/a	31
Social services - orphanages, shelters	n/a	n/a	20	n/a	n/a	n/a	2	n/a	n/a	n/a	22
Local economic development											
Preparation of local economic development programs	4	1	9	3	2	5	3	3	2	1	33
Establishment and function of public markets and trade network	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3

Public Services	LGU Cakran	LGU Dërmënas	LGU Fier	LGU Frakull	LGU Levan	LGU Libofsh	LGU Mbrostar	LGU Portëz	LGU Qëndër	LGU Topojë	Merged
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	3	n/a	n/a	n/a	3	n/a	n/a	n/a	6
Organization of services within the local economic development support and information structures and infrastructure necessary	3	1	8	3	3	4	n/a	3	3	2	30
Veterinary services	n/a	1	11	n/a	1	1	n/a	1	n/a	n/a	15
Conservation and development of forests and natural resources of local character	n/a	n/a	3	n/a	n/a	n/a	n/a	0,5	n/a	1	4,5
The order and civil protection											
Preservation of public order to prevent administrative violations	n/a	2	31	2	2	2	2	3	2	1	47
Civil protection	n/a	7	3	n/a	1	n/a	8	12	4	4	39
Educational institutions											
Maintenance of facilities in preliminary education	n/a	7	67	3	15	9	8	5	4	3	121
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	1	9	n/a	1	1	n/a	n/a	1	n/a	15
Social Care on domestic violence	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	n/a	n/a	3	n/a	1	n/a	n/a	n/a	n/a	n/a	4
Environmental Protection											
Environmental Protection	n/a	n/a	3	n/a	1	n/a	n/a	0,5	n/a	1	5,5
Register Office											
Register Office	n/a	1	9	1	2	n/a	1	1	1	n/a	16
Business Registration											
National Registration Center	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Total	16,4	27	598	25,4	45	62,4	75	50	54	23	976,2

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

Horizontal Functions	LGU Cakran	LGU Dërmënas	LGU Fier	LGU Frakull	LGU Levan	LGU Libofsh	LGU Mbrostar	LGU Portëz	LGU Qëndër	LGU Topojë	Merged
Finance	4	1	38	3	2	5	3	3	2	1	62
Local taxes and Tariffs	3	1	31	3	3	4	3	3	3	2	56
Legal Issues	n/a	2	18	3	n/a	0,4	2	1	1	n/a	27,4
Procurement	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Institutional Relations	n/a	n/a	8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8
Human Resources	1	1	30	1	n/a	1	n/a	1	0,5	n/a	35,5
Protocol	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Archiving	1	1	1	1	1	1	1	n/a	0,5	1	8,5
Information Technology	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	6	2	12	12	2	3	2	5	3	3	50
Internal Audit	n/a	n/a	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Total	15	8	146	23	8	14,4	11	13	10	7	255,4

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:

(Fier)

- Department of Finance and Budget and the Directory of management of properties under the General/economic Directory.
- Control and Inspection Department and Department of registration of taxes and fees are under the General Directory of Taxes and Fees
- Department of Transport and professional licenses and Public Service Department are under the General Directory of Public Works
- Department of planning and control of development and infrastructure projects directory as well as the legalization unit are under the General Directory of Planning and Territorial Development
- Information and Statistics Directory and the Directory of coordination and marketing strategies are under the General Directory of policy and strategy coordination
- Department of personnel administration, Department of Education, youth and communities, public relations directory, Secretariat and Archive-Protocol are under the General Directory of Human Resources and human services
- The legal department is under the General Directory of implementing the legislation

(Cakran)

- The person responsible for the secretariat performs also the duty of the Archivist
- The person responsible for the administration performs also the duty of education inspector

(Frrakull)

- Finance, Taxation and Management and protection of land are under the Department of Finance
- Laws and staff are under the Directory of Legal Affairs and Human Resources

(Levan)

- The person responsible for the financial assistance performs also the function of the storekeeper

(Mbrostar)

- The person responsible for forests and the environment performs also the function of the Archive-Protocol

(Dërmënas)

- The person responsible for finance performs also the function of the financial assistance
- The person responsible for finance performs also the function of cashier

(Topojë)

- The person responsible for Taxes performs also the function of the Social Assistance

- 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

- Responsibilities of the following leadership positions that exist in Municipality and 9 LGUs, will change:

(Fier):

- Finance and Budget Directory
- Property Management Directory
- General/ economic Directory
- Inspection and Control Directory
- Taxes and Tariffs Registration Directory
- General Taxes and Tariffs Directory
- Transportation and professional licences Directory
- Public Services Directory
- General Directory of Public Work
- Planning and Development Control Directory
- Infrastructure Projects Directory
- Legalization Unit
- Planning and Territorial development General Directory
- Information and Statistic Directory
- Coordination of Strategies and Marketing Directory
- General Directory of drafting policies and coordination of strategies
- Personnel administration Directory
- Education, youth and community Directory
- Public Relations Directory
- General Directory of Human Resources and Human services
- Legal Directory
- General Directory of Legislation implementation

(Cakran):

- Finance
- Taxation

- Urbanism
- Human Resources
- Archive
- Financial Assistance

(Dërmënas)

- Finance
- Taxation
- Human Resources
- Urbanism
- Management and Land Protection
- Municipality Police
- Legal Issues
- Archive
- Financial Assistance
- Veterinary

(Errakull)

- Finance Directory
- Legal Issues and Human Resources Directory
- Municipality Police

(Levan)

- Finance
- Taxation
- Urbanism, Social Issues
- Municipality Police
- Public Services
- Archive
- Agronomist and veterinarian
- Education and hygiene

(Libofshë)

- Finance Directory
- Taxation
- Urbanism and Land Management and Protection
- Public Services
- Municipality Police
- Territorial Planning and Control
- Human Resources

(Mbrostar)

- Finance Directory
- Taxation
- Legal Issues
- Urbanism
- Municipality Police
- Public Services
- Agriculture and Cadaster
- Archive

(Portëz)

- Finance Directory
- Taxation
- Veterinary, Forests and Environment
- Urbanism
- Public Services
- Municipality Police
- Human Resources
- Legal Issues

(Qëndër)

- Finance
- Financial Assistance
- Taxation
- Land Management
- Legal Issues
- Municipality Police
- Urbanism Construction Inspectorate

- Public Services
- Human Resources
- Archive
- Territorial Planning and Development

(Topojë)

- Finance
- Taxation
- Agronomist and Forests
- Urbanism
- Municipal Police
- Public Services

Service Providing

- In the below tables 5 and 6 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:
 - Rehabilitation and maintenance of local roads, sidewalks and public squares (Cakran)
 - Collection, disposal and recovery of waste (Cakran)
 - Water Supply Company (Dërmënas)
 - Water Supply Company (Fier)
 - Rehabilitation and maintenance of local roads, sidewalks and public squares (Levan)
 - Collection, disposal and recovery of waste (Levan)
 - Water Supply Company (Portëz)
 - Water Supply Company (Topojë)
- Licensed Services:
 - n/a

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- 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);

(Fier):

- Finance and Budget Directory
- Property Management Directory
- General/ economic Directory
- Inspection and Control Directory
- Taxes and Tariffs Registration Directory
- General Tariffs and Fees Directory
- Transportation and professional licences Directory
- Public Services Directory
- General Directory of Public Work
- Planning and Territorial development General Directory
- Infrastructure Projects Directory
- Legalization Unit
- Planning and Territorial development General Directory
- Information and Statistic Directory

- 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:

- Coordination of Strategies and Marketing Directory
- General Directory of drafting policies and coordination of strategies
- Personnel administration Directory
- Education, youth and community Directory
- General Directory of Human Resources and Human services
- Legal Directory
- General Directory of Legislation implementation

(Cakran):

- Finance
 - Taxation
 - Urbanism
 - Human Resources
 - Archive
 - Financial Assistance
- (Dërmënas)

- Finance
- Taxation
- Human Resources
- Urbanism
- Land Management and Protection
- Municipality Police
- Legal Issues
- Archive
- Financial Assistance
- Veterinary

(Frrakull)

- Finance Directory
- Legal Issues and Human Resources Directory
- Municipality Police

(Levan)

- Finance
- Taxation
- Urbanism, Social Issues
- Municipal Police
- Public Services
- Archive
- Agronomist and veterinarian
- Education and Hygiene

(Libofshë)

- Finance Directory
- Taxation
- Urbanism and Land Management and Protection
- Public Services
- Municipality Police
- Territorial Planning and Control
- Human Resources

(Mbrostar)

- Finance Directory
- Taxation
- Legal Issues
- Urbanism
- Municipality Police
- Public Services
- Agriculture Cadaster
- Archive

(Portëz)

- Finance Directory
- Taxation
- Veterinary, Forests and Environment
- Urbanism
- Public Services
- Municipality Police
- Human Resources
- Legal Issues

(Qëndër)

- Finance

- Financial Assistance
- Taxation
- Land Management
- Legal Issues
- Municipality Police
- Urbanism Construction Inspectorate
- Public Services
- Human Resources
- Archive

- Territorial Planning and Development
- (Topojë)
- Finance
 - Taxation
 - Agronomist and Forests
 - Urbanism
 - Municipality Police
 - Public Services

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 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 479.862 thousand ALL. Overdue municipal obligations are reported at a value 305.845 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 17% 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 Fier, 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 Fier, LGU Cakran, LGU Mbrostar, LGU Libofshë, LGU Çlirim, LGU Dërmenas, LGU Topojë, LGU Levan, LGU Frakull, LGU Portëz.

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

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	1,318,466
Tax and non-tax revenue	307,708
Total Expenses	889,756
Total Assets	6,686,001
Liabilities	479,862

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	12 199 760	11 890 364
I	Current Assets	1 757 706	1 757 566
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	946 094	946 094
Class 4	2. Receivables	735 203	735 203
Class 3	3. Current Inventory accounts	76 409	76 269
II	Non-current Assets	10 442 055	10 132 798
23	1. Investments	1 242 646	1 242 646
25,26	2. Finance assets	309 257	-
21,24,28	3. Tangible assets	8 826 558	8 826 558
20	4. Intangible assets	63 594	63 594
III	Other assets	-	-
B	Liabilities	1 235 986	1 235 986
I	Current liabilities	592 026	592 026
Class 4	1. Accounts payable	592 026	592 026
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	376 893	376 893
17	1. Foreign loans	376 893	376 893
III	Other liabilities	267 067	267 067
	Net assets (A - B)	10 963 775	10 654 378
	Presented: Consolidated budget	10 190 374	9 880 977
	Carried forward results	773 401	773 401

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 7,110,310 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 27% compared to December 31, 2014.

Current assets

- Current assets which have 14% of total assets are increased by 30% 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 121% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 6% and the account of the state of inventories have slightly increased by 1%.

Accounts Receivable

- Structure of total debtors of municipality Fier consists of 39.2% of debtors of LGU Fier, 5.2% of debtors of LGU Cakran, 6.6% of LGU Mbrostar, 2.9% of debtors of LGU Libofshë, 0.2% of debtors LGU Çlirim, from 3.9% of LGU Dërmenas, 46% of debtors of LGU Topojë, 2.3% of debtors of LGU Levan, 4.2% by LGU Frakull debtors, debtors 30.9% of LGU Portëz.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Fier 86%, have increased by 26% 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 18% which compose 73% of total assets.

PPE

- 42.3% of PPEs of Municipality Fier are composed by the PPEs of LGU Fier, 7.7% PPEs by LGU Cakran, 7.7% by LGU Mbrostar, 5.9% by LGU Libofshë, 2.7% by LGU Çlirim, 5.6% PPEs by LGU Dërmenas, 3.7% by LGU Topojë, 7.4% by LGU Levan, 6.8% by LGU Frakull, and 10.1% by LGU Portëz.

Accounts Payable

Accounts payable have decreased by 2% during the period ended July 31, 2015 compared with the previous year 2014.

- 39.2% of the total accounts payable is composed of accounts payable of LGU Fier, 4.8% by LGU Cakran, 7.4% by LGU Mbrostar, 2.9% by LGU Libofshë, 0.4% by LGU Çlirim, 3.8% from LGU Dërmenas, LGU Topojë 4.5% from 2.1% by LGU Levan, 4% by LGU Frakull, 30.8% by LGU Portëz

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 thousands ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	2 766 362	2 766 362
	I. REVENUES AND CONTRIBUTES	836 249	836 249
70,750,71	1. Tax revenues upon	704 303	704 303
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	131 946	131 946
71	II. GENERAL ACTUAL GRANTS	1 506 531	1 506 531
72	III. FINANCIAL REVENUES	1 600	1 600
	IV. WORKS FOR INVESTMENTS	375 124	375 124
78	V. OTHER REVENUES	46 858	46 858
77, 83			
	TOTAL EXPENSES	1 973 287	1 973 287
B	I. ACTUAL EXPENSES	1 084 475	1 084 475
	1. Salaries and employees contribution	320 671	320 671
600 601	2. Goods and Services	205 282	205 282
602	3. Subsidies	-	-
603	4. Internal actual transfers	3 472	3 472
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	555 050	555 050
605			
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	888 811	888 811
67	DETERMINED NET INCOME	793 075	793 075
C	From this: Functioning results	794 004	794 004
	Functioning observed grants	(929)	(929)

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 1,797,026 thousand lek. 17% of the total municipality income is composed of tax and non-tax revenue, 73% of income is from grants and 10% from other income.

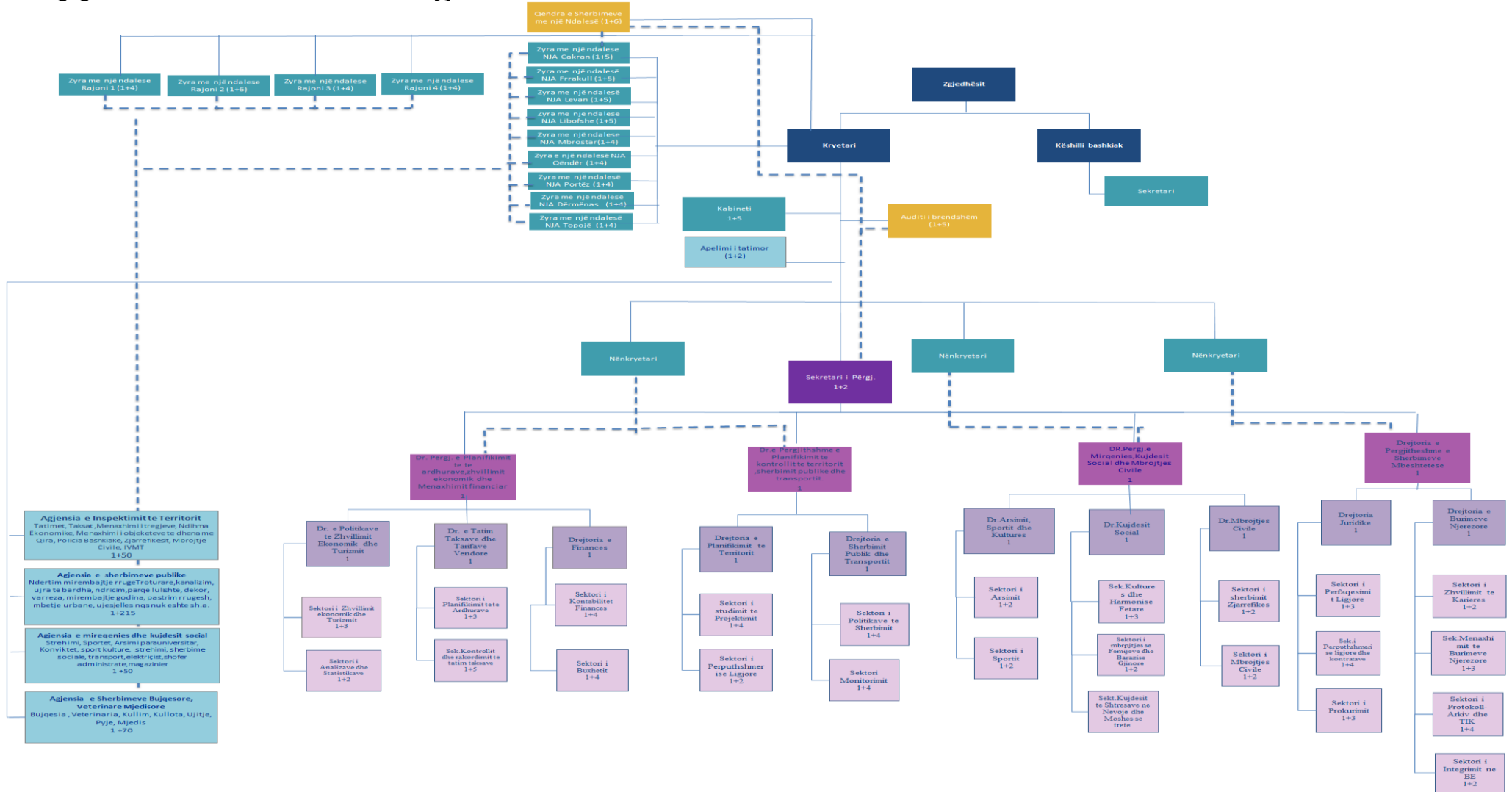
Structure of total revenues is comprised of 49.6% of the revenue generated from LGU Fier, 4.1% PPE by LGU Cakran, 4.7% by LGU Mbrostar, 2.4% by LGU Libofshë, 3.5% by LGU Çlirim, 2.6% PPE from LGU Dërmenas, 2% by LGU Topojë, LGU Levan 3.7% from 1.8% by LGU Frakull, 25.7% by LGU Portëz.

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 891.348 thousand Lek. 100% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 55.2% of the expenditures of LGU Fier, 7.8% PPE by LGU Cakran, 6.2% by LGU Mbrostar, 3.8% by LGU Libofshë, 5% by LGU Çlirim, 4.5% PPE by LGU Dërmenas, 3.6% by LGU Topojë, LGU Levan 6.8% from 3% by LGU Frakull, 4% by LGU Portëz.

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 1057 employees. More detailed: 105 persons working under employment contracts of one year, 849 persons working under labor contracts expired, (N/A) maternity leave. The latest 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 Fier. It is worth mentioning that the Municipality Fier, 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, 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, Ashampoo Burning, WinRAR archiver, VLC media Payer, Ccleaner, Data Recovery, All these are unlicensed software. The maintenance of the hardware and software is done by the maintenance staff of LGU Fier.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	LGU Fier	LGU Cakran	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Portëz	LGU Dërmënas	LGU Topojë	LGU Qëndër
Installed Software	20	11	11	15	12	9	12	12	12	15
Contracts of licenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware (in usage)	62	1	3	3	n/a	1	1	1	4	7
Computer (desktop)	69	8	4	7	6	9	5	8	11	8
Printers	45	6	3	8	6	5	2	3	7	9
Servers	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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, terms, etc.) that can be implemented and stored safely in the central datacenter in Fier 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)
Information Policy Securities	
<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 Fier 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 departments and communication between different sectors;

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian Tele-Co or local private provider (Star Com Internet Media Communication,) in LGU Frakull, LGU Libofshë, LGU Dërmënas and LGU Topojë the internet and telephone service is missing. In LGU Portëz only telephone service is offered. In LGU Fier the service of hosting the website is being performed abroad for the old site and is working on completing and hosting of the website with an USAID provider with unlimited bandwidth, which is provided with virtual server.
- 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

Table 10: Communication System

Objectives	LGU Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Telephony service	Fixed line	n/a	n/a	n/a	Fixed line	n/a	Fixed line	Fixed line	Fixed line	n/a
Telephony/service providers	National service provider	n/a	n/a	n/a	n/a	n/a	National service provider	National service provider	National service provider	n/a
Internet service	National service provider	Local service provider	n/a	n/a	National service provider	n/a	National service provider	National service provider	n/a	n/a
Assess coverage of the telephony service	Local Coverage	n/a	n/a	n/a	Local Coverage	n/a	Local Coverage	Local Coverage	Local Coverage	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 Fier is performed by 2 archive specialists, in Cakran archive function is performed by LGU secretary, in Levan by archive specialist, in Libofshë is performed by Deputy Mayor and LGU lawyer, in Mbrostar is performed by archive specialist, in Dërmënas is performed by archive specialist, in Topojë the archive function is performed by the Deputy Mayor.
- From the information obtained during the field work, the majority of the technical requirements are partially met in 10 LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology, almost at nine LGUs with exception of Fier, but what it is observed is the violation of the terms of their processing.
- 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. While Book Delivery is not kept by LGUs Libofshë and Qëndër.
- 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 Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Fire protection equipment	No	Yes	Yes		No	Yes	No	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	Secured doors and windows with metallic net	No	No	No		No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Cardboard folders for putting the documents, placed in metallic shells	Yes	Yes	Yes		Yes	Po	Yes	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall		Yes, but with no distance from the wall	No	Yes, but with no distance from the wall	No	Yes, but with no distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	Lack of heaters in the archive environment	No	Yes	No		No	No	No	No	Yes
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No		No	No	No	No	No
Archive keys in two copies	Yes	No	1 copy of keys	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.	No	No	No	No		No	No	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Safes, cup-boards, doors of the secretary and the archive itself are secured	No	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).							No	No		
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	No	No	Yes	Partially
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	Yes		Yes	No	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
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	Yes	Yes	Yes	Yes		Yes	Yes	No	Yes	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 preservation of these documents (by module 11).	No	No	Yes	Yes		Yes	No	Yes	Yes	No
The emblem of the Republic	Yes	No	Yes	Yes		No	No	No	Yes	No
At the head of the document should be written "Republic of Albania"	Yes	No	Yes	Yes		No	Yes	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Title of the institution and structures belonging to the institution	Yes	No	Yes	Yes		No	Yes	No	Yes	No
Number of documents attached	Yes	No	Yes	Yes		No	Yes	No	No	No
The content of the document	Yes	Yes	Yes	Yes		No	No	No	No	No
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes		Yes	No	Yes	Yes	No
Signature of the director of the institution	Yes	No	Yes	Yes		Yes	Yes	No	No	No
Date and number of protocol	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model		No					Yes	Yes	Yes	
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Mod 4. -The Book Delivery	No	No	No	Yes	No	No	Yes	No	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Mode 5 - Table definitions of files for the year	No	No	Yes	Yes	Yes, but there is no distance by the wall	Yes	Yes	No	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Fier	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Mod 6 - Elements of cover dossier	No	No	Yes	Yes	No	No	Yes	Yes	Yes	No
Mod 7 - Register of files	Yes	No	No	No	No	No	Yes	Yes	No	No
Mod 8 - Internal File register	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No
Mod 9 - Decision of the Commission of Experts	Yes	Yes	No	No	No	No	No	No	Yes	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	No	Yes	No	No	Yes	Yes
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No		Yes	Yes	No	No	Yes
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	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 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.
- 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.
- From 10 LGUs, only 6 of them keep Accounting Record of assets Fieri, Frakull, Libofshë, Mbrostar, Dërmënas, Portëz,.
- Also the register for leased properties is held in LGUs Fier, Dërmënas, Portëz, 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.
- The special committees for the disposal of assets are in LGUs Fier, Frakulla, Levan Libofsh, Mbrostari, Portzës, Qëndër and Topoje.
- 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 Fier	LGU Cakran	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Dërmënas	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Florjan Muçaj	Vladimir Korcari	Viktor Cervanaku	Xheladin Malaj	Naun Doko	Viktor Fasko	Gezim Dhima	Hrilla Mile	Azem SHATERI	Arben Voja
Executing Officer	Fadil Taraj	Agim Xhelaj	Clirime Hamataj	Shpresa Gjokondi	Gidi Libofsha	Haki Mecani	Natasha Semanjaku	Leonoa Dhamo	Taulant KALLASHI	Teuta Lika
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No
Asset Accounting Register	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No
Leased Properties Register	Yes	No	No	No	No	Yes	No	No	Yes	No
Owned Companies Register	No	No	No	No	No	No	No	No	Yes	No
Annual Assets Inventory	No	No	No	No	No	No	n/a	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	No	Yes	Yes	Yes	No	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 Fier	Reconstruction of road Llukan Toska(works next to the railway)	Completed	49.625.363	64.690.000
LGU Fier	Reconstruction Ura e Sheqit ,Lagjia 'Sheq i madh"	Completed	10.000.000	56.935.000
LGU Fier	Expropriation of land for public interest , Roundabout	Completed	n/a	2.156.000
LGU Fier	Reconstruction of the boulevard "Jakov Xoxa"	Completed	196.481.204	200.205.812
LGU Fier	Reconstruction of school "Andon Xoxa", Lagjia " 29 Nentori"	To take over	33.315.234	34.096.113
LGU Fier	Reconstruction of school "Jani Bakalli " Lagjia "1 Maj"	To take over	17.462.458	21.681.682
LGU Fier	Construction of sports facilities in the 4-city schools	To take over	18.303.975	19.756.665
LGU Fier	Reconstruction of road ' Muharrem Agolli"	In process	198.139.629	198.139.630
LGU Fier	Reconstruction of school "Janaq Kilica"	In process	27.165.114	46.851.700
LGU Portëz	Reconstruction of road Mbyet-plyk-krapes-lalar	Liquidated 3 installments	3 767 677	257 988 042 leke
LGU Portëz	Reconstruction of road Patos fshat	The contract is signed, presented the final installment but without liquidated it yet	n/a	677 520 leke
LGU Portëz	Building K.u.z ferko plyk	Liquidated 2 installments	72 699 845	1 672 884 leke

LGU Portöz	Surveillance (Road Mbyet-Plyk-Krapes-Lalar)	Liquidated 1 installment	576 000	900 000 leke
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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			5,670,503	5,285,121	4,825,332
3		I. Intangible Assets			74,540	74,540	74,068
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	74,540	74,540	74,068	
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			5,210,581	5,210,581	4,751,264
10	210	Land		187,359	187,359	187,359	
11	211	Forests, Pasture, Plantation	F6, Sh1	90,492	90,492	117,842	
12	212	Building and Constructions	F6, Sh1	1,611,395	1,611,395	1,574,470	
13	213	Roads, networks, water facilities	F6, Sh1	3,075,358	3,075,358	2,732,564	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	92,039	92,039	92,202	
15	215	Transport vehicles	F6, Sh1	126,090	126,090	128,173	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	319,842	319,842	291,005	
19	219	Depreciation of tangible assets	F7, Sh1	(716,303)	(716,303)	(697,080)	
20	231	Expenses in process for increase of current tangible assets	F4	424,309	424,309	324,728	
21	232	Expenses in process for capital transfers		-	-	-	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		385,383	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		385,383	-	-
27	B	CURRENT ASSETS		1,015,498	1,015,498	783,576
28	Class 3	I. Inventory Status		118,640	118,640	117,048
29	31	Materials	Sh2	9,200	9,200	8,799
30	32	Inventory Objects	Sh2	109,070	109,070	107,879
31	33	Production, work and services in process		370	370	370
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		425,362	425,362	453,439
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 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)		328,586	328,586	356,002
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		-	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
52	468	Different Debtors	Sh4	96,777	96,777	97,437
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		471,495	471,495	213,089
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	470,539	470,539	212,132
59	531	Petty-cash		-	-	-
60	532	Other amounts		957	957	957
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		6,686,001	6,300,619	5,608,908
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		5,403,676	4,942,295	5,789,058,215
2	10	I. Own funds		5,278,362	4,831,575	5,663,744,383
3	101	Base funds	F8	4,971,471	4,609,671	5,356,853,265
4	105	Capital internal grants		305,374	220,387	305,374,238
5	106	Capital foreigner grants		1,517	1,517	1,516,880
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		125,314	110,720	125,313,832
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		125,314	110,720	125,313,832
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		479,862	489,787	479,862,103
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		479,862	489,787	479,862,103
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	305,845	314,099	305,844,654

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	42	Employees and related accounts		16,752	30,924	16,752,205
24	431	Liabilities to government for taxes		632	1,194	632,027
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operational with the government (creditor)		96,777	97,437	96,776,871
28	435	Social Insurance		4,549	8,602	4,549,349
29	436	Health Insurance		893	1,268	892,577
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		957	957	956,650
35	466	Creditors for assets under guard	Sh5	53,458	35,307	53,457,770
36	467	Other creditors		-	-	-
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)		417,081	176,826	417,080,753
43	X	TOTAL LIABILITY		6,300,619	5,608,908	6,686,001,071
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		889,756	889,756	1,986,313	
2	60	I. Current expenses		891,348	891,348	1,971,166	
3	600	Salaries, bonuses		240,989	240,989	436,190	
4	6001	Salaries		238,961	238,961	432,133	
5	6002	Temporary salaries		2,028	2,028	4,057	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		37,813	37,813	70,291	
9	6010	Insurance contributions		35,729	35,729	64,809	
10	6011	Health insurance		2,084	2,084	5,482	
11	602	Other goods and services		176,306	176,306	314,441	
12	6020	Stationary		16,768	16,768	23,748	
13	6021	Special services		71,409	71,409	87,044	
14	6022	Services from third party		33,086	33,086	68,705	
15	6023	Transport expenses		19,342	19,342	52,070	
16	6024	Travel expense		1,977	1,977	5,624	
17	6025	Ordinary maintenance expenses		13,928	13,928	37,196	
18	6026	Rent expenses		1,184	1,184	1,694	
19	6027	Expenses for legal liability for compensation		1,682	1,682	3,858	

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		10	10	-
21	6029	Other operating expenses		16,920	16,920	34,502
22	603	Subsidies		-	-	2,000
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		-	-	2,000
28	604	Current internal transfers		1,344	1,344	352,427
29	6040	Current transfers to other government levels		1,339	1,339	352,427
30	6041	Current transfers to various government institutions		5	5	-
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		434,896	434,896	795,817
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		434,896	434,896	795,817
41	63	II. Change in inventory balances	F1	(1,592)	(1,592)	15,147
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		-	-	-

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
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		889,756	889,756	1,986,313
61		D. RESULT CORRECTIONS ACTIVITES		494,581	494,581	242,025
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		314,903	314,903	222,724
64	8420	Revenues deposited in the budget		337	337	14,989
65	8421	Deposit in the budget of unused revenues		-	-	14
66	8422	Transfers of revenues within the system		174,881	174,881	-
67	8423	Transfers for changes in situation		4,460	4,460	4,298
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		1,384,337	1,384,337	2,228,338
70	85	RESULTS FROM FUNCTIONING		417,081	417,081	176,826
71	X	TOTAL		1,801,418	1,801,418	2,405,163

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	1,797,026	1,797,026	2,383,650
2	70	I. TAX INCOMES	198,759	198,759	368,842
3	700	a) On revenues, profit, and equity revenue	30,814	30,814	76,635
4	7000	Personal income tax	-	-	-
5	7001	Income tax	160	160	3,445
6	7002	Small business tax	28,853	28,853	61,746
7	7009	Other tax	1,801	1,801	11,444
8	702	b) Property tax	119,365	119,365	204,222
9	7020	On immovable property	110,429	110,429	185,872
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	8,936	8,936	18,350
12	703	c) Tax upon goods and services in the country	48,316	48,316	87,590
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	24,841	24,841	35,530
17	7035	Local tax on goods usage and activity permission	23,475	23,475	52,060
18	704	d) Tax upon commercial and international transactions	265	265	396
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	265	265	396
22	7049	Other tax upon international commercial transport	-	-	-

			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
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employed	-	-	-
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	108,948	108,948	159,301
35	710	a) From enterprise and ownership	4,644	4,644	6,965
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	4,644	4,644	6,965
39	711	b) Administrative service and secondary revenues	104,305	104,305	152,335
40	7110	Administrative tariffs and regulations	72,461	72,461	77,723
41	7111	Secondary revenues and payments of services	30,047	30,047	72,298
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	2
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	1,796	1,796	2,312
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non-tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	1,318,466	1,318,466	1,766,042
49	720	a) Internal actual grant	1,318,466	1,318,466	1,766,042
50	7200	From same Government level	212,688	212,688	1,549,403
51	7201	From other Government levels	777,107	777,107	-
52	7202	From budget for special payments to Social Institute	-	-	-
53	7203	From budget to cover the deficit of Social Institute and	-	-	-

			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
		Healthcare Institute			
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	328,671	328,671	216,639
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	170,852	170,852	89,466
64	781	Works, investments in economy	-	-	-
65	782	Forecasted reversals for liquid assets	-	-	-
66	783	Forecasted reversals 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	170,852	170,852	89,466
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	1,797,026	1,797,026	2,383,650
81	83	D. RESULT CORRECTIONS ACTIVITES	4,392	4,392	21,513
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	4,392	4,392	21,513.24
84	Class 7 & 8	TOTAL FROM OPERATIONS	1,801,418	1,801,418	2,405,163

			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
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	1,801,418	1,801,418	2,405,163

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	92,323	414,396	422,333	100,260
2	105	Internal capital grants	90,806	414,396	422,333	98,743
3	1050	From the same government level	-	360,888	361,611	723
4	1051	From other Government levels	90,715	34	34	90,715
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	92	53,474	60,688	7,306
7	106	Foreigner Capital grants	1,517	-	-	1,517
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	1,121	-	-	1,121
10	1069	Foreigner grants in nature	396	-	-	396
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	349,366	-	14,594	363,959
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	349,366	-	14,594	363,959
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)	-	-	-	-

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>
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	324,728	461,836	362,255	424,309
34	230	Expenses for increase of Intangible Assets	-	471	471	-
35	231	Expenses for increase of Tangible Assets	324,728	461,365	361,784	424,309
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	36,541	14,251	22,291
39	2313	Roads, networks, water facilities	324,728	419,506	342,216	402,018
		Technical installment, machinery, equipment, working				
40	2314	tools	-	3,075	3,075	-
41	2315	Transport vehicles	-	532	532	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	1,711	1,711	-
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	-	-	-	-

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>						
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)	417,051	876,232	784,588	524,569

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	212,132	-	-	-
2	II. RECEIVABLES "CASH"	2,153,704	-	-	-
3	1. Funds from budget	1,821,366	-	-	-
4	Actual budget funds (Budget with changes)	1,065,990	-	-	-
5	Capital budget funds (Budget with changes)	755,377	-	-	-
6	2. Incomes and revenues during the year in "Cash"	332,338	-	-	-
7	Tax revenues in "Cash"	280,176	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	27,307	-	-	-
10	Interact incomes "Cash"	1,339	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	23,516	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	1,582,142	-	-
15	1. Payment from the budget for actual expenses	-	1,004,191	-	-
16	2. Payments from the budget for capital expenses	-	428,161	-	-
17	3. Payments from revenues for actual expenses	-	88,056	-	-
18	4. Payments from revenues from capital expenses	-	30,688	-	-
19	5. Payments from storage	-	5,983	-	-
20	6. Other payments	-	25,063	-	-
21	IV. TRANSFERS	-	313,156	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	313,156	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	2,365,836	1,895,298	-	-
26	VI. CLOSING BALANCE	470,539	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.				Write	Other	Total	Balances	
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Off	Decr.	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	74,068	471	-	-	-	471	-	-	-	-	74,540
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	74,068	471	-	-	-	471	-	-	-	-	74,540
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	5,123,617	361,784	60,657	31	-	422,472	-	38,008	5,504	43,512	5,502,576
6	210	187,359	-	-	-	-	-	-	-	-	-	187,359
7	211	117,842	-	-	-	-	-	27,350	-	-	27,350	90,492
8	212	1,574,470	14,251	27,412	-	-	41,663	-	-	4,737	4,737	1,611,395
9	213	2,732,564	342,216	618	-	-	342,834	-	40	-	40	3,075,358
10	214	92,202	1,840	693	29	-	2,561	-	1,958	767	2,725	92,039
11	215	128,173	532	2,778	-	-	3,309	-	5,392	-	5,392	126,090
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	291,005	2,946	29,157	2	-	32,104	-	3,268	-	3,268	319,842
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	5,197,685	362,255	60,657	31	-	422,943	-	38,008	5,504	43,512	5,577,116

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	697,080	19,223	-	19,223	-	-	-	-	716,303
		TOTAL (I + II)	697,080	19,223	-	19,223	-	-	-	-	716,303

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	Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements		Closing Balances 31 July 2015
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2
1	101	BASE FUND	4,609,671	65,603	812,785	5,356,853	4,609,671	65,603	427,403	4,971,471
2	1010	Status of base fund	4,609,671	-	-	4,609,671	4,609,671	-	-	4,609,671
3	1011	Additions base fund	-	-	812,785	812,785	-	-	427,403	427,403
4	1012	Decrease base fund	-	2,868	-	(2,868)	-	2,868	-	(2,868)
5	1013	Decrease from tangible assets consume	-	19,223	-	(19,223)	-	19,223	-	(19,223)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	38,008	-	(38,008)	-	38,008	-	(38,008)
8	1016	Decrease from transferring tangible assets	-	5,504	-	(5,504)	-	5,504	-	(5,504)
		DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
9	109,									
	105,107,11,12,		507,933	68,192	408,028	847,769	507,933	68,192	408,028	847,769
10	13,145,15,85	INTERNAL FUND								
11	105	Capital internal grants	220,387	-	84,987	305,374	220,387	-	84,987	305,374
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	110,720	-	14,594	125,314	110,720	-	14,594	125,314
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries Participation of the institution in investing for	-	-	-	-	-	-	-	-
16	145	third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	176,826	68,192	308,447	417,081	176,826	68,192	308,447	417,081

No.	Acc. No.	Description	Restated									
			Opening Balance	Movements			Closing Balances	Opening Balance	Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
19	106	EXTERNAL FUND	1,517	-	-	1,517	1,517	-	-	1,517		
20	106	Capital foreigner grants	1,517	-	-	1,517	1,517	-	-	1,517		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		CONSOLIDATED FUND (1 up to 4)	5,119,121	133,795	1,220,813	6,206,139	5,119,121	133,795	835,430	5,820,756		

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)	1,187	29	6	1,210	240,989	-	-	51,353	-	16,572
<i>1</i>	Directors High level education	93	4	3	94	34,198	-	-	8,418	-	3,658
<i>2</i>	specialist	226	12	1	237	74,042	-	-	14,959	-	6,836
<i>3</i>	Technical	128	-	2	126	22,248	-	-	5,179	-	1,293
<i>4</i>	Ordinary officers	93	13	-	106	27,765	-	-	6,883	-	2,515
<i>5</i>	Employees Temporary	622	-	-	622	80,708	-	-	15,439	-	2,270
<i>6</i>	employees	25	-	-	25	2,028	-	-	474	-	-

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	7,110,310	6,300,619	5,608,908
2	I	Current Assets	1,015,498	1,015,498	783,576
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	471,495	471,495	213,089
13	Class 4	2. Receivables	425,362	425,362	453,439
29	Class 3	3. Current Inventory accounts	118,640	118,640	117,048
39	II	Non-current Assets	6,094,812	5,285,121	4,825,332
40	23	1. Investments	424,309	424,309	324,728
44	25,26	2. Finance assets	385,383	-	-
47	21,24,28	3. Tangible assets	5,210,581	4,786,273	4,426,536
60	20	4. Intangible assets	74,540	74,540	74,068
65	III	Other assets	-	-	-
69	B	Liabilities	479,862	479,862	489,787
70	I	Current liabilities	479,862	479,862	489,787
71	Class	1. Accounts payable	479,862	479,862	489,787
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)	6,630,447	5,820,756	5,119,121
97		Presented: Consolidated budget	6,213,367	5,403,676	4,942,295
98		Carried forward results	417,081	417,081	176,826

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	1,797,026	1,797,026	2,383,650
2	70,750,71	I. REVENUES AND CONTRIBUTES	307,708	307,708	528,143
3	70	1. Tax revenues upon	198,759	198,759	368,842
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	108,948	108,948	159,301
23	72	II. GENERAL ACTUAL GRANTS	1,318,466	1,318,466	1,766,042
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	170,852	170,852	89,466
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	891,348	891,348	1,973,166
34		I. ACTUAL EXPENSES	891,348	891,348	1,973,166
35	600 601	1. Salaries and employees contribution	278,803	278,803	506,481
38	602	2. Goods and Services	176,306	176,306	316,441
49	603	3. Subsidies	-	-	2,000
50	604	4. Internal actual transfers	1,344	1,344	352,427
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	434,896	434,896	795,817
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	905,678	905,678	410,484
59		From this: Functioning results	417,081	417,081	176,826
60		Functioning observed grants	488,597	488,597	235,658

STAR Project

Municipality Lushnje 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
PPE	Property, Plant & Equipment
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 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.

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 Lushnje. 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 of ex-municipality Lushnje and 10 administrative units Allkaj, Ballagat, Bubullimë, Dushk, Fiershegan, Golem, Hysgjokaj, Karbunar, Kolonjë 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	LGU Allkaj	LGU Ballagat	LGU Bubullim	LGU Dushk	LGU Fiershegan	LGU Golem	LGU Hysgjokaj	LGU Karbunar	NJA Kolonjë	LGU Krutje	LGU Lushnje
Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor										✓	✓
Secretary of Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions; 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

Table 2: Roles in the Municipality

Role										
New Municipality	Lushnje									
Municipality Council	✓									
Mayor	✓									
Deputy Mayor	✓									
Secretary of Municipality Council	✓									
Administrative Unit	Allkaj	Ballagat	Bubullim	Dushk	Fiershegan	Golem	Hysgjokaj	Karbunare	Kolonjë	Krutje
Administratori	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- 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 Council.
- 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;

The total number of people that execute horizontal functions is 114.5.

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 461.4

- 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:

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

Public Services	LGU Allkaj	LGU Ballagat	LGU Bubullim	LGU Dushk	LGU Fiershegan	LGU Golem	LGU Hysgjokaj	LGU Karbunare	LGU Kolonje	LGU Krutje	LGU Lushnje	Merged
Infrastructure and public services												
Water Supply Company	0,5	sh.a	Sh.a	3,5	2	sh.a	sh.a	sh.a	Sh.a 2	sh.a	sh.a	Sh.a,8
Functioning of the sewerage system	n/a	sh.a	1	0,2	n/a	sh.a	sh.a	sh.a	0,2	Contracted	sh.a	Sh.a, Contracted r,1,40
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	0,5	sh.a	sh.a	3,5	1	sh.a	sh.a	sh.a	sh.a	sh.a	sh.a	Sh.a,5
Construction of roads, pavements and public squares	n/a	n/a	n/a	Contracted	n/a	3	Contracted	Contracted	n/a	Contracted	48	Contracted,51
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	Contracted	n/a	1	Contracted	2	n/a	n/a	n/a	n/a	Contracted	Contracted ,3
Public lighting	n/a	n/a	n/a	1	n/a	1	1	n/a	n/a	n/a	48	51
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	Contracted	Contracted
Cemeteries administration and guarantee of funeral services	Contracted	1	1	n/a	1	2	n/a	n/a	2	1	11	19
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	15	17
Administration of parks, gardens and public spaces	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	30	32
Collection, disposal and recovery of waste	Contracted	n/a	Contracted + 1	9	Contracted ,1	3	n/a	n/a	Contracted	Contracted	15	Contracted,29
Urban planning	1	1	1	2	2	1	1	1	2	3	8	23
Land management	1	n/a	1	1	1	1	n/a	1	1	n/a	3	10
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	1
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	n/a	n/a	n/a	n/a	0,5	4	6,5

Public Services	LGU Allkaj	LGU Ballagat	LGU Bubullim	LGU Dushk	LGU Fiershegan	LGU Golem	LGU Hysgjokaj	LGU Karbunare	LGU Kolonje	LGU Krutje	LGU Lushnje	Merged
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	4	5
Social services of kindergardens	3	n/a	n/a	n/a	1	1	n/a	n/a	n/a	n/a	9	14
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
Local economic development												
Preparation of local economic development programs	2	1	1	4	4	1	1	1	3	3	4	25
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	SH.A	Sh.a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12	12
Organization of services within the local economic development support and information structures and infrastructure necessary	2	n/a	1	2	2	2	2	1	1	1	3	17
Veterinary services	1	n/a	1	1	n/a	1	1	0,5	1	1	1	8,5
Conservation and development of forests and natural resources of local character	1	n/a	1	n/a	n/a	1	n/a	n/a	n/a	n/a	3	6
The order and civil protection												
Preservation of public order to prevent administrative violations	1	1	1	1	2	1	1	1	2	2	10	23
Civil protection	1	n/a	1	6	n/a	1	n/a	n/a	n/a	n/a	10	19
Educational institutions												
Maintenance of facilities in preliminary education	1	n/a	1	4	n/a	1	n/a	n/a	n/a	n/a	35	42
Medicine												
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Public Services	LGU Allkaj	LGU Ballagat	LGU Bubullim	LGU Dushk	LGU Fiershegan	LGU Golem	LGU Hysgjokaj	LGU Karbunare	LGU Kolonje	LGU Krutje	LGU Lushnje	Merged
Social care												
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	n/a	0,5	n/a	n/a	1	1	n/a	n/a	0,5	7	11
Social Care on domestic violence	1	n/a	0,5	n/a	n/a	1	n/a	n/a	n/a	n/a	1	3,5
Social care for the protection of children's Rights	1	n/a	1	n/a	n/a	1	n/a	n/a	n/a	n/a	1	4
Environmental Protection				n/a								
Environmental Protection	1	n/a	1	n/a	n/a	1	n/a	0,5	n/a	n/a	1	4,5
Register Office												
Register Office	1	n/a	1	1	1	n/a	n/a	n/a	n/a	n/a	4	8
Business Registration												
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	2
Total	23	4	16	40,2	18	30	8	6	14,2	12	290	461,4

Tabela 4: Horizontal Functions and nr of people associated with these functions

Horizontal Functions	Allkaj	Ballagat	Bubullim	Dushk	Fiershegan	Golem	Hysgjokaj	Karbunare	Kolonje	Krutje	Lushnje	Merged
Finance	1	1	4	4	4	1	1	1	3	3	4	27
Local taxes and Tariffs	1	1	3	1	2	1	2	1	2	1	9	24
Legal Issues	n/a	0,5	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	10	11
Procurement	1	0,5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	3.5
Institutional Relations	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	6
Human Resources	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	17	18
Protocol	1	0,5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	2.5
Archiving	1	0,5	n/a	1	n/a	n/a	n/a	1	1	1	1	6.5
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	1
Supporting services	n/a	n/a	n/a	n/a	5	n/a	n/a	n/a	4	3	n/a	12
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	3
Total	7	4	7	6	11	2.5	3	3	10	8	53	114.5

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:

(Lushnje)

- Department of Registration & evaluation and audit & inspection sector are under the Directorate of Local Taxes and Fees.
- Urban sector and design sector & infrastructure are under the Directorate of Territorial Planning
- Veterinary Sector and Land Management Sector are under the Department of Agriculture and Rural Development

(Allakaj)

- The person responsible for the secretary performs also the duty of the archivist and social protection
- The person responsible for the finance performs also the function of the cashier.

(Bubullim)

- The person responsible for the secretary performs also the duty of the archivist and storekeeper.

(Ballagat)

- The person responsible for the archive performs also the duty of the cashier and social protection

(Dushk)

- The person responsible for Human Resources performs also the duty of the Lawyer

- The person responsible for the archive performs also the duty of the education inspector
- The person responsible for the financial assistance performs also the duty of the cashier
- The person responsible for the Urbanism performs also the duty of Civil Emergency

(Fiershegan)

- The person responsible for the education performs also the function of Culture and Sport
- The person responsible for Financial Assistance performs also the duty of the storekeeper
- The person responsible for Taxes performs also the duty of the veterinary

(Golem)

- The person responsible for the Council Secretary performs also the duty of the lawyer
- The person responsible for the Finance performs also the duty of the accountant

(Karbunara)

- The person responsible for the administration performs also the function of the forest management
- The person responsible for taxes performs also the duty of the storekeeper and water supply inspectorate
- The person responsible for the financial assistance performs also the duty of the archivist and cashier.

(Kolonjë)

- The person responsible for the urbanism performs also the duty of the storekeeper

- The person responsible for the secretary performs also the function of the Archive

(Krutje)

- The person responsible for the secretary performs also the duty of the lawyer
- The person responsible for the finance performs also the duty of the storekeeper
- The person responsible for Social Assistance performs also the duty of the archivist.
- 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.
- The responsibilities of the following leadership positions / responsibilities that exist in the municipality and 10 LGUs, will change:

(Lushnje):

- Human Resources Directory
- Objects protection Directory
- Finance-Budget Directory
- Internal Audit
- Local Taxes and Fees Directory
- Infrastructure and Public Services Directory

- Asset Management and Shelter Directory
- Legal and Procurement Directory
- Financial and Social Assistance Directory
- Territorial Planning Directory
- Economical and Social Development Directory
- Public and Foreign Relations Directory
- Agriculture and Regional Development Directory
- Municipality Police
- Urban Construction Inspectorate

(Allkaj):

- Archive/Social Protection
- Finance
- Taxation
- Public Services
- Environmental and Territorial Protection
- Municipality Police

(Ballgat)

- Finance
- Archive
- Urbanism
- Municipality Police

(Bubullim)

- Finance and Taxation Directory
- Urbanism

- Agriculture and Land Protection
- Municipality Police
- Financial Assistance and Civil Emergency
- Secretary/Storekeeper/Archive

(Dushk)

- Archive
- Finance
- Local Taxes
- Municipality Police
- Urbanism
- Veterinary
- Public Services
- Human Resources/Lawyer

(Fiershegan)

- Finance
- Taxation
- Construction Inspectorate
- Public Services
- Municipal Police
- Urbanism
- Land Management

(Golem)

- Finance
- Taxation

- Urbanism
- Municipality Police
- Financial Assistance

(Hysgjokaj)

- Finance
- Taxation Cadastre
- Municipality Police
- Veterinary
- Public Services

(Karbunara)

- Archive
- Finance
- Taxation
- Veterinary and land management
- Urbanism
- Municipality Police

(Kolonjë)

- Economic and Finance Directory
- Taxation
- Urbanism
- Public Services
- Municipality Police
- Veterinary and Agronomist
- Archive

(Krutje)

- Finance
- Taxation
- Urbanism
- Public Services
- Municipality Police
- Veterinairy
- Archive/Financial Assistance/Culture

Service Providing

- In the below tables 5 and 6 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Decisions about changes in service delivery can not be achieved during a period of short - term 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	Yes	Yes
Functioning of the sewerage system	Yes	Yes	Yes
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	Yes	Yes
Construction of roads, pavements and public squares	No	Yes	Yes
Rehabilitation and maintenance of local roads, sidewalks and public squares	No	No	jp
Public lighting	No	Yes	Yes
The operation of urban public transport	No	Yes	Yes
Cemeteries administration and guarantee of funeral services	Yes	Yes	Yes
Decorations Service in town / village	No	Yes	Yes
Administration of parks, gardens and public spaces	Yes	Yes	Yes
Collection, disposal and recovery of waste	No	Yes	Yes
Urban planning	No	Yes	No
Land management	Yes	Yes	Yes
Shelter	Yes	Yes	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	No	Yes	Yes
Organization of sporting, recreational and entertainment activities and management of relevant institutions	No	Yes	Yes
Social services of kindergartens	Yes	Yes	Yes
Social services - orphanages, shelters	Yes	Yes	Yes

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	Yes	Yes	Yes
Establishment and function of public markets and trade network	Yes	Yes	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	Yes	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	Yes	No
Veterinary services	Yes	Yes	No
Conservation and development of forests and natural resources of local character.	Yes	Yes	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	Yes	No
Civil protection	Yes	Yes	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	Yes	No
Medicine			
Health care system and the protection of public health	Yes	Yes	Yes
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	Yes	Yes
Social Care on domestic violence	Yes	Yes	Yes
Social care for the protection of children's Rights	Yes	Yes	Yes
Environmental Protection			
Environmental Protection	No	Yes	Yes

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)	Yes	Yes	Yes
Local taxes and Tariffs	Yes	Yes	Yes
Legal Issues	Yes	Yes	Yes
Procurement	Yes	Yes	Yes
Institutional Relations	Yes	Yes	Yes
Human Resources	Yes	Yes	Yes
Protocol	Yes	Yes	Yes
Archiving	Yes	Yes	Yes
Information Technology	Yes	Yes	Yes
Supporting services	Yes	Yes	Yes
Internal Audit	Yes	Yes	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;

(Lushnje):

- Human Resources Directory
- Objects protection Directory
- Finance-Budget Directory
- Internal Audit
- Local Taxes and Fees Directory
- Infrastructure and Public Services Directory
- Asset Management and Shelter Directory
- Legal and Procurement Directory
- Financial and Social Assistance Directory
- Territorial Planning Directory
- Economical and Social Development Directory
- Public and Foreign Relations Directory
- Agriculture and Regional Development Directory

- Municipality Police
- Urban Construction Inspectorate

(Allkaj):

- Archive/Social Protection
- Finance
- Taxation
- Public Services
- Environmental and Territorial Protection
- Municipality Police

(Ballagat)

- Finance
- Archive
- Urbanism
- Municipality Police

(Bubullim)

- Finance and Taxation Directory
- Urbanism
- Agriculture and Land Protection
- Municipality Police
- Financial Assistance and Civil Emergency

- Secretary/Storekeeper/Archive

(Dushk)

- Archive
- Finance
- Local Taxes
- Municipality Police
- Urbanism
- Veterinary
- Public Services
- Human Resources/Lawyer

(Fiershegan)

- Finance
- Taxation
- Construction Inspectorate
- Public Services
- Municipal Police
- Urbanism
- Land Management

(Golem)

- Finance

- Taxation
- Urbanism
- Municipality Police
- Financial Assistance

(Hysgjokaj)

- Finance
- Taxation Cadastre
- Municipality Police
- Veterinary
- Public Services

(Karbunara)

- Archive
- Finance
- Taxation
- Veterinary and land management
- Urbanism
- Municipality Police

(Kolonjë)

- Economic and Finance Directory
- Taxation

- Urbanism
- Public Services
- Municipality Police
- Veterinary and Agronomist
- Archive

(Krutje)

- Finance
- Taxation
- Urbanism

- Public Services
- Municipality Police
- Veterinany
- Archive/Financial Assistance/Culture

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 464,931 thousand ALL. Overdue municipal obligations are reported at a value 219,366 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 17% 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 Lushnje, 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 Lushnje, LGU Allkaj, LGU Bubullimë, LGU Hysgjokaj, LGU Golem, LGU Dushk, LGU Karbunarë, LGU Ballagat, LGU Fier Shegan, LGU Kolonjë, LGU Krutje

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

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	816,103
Tax and non-tax revenue	197,178
Total Expenses	602,010
Total Assets	4,849,492
Liabilities	464,931

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	5,623,575	4,462,752
I	Current Assets	970,001	970,001
	1. Petty - Cash, Banks, and Funds	432,655	432,655
Class 5	Availability		
Class 4	2. Receivables	430,230	430,230
Class 3	3. Current Inventory accounts	107,116	107,116
II	Non-current Assets	4,653,574	3,492,751
23	1. Investments	774,083	774,083
25,26	2. Finance assets	386,740	-
21,24,28	3. Tangible assets	3,480,626	2,706,543
20	4. Intangible assets	12,125	12,125
III	Other assets	-	-
B	Liabilities	464,931	464,931
I	Current liabilities	464,931	464,931
Class 4	1. Accounts payable	464,931	464,931
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	5,158,644	3,997,821
	Presented: Consolidated budget	4,735,068	3,574,245
	Carried forward results	423,577	423,577

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 5,623,575 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 51% compared to December 31, 2014.

Current assets

- Current assets which have 16% of total assets increased by 50% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 235% of cash, which affects more in the increase of the total current assets while accounts receivable and accounts of state of inventories have increased by 4% and 1% respectively.

Accounts Receivable

- Structure of total debtors of Municipality Lushnje consists of 51.8% of debtors of LGU Lushnje, 12% of debtors of LGU Golem, 5.9% of LGU Fier Shegan, 6.3% of LGU Kolonje, 5.5% of LGU Krutje and the rest of the debtors from other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of Municipality Lushnje (83%) have suffered an increase by 52% in total where the impact on this growth has the addition of financial assets item during 2015 and the increase of tangible assets by 30% which make up 62% of total assets.

PPEs

- 35.5% of PPEs of Municipality Lushnje occupy the PPEs of LGU Lushnje, 10.4% PPEs of LGU Kolonje, 9.1% of LGU Krutje, 7.7% of LGU Karbunare, 7.5% of LGU Dushk 5.4% of PPEs of LGU Golem, 3.7% of LGU Hysgjokaj 4.6% of LGU Shegan Fier, 7% of LGU Bubullim, 4.9% from LGU Allkaj, 4.1% from LGU Ballagat.

Accounts Payable

Accounts payable have increased by 3% for the period ended July 31, 2015 compared with the previous year 2014.

- 48.6% of accounts payable are composed of PPEs from Lushnje, 11.1% from LGU Golem, 6.9% from LGU Bubullime, 6.5% by LGU Hysgjokaj, 6.6% from LGU Allkaj and the rest from other LGUs.

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

Amounts in thousand ALL

		In ALL '000		
		2015 Period Restated	2015 Period	
Tabela 2: Summary of Consolidated Statement of Financial Performance	Account Number	Description		
	2	TOTAL REVENUES	1,128,107	1,128,117

A	I. REVENUES AND CONTRIBUTES	197,178	197,188
70,750,7			
1	1. Tax revenues upon	133,401	133,411
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	63,776	63,776
71	II. GENERAL ACTUAL GRANTS	816,103	816,103
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	114,827	114,827
78	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	654,269	654,269
B	I. ACTUAL EXPENSES	654,269	654,269
	1. Salaries and employees contribution	148,352	148,352
600 601	2. Goods and Services	203,678	203,678
602	3. Subsidies	51,382	51,382
603	4. Internal actual transfers	177	177
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	250,679	250,679
605			
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	-	-
67	DETERMINED NET INCOME	473,839	473,849
C	From this: Functioning results	423,577	423,577
	Functioning observed grants	50,262	101,654

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 1,128,107 thousand. 17% of the total municipal income is composed of tax and non-tax revenues, 51% of income from grants, 72% income from grants and 11% from other incomes.

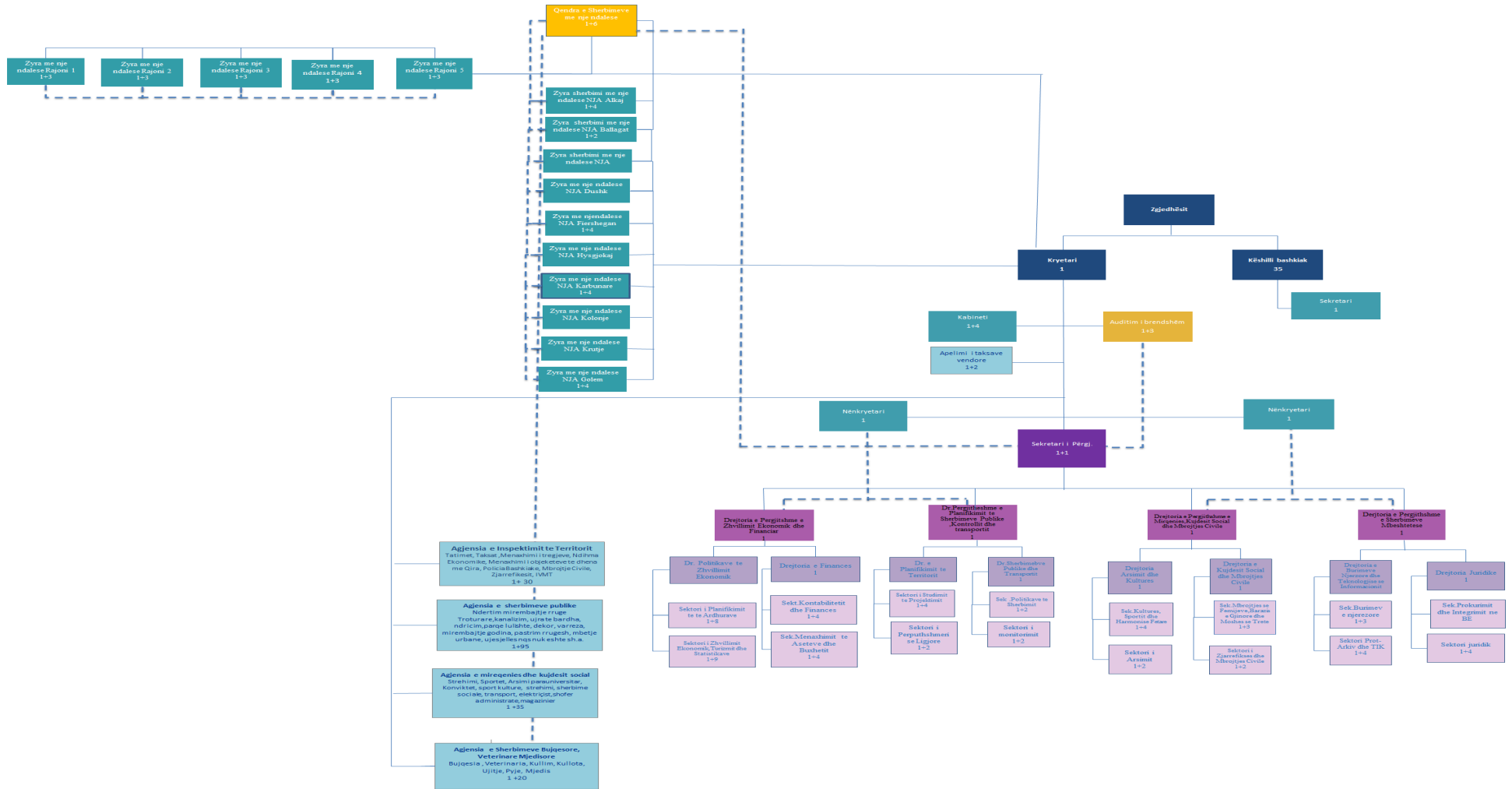
- The structure of total revenues is comprised of 66,7% of the revenues generated from LGU Lushnje, 5,6% of LGU Bubullime, 5% of LGU Dushk, 4.3% by LGU Kolonje, 4% from LGU Krutje, 3.1% from LGU Allkaj 1.2% from LGU Ballagat, 2.9% from LGU Shegan Fier, 3.9% from LGU Golem, 1.2% from LGU Hysgjokaj 2.1% from LGU Karburnare.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 654,269 thousand. 100 % of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure of total expenses is comprised of 53.5% of expenses of LGU Lushnje, 5.2% from LGU Bubullime, 6.3% from LGU Dushk, 6.7% from LGU Kolonje, 6.7% from LGU Krutje, 3.4% from LGU Allkaj, 1.9% from LGU Ballagat, 5.1% from LGU Shegan Fier, 5.6% from LGU Golem, 2.3% from LGU Hysgjokaj and 3.4% from LGU Karburnare.

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, 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 421 employees. More detailed: 39 persons are working under employment contracts of one year, 361 persons working under the indefinitely employment contract, 1 maternity leave. The latter under the Labour Code are considered a protected class. In LGU Ballagat there are 5 persons without employment contract while in LGU Karbunarë 6 persons do not have files and there is no info for the type of the employment contract that they may have.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

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 Lushnje. It is worth mentioning that the Municipality Divjakë, 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>	

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

- Hardware devices mainly consist mostly on desktop computers, printers and internet service. Regarding the software used there are Microsoft Windows XP SP2,7 Profesional,10, Microsoft Office 2003,2007,2010 Package, Autocad 2008,2010,2013 Map 3D 2013,Map 3D 2012,Antivirus AVG,Avast,Microsoft security and Teamviewer 2014
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Lushnje	LGU Allkaj	LGU Ballagat	LGU Bubullim	LGU Dushk	LGU Golem	LGU Fiershegan	LGU Karbunarë	LGU Kolonjë	LGU Krutje	LGU Hysgjokak
Installed Software	15	5	2	8	7	5	3	3	7	8	4
Contracts of licences	n/a	3	1	3	3	3	1	1	4	4	1
Hardware (in use)	198	9	9	24	19	16	18	3	21	24	4
Computer (desktop)	50	3	n/a	9	8	6	4	2	8	10	1
Printers	29	2	1	8	4	4	2	1	5	7	1
Servers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Lushnje 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 Fier 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 Lushnje 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 departamenteve and communication between different sectors;

Summarized description of the information received

- LGU Lushnje receives telephone and internet service from a national provider, Abissnet while in LGU the internet service is provided by local service provider. In connection with the internal communication, it is verbal and written communication used to circulate memos minuted, issued regulations, orders of the mayor of New communication between Departments and Sectors of LGU.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	Lushnje	Allkaj	Ballaga	Bubullim	Golem	Fiershegan	Hysgjokaj	Karbunarë	Kolonjë	Krutje	Dushk
Telephony service	Fixed line	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telephony/service providers	National provider	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	National provider	Local provider	n/a	Local provider	Local provider	Local provate provider	n/a	n/a	Local provate provider	Local provate provider	Local provider
Assess coverage of the telephony service	Local coverage	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	Verbal/written

Observations and Recommendations

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

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 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

- Archiving operation carried out by an archive specialist Lushnje, In LGU Allkaj the archive function is performed by the secretary who also performs the function of social protection. In LGU Ballagat the archive function is performed by the social protection. In LGU Bubullime the secretary performs also the duty of archive. In LGU Dushk education inspector performs the function of the archive. In LGU Fiershegan the person responsible for the administration performs also the duty of the archive. In LGU Kolonje the secretary performs also the function of the archive. In LGU Kolonje the person responsible for the social assistance performs also the function of the archive.
- The information received during the field work, the majority of the technical requirements only partially fulfilled in LGU Lushnje. While in ten other LGUs technical demands are not met almost any technical requirements.
- Documents are processed in part by requirements Methodology almost eleven Archiving LGUs but she is observed violating the terms of their processing
- Transfer of documents with 10-year storage period, the Local State Archives is not conducted in accordance with legal deadlines by any 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 remises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bubullim	Dushk	Fiershegan	Gollem	Karbunar	Kolonjë	Krutje	Hysgjë
fire protection, shells protection from sun, dust and any other physical and biological agents	From fire No, other part Yes.	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
secured doors and windows with a metallic net and automatic door closure	YES	NO	NO	YES	YES	NO	NO	NO	NO	YES	NO
cardboard folders for putting the documents, placed in metalic shells and painted against rust	Yes	Wood shelves	NO	YES	YES	Wood and metallic shelves	Wood shelves	Wood shelves	Wood and metallic shelves	YES	NO
vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but no distance from the wall
presence of heaters or any other item that can use fire present in the archive premise	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
records on physical control of the archive kept on the secretary of the archive	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
archive keys in two copies	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
one copy of the key closed in an envelope, reserved 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	NO	NO	NO	NO
copies, 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	NO	NO	NO
documents structured as per organizational structure of the public institution (e.g when the											

Technical requirements for practices in the remises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bubullim	Dushk	Fiershegan	Gollem	Karbunar	Kolonjë	Krutje	Hysgjë
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.	Separated in structures and sectors	Classified according to year	Unsystemized	Processed with inventory	Not processed	Unsystemized	Systemized	Unsystemized	Systemized with inventory	Unprocessed	Unsystemized
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	YES	NO	NO	YES	NO	YES	NO	NO

Technical requirements for practices in the remises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bubullim	Dushk	Fiershegan	Gollem	Karbunar	Kolonjë	Krutje	Hysgjore
<p>over file (Module 6), clearly marked and numbered</p> <p>Full name of the state entity - no state Department or branch that operates</p> <p>The level of classification (if the document is of its type)</p> <p>The file contains an identification number, year</p> <p>Full title of the file</p> <p>The period that the document should save (protect)</p> <p>Date of completion of conservation</p> <p>The amount of documents that are stored in files</p> <p>Inventory identification number on file</p> <p>The period of use</p>	A part of documents are systemized according to model 6	Partially systemized	Unsystemized	Systemized	Unsystemized	Unsystemized	Systemized	Unsystemized	Systemized	Unsystemized	Unsystemized
<p>used on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are established 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	NO	NO
<p>The emblem of the Republic</p>	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bubullim	Dushk	Fiershegan	Gollem	Karbunar	Kolonjë	Krutje	Hysgjë
at the head of the document should be written "Republic of Albania"	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Title of the institution and structures belonging to the institution	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Number of documents attached	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
The content of the document	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO
Name, surname and signature of the person who signed the document and stamp	YES	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	YES
Date and number of protocol	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Model 1 - Correspondence model											
Model 3 - Serial Number of Correspondence	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES	NO

Technical requirements for practices in the remises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bubullim	Dushk	Fiershegan	Gollem	Karbunar	Kolonjë	Krutje	Hysgjore
Iod 4. -The Book Delivery	NO	YES	NO	YES	YES	YES	YES	YES	YES	YES	NO
Iod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	YES	NO	YES	YES	NO	NO	YES	NO	YES	YES	YES
Iod 5 - Table definitions of files for the year	NO	YES	NO	YES	NO	YES	YES	NO	YES	NO	NO
Iod 6 - Elements of cover dossier	NO	NO	NO	YES	NO	NO	YES	NO	YES	NO	NO
Iod 7 - Register of files	NO	NO	NO	NO	NO	NO	YES	YES	NO	NO	NO
Iod 8 - Internal File register	VETEM PER NJE PJESE	NO	NO	YES	NO	NO	YES	NO	YES	NO	NO
Iod 9 - Decision of the Commission of Experts	VETEM PER NJE PJESE	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Iod 10 - Compilation of the list of documents that sit aside	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Iod 11 - The period laid down for storage (protection)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	Lushnje	Allkaj	Ballagatan	Bullim	Dushk	Fiersehegan	Golle	Karbunar	Kolonjë	Krutje	Hysgj
Pod 12 - Destruction of documents containing any further value	Only a part	NO	NO	NO	NO	NO	YES	NO	YES	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

- 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.
- In LGU Lushnje all of the requirements that contain the statement for assets management are fulfilled. In LGU Allkaj the management plan is not held, the objectives adopted and control mechanisms related to the risk of asset management, registry of leased properties, and register of owned companies. In LGU Ballgat there is not held the plan, approved targets and control mechanisms related to risk management assets and registry of owned companies.
- In 11 LGUs the Accounting register of the assets is held.
- 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	Lushnje	Allkaj	Ballagat	Bubullim	Dushk	Fiershegan	Hysgjokaj	Golem	Karbunari	Kolonjë	Krutje
Adopted rules and procedures on asset management	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Authorizing Officer	Fatos Tushe	Orgest GNordeni	Sherbet Sharka	Agim Stafa	Afrim Dedej	Shkelqim Murati	Ferdinant Sharka	Beqir Sulovari	Bekdash Nexha	Jakup Beqiraj	Agim Sema
Executing Officer	Lenora Bitri	Ornela Mustaku	Edmond Toli	Namik Toshkollari	Mark Ndoni	Alvin Gjata	Hiqmet Leka	Rozeta Boci	Valbona Kojku	Vera Mertiri	Alma Veliu
Adopted plan, objectives and control mechanisms related Risk	YES	NO	NO	Yes	NO	NO	NO	NO	NO	NO	NO
Asset Accounting Register	YES	YES	YES	Yes	YES	YES	YES	YES	YES	YES	YES
Leased Properties Register	YES	NO	YES	Yes	NO	NO	NO	YES	YES	YES	YES
Owned Companies Register	YES	NO	NO	Yes	NO	NO	NO	NO	NO	NO	NO
Annual Assets Inventory	YES	YES	YES	Yes	NO	NO	NO	YES	YES	YES	YES
Assets Inventory Committee	YES	YES	YES	No	YES	YES	YES	YES	YES	YES	YES
Assets Evaluation Committee	YES	YES	YES	Yes	YES	YES	YES	YES	YES	YES	YES
Assets Disposal Committee	YES	YES	YES	Yes	YES	YES	YES	NO	YES	YES	YES
Committee of disposal of assets	YES	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.

Apendix 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Lushnje	Retaining wall construction	Completed	380 615	2 398 128
Lushnje	KUB neighbourhood "Skender Libohova"	Completed	70 770	2 958 540
Lushnje	Paving of road Iljaz Ahmeti	Completed	476 892	8 023 476
Lushnje	Paving of road Dora D`Istria	Completed	95 040	1 399 680
Lushnje	Purchase asphalt concrete (contract+extent contract)	Completed	400 000	13 642 200
Lushnje	Reconstruction of road Aleks Dani	Completed	12 888	4 262 064
Lushnje	Borderless purchase and pavement tiles	Completed	0	7 574 400
Lushnje	Construction KUZ in city	Completed	7 875 918	8 479 740
Lushnje	Paving of road Sulenjve	Completed	3 686 817	3 882 960
Lushnje	Paving of road Mankove (K.Baze + shtese)	Completed	3 536 493	4 466 088

	Titulli i Projektit	Statusi aktual i zbatimit të projektit	Shpenzime aktuale në Lek	Aprovimi i buxhetit të investimeve në Lek
Lushnje	Paving of road Uan Gogu Cajupi	Completed	9 500 000	14 947 539
Lushnje	Improvement square green Lagjia "L. Dhamo " (kont +shtese)	Completed	1 140 941	8 428 493
Lushnje	Paving of road "Vasil Prifti "	Completed	12 120	5 465 904
Lushnje	Paving of road Lasgush Poradeci	Completed	6 012 502	8 879 436
Lushnje	Paving of road Ura Qender -Stacioni i trenit	Completed	41 642 501	47 880 600
Lushnje	Improvement of city center	Completed	5 171 572	6 443 760
Lushnje	Purchase asphalt concrete	Completed	6 509 970	8 218 800
Lushnje	Paving in the neighborhood Xh. Nepravishta	Completed	7 926 341	8 343 480
Lushnje	Paving in the neighborhood G. Muco	Completed	2 215 978	2 332 560
Lushnje	Contruction of sewage in the neighborhood Saver	Completed	3 292 630	5 298 533
Lushnje	Reconstruction of road Misto Mame	Completed	800 065	4 150 860
Lushnje	Reconstruction of roads and sidewalks in Shetitoren e Palmave	Completed	3 974 635	12 688 200
Lushnje	Paving in the neighborhood S. Libohova zona 1	Completed	2 503 275	15 637 810
Lushnje	Reconstruction of road Pavaresia + trafikndarese	Completed	800 000	7 216 920
Lushnje	Paving on the neighborhood S. Libohova zona 2	Completed	0	3 861 730
Lushnje	Paving in the neighborhood K. Qystri	Completed	1 894 476.4	6 400 850.4

	Titulli i Projektit	Statusi aktual i zbatimit të projektit	Shpenzime aktuale në Lek	Aprovimi i buxhetit të investimeve në Lek
Lushnje	Building restoration Kongresi i Lushnjes	Completed	8 023 614	10 419 753
Lushnje	Paving of the road Zoi Moja	Completed	3 425 194	10 303 380
Lushnje	Reconstruction of the road H. Zhiti	Completed	0	12 655 213.2
Lushnje	Paving of the road Avdyl Korreshi	Completed	0	2 456 370
Lushnje	Paving of the road Idriz Seferi	Completed	0	3 561 106
Lushnje	Reconstruction of the road Vasil Bello	Completed	0	4 768 980
Lushnje	Improvement of living conditions of the Egyptian community	Completed	6 094 555	9 856 986
Lushnje	Rehabilitation of housing in joint	Completed	1 585 346	8 400 642
Lushnje	Reconstruction of the school 18 Tetori	Contract is just signed		51 527 960
Lushnje	Entrance road Rotondo Plug - postoblloku	Completed	72 719 118	107 574 705
Lushnje	Redevelopment of site unification facade	Completed	79 007 985	129 805 811
Lushnje	Reenactment of the promenade Kongresi	In process	44 417 780	149 417 780
Lushnje	Reconstruction of facades on the road Misto Mame	In process	8 223 008	20 458 020
Lushnje	Reconstruction of the road Abaz Bej Lushnja	In process	12 894 290	45 118 519
Lushnje	Urbanization of informal zones in the neighborhood 18 Tetori	Waiting to sign the contract		87 917 664
Lushnje	Food purchases	Completed	963 900	3 422 998

	Titulli i Projektit	Statusi aktual i zbatimit të projektit	Shpenzime aktuale në Lek	Aprovimi i buxhetit të investimeve në Lek
Lushnje	Purchase of diesel	Completed	1 643 411	2 935 667
Lushnje	Purchase of Tile	Completed	500 000	9 944 646
Lushnje	Purchase of materials for pavement reconstruction	Completed	1 350 000	6 984 120
Lushnje	Purchase asphalt concrete	Completed	0	4 579 789
Bubullim	Reconstruction of highschool Bubullime 2012-2014	It is not submitted the final situation and invoice	27.518.462	47.518.206
Bubullim	Paving the agriculture road with gravel + redesign of the park Bubullime 2015	It is not received because of the poor quality of work	n/a	7.588.680
Kolonjë	Construction of offices for commune Kolonje	n/a	19 722 524	23 709 213

Appendix 8 – Legal Issues

Public Service Arrangements

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

Legal Proceedings

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

Third party contracts

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

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results					
2	A	Non Current Assets		3,879,491	3,492,751	3,068,322	
3		I. Intangible Assets		12,125	12,125	12,791	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	26,594	26,594	26,295	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(14,469)	(14,469)	(13,503)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		3,480,626	3,480,626	3,055,531	
10	210	Land		30,994	30,994	30,700	
11	211	Forests, Pasture, Plantation	F6, Sh1	249	249	249	
12	212	Building and Constructions	F6, Sh1	1,099,653	1,099,653	1,097,466	
13	213	Roads, networks, water facilities	F6, Sh1	2,079,610	2,079,610	2,015,408	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	86,327	86,327	79,651	
15	215	Transport vehicles	F6, Sh1	33,690	33,690	33,690	
16	216	Government reserve		1,832	1,832	1,832	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	139,065	139,065	126,266	
19	219	Depreciation of tangible assets	F7, Sh1	(764,877)	(764,877)	(711,387)	
20	231	Expenses in process for increase of current tangible assets	F4	774,083	774,083	381,657	
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		386,740	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		386,740	-	-
27	B	CURRENT ASSETS		970,001	970,001	650,580
28	Class 3	I. Inventory Status		107,116	107,116	106,240
29	31	Materials	Sh2	6,292	6,292	5,010
30	32	Inventory Objects	Sh2	100,824	100,824	101,230
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		430,230	430,230	415,291
39	409	Suppliers, prepayments or partial payment		-	-	7
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)		212,454	212,454	215,331
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	2,098
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	217,777	217,777	197,855
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		432,655	432,655	129,050

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	432,252	432,252	128,647
59	531	Petty-cash		-	-	-
60	532	Other amounts		403	403	403
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		4,849,492	4,462,752	3,718,902
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		3,960,984	3,574,245	3,148,939	
2	10	I. Own funds		3,759,342	3,372,602	2,990,320	
3	101	Base funds	F8	3,212,524	2,799,759	2,766,880	
4	105	Capital internal grants		546,415	572,440	223,037	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		403	403	403	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		201,643	201,643	158,619	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		201,643	201,643	158,619	
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		464,931	464,931	452,206	
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		464,931	464,931	452,206	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	219,367	219,367	217,449	
23	42	Employees and related accounts		13,258	13,258	18,531	
24	431	Liabilities to government for taxes		716	716	764	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		217,777	217,777	197,855
28	435	Social Insurance		4,511	4,511	3,969
29	436	Health Insurance		627	627	672
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	8,675	8,675	10,890
36	467	Other creditors		-	-	2,077
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)		423,577	423,577	117,757
43	X	TOTAL LIABILITY		4,849,492	4,462,752	3,718,902
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		602,010	602,010	1,112,447	
2	60	I. Current expenses		602,887	602,887	1,114,521	
3	600	Salaries, bonuses		127,013	127,013	207,259	
4	6001	Salaries		125,391	125,391	207,019	
5	6002	Temporary salaries		1,410	1,410	-	
6	6003	Bonuses		212	212	240	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		21,339	21,339	33,411	
9	6010	Insurance contributions		19,292	19,292	29,501	
10	6011	Health insurance		2,047	2,047	3,910	
11	602	Other goods and services		152,296	152,296	224,028	
12	6020	Stationary		5,351	5,351	7,036	
13	6021	Special services		8,023	8,023	15,182	
14	6022	Services from third party		81,227	81,227	112,226	
15	6023	Transport expenses		10,425	10,425	19,912	
16	6024	Travel expense		172	172	28	
17	6025	Ordinary maintenance expenses		17,253	17,253	21,756	
18	6026	Rent expenses		497	497	1,599	
19	6027	Expenses for legal liability for compensation		7,736	7,736	5,285	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		21,611	21,611	41,006	
22	603	Subsidies		51,382	51,382	31,498	
23	6030	Subsidies for price differences		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		51,382	51,382	31,498
28	604	Current internal transfers		177	177	10,955
29	6040	Current transfers to other government levels		167	167	935
30	6041	Current transfers to various government institutions		11	11	10,019
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		250,679	250,679	607,370
39	6060	Transfers paid from ISS and HII		29,582	29,582	60,149
40	6061	Transfers paid from other institutions and Local government		221,097	221,097	547,220
41	63	II. Change in inventory balances	F1	(877)	(877)	(2,074)
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		602,010	602,010	1,112,447
61		D. RESULT CORRECTIONS ACTIVITES		105,004	105,004	198,182
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		45,797	45,797	135,370
64	8420	Revenues deposited in the budget		598	598	39
65	8421	Deposit in the budget of unused revenues		647	647	10,914
66	8422	Transfers of revenues within the system		30,431	30,431	48,147
67	8423	Transfers for changes in situation		3,350	3,350	3,712
68	8424	Transfers for identified debtors and similar items		24,181	24,181	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		707,014	707,014	1,310,628
70	85	RESULTS FROM FUNCTIONING		423,577	423,577	117,757
71	X	TOTAL		1,130,591	1,130,591	1,428,386

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	1,128,117	1,128,117	1,426,748
2	70	I. TAX INCOMES	133,411	133,411	182,097
3	700	a) On revenues, profit, and equity revenue	32,353	32,353	50,603
4	7000	Personal income tax	-	-	6,277
5	7001	Income tax	1,436	1,436	5,278
6	7002	Small business tax	30,781	30,781	39,048
7	7009	Other tax	135	135	-
8	702	b) Property tax	67,456	67,456	89,410
9	7020	On immovable property	63,569	63,569	77,695
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	3,887	3,887	11,714
12	703	c) Tax upon goods and services in the country	33,592	33,592	42,083
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	9,486	9,486	17,141
17	7035	Local tax on goods usage and activity permission	24,106	24,106	24,943
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	10	10	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

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
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	63,776	63,776	100,810
35	710	a) From enterprise and ownership	8,437	8,437	11,335
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	8,437	8,437	11,335
39	711	b) Administrative service and secondary revenues	55,223	55,223	88,226
40	7110	Administrative tariffs and regulations	46,621	46,621	71,078
41	7111	Secondary revenues and payments of services	2,964	2,964	4,648
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	3,747	3,747	11,278
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	1,891	1,891	1,223
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	117	117	1,248
48	72	IV. ACTUAL GRANTS (a+b)	816,103	816,103	1,128,310
49	720	a) Internal actual grant	816,103	816,103	1,128,310
50	7200	From same Government level	461,777	461,777	543,495
51	7201	From other Government levels	139,403	139,403	373,326
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	212,454	212,454	203,426

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	2,469	2,469	8,063
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	114,827	114,827	15,532
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	114,827	114,827	15,532
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	1,128,117	1,128,117	1,426,748
81	83	D. RESULT CORRECTIONS ACTIVITES	2,473	2,473	1,638
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	2,473	2,473	1,638
84	Class 7 & 8	TOTAL FROM OPERATIONS	1,130,591	1,130,591	1,428,386
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	1,130,591	1,130,591	1,428,386

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	197,012	48,967	398,371	546,415
2	105	Internal capital grants	197,012	48,967	398,371	546,415
3	1050	From the same government level	197,012	3,919	348,754	541,847
4	1051	From other Government levels	-	26,390	30,958	4,568
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	18,658	18,658	-
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	158,619	10,052	53,076	201,643
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	158,619	10,052	53,076	201,643
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)	-	-	-	-

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>						
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	381,657	460,567	68,140	774,083
34	230	Expenses for increase of Intangible Assets	-	299	299	-
35	231	Expenses for increase of Tangible Assets	381,657	460,268	67,841	774,083
36	2310	Land	-	294	294	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	16,365	2,187	2,187	16,365
39	2313	Roads, networks, water facilities	365,292	456,694	64,268	757,719
40	2314	Technical installment, machinery, equipment, working tools	-	1,094	1,094	-
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	-	-	-	-

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>						
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)	578,669	509,534	466,511	1,320,499

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	128,647	-	-	-
2	II. RECEIVABLES "CASH"	997,684	-	-	-
3	1. Funds from budget	814,023	-	-	-
4	Actual budget funds (Budget with changes)	467,586	-	-	-
5	Capital budget funds (Budget with changes)	346,438	-	-	-
6	2. Incomes and revenues during the year in "Cash"	183,661	-	-	-
7	Tax revenues in "Cash"	109,516	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	63,290	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	2,469	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	8,386	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	637,351	-	-
15	1. Payment from the budget for actual expenses	-	412,487	-	-
16	2. Payments from the budget for capital expenses	-	64,064	-	-
17	3. Payments from revenues for actual expenses	-	112,171	-	-
18	4. Payments from revenues from capital expenses	-	44,216	-	-
19	5. Payments from storage	-	4,296	-	-
20	6. Other payments	-	117	-	-
21	IV. TRANSFERS	-	56,728	-	-
22	1. Deposit of revenues in the budget	-	4,077	-	-
23	2. Unused budget (actual and capital)	-	16,127	-	-
24	3. Internal movements and transfers	-	36,523	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	1,126,331	694,079	-	-
26	VI. CLOSING BALANCE	432,252	-	-	-

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.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Transf.					Total	Write	Other	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	<i>6</i>	Sales	Off	Decr.	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	26,295	299	-	-	-	299	-	-	-	-	26,594
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	26,295	299	-	-	-	299	-	-	-	-	26,594
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	3,385,261	67,841	12,818	5,840	-	86,500	-	276	65	341	3,471,420
6	210 Land	30,700	294	-	-	-	294	-	-	-	-	30,994
7	211 Forests, Pasture, Plantation	249	-	-	-	-	-	-	-	-	-	249
8	212 Building and Constructions	1,097,466	2,187	-	-	-	2,187	-	-	-	-	1,099,653
9	213 Roads, networks, water facilities	2,015,408	64,268	-	-	-	64,268	-	-	65	65	2,079,610
10	214 Technical installment, machinery, equipment, working tools	79,651	1,094	174	5,685	-	6,952	-	276	-	276	86,327
11	215 Transport vehicles	33,690	-	-	-	-	-	-	-	-	-	33,690
12	216 Government reserve	1,832	-	-	-	-	-	-	-	-	-	1,832
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	126,266	-	12,645	155	-	12,799	-	-	-	-	139,065
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	3,411,556	68,140	12,818	5,840	-	86,798	-	276	65	341	3,498,013

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	13,503	966	-	966	-	-	-	-	14,469
2	219	II. TANGIBLE	711,387	53,689	77	53,766	-	276	-	276	764,877
		TOTAL (I + II)	724,891	54,655	77	54,732	-	276	-	276	779,346

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 '00 , 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	2,792,905	57,270	476,888	3,212,524	2,766,880	57,270	90,148	2,799,759
2	1010	Status of base fund	2,792,905	-	-	2,792,905	2,766,880	-	-	2,766,880
3	1011	Additions base fund	-	-	476,888	476,888	-	-	90,148	90,148
4	1012	Decrease base fund	-	2,473	-	(2,473)	-	2,473	-	(2,473)
5	1013	Decrease from tangible assets consume	-	54,732	-	(54,732)	-	54,732	-	(54,732)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	-	-	-	-	-	-	-
8	1016	Decrease from transferring tangible assets	-	65	-	(65)	-	65	-	(65)
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	473,791	319,857	1,018,103	1,172,038	499,816	319,857	1,018,103	1,198,063
11	105	Capital internal grants	197,012	6,960	356,363	546,415	223,037	6,960	356,363	572,440
12	107	Current assets in use	403	403	403	403	403	403	403	403
13	11	Other own funds	158,619	-	43,024	201,643	158,619	-	43,024	201,643
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries Participation of the institution in investing for	-	-	-	-	-	-	-	-
16	145	third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated							Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>		Credit <i>4=1+3-2</i>
<i>a</i>	<i>b</i>	disasters and expenses									
18	85	Result	117,757	312,494	618,313	423,577	117,757	312,494	618,313	423,577	
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-	
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	
22		CONSOLIDATED FUND (1 up to 4)	3,266,697	377,126	1,494,991	4,384,561	3,266,697	377,126	1,108,251	3,997,821	

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.

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)	263	5	8	260	126,801	-	-	14,685	-	3,353
<i>1</i>	Directors	16	-	-	16	79,366	-	-	1,436	-	427
<i>2</i>	High level education specialist	75	-	2	73	19,749	-	-	5,787	-	1,438
<i>3</i>	Technical	47	-	2	45	9,954	-	-	3,443	-	626
<i>4</i>	Ordinary officers	23	-	-	23	6,434	-	-	1,138	-	189
<i>5</i>	Employees	87	5	4	88	9,887	-	-	2,329	-	674
<i>6</i>	Temporary employees	15	-	-	15	1,410	-	-	552	-	-

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	5,623,575	4,462,752	3,716,804
2	I	Current Assets	970,001	970,001	648,482
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	432,655	432,655	129,050
13	Class 4	2. Receivables	430,230	430,230	413,193
29	Class 3	3. Current Inventory accounts	107,116	107,116	106,240
39	II	Non-current Assets	4,653,574	3,492,751	3,068,322
40	23	1. Investments	774,083	774,083	381,657
44	25,26	2. Finance assets	386,740	-	-
47	21,24,28	3. Tangible assets	3,480,626	2,706,543	2,673,874
60	20	4. Intangible assets	12,125	12,125	12,791
65	III	Other assets	-	-	-
69	B	Liabilities	464,931	464,931	450,107
70	I	Current liabilities	464,931	464,931	450,107
71	Class	1. Accounts payable	464,931	464,931	450,107
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	-	-	-
96		Net assets (A - B)	5,158,644	3,997,821	3,266,697
97		Presented: Consolidated budget	4,735,068	3,574,245	3,148,939
98		Carried forward results	423,577	423,577	117,757

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	1,128,107	1,128,117	1,426,747
2	70,750,71	I. REVENUES AND CONTRIBUTES	197,178	197,188	282,906
3	70	1. Tax revenues upon	133,401	133,411	182,096
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	63,776	63,776	100,809
23	72	II. GENERAL ACTUAL GRANTS	816,103	816,103	1,128,310
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	114,827	114,827	15,531
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	654,269	654,269	1,146,019
34		I. ACTUAL EXPENSES	654,269	654,269	1,146,019
35	600 601	1. Salaries and employees contribution	148,352	148,352	240,669
38	602	2. Goods and Services	203,678	203,678	255,526
49	603	3. Subsidies	51,382	51,382	31,498
50	604	4. Internal actual transfers	177	177	10,954
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	250,679	250,679	607,369
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	473,839	473,849	280,728
59		From this: Functioning results	423,577	423,577	117,757
60		Functioning observed grants	50,262	101,654	194,469

STAR Project

**Municipality Mallakastër
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
PPE	Property, Plant & Equipment
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 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.

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 Mallakastër. 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 Ballsh and eight existing LGUs of Aranitas, Greshic, Fratar, Hekal, Ngraçan, Qendër(Dukas), Kutë, Selitë 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	Ex-municipality Ballsh	LGU Aranitas	LGU Greshic	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓			✓			✓		
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Mallakastër: 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 Fier 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 Fier, 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 8 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roli								
New Municipality	Mallakastër							
Municipality Council	✓							
Mayor	✓							
Deputy Mayor	✓							
Secretary of Municipality Council	✓							
Administrative Unit	Aranitas	Greshic	Fratar	Hekal	Ngraçan	Qendër	Kutë	Selitë
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 Council.
- 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 251,4

- 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 63,5

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

Public Services	LGU Ballsh	LGU Aranitas	LGU Greshic	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë	Merged
Infrastructure and public services										
Water Supply Company	Sh.a	3	6	n/a	3	2	Sh.a	Sh.a	3	Sh.a,17
Functioning of the sewerage system	Sh.a	0,2	n/a	n/a	0,2	n/a	Sh.a	Contracted	n/a	Contracted,Sh.a,0,4
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Sh.a	2	0,2	n/a	n/a	0,2	Sh.a	Sh.a	n/a	Sh.a,2,4
Construction of roads, pavements and public squares	n/a	n/a	n/a	Contracted	n/a	n/a	n/a	n/a	n/a	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	6	2	2	n/a	3	Contracted	4	Contracted	n/a	Contracted,17
Public lighting	1	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
Cemeteries administration and guarantee of funeral services	10	n/a	n/a	n/a	0,2	n/a	Contracted	n/a	n/a	Contracted,10,2
Decorations Service in town / village	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Administration of parks, gardens and public spaces	10	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	12
Collection, disposal and recovery of waste	10	n/a	0,2	n/a	0,2	n/a	Contracted r	n/a	n/a	Contracted,10,4
Urban planning	5	2	1	2	2	n/a	3	1	2	18
Land management	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Shelter	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	8	n/a	n/a	0,5	n/a	n/a	n/a	n/a	n/a	8,5
Organization of sporting, recreational and entertainment activities and management of relevant institutions	8	n/a	n/a	0,5	n/a	n/a	n/a	n/a	n/a	8,5
Social services of kindergardens	18	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Local economic development			1							

Public Services	LGU Ballsh	LGU Aranitas	LGU Greshic	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë	Merged
Preparation of local economic development programs	4	1		2	2	1	2	2	1	16
Establishment and function of public markets and trade network	1	1	0,5	1	1	n/a	2	n/a	n/a	6,5
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	1
Organization of services within the local economic development support and information structures and infrastructure necessary	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Veterinary services	n/a	n/a	n/a	1	1	n/a	1	1	0,5	4,5
Conservation and development of forests and natural resources of local character	n/a	n/a	n/a	1	1	n/a	1	1	0,5	4,5
The order and civil protection										
Preservation of public order to prevent administrative violations	5	n/a	1	1	1	n/a	2	1	1	12
Civil protection	5	4	n/a	3	3	2	3	3	2	25
Educational institutions										
Maintenance of facilities in preliminary education	2	7	1	5	6	n/a	8	5	2	36
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
Social care										
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1	n/a	1	1	1	1	1	1	8
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
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection										
Environmental Protection	3	1	n/a	n/a	n/a	n/a	n/a	n/a	0,5	4,5
Register Office										
Register Office	1	1	1	n/a	1	n/a	1	1	n/a	6
Business Registration										
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	104	24,2	13,9	20	25,6	6,2	28	16	13,5	251,4

Horizontal Functions	LGU Ballsh	LGU Aranitas	LGU Greshic	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë	Merged
Finance	4	1	1	2	2	1	2	2	1	16
Local taxes and Tariffs	3	1	0.5	1	1	n/a	2	1	n/a	9,5
Legal Issues	3	n/a	n/a	n/a	1	n/a	1	n/a	n/a	5
Procurement	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
Human Resources	1	1	n/a	n/a	1	n/a	n/a	n/a	0.5	3,5
Protocol	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Archiving	1	n/a	n/a	1	1	n/a	1	n/a	1	5
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	4	1	0.5	2	5	1	5	2	2	22,5
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	18	4	2	6	11	2	11	5	4,5	63,5

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:

(Greshicë)

- The person responsible for the finance performs also the duty of the Archivist

(Selitë)

- The person responsible for the Administration performs also the duty of the Veterinary

- 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
- Responsibilities of the following leadership positions that exist in Municipality and 8 LGUs, will change

(Ballsh)

- Internal Audit
- Secretary/Archivist
- Finance Directory
- Taxation

- Transportation
- Environment and Consumer Protection
- Urbanism
- Social Service
- Legal Issues
- Urbanism Construction Inspectorate
- Kindergartens
- Museum Directory\
- Culture Directory
- Public Services
- Cleaning, Greening Directory

(Aranitas)

- Finance
- Urbanism
- Taxation
- Financial assistance
- Human Resources
- Public Services
- Environment

(Greshicë)

- Finance
- Cadastre and Urbanism
- Taxation
- Municipality Police
- Public Services

(Fratar):

- Finance
- Cadastre
- Taxation
- Culture
- Forests
- Veterinary
- Urbanism
- Municipality Police
- Archive
- Social Assistance
- Public Services

(Hekal)

- Finance
- Taxation
- Human Resources

- Archive
- Cadastre and Urbanism
- Public Services
- Legal Issues
- Financial Assistance
- Municipality Police
- Veterinary
- Forests

(Kutë)

- Finance
- Taxation
- Financial Assistance
- Cadastre
- Municipality Police
- Public Services

(Ngraçan)

- Finance
- Financial Assistance
- Public Services
-

(Qëndër)

- Archive

- Finance
- Taxation
- Urbanism
- Public Services
- Legal Issues
- Municipality Police
- Forests
- Veterinary
- Financial Assistance
(Selitë)
- Human Resources and Veterinary
- Finance
- Archive
- Urbanism
- Financial Assistance
- Municipality Police

Service Providing

- In the below tables 5 and 6 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:
 - Construction of roads, pavements and public squares (Fratar)

- Functioning of the sewerage system (Kutë)
- Rehabilitation and maintenance of local roads, sidewalks and public squares (Ngraçan)
- Rehabilitation and maintenance of local roads, sidewalks and public squares (Kutë)
- Collection, disposal and recovery of waste (Qëndër)
- Cemeteries administration and guarantee of funeral services (Qëndër)
- Licensed Services:
 - n/a
- 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	Yes	Centralized processing
Functioning of the sewerage system	Yes	Yes	Centralized processing
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	Yes	Centralized processing
Construction of roads, pavements and public squares	Yes	Yes	Centralized processing
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	Yes	Centralized processing
Public lighting	Yes	Yes	Centralized processing
The operation of urban public transport	No	Yes	Centralized processing
Cemeteries administration and guarantee of funeral services	Yes	Yes	Centralized processing
Decorations Service in town / village	Yes	Yes	Centralized processing
Administration of parks, gardens and public spaces	Yes	Yes	Centralized processing
Collection, disposal and recovery of waste	Yes	Yes	Centralized processing
Urban planning	No	Yes	Centralized processing
Land management	Yes	Yes	Centralized processing
Shelter	No	Yes	Centralized processing
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	Yes	Centralized processing
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	Yes	Centralized processing
Social services of kindergartens	Yes	Yes	Centralized processing
Social services - orphanages, shelters	Yes	Yes	Centralized processing

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	Yes	Centralized processing
Establishment and function of public markets and trade network	Yes	Yes	Centralized processing
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	Yes	Centralized processing
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	Yes	Centralized processing
Veterinary services	Yes	Yes	Centralized processing
Conservation and development of forests and natural resources of local character.	Yes	Yes	Centralized processing
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	Yes	Centralized processing
Civil protection	Yes	Yes	Centralized processing
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	Centralized processing
Medicine			
Health care system and the protection of public health	Yes	Yes	Centralized processing
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	Yes	Centralized processing
Social Care on domestic violence	Yes	Yes	Centralized processing
Social care for the protection of children's Rights	Yes	Yes	Centralized processing
Environmental Protection			
Environmental Protection	Yes	Yes	Centralized processing

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	Yes	Yes
Procurement	No	Yes	Yes
Institutional Relations	No	Yes	Yes
Human Resources	No	Yes	Yes
Protocol	Yes	No	No
Archiving	No	Yes	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	Yes	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);

(Ballsh):

- Internal Audit
- Secretary/Archive
- Finance Directory
- Taxation
- Transportation
- Environment and Consumer Protection
- Urbanism
- Social Service
- Legal Issues
- Urbanism Construction Inspectorate
- Kindergartens
- Museum Directory
- Culture Directory
- Public Services
- Cleaning, greening Directory

- 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:

(Aranitas)

- Finance
- Urbanism
- Taxation
- Financial Assistance
- Human Resources
- Public Services
- Environment

(Greshicë)

- Finance
- Cadastre
- Taxation
- Culture
- Forests
- Veterinary

- Urbanism
- Municipality Police
- Archive
- Social Assistance
- Public Services

(Hekal)

- Finance
- Taxation
- Human Resources
- Archive
- Cadastre and Urbanism
- Public Services
- Legal Issues
- Financial Assistance
- Municipality Police
- Veterinary
- Forests

(Kutë)

- Finance

- Taxation
- Financial Assistance
- Cadastre
- Municipality Police
- Public Services

(Ngraçan)

- Finance
- Financial Assistance
- Public Services

(Qëndër)

- Archive
- Finance
- Taxation
- Urbanism
- Public Services
- Legal Issues
- Municipality Police
- Forests
- Veterinary

- Financial Assistance

(Selitë)

- Human Resources and Veterinary
- Finance

- Archive
- Urbanism
- Financial Assistance
- Municipality Police

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 240,792 thousand ALL. Overdue municipal obligations are reported at a value 145,026 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 19% 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 Mallakaster, 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 Ballsh, LGU Mallakaster (Dukas), LGU Greshicë, LGU Aranitas, LGU Hekal, LGU Ngracan, LGU Kutë, LGU Fratar, LGU Selitë.

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

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	200,323
Tax and non-tax revenue	54,495
Total Expenses	219,725
Total Assets	2,473,725
Liabilities	240,792

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	2,473,725	2,473,725
I	Current Assets	297,497	297,497
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	65,193	65,193
Class 4	2. Receivables	198,140	198,140
Class 3	3. Current Inventory accounts	34,164	34,164
II	Non-current Assets	2,176,228	2,176,228
23	1. Investments	-	-
25,26	2. Finance assets	-	-
21,24,28	3. Tangible assets	2,175,760	2,175,760
20	4. Intangible assets	468	468
III	Other assets	-	-
B	Liabilities	240,792	240,792
I	Current liabilities	240,792	240,792
Class 4	1. Accounts payable	240,792	240,792
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	2,232,933	2,232,933
	Presented: Consolidated budget	2,211,910	2,211,910
	Carried forward results	21,023	21,023

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,473,725 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 6% compared to December 31, 2014.

Current assets

- Current assets which have 12% of total assets are decreased by 1% 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 a decrease of 5% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts are the same and the account of the state of inventories have increased by 4%.

Accounts Receivable

- Structure of total debtors of municipality Mallakastër consists of 34% of debtors of LGU Ballsh, 51% of debtors of LGU Qendër Mallakaster (Dukas), 1.5% of LGU Greshicë, , 0.4% of debtors of LGU Aranitas, 7.1% of debtors LGU Hekal, from 1.6 % of LGU Ngracan, 0.6% of debtors of LGU Kutë, 2.2% of debtors of LGU Fratar, 1.6% by LGU Selitë.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Mallakastër 88%, 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 7% which compose 88% of total assets.

PPE

- 21.3% of PPEs of Municipality Mallakastër are composed by the PPEs of LGU Ballsh, 33.1 % PPEs by LGU Qendër Mallakaster (Dukas), 4.7% by LGU Greshicë, 4.8% by LGU Aranitas, 4.9% by LGU Hekal, 6.5% PPEs by LGU Ngracan, 5.4% by LGU Kutë, 15.5% by LGU Fratar, 3.9% by LGU Selitë

Accounts Payable

Accounts payable have increased by 3% during the period ended July 31, 2015 compared with the previous year 2014.

- 30.5 % of the total accounts payable is composed of accounts payable of LGU Ballsh, 50.7 % by LGU Qendër Mallakaster (Dukas), 2.5% by LGU Greshicë, 1.4% by LGU Aranitas, 6.8% by LGU Hekal, 2.6% from LGU Ngracan, LGU Topojë 1.1% from LGU Kutë, 3.1% by LGU Fratar, 1.4% by LGU Selitë.

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	281,509	281,509
A	I. REVENUES AND CONTRIBUTES	54,495	54,495
70,750,71	1. Tax revenues upon	18,824	18,824
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	35,671	35,671
71	II. GENERAL ACTUAL GRANTS	200,323	200,323
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	26,691	26,691
78	V. OTHER REVENUES	-	-
77, 83	TOTAL EXPENSES	220,980	220,980
B	I. ACTUAL EXPENSES	220,980	220,980
	1. Salaries and employees contribution	58,793	58,793
600 601	2. Goods and Services	29,561	29,561
602	3. Subsidies	-	-
603	4. Internal actual transfers	40,617	40,617
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	92,009	92,009
605	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606	III. FINANCIAL EXPENSES	-	-
68	IV. OTHER EXPENSES	-	-
66	DETERMINED NET INCOME	60,530	60,530
67	From this: Functioning results	21,023	21,023
C	Functioning observed grants	39,507	39,507

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 281,509 thousand lek. 19% of the total municipality income is composed of tax and non-tax revenues, 71% of income are from grants and 9.9% from other income.

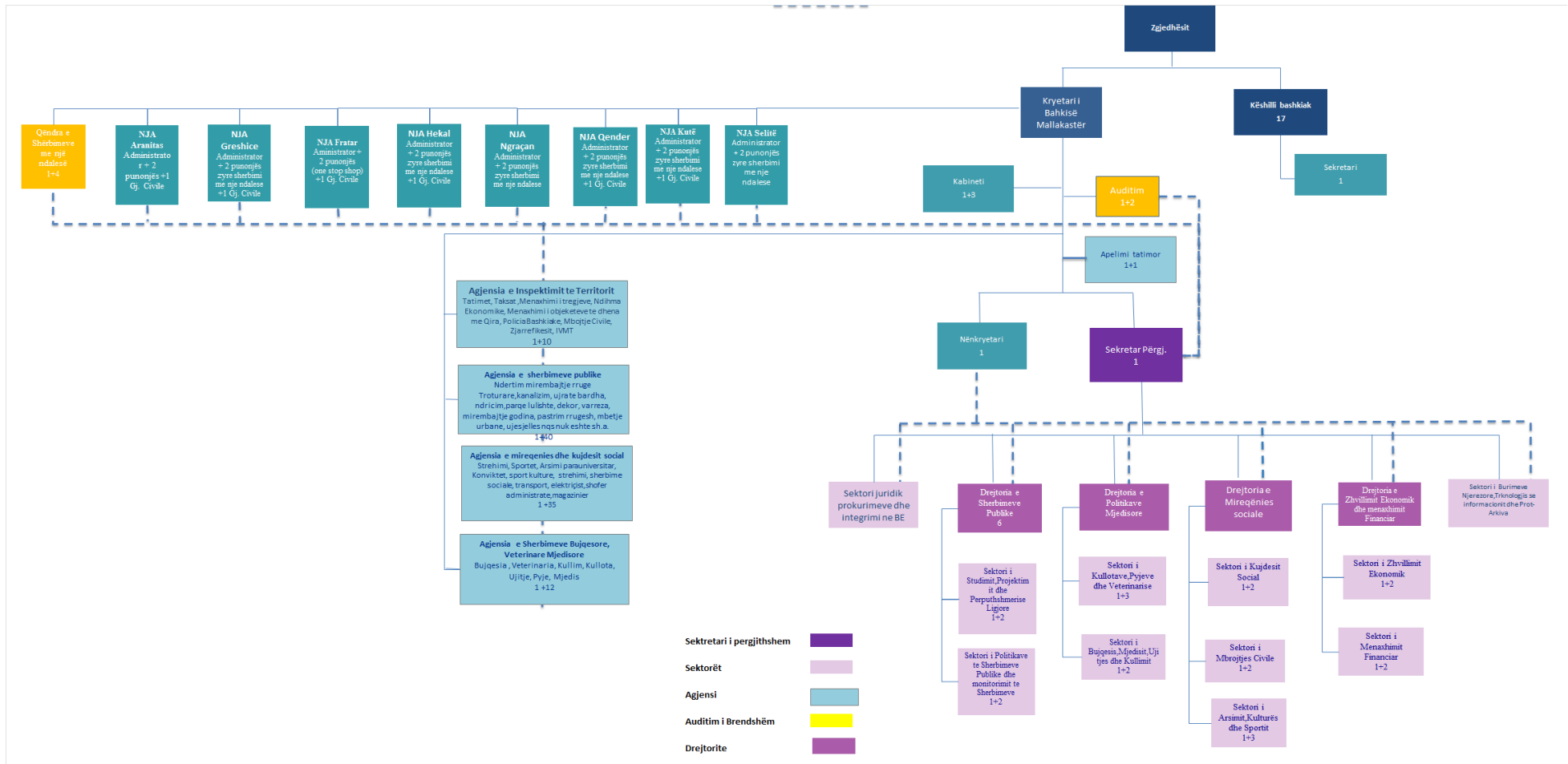
Structure of total revenues is comprised of 20.4% of the revenue generated from LGU Ballsh, 40.1 % PPE by LGU Qendër Mallakaster (Dukas), 1.1% by LGU Greshicë, 9.2% by LGU Aranitas, 8.3% by LGU Hekal, 3.8% PPE from LGU Ngracan, 6.3% by LGU Kutë, LGU Levan 6.3% from LGU Fratar and 4.4% by LGU Selitë.

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 220,980 thousand Lek. 100% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 21.6 % of the expenditures of LGU Ballsh, 41.7 % PPE by LGU Qendër Mallakaster (Dukas), 1.1% by LGU Greshicë, 7.3% by LGU Aranitas, 8.3% by LGU Hekal, 4.4% PPE by LGU Ngracan, 5.3% by LGU Kutë, LGU Fratar 5.9% and 4.4% by LGU Selitë.

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 297 employees. More detailed: 105 persons working under employment contracts of one year, 5 persons working under employment contracts of 6 months in LGU Greshicë, 145 persons working under indefinitely employment contracts, (number of persons) 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 Mallakastër. It is worth mentioning that the Municipality Mallakastër, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the applicable provisions for the settlement of an employment contract with indefinite term. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of 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 legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of 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 Windows Office package, Microsoft Windows XP Sp3 and Antivirus Eset 8. All these are unlicensed softwares. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Mallakaster.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Ballsh	LGU Aranitas	LGU Fratar	LGU Greshicë	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Installed Software	3	2	3	3	n/a	2	5	4	2
Contracts of licences	18	n/a	3	2	n/a	2	5	n/a	2
Hardware (in useage)	7	6	4	1	n/a	1	25	6	1
Computer (desktop)	12	4	6	1	n/a	2	10	5	1
Printers	6	4	2	2	n/a	1	8	1	n/a
Servers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Mallakastër 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 Fier 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 Mallakastër 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

- Nine LGUs do not provide internet and telephone service.
- 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 Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telephony/service providers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	n/a	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 Ballsh is performed by the archive specialist, in Fratar archive function is performed by the archive specialist, in Greshicë by the head of finance, in Hekal is performed by Dthe LGU secretary, in Selitë is performed by archive specialist.
- From the information obtained during the field work, the majority of the technical requirements are partially met in 10 LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology, almost at nine LGUs with exception of Ballsh, but what it is observed is the violation of the terms of their processing.
- 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. While Book Delivery is not kept by LGUs Greshicë and Ngraçan.
- 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 Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	Yes	No	Yes	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	Yes	No	Yes	No	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	No	No	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with 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	Yes	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	Yes	No	No
Archive keys in two copies	No	No	No	1 copy of keys	Yes	No	No	1 copy of keys	1 copy of keys
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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	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).							No	No	
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.	Only 2015	Only 2015	No	No	Partially	Partially 2015	Yes	Partially 2015	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.	No	No	No	No	No	No	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
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 	No	No	No	No	Partially	No	No	No	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).	No	No	No	No		No	No	No	No
The emblem of the Republic	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	No	Yes	No	No	Yes	No	Yes

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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Mod 9 - Decision of the Commission of Experts	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
Mod 11 - The period laid down for storage (protection)	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

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 2015;
- 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.
- Nine LGUs keep the Correspondende Record.
- Also the register for leased properties is held in LGUs Fier, Dërmënas, Portëz, 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.
- The special committees for the disposal of assets are in all 9 LGUs.
- 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 Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No
Authorizing Officer	Illir CELA	Viktor MAHMUTAJ	Baftjar BAKIU	Astrit SEJDINAJ	EQEREM BEQIRAJ	Nuri KORAJ	Agron KAPLLANAJ	Ramis MALAJ	Altin BREGASI
Executing Officer	Nonida ALIAJ	Flamur PASHAJ	Dituri SALAJ	Sulo DAJLANAJ	Sofie GOXHAJ	Lavdosh KASAJ	Ramadan LAMAJ	Ermal CANAJ	Aleksander SHANAJ
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	n/a	No	No	No	No	No	No	No	No
Owned Companies Register	n/a	No	No	No	No	No	No	No	No
Annual Assets Inventory	n/a	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	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.

Apendix 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Aranitas	Construction of road Metoh-Qalliaj	The contract implementation has started	1.999.920 leke	3.920.640 leke
Aranitas	Construction of road qafe e Kashit-Usoje-Kalenje	The contract implementation has started	29.000.595 leke	74.333.520 leke
Aranitas	Water Supply construction Kalenje_Panahor	The contract implementation has started	11.660.606 leke	71.551.909 leke
Hekal	Water Supply construction village Rromes	The contract implementation has started	39.181.511 leke	78.105.035 leke
Hekal	Ambulance construction village Rromes	The contract implementation has started	3.082.400 leke	3.200.000 leke
Kutë	Construction KUZ fshati Kute	The project has started. The contract was signed with the service provider.	6.384.000 leke	35.606.646 leke
Qëndër	Construction of road Drenove-Drenove Fushe	The contract implementation has started	46.821.668 leke	86.234.103 leke
Qëndër	School reconstruction Visoke	The contract implementation has started	34.876.743 leke	47.876.674 leke
Qëndër	Reconstruction of road neighborhood Zacaj Drenove e re	The contract implementation has	n/a	22.291.000 leke

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		2,176,228	2,176,228	2,042,100
3		I. Intangible Assets		468	468	2,404
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	468	468	2,404
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		2,175,760	2,175,760	2,039,697
10	210	Land		310	310	310
11	211	Forests, Pasture, Plantation	F6, Sh1	8,600	8,600	8,560
12	212	Building and Constructions	F6, Sh1	712,349	712,349	698,579
13	213	Roads, networks, water facilities	F6, Sh1	1,774,775	1,774,775	1,612,986
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	40,273	40,273	40,269
15	215	Transport vehicles	F6, Sh1	26,017	26,017	26,017
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	57,112	57,112	54,563
19	219	Depreciation of tangible assets	F7, Sh1	(443,676)	(443,676)	(401,588)
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		-	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		-	-	-
27	B	CURRENT ASSETS		297,497	297,497	299,466
28	Class 3	I. Inventory Status		34,164	34,164	32,909
29	31	Materials	Sh2	71	71	920
30	32	Inventory Objects	Sh2	34,092	34,092	31,990
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		198,140	198,140	198,165
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 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)		159,248	159,248	183,487
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	38,893	38,893	14,678
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		65,193	65,193	68,392
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	63,675	63,675	66,874
59	531	Petty-cash		-	-	-
60	532	Other amounts		1,518	1,518	1,518
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		<u>2,473,725</u>	<u>2,473,725</u>	<u>2,341,567</u>
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		2,211,910	2,211,910	2,076,527
2	10	I. Own funds		2,211,910	2,211,910	2,076,527
3	101	Base funds	F8	2,211,910	2,211,910	2,076,527
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		240,792	240,792	234,181
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
20	Class 4	II. Short term liabilities		240,792	240,792	234,181
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	145,026	145,026	166,883
23	42	Employees and related accounts		11,384	11,384	13,954
24	431	Liabilities to government for taxes		304	304	192
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		38,893	38,893	14,678
28	435	Social Insurance		2,223	2,223	2,162
29	436	Health Insurance		308	308	294
30	437	Other social organizations		2	2	2
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	42,652	42,652	36,015
36	467	Other creditors		-	-	-
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)		21,023	21,023	30,859
43	X	TOTAL LIABILITY		2,473,725	2,473,725	2,341,567
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		219,725	219,725	391,258
2	60	I. Current expenses		220,980	220,980	391,810
3	600	Salaries, bonuses		50,294	50,294	105,079
4	6001	Salaries		43,618	43,618	92,089
5	6002	Temporary salaries		5,803	5,803	12,990
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		873	873	-
8	601	Health and social insurance contributions		8,499	8,499	16,646
9	6010	Insurance contributions		7,283	7,283	14,726
10	6011	Health insurance		1,216	1,216	1,920
11	602	Other goods and services		29,561	29,561	59,517
12	6020	Stationary		921	921	3,217
13	6021	Special services		1,910	1,910	3,139
14	6022	Services from third party		(516)	(516)	11,955
15	6023	Transport expenses		5,972	5,972	14,661
16	6024	Travel expense		1,316	1,316	2,789
17	6025	Ordinary maintenance expenses		17,879	17,879	11,907
18	6026	Rent expenses		-	-	-
19	6027	Expenses for legal liability for compensation		36	36	3,403
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		2,043	2,043	8,445
22	603	Subsidies		-	-	2,468
23	6030	Subsidies for price differences		-	-	-

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	2,468
28	604	Current internal transfers		40,617	40,617	195
29	6040	Current transfers to other government levels		40,617	40,617	182
30	6041	Current transfers to various government institutions		-	-	13
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		92,009	92,009	207,906
39	6060	Transfers paid from ISS and HII		-	-	56
40	6061	Transfers paid from other institutions and Local government		92,009	92,009	207,850
41	63	II. Change in inventory balances	F1	(1,254)	(1,254)	(552)
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
55	661	Interest on financing from international organizations		-	-	-	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		219,725	219,725	391,258	
61		D. RESULT CORRECTIONS ACTIVITES		43,272	43,272	137,912	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		11,687	11,687	13,125	
64	8420	Revenues deposited in the budget		18,603	18,603	103,449	
65	8421	Deposit in the budget of unused revenues		3	3	-	
66	8422	Transfers of revenues within the system		9,214	9,214	20,403	
67	8423	Transfers for changes in situation		3,765	3,765	935	
68	8424	Transfers for identified debtors and similar items		-	-	-	
69	Class 6 & 8	TOTAL FROM OPERATIONS		262,997	262,997	529,170	
70	85	RESULTS FROM FUNCTIONING		21,023	21,023	30,859	
71	X	TOTAL		284,020	284,020	560,028	

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	18,824	18,824	44,630
2	70	I. TAX INCOMES	2,605	2,605	6,720
3	700	a) On revenues, profit, and equity revenue	-	-	-
4	7000	Personal income tax	-	-	-
5	7001	Income tax	2,605	2,605	6,720
6	7002	Small business tax	-	-	-
7	7009	Other tax	6,402	6,402	13,593
8	702	b) Property tax	6,257	6,257	13,568
9	7020	On immovable property	145	145	25
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	9,818	9,818	24,318
12	703	c) Tax upon goods and services in the country	-	-	-
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	4,085	4,085	1,642
16	7033	Tax upon goods usage and activity permission	5,733	5,733	22,676
17	7035	Local tax on goods usage and activity permission	-	-	-
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	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			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
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	35,671	35,671	90,998
34	71	III. NON TAX REVENUES	1,297	1,297	1,861
35	710	a) From enterprise and ownership	-	-	-
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	1,297	1,297	1,861
38	7109	Others from enterprise and ownership	34,374	34,374	89,137
			33,396	33,396	86,326
39	711	b) Administrative service and secondary revenues	851	851	2,541
40	7110	Administrative tariffs and regulations	-	-	-
41	7111	Secondary revenues and payments of services	3	3	46
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	123	123	224
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings	200,323	200,323	375,784
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	200,323	200,323	375,784
48	72	IV. ACTUAL GRANTS (a+b)	57,940	57,940	148,922
49	720	a) Internal actual grant	(16,865)	(16,865)	43,374
50	7200	From same Government level	-	-	-
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	159,248	159,248	183,487
55	7205	Additional finances created within the system	-	-	-

			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
56	7206	Expected financing from budget	-	-	-
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	26,691	26,691	48,234
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	26,691	26,691	48,234
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	281,509	281,509	559,646
79	779	Other revenues	2,511	2,511	382
80	Class 7	TOTAL INCOMES	-	-	-
81	83	D. RESULT CORRECTIONS ACTIVITES	2,511	2,511	382
82	829	Canceled or under written expense order	284,020	284,020	560,028
83	841	Status change transfer	-	-	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	284,020	284,020	560,028
85	85	RESULTS FROM FUNCTIONING	18,824	18,824	44,630
86	X	TOTAL	2,605	2,605	6,720

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	-	149,420	149,420	-
2	105	Internal capital grants	-	149,420	149,420	-
3	1050	From the same government level	-	62,631	62,631	-
4	1051	From other Government levels	-	83,072	83,072	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	3,718	3,718	-
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 third	-	-	-	-
12	145	parties				
		Foreigner grants, participation capital in investments for third	-	-	-	-
13	146	parties				
14	11	Other own funds	-	28,025	28,025	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	28,025	28,025	-
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)	-	-	-	-

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>
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	-	173,727	173,727	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	173,727	173,727	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	39	39	-
38	2312	Building and Constructions	-	13,770	13,770	-
39	2313	Roads, networks, water facilities	-	159,854	159,854	-
40	2314	Technical installment, machinery, equipment, working tools	-	4	4	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	60	60	-
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	-	-	-	-

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>
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)	-	323,147	323,147	-

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	66,874	-	-	-
2	II. RECEIVABLES "CASH"	459,289	-	-	-
3	1. Funds from budget	336,960	-	-	-
4	Actual budget funds (Budget with changes)	185,687	-	-	-
5	Capital budget funds (Budget with changes)	151,273	-	-	-
6	2. Incomes and revenues during the year in "Cash"	122,329	-	-	-
7	Tax revenues in "Cash"	18,921	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	37,439	-	-	-
10	Interact incomes "Cash"	491	-	-	-
11	Sponsorships, grants and other revenues "cash"	56,464	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	9,015	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	401,123	-	-
15	1. Payment from the budget for actual expenses	-	140,440	-	-
16	2. Payments from the budget for capital expenses	-	143,433	-	-
17	3. Payments from revenues for actual expenses	-	84,581	-	-
18	4. Payments from revenues from capital expenses	-	30,290	-	-
19	5. Payments from storage	-	2,378	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	61,366	-	-
22	1. Deposit of revenues in the budget	-	3,333	-	-
23	2. Unused budget (actual and capital)	-	38,100	-	-
24	3. Internal movements and transfers	-	19,933	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	526,163	462,488	-	-
26	VI. CLOSING BALANCE	63,675	-	-	-

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.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing		
		Balances	Transf.					Sales	Write Off	Other Decr.	Total	Balances	
			Purch.	Out	In	Mov.	Total						
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	
1	I. INTAGIBLE	2,404	-	-	-	-	-	-	-	-	1,936	1,936	468
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
2	201	-	-	-	-	-	-	-	-	-	-	-	-
3	202	2,404	-	-	-	-	-	-	-	-	1,936	1,936	468
	Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-	-
4	203	-	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	2,441,284	173,727	3,718	-	1,936	179,380	-	1,229	-	1,229	2,619,436	
6	210	310	-	-	-	-	-	-	-	-	-	310	
	Land	310	-	-	-	-	-	-	-	-	-	310	
7	211	8,560	39	-	-	-	39	-	-	-	-	8,600	
	Forests, Pasture, Plantation	8,560	39	-	-	-	39	-	-	-	-	8,600	
8	212	698,579	13,770	-	-	-	13,770	-	-	-	-	712,349	
	Building and Constructions	698,579	13,770	-	-	-	13,770	-	-	-	-	712,349	
9	213	1,612,986	159,854	-	-	1,936	161,789	-	-	-	-	1,774,775	
	Roads, networks, water facilities	1,612,986	159,854	-	-	1,936	161,789	-	-	-	-	1,774,775	
10	214	40,269	4	-	-	-	4	-	-	-	-	40,273	
	Technical installment, machinery, equipment, working tools	40,269	4	-	-	-	4	-	-	-	-	40,273	
11	215	26,017	-	-	-	-	-	-	-	-	-	26,017	
	Transport vehicles	26,017	-	-	-	-	-	-	-	-	-	26,017	
12	216	-	-	-	-	-	-	-	-	-	-	-	
	Government reserve	-	-	-	-	-	-	-	-	-	-	-	
13	217	-	-	-	-	-	-	-	-	-	-	-	
	Working and production animals	-	-	-	-	-	-	-	-	-	-	-	
14	218	54,563	60	3,718	-	-	3,778	-	1,229	-	1,229	57,112	
	Economic Inventory	54,563	60	3,718	-	-	3,778	-	1,229	-	1,229	57,112	
17	24	-	-	-	-	-	-	-	-	-	-	-	
	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-	
18	28	-	-	-	-	-	-	-	-	-	-	-	
	Assignments	-	-	-	-	-	-	-	-	-	-	-	
19	TOTAL (I + II)	2,443,688	173,727	3,718	-	1,936	179,380	-	1,229	1,936	3,164	2,619,904	

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	401,588	42,088	-	42,088	-	-	-	-	443,676
		TOTAL (I + II)	401,588	42,088	-	42,088	-	-	-	-	443,676

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 '00 , 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	2,076,527	45,828	181,210	2,211,910	2,076,527	45,828	181,210	2,211,910		
2	1010	Status of base fund	2,076,527	-	-	2,076,527	2,076,527	-	-	2,076,527		
3	1011	Additions base fund	-	-	181,210	181,210	-	-	181,210	181,210		
4	1012	Decrease base fund	-	2,511	-	(2,511)	-	2,511	-	(2,511)		
5	1013	Decrease from tangible assets consume	-	42,088	-	(42,088)	-	42,088	-	(42,088)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	1,229	-	(1,229)	-	1,229	-	(1,229)		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	30,859	30,859	21,023	21,023	30,859	30,859	21,023	21,023		
11	105	Capital internal grants	-	-	-	-	-	-	-	-		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	-	-	-	-	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		

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>
18	85	Result	30,859	30,859	21,023	21,023	30,859	30,859	21,023	21,023
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)	2,107,386	76,686	202,233	2,232,933	2,107,386	76,686	202,233	2,232,933

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.

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)	327	3	7	323	49,421	-	-	9,091	-	938
<i>1</i>	Directors	12	-	-	12	4,443	-	-	813	-	225
<i>2</i>	High level education specialist	58	1	1	58	14,600	-	-	2,908	-	529
<i>3</i>	Technical	36	-	-	36	6,649	-	-	1,172	-	90
<i>4</i>	Ordinary officers	64	-	-	64	9,224	-	-	1,647	-	87
<i>5</i>	Employees	87	2	6	83	9,947	-	-	1,824	-	8
<i>6</i>	Temporary employees	70	-	-	70	4,558	-	-	728	-	-

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	2,473,725	2,473,725	2,341,567
2	I	Current Assets	297,497	297,497	299,466
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	65,193	65,193	68,392
13	Class 4	2. Receivables	198,140	198,140	198,165
29	Class 3	3. Current Inventory accounts	34,164	34,164	32,909
39	II	Non-current Assets	2,176,228	2,176,228	2,042,100
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	-	-	-
47	21,24,28	3. Tangible assets	2,175,760	2,175,760	2,039,697
60	20	4. Intangible assets	468	468	2,404
65	III	Other assets	-	-	-
69	B	Liabilities	240,792	240,792	234,181
70	I	Current liabilities	240,792	240,792	234,181
71	Class	1. Accounts payable	240,792	240,792	234,181
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)	2,232,933	2,232,933	2,107,386
97		Presented: Consolidated budget	2,211,910	2,211,910	2,076,527
98		Carried forward results	21,023	21,023	30,859

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	281,509	281,509	559,646
2	70,750,71	I. REVENUES AND CONTRIBUTES	54,495	54,495	135,628
3	70	1. Tax revenues upon	18,824	18,824	44,630
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	35,671	35,671	90,998
23	72	II. GENERAL ACTUAL GRANTS	200,323	200,323	375,784
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	26,691	26,691	48,234
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	220,980	220,980	394,278
34		I. ACTUAL EXPENSES	220,980	220,980	394,278
35	600 601	1. Salaries and employees contribution	58,793	58,793	121,725
38	602	2. Goods and Services	29,561	29,561	61,984
49	603	3. Subsidies	-	-	2,468
50	604	4. Internal actual transfers	40,617	40,617	195
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	92,009	92,009	207,906
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	60,530	60,530	165,368
59		From this: Functioning results	21,023	21,023	30,859
60		Functioning observed grants	39,507	39,507	136,977

STAR Project

Municipality Patos 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
PPE	Property, Plant & Equipment
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 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.

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 Patos. 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 of the ex-municipality Patos and 2 existing LGUs Ruzhdie and Zharrëz 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

Rols	LGU Patos	LGU Zharrëz	LGU Ruzhdie
Municipality Council	✓	✓	✓
Mayor	✓	✓	✓
Deputy Mayor	✓		
Secretary of Municipality Council	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Fier 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; 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.

- 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:

- 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, one ex-municipality and 2 LGUs are transformed in 1 Municipality with 2 LGUs, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role		
New Municipality	Patos	
Municipality Council	✓	
Mayor	✓	
Deputy Mayor	✓	
Secretary of Municipality Council	✓	
Administrative Unit	Ruzhdie	Zharrëz
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 Council.
- 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 187

- 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 53

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

Public Services	LGU Patos	LGU Zharrez	LGU Ruzhdie	Merged
Infrastructure and public services				
Water Supply Company	sh.a	7	n/a	7
Functioning of the sewerage system	sh.a	n/a	n/a	Sh.a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	sh.a	n/a	n/a	sh.a
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	28	2	n/a	30
Public lighting	3	1	n/a	4
The operation of urban public transport	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	18	2	n/a	20
Decorations Service in town / village	5	2	n/a	7
Administration of parks, gardens and public spaces	18	2	n/a	20
Collection, disposal and recovery of waste	27	4	n/a	31
Urban planning	8	1	1	10
Land management	n/a	n/a	n/a	n/a
Shelter	1	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	3	n/a	n/a	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	5	n/a	1	6
Social services of kindergardens	8	n/a	1	9
Social services - orphanages, shelters	n/a	n/a	n/a	n/a
Local economic development				
Preparation of local economic development programs	7	2	1	10
Establishment and function of public markets and trade network	3	1	n/a	4
Small business development, and the development of promotional activities such as fairs and advertisements in public places	1	n/a		1
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	1	1
Veterinary services	1,5	1	n/a	2,5
Conservation and development of forests and natural resources of local character	n/a	n/a		n/a
The order and civil protection				
Preservation of public order to prevent administrative violations	6	1	n/a	7
Civil protection	2	1	n/a	3
Educational institutions				
Maintenance of facilities in preliminary education	1	4	1	6
Medicine				
Health care system and the protection of public health	n/a	n/a	n/a	n/a

Public Services	LGU Patos	LGU Zharrez	LGU Ruzhdie	Merged
Social care				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	2	n/a	n/a	2
Social Care on domestic violence	1	n/a	n/a	1
Social care for the protection of children's Rights	n/a	n/a	n/a	
Environmental Protection				
Environmental Protection	1,5	n/a	n/a	1.5
Register Office				
Register Office	n/a	n/a	n/a	n/a
Business Registration				
National Registration Center	n/a	n/a	n/a	n/a
Total	150	31	6	187

Table 4: Horizontal functions and people who execute these functions

Administrative Functions	LGU Patos	LGU Zharrza	LGU Ruzhdia	Merged
Finance	10	2	1	13
Local taxes and Tariffs	5	1	1	7
Legal Issues	2	0,4	n/a	2,4
Procurement	3	n/a	n/a	3
Institutional Relations	n/a	n/a	n/a	n/a
Human Resources	4	0,3	n/a	4,3
Protocol	0,5	n/a	n/a	0,5
Archiving	0,5	0,3	n/a	0.8
Information Technology	1	n/a	n/a	1
Supporting services	14	3	2	19
Internal Audit	2	n/a	n/a	2
Total	42	7	4	53

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:

(Patos)

- Social Support Sector and service sector for equality against violence are under the management of the Finance Department and of Local Revenue Directory.
- Legal Issues Sector, urban planning sector and Cadastre are under the Department of Planning and Development Control.
- Planning Sector and policy development sector are under the draft/project of development policies Directory.
- The business sector, taxes and fees as well as market agent are under the directorate of local revenues.
- Environmental Sector / veterinary and food sector and consumer protection are under the Directorate of Public Services and urban maintenance.
- The education sector, culture, nursery and lawyer are under the education, culture and sport Directory
- Cleaning and Greening sector are in the cleaning enterprise.

(Zharrëz)

- The person responsible for the Human Resources performs also the duty of the lawyer, secretary and Archivist.

- 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.

Responsibilities of following leadership positions / responsibilities that exist in ex-municipality and four LGUs, will change:\

(Patos):

- Finance Directory
- Local Revenues Directory
- Urban Planning and Development Directory
- Drafting Policies of Development and Planning Directory
- Public Services and Urban Maintenance Directory
- Human Resources Directory
- Education, Culture and Sports Directory
- Internal Audit
- Public Procurement
- Urban Construction Inspectorate
- Cleaning and Greening Enterprise

(Zharrëz):

- Finance
- Human Resources, Lawyer, Archive\

- Taxation
- Agronomist
- Urbanism
- Municipality Police
- Veterinary
- Public Services

(Ruzhdie)

- Finance
- Financial Assistance
- Taxation
- Agronomist
- Public Services and Urbanism
- Municipality Police
- Veterinary

Service Providing

- In the below tables 5 and 6 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
 - n/a
- The below services are licensed
 - n/a

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

(Patos)

- Finance Directory
- Local Revenues Directory
- Urban Planning and Development Directory
- Drafting Policies of Development and Planning Directory
- Public Services and Urban Maintenance Directory
- Human Resources Directory
- Education, Culture and Sports Directory
- Internal Audit
- Public Procurement
- Urban Construction Inspectorate
- Cleening and Greening Enterprise
- Public Services

(Zharrëz)

- Finance
- Human Resources, Lawyer, Archive\
- Taxation
- Agronomist
- Urbanism
- Municipality Police
- Veterinary
- Public Services

(Ruzhdië)

- Finance
- Financial Assistance
- Taxation
- Agronomist
- Public Services and Urbanism
- Municipality Police
- Veterinary

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 56,711 thousand ALL. Overdue municipal obligations are reported at a value 9,738 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 27% 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 Patos, 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 Patos, LGU Zharrëz and LGU Ruzhdie.

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

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	203,111
Tax and non-tax revenue	97,712
Total Expenses	199,477
Total Assets	1,427,531
Liabilities	57,711

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	1,427,531	1,426,171
I	Current Assets	153,581	153,581
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	81,296	81,296
Class 4	2. Receivables	45,707	45,707
Class 3	3. Current Inventory accounts	26,578	26,578
II	Non-current Assets	1,273,949	1,272,589
23	1. Investments	-	-
25,26	2. Finance assets	1,360	-
21,24,28	3. Tangible assets	1,268,500	1,268,500
20	4. Intangible assets	4,089	4,089
III	Other assets	-	-
B	Liabilities	56,711	56,711
I	Current liabilities	56,711	56,711
Class 4	1. Accounts payable	56,711	56,711
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	1,370,820	1,369,460
	Presented: Consolidated budget	1,300,528	1,299,168
	Carried forward results	70,292	70,292

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,427,531 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 6% compared to December 31, 2014.

Current assets

- Current assets which have 11% of total assets are decreased by 1% during the fiscal period 2015 compared with 2014. Among the items of current assets it is noticed an increase of 5% of cash, while accounts receivable are decreased by 12% and the accounts of the state of inventories have increased by 6%.

Accounts Receivable

- Structure of total debtors of Municipality Patos consists of 68.3% of debtors of LGU Patos, 18% of debtors of LGU Ruzhdiea and 13.7% of debtors of LGU Zharrëz.

Non-current accounts

- Non-current assets which occupies the largest share of assets of the municipality Patos (89%) have suffered an increase of 7% in total where the impact on this growth was it has the increase of financial assets during 2015 and the increase of tangible assets by 7% which accounted for 89% of total assets.

PPEs

- 48.8% of PPEs Municipality Patos are composed of 39.5% PPEs of LGU Ruzhdie and 11.8% PPEs of LGU Zharrëz

Accounts Payable

Accounts payable have decreased by 17% for the period ended July 31, 2015 compared with the previous year 2014

- 71.3% of the total accounts payables is composed of accounts payable of LGU Patos, 15.3% from LGU Ruzhdie, 13.6% from LGU Zharrëz.

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	362,400	362,400
A	I. REVENUES AND CONTRIBUTES	97,712	97,712
70,750,71	1. Tax revenues upon	69,134	69,134
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	28,579	28,579
71	II. GENERAL ACTUAL GRANTS	203,111	203,111
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	61,577	61,577
78	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	200,865	200,865
B	I. ACTUAL EXPENSES	200,865	200,865
	1. Salaries and employees contribution	63,314	63,314
600 601	2. Goods and Services	32,068	32,068
602	3. Subsidies	-	-
603	4. Internal actual transfers	1	1
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	105,483	105,483
605			
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	-	-
67	DETERMINED NET INCOME	161,535	161,535
C	From this: Functioning results	70,292	70,292
	Functioning observed grants	91,243	91,243

Overview of consolidated statement of financial performance

Sources of funds (revenues)

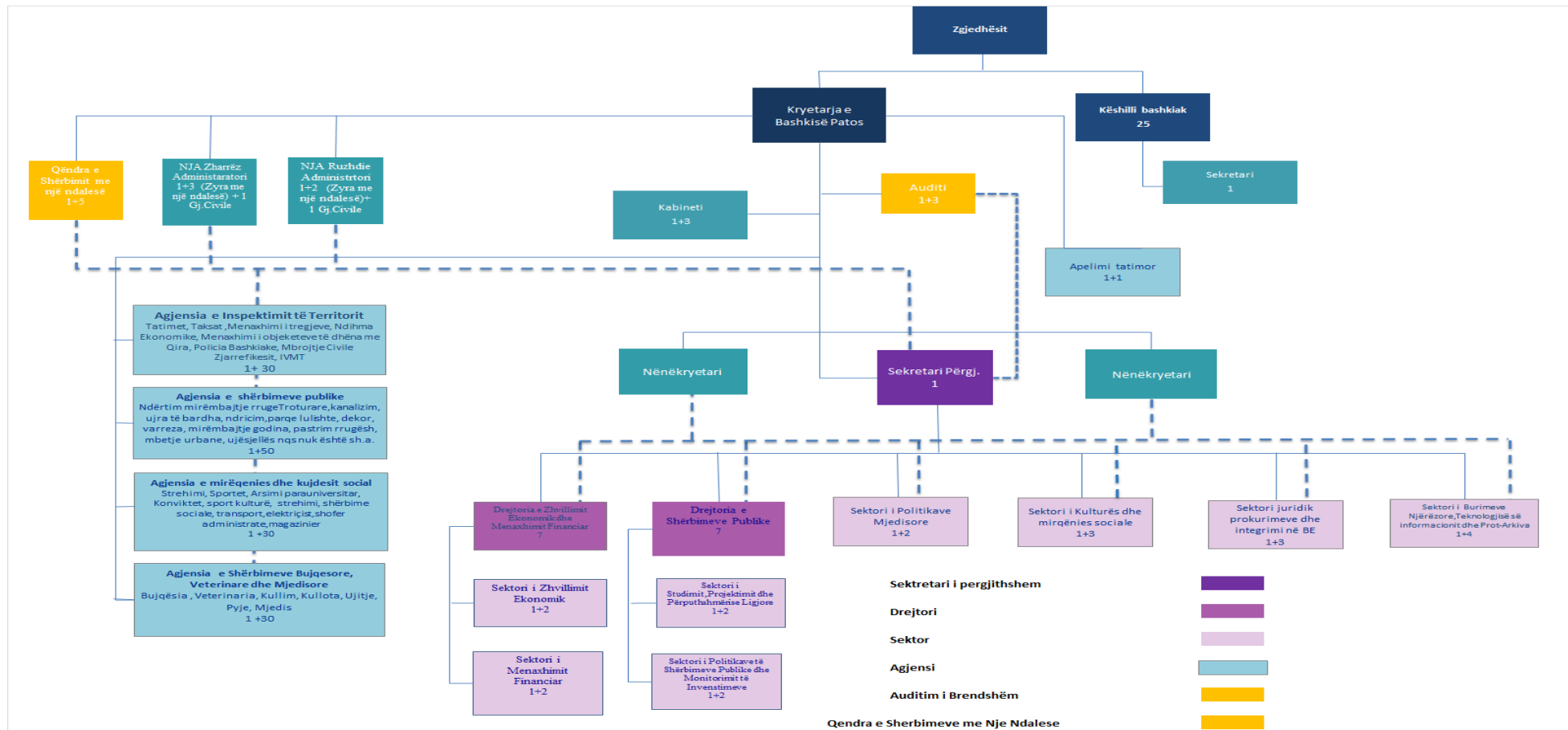
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 362,400 thousand. 27% of the total municipal income is composed of tax and non-tax revenues, 56% of income from grants and 17% from investment works of reversal.
- The structure of total revenues is comprised of 74,2% of the revenue generated from LGU Patos, 3,9% from LGU Ruzhdie and 21,9% from LGU Zharrëz.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 200.865 thousand. 100% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure consists of total expenditure 74.2% of expenses of LGU Patos, 6.9% from LGU Ruzhdie and 18.9% from LGU Zharrëz.

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, 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 240 employees. More detailed: 10 persons are working under employment contracts of one year, 189 persons working under the indefinitely employment contract, (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

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 Patos. It is worth mentioning that the Municipality Patos, 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>	

Observations	Recommendations
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of 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 Windows Office and Windows, Autocad, Antivirus and Teamviewer. These programs are being used by 152 persons. The maintenance of the hardwares and softwares is offered by the Municipality itself which has in its staff one person in charge of maintenance. LGU Zharres has 2 virtual servers.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Patos	LGU Ruzhdie	LGU Zharrëz
Installed Software	5	2	5
Contracts of licences	3	2	1
Computer (desktop)	16	3	10
Printers	2	1	2
Servers	3	2	2
IT staff in total	n/a	n/a	2(Virtual)
Hardware and Software maintenance	1	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Patos 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 Fier 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 Patos 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:

- 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 Patos and Zharrez receive telephone and internet service from a national service provider, Abissnet and Tele-Co. In internal communication of LGU Patos an analog line is offered. In the service of electronic mail there have access 50 people who use Google drive for storing documents.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Divjakë	LGU Tërbuf	LGU Grabian
Telephony service	2 analog lines	n/a	Fixed Line
Telephony/service providers	National Operator	n/a	National Operator
Internet service	National internet service provider	n/a	National internet service provider
Assess coverage of the telephony service	Local Coverage	n/a	Local Coverage
Internal communication lines	Verbal/written/analog line	Verbal/written	Verbal/written

Observations and Recommendations

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

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 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 archive function in LGU Patos is performed by the archive specialist , in LGU Zharrëz, archive function is performed by the person responsible for human resources which at the same time performs the function of lawyer.
- In LGU Patos there is lack of technical conditions for the storage of the documents. There is lack of serial numbers of the correspondence and the inventory of internal files.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Patos	LGU Ruzhdie	LGU Zharrëz
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	5 Document's shelves	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No
Archive keys in two copies	Yes	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.	Yes	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	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 Patos	LGU Ruzhdie	LGU Zharrëz
<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	We shared documents over the years and then separated in structure.
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	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 peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Patos	LGU Ruzhdie	LGU Zharrëz
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	
The emblem of the Republic	Yes	Yes (placed)	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes (placed)	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	No
Signature of the director of the institution	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes
Mod 1 - Correspondence model			
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes
Mod 4. -The Book Delivery	No	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Patos	LGU Ruzhdie	LGU Zharrëz
vice versa			
Mode 5 - Table definitions of files for the year	Yes	Yes	No
Mod 6 - Elements of cover dossier	Yes	No	No
Mod 7 - Register of files	Yes	No	No
Mod 8 - Internal File register	Yes	No	No
Mod 9 - Decision of the Commission of Experts	No (only technical files)	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	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.
- In LGUs there is lack of the commercial entities and the Correspondence Register. In LGU Rruzhdie there is lack of Leased Properties Register.
- 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 Patos	LGU Ruzhdie	LGU Zharrëz
Adopted rules and procedures on asset management	Yes	No	No
Authorizing Officer	Rajmonda Balilaj	Pajtim Gllava	Taulant Grembi
Executing Officer	Mimoza Shtëmbari	Amarildo Bregu	Yeslikseni Tupa
Adopted plan, objectives and control mechanisms related Risk	No	No	No
Asset Accounting Register	Yes	Yes	Yes
Leased Properties Register	Yes	No	No
Owned Companies Register	No	No	No
Annual Assets Inventory	No	No	No
Assets Inventory Committee	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes
Committee of disposal of assets	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.

Apendix 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Patos	Reconstruction of road Kinemaja e Vjeter	The project is under construction. The contract was signed with the company "SPARTAKU" sh.p.k-Fier dated 23.02.2015	22, 224, 552 leke me TVSH	n/a
Patos	Construction of park in elementary school 'Meleq Gostinishti'	Completed	5, 099,100 leke me TVSH	n/a
Patos	Reconstruction of road "Thoma Rrudha"	Implementation of the project has just started, the contract was signed with society "SPECTRUM" dated 14.09.2015	5,563,459 leke me TVSH	n/a
Patos	Construction of park in the road "Dhori Tanaka"	Completed	542, 400 leke me TVSH	n/a

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		1,273,949	1,272,589	1,194,114
3		I. Intangible Assets		4,089	4,089	4,089
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	4,089	4,089	4,089
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		1,268,500	1,268,500	1,190,025
10	210	Land		54,840	54,840	54,840
11	211	Forests, Pasture, Plantation	F6, Sh1	1,187	1,187	1,187
12	212	Building and Constructions	F6, Sh1	423,819	423,819	387,266
13	213	Roads, networks, water facilities	F6, Sh1	870,160	870,160	820,305
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	14,768	14,768	13,505
15	215	Transport vehicles	F6, Sh1	26,973	26,973	32,711
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	81,434	81,434	80,946
19	219	Depreciation of tangible assets	F7, Sh1	(204,681)	(204,681)	(200,736)
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		1,360	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		1,360	-	-
27	B	CURRENT ASSETS		153,581	153,581	154,775
28	Class 3	I. Inventory Status		26,578	26,578	25,190
29	31	Materials	Sh2	3,611	3,611	2,789
30	32	Inventory Objects	Sh2	22,967	22,967	22,401
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		45,707	45,707	52,166
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 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)		18,637	18,637	24,658
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	27,070	27,070	27,508
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		81,296	81,296	77,420
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	81,296	81,296	77,420
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,427,531	1,426,171	1,348,889
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		1,300,528	1,299,168	1,219,304
2	10	I. Own funds		1,300,528	1,299,168	1,219,304
3	101	Base funds	F8	1,300,528	1,299,168	1,219,304
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		56,711	56,711	68,009
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		56,711	56,711	68,009
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	9,738	9,738	15,551
23	42	Employees and related accounts		6,586	6,586	6,756
24	431	Liabilities to government for taxes		180	180	164
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)		27,070	27,070	27,508
28	435	Social Insurance		1,873	1,873	1,900
29	436	Health Insurance		260	260	263
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	22
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	11,004	11,004	15,843
36	467	Other creditors		-	-	-
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)		70,292	70,292	61,577
43	X	TOTAL LIABILITY		1,427,531	1,426,171	1,348,889
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		199,477	199,477	384,069
2	60	I. Current expenses		200,865	200,865	383,411
3	600	Salaries, bonuses		54,428	54,428	93,708
4	6001	Salaries		54,405	54,405	93,614
5	6002	Temporary salaries		-	-	-
6	6003	Bonuses		23	23	94
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		8,886	8,886	15,875
9	6010	Insurance contributions		8,098	8,098	14,532
10	6011	Health insurance		788	788	1,343
11	602	Other goods and services		32,068	32,068	68,560
12	6020	Stationary		2,543	2,543	2,933
13	6021	Special services		5,885	5,885	12,581
14	6022	Services from third party		5,839	5,839	17,770
15	6023	Transport expenses		7,310	7,310	13,716
16	6024	Travel expense		1,422	1,422	1,694
17	6025	Ordinary maintenance expenses		2,597	2,597	9,613
18	6026	Rent expenses		-	-	-
19	6027	Expenses for legal liability for compensation		-	-	50
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		6,472	6,472	10,203
22	603	Subsidies		-	-	500
23	6030	Subsidies for price differences		-	-	500
24	6031	Subsidies to promote employment		-	-	-

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		1	1	1,199
29	6040	Current transfers to other government levels		1	1	1,199
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		105,483	105,483	203,568
39	6060	Transfers paid from ISS and HII		75,113	75,113	145,736
40	6061	Transfers paid from other institutions and Local government		30,370	30,370	57,831
41	63	II. Change in inventory balances	F1	(1,389)	(1,389)	658
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		199,477	199,477	384,069	
61		D. RESULT CORRECTIONS ACTIVITES		92,631	92,631	163,820	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		54,367	54,367	98,550	
64	8420	Revenues deposited in the budget		52	52	52	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		36,824	36,824	63,679	
67	8423	Transfers for changes in situation		1,389	1,389	1,539	
68	8424	Transfers for identified debtors and similar items		-	-	-	
69	Class 6 & 8	TOTAL FROM OPERATIONS		292,108	292,108	547,889	
70	85	RESULTS FROM FUNCTIONING		70,292	70,292	61,577	
71	X	TOTAL		362,400	362,400	609,466	

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	362,400	362,400	607,269
2	70	I. TAX INCOMES	69,134	69,134	90,790
3	700	a) On revenues, profit, and equity revenue	2,043	2,043	10,447
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,033	2,033	10,280
7	7009	Other tax	9	9	167
8	702	b) Property tax	57,604	57,604	65,838
9	7020	On immovable property	57,604	57,604	63,948
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	1,890
12	703	c) Tax upon goods and services in the country	9,487	9,487	14,505
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	6,288	6,288	9,714
17	7035	Local tax on goods usage and activity permission	3,199	3,199	4,791
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	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	28,579	28,579	98,606
35	710	a) From enterprise and ownership	3,168	3,168	414
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	3,168	3,168	414
			17,911	17,911	53,419
39	711	b) Administrative service and secondary revenues	8,966	8,966	22,122
40	7110	Administrative tariffs and regulations	8,887	8,887	30,910
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	58	58	243
45	7115	Fines and late-fees, sequestration and compensation	-	-	144
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	7,500	7,500	44,773
47	719	c) Other non tax revenues	203,111	203,111	385,312
48	72	IV. ACTUAL GRANTS (a+b)	203,111	203,111	385,312
49	720	a) Internal actual grant	53,757	53,757	305,167
50	7200	From same Government level	106,099	106,099	66,945
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	32,838	32,838	-
55	7205	Additional finances created within the system	10,418	10,418	13,200
56	7206	Expected financing from budget	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party 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	61,577	61,577	32,561
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	61,577	61,577	32,561
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	362,400	362,400	607,269
80	Class 7	TOTAL INCOMES	-	-	2,197
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	-	-	2,197
83	841	Status change transfer	362,400	362,400	609,466
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	-
85	85	RESULTS FROM FUNCTIONING	362,400	362,400	609,466
86	X	TOTAL	362,400	362,400	607,269

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	-	58,666	58,666	-
2	105	Internal capital grants	-	58,666	58,666	-
3	1050	From the same government level	-	50,526	50,526	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	3,000	3,000	-
6	1059	Internal grants in nature	-	5,140	5,140	-
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	-	36,287	36,287	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	36,287	36,287	-
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)	-	-	-	-

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>
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	-	90,078	90,078	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	90,078	90,078	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	36,552	36,552	-
39	2313	Roads, networks, water facilities	-	49,855	49,855	-
40	2314	Technical installment, machinery, equipment, working tools	-	1,263	1,263	-
41	2315	Transport vehicles	-	1,920	1,920	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	488	488	-
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	-	-	-	-

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>
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)	-	148,744	148,744	-

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	77,420	-	-	-
2	II. RECEIVABLES "CASH"	357,301	-	-	-
3	1. Funds from budget	203,312	-	-	-
4	Actual budget funds (Budget with changes)	164,893	-	-	-
5	Capital budget funds (Budget with changes)	38,418	-	-	-
6	2. Incomes and revenues during the year in "Cash"	153,989	-	-	-
7	Tax revenues in "Cash"	70,921	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	26,791	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	51,987	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,290	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	302,855	-	-
15	1. Payment from the budget for actual expenses	-	135,224	-	-
16	2. Payments from the budget for capital expenses	-	36,017	-	-
17	3. Payments from revenues for actual expenses	-	68,425	-	-
18	4. Payments from revenues from capital expenses	-	54,061	-	-
19	5. Payments from storage	-	9,129	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	50,569	-	-
22	1. Deposit of revenues in the budget	-	51	-	-
23	2. Unused budget (actual and capital)	-	13,694	-	-
24	3. Internal movements and transfers	-	36,824	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	434,721	353,424	-	-
26	VI. CLOSING BALANCE	81,296	-	-	-

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.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	4,089	-	-	-	-	-	-	-	-	-	4,089
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	4,089	-	-	-	-	-	-	-	-	-	4,089
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,390,761	90,078	-	5,140	-	95,218	-	-	12,798	12,798	1,473,181
6	210 Land	54,840	-	-	-	-	-	-	-	-	-	54,840
7	211 Forests, Pasture, Plantation	1,187	-	-	-	-	-	-	-	-	-	1,187
8	212 Building and Constructions	387,266	36,552	-	-	-	36,552	-	-	-	-	423,819
9	213 Roads, networks, water facilities	820,305	49,855	-	3,220	-	53,075	-	-	3,220	3,220	870,160
10	214 Technical installment, machinery, equipment, working tools	13,505	1,263	-	-	-	1,263	-	-	-	-	14,768
11	215 Transport vehicles	32,711	1,920	-	1,920	-	3,840	-	-	9,578	9,578	26,973
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	80,946	488	-	-	-	488	-	-	-	-	81,434
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,394,850	90,078	-	5,140	-	95,218	-	-	12,798	12,798	1,477,270

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	200,736	3,945	-	3,945	-	-	-	-	204,681
		TOTAL (I + II)	200,736	3,945	-	3,945	-	-	-	-	204,681

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 '00 , 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	1,219,304	16,744	97,967	1,300,528	1,219,304	16,744	96,607	1,299,168	
2	1010	Status of base fund	1,219,304	-	-	1,219,304	1,219,304	-	-	1,219,304	
3	1011	Additions base fund	-	-	97,967	97,967	-	-	96,607	96,607	
4	1012	Decrease base fund	-	-	-	-	-	-	-	-	
5	1013	Decrease from tangible assets consume	-	3,945	-	(3,945)	-	3,945	-	(3,945)	
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-	
7	1015	Decrease from	-	-	-	-	-	-	-	-	
8	1016	Decrease from transferring tangible assets	-	12,798	-	(12,798)	-	12,798	-	(12,798)	
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-	
10	105,107,11,12,13,145,15,85	INTERNAL FUND	61,577	116,947	125,663	70,292	61,577	116,947	125,663	70,292	
11	105	Capital internal grants	-	-	-	-	-	-	-	-	
12	107	Current assets in use	-	-	-	-	-	-	-	-	
13	11	Other own funds	-	-	-	-	-	-	-	-	
14	12	Carried result	-	-	-	-	-	-	-	-	
15	13	Exceptional subsidiaries Participation of the	-	-	-	-	-	-	-	-	
16	145	institution in investing for third parties	-	-	-	-	-	-	-	-	
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-	

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>
		disasters and expenses								
18	85	Result	61,577	116,947	125,663	70,292	61,577	116,947	125,663	70,292
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)	1,280,881	133,691	223,630	1,370,820	1,280,881	133,691	222,270	1,369,460

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.

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)	270	57	28	299	54,405	-	22	8,769	23	1,140
1	Directors	15	-	-	15	4,912	-	-	832	-	353
	High level education										
2	specialist	77	21	6	92	18,838	-	-	3,158	-	774
3	Technical	17	6	-	23	4,078	-	-	749	-	12
4	Ordinary officers	12	4	1	15	2,153	-	-	401	-	-
5	Employees	149	26	21	154	24,424	-	22	3,629	23	-
	Temporary										
6	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	1,427,531	1,426,171	1,348,889
2	I	Current Assets	153,581	153,581	154,775
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	81,296	81,296	77,420
13	Class 4	2. Receivables	45,707	45,707	52,166
29	Class 3	3. Current Inventory accounts	26,578	26,578	25,190
39	II	Non-current Assets	1,273,949	1,272,589	1,194,114
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	1,360	-	-
47	21,24,28	3. Tangible assets	1,268,500	1,268,500	1,190,025
60	20	4. Intangible assets	4,089	4,089	4,089
65	III	Other assets	-	-	-
69	B	Liabilities	56,711	56,711	68,009
70	I	Current liabilities	56,711	56,711	68,009
71	Class	1. Accounts payable	56,711	56,711	68,009
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)	1,370,820	1,369,460	1,280,881
97		Presented: Consolidated budget	1,300,528	1,299,168	1,219,304
98		Carried forward results	70,292	70,292	61,577

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	362,400	362,400	607,269
2	70,750,71	I. REVENUES AND CONTRIBUTES	97,712	97,712	189,396
3	70	1. Tax revenues upon	69,134	69,134	90,790
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	28,579	28,579	98,606
23	72	II. GENERAL ACTUAL GRANTS	203,111	203,111	385,312
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	61,577	61,577	32,561
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	200,865	200,865	383,911
34		I. ACTUAL EXPENSES	200,865	200,865	383,911
35	600 601	1. Salaries and employees contribution	63,314	63,314	109,583
38	602	2. Goods and Services	32,068	32,068	69,060
49	603	3. Subsidies	-	-	500
50	604	4. Internal actual transfers	1	1	1,199
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	105,483	105,483	203,568
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	161,535	161,535	223,358
59		From this: Functioning results	70,292	70,292	61,577
60		Functioning observed grants	91,243	91,243	162,282

STAR Project

Municipality Roskovec
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
PPE	Property, Plant & Equipment
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 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.

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 Roskovec. 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 of the ex-municipality Roskovec and 3 existing LGUs Kuman, Kurjan and Strum 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.

Roles

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Municipality Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓
Secretary of Municipality Council	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Fier budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.

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

- Mayor: The mayor is responsible for carrying out all functions; 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 of one ex-municipality and 3 LGUs are transformed in 1 Municipality with 3 LGUs, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role			
New Municipality	Roskovec		
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	✓		
Secretary of Municipality Council	✓		
Administrative Unit	Kuman	Kurjan	Strum
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 Council.

- 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 183.2

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 42.6

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

Public Services	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum	Merged
Infrastructure and public services					
Water Supply Company	9	12	7	11	39
Functioning of the sewerage system	2	1	n/a	0,2	3,2
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	sh.a	1	n/a	Contracted	Contracted,1
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	18	2	n/a	n/a	20
Public lighting	2	n/a	n/a	n/a	2
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	3	1	n/a	5	9
Decorations Service in town / village	n/a	1	n/a	n/a	1
Administration of parks, gardens and public spaces	7	3	n/a	n/a	10
Collection, disposal and recovery of waste	10	3	3	n/a	16
Urban planning	4	6	1	2	13
Land management	1	n/a	0,5	4	5,5
Shelter	n/a	n/a	n/a	1	1
Social,cultural and sports Services					
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	n/a	n/a	n/a	n/a	n/a
Organization of sporting, recreational and entertainment activities and management of relevant institutions	5	n/a	n/a	n/a	5
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a
Local economic development					
Preparation of local economic development programs	3	3		1,5	7,5
Establishment and function of public markets and trade network	1	n/a	n/a	n/a	1
Small business development, and the development of promotional activities such as fairs and advertisements in public places	2	n/a	n/a	n/a	2
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	3	1	3	7
Veterinary services	2	1	1	1	5
Conservation and development of forests and natural resources of local character	n/a	n/a	n/a	n/a	n/a
The order and civil protection					
Preservation of public order to prevent administrative violations	2	2	n/a	2	6
Civil protection	n/a	5	1,5	6	12,5
Educational institutions					

Public Services	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum	Merged
Maintenance of facilities in preliminary education	n/a	4	1,5	n/a	5,5
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	1	1	1	4
Social Care on domestic violence	1	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
Environmental Protection					
Environmental Protection	1	1	n/a	n/a	2
Register Office					
Register Office	1	1	1	1	4
Business Registration					
National Registration Center	n/a	n/a	n/a	n/a	n/a
Total	75	51	18,5	38,7	183,2

Table 4: Horizontal functions and people who execute these functions

Administrative Functions	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum	Merged
Finance	3	3	1	1,5	8,5
Local taxes and Tariffs	3	3	1	3	10
Legal Issues	2	2	n/a	1	5
Procurement	n/a	n/a	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a	n/a	n/a
Human Resources	2	1	n/a	1	4
Protocol	0,5	0,3	n/a	n/a	0,8
Archiving	0,5	0,3	n/a	0,5	1,3
Information Technology	2	n/a	n/a	n/a	2
Supporting services	5	3	1	2	11
Internal Audit	n/a	n/a	n/a	n/a	n/a
Total	18	12,6	3	9	42,6

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:

(Kuman)

- The person responsible for the veterinary performs also the duty of the storekeeper.
- The person responsible for Finance performs also the duty of the cashier.
- Deputy Mayor performs also the duty of the Archive-Protocol.

(Kurjan)

- Deputy Mayor performs also the duty of the person in charge of agriculture

(Strum)

- The person responsible for Finance performs also the duty of Archive
- The person responsible for the Veterinary performs also the duty of the storekeeper.

- 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.

Responsibilities of following leadership positions / responsibilities that exist in ex-municipality and four LGUs, will change:\

(Roskovec):

- Planning and Development Territory Directory
- Finance Directory
- Legal Issues and Human Resources Directory
- Municipality Police
- Local Urban Construction Inspectorate
- Veterinary Sector

(Kuman):

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

(Kurjan)

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

(Strum)

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

Service Providing

- In the below tables 5 and 6 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
 - Functioning of the sewerage system of drinking water and protective channels of inhabited areas The below services are licensed (LGU Strumit)
- The below services are licensed:
 - n/a
- 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	Yes	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	No	No	No
Social services - orphanages, shelters	No	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

(Rrosovec)

- Planning and Development Territory Directory
- Finance Directory
- Legal Issues and Human Resources Directory
- Municipality Police
- Local Urban Construction Inspectorate
- Veterinary Sector

(Kuman)

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

(Kurjan)

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

(Strum)

- Head of Finance Office
- Head of Public Services and Urban Planning
- Head of Collection of taxes
- Archive-Protocol
- Head of Financial Assistance Office

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 242,574 thousand ALL. Overdue municipal obligations are reported at a value 189,285 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 21% 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 Roskovec, 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 Roskovec, LGU Kuman, LGU Kurjan and LGU Strumë.

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

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	282,956
Tax and non-tax revenue	405,361
Total Expenses	330,564
Total Assets	2,224,954
Liabilities	242,574

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	2,267,564	2,180,627
I	Current Assets	283,792	283,792
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	53,070	53,070
Class 4	2. Receivables	222,194	222,194
Class 3	3. Current Inventory accounts	8,528	8,528
II	Non-current Assets	1,983,772	1,896,835
23	1. Investments	42,610	42,610
25,26	2. Finance assets	44,326	-
21,24,28	3. Tangible assets	1,882,186	1,839,576
20	4. Intangible assets	14,649	14,649
III	Other assets	-	-
B	Liabilities	242,574	242,574
I	Current liabilities	242,574	242,574
Class 4	1. Accounts payable	242,574	242,574
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	2,024,990	1,938,053
	Presented: Consolidated budget	1,992,300	1,905,363
	Carried forward results	32,690	32,690

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,267,564 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 18% compared to December 31, 2014.

Current assets

- Current assets which have 13% of total assets are increased by 134% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed a decrease of 13% of cash where the impact on this growth was the increase of total current assets while accounts receivable are increased by 371% and the accounts of the state of inventories have decreased by 35%.

Accounts Receivable

- Structure of total debtors of Municipality Roskovec consists of 8.2% of debtors of LGU Roskovec, 75.7% of debtors of LGU Kuman and 16.1% of debtors of LGU Kurjan.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Roskovec (87%) have suffered an increase of 11% in total where the impact in this growth was the increase of financial assets during 2015, and the increase in tangible assets by 16% which accounted for 83% of total assets.

PPEs

- 24.9% of PPEs of Municipality Roskovec are the PPEs of LGU Roskovec, 43.6% of PPEs of LGU Kuman, 13.6% of LGU Kurjan and 17.9% of LGU Sturm.

Accounts Payable

Accounts payable have increased by 24% for the period ended July 31, 2015 compared with the previous year 2014

- 8.4% of the total accounts payable is composed of accounts payable of LGU Roskovec, 71.8% from LGU Kuman, 17.7% from LGU Kurjan and 2.2% from LGU Sturm.

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	405,361	405,361
	I. REVENUES AND CONTRIBUTES	84,924	84,924
A			
70,750,71	1. Tax revenues upon	75,811	75,811
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	9,113	9,113
71	II. GENERAL ACTUAL GRANTS	282,956	282,956
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	37,481	37,481
78	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	326,002	326,002
B	I. ACTUAL EXPENSES	326,002	326,002
	1. Salaries and employees contribution	53,248	53,248
600 601	2. Goods and Services	198,515	198,515
602	3. Subsidies	-	-
603	4. Internal actual transfers	17	17
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	74,222	74,222
605			
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	-	-
67	DETERMINED NET INCOME	79,359	79,359
C	From this: Functioning results	32,690	32,690
	Functioning observed grants	46,669	46,669

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 405,361 thousand. 21% of the total municipal income is composed of tax and non-tax revenues, 70% of income from grants and 9% from other incomes.

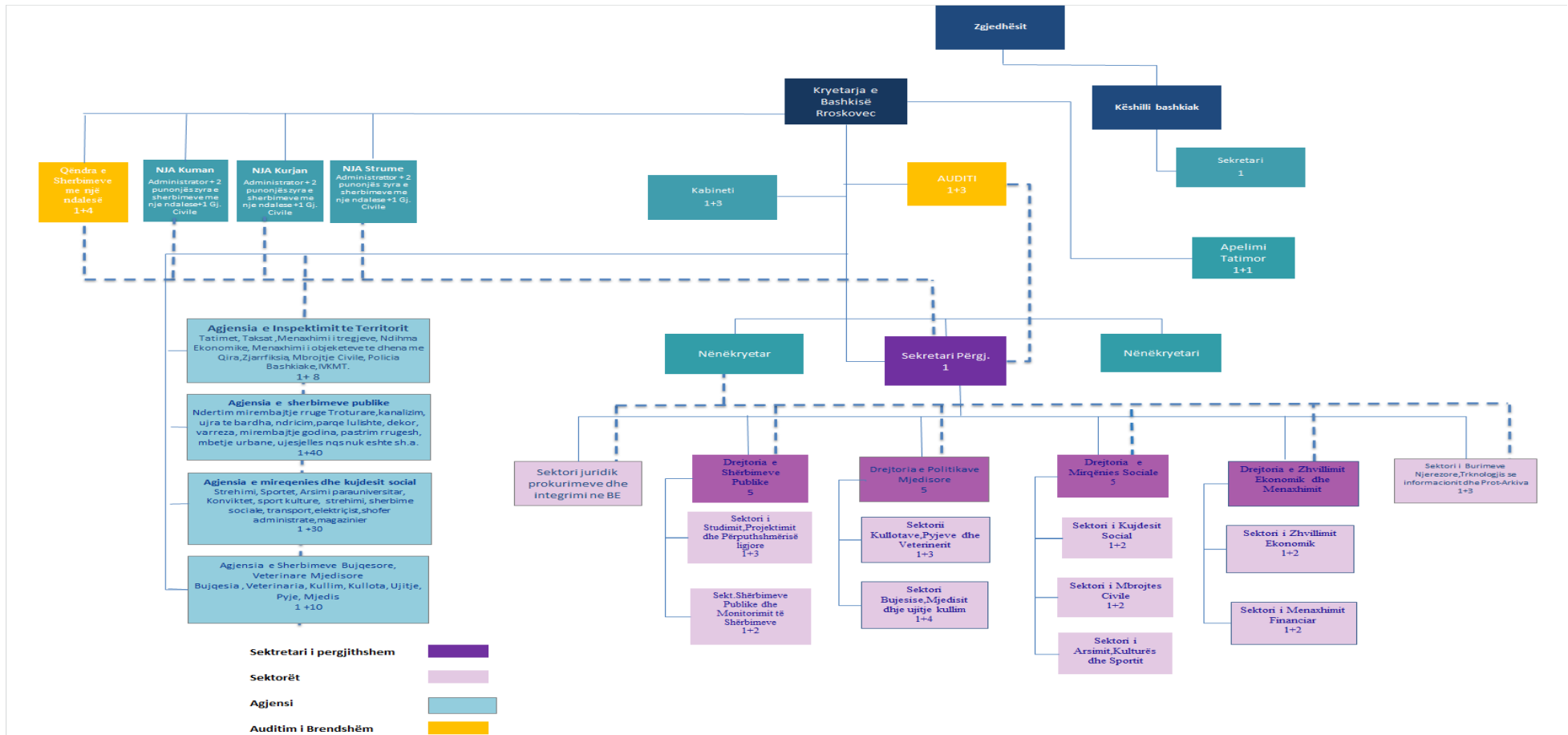
The structure of total revenues is comprised of 77.5% of the revenue generated from LGU Roskovec, 66.6% from LGU Kuman, 6% from 9.9% LGU Kurjan and 9,9% from LGU Sturm.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 326,002 thousand. 100% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure consists of total expenditure by 17.2% of expenses of LGU Roskovec, 63.9% from LGU Kuman, 7.1% from LGU Kurjan and 11.8% from LGU Sturm.

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 pergjithshem**
- Sektorët**
- 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, 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 207 employees. More detailed: 22 persons are working under employment contracts of one year, 182 persons working under the indefinitely employment contract, 1 person is on probation period, (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

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 Roskovec. It is worth mentioning that the Municipality Roskovec, 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>	

Observations	Recommendations
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of 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. The municipality has implemented Microsoft Windows Office 2007, 2010, Microsoft Windows 7 Ultimate, XP SP 2, Autocad 2008, Map 3D 2012 and Teamviewer 2014 . These programs are being used by 152 persons. The municipality has in its staff 2 persons responsible for the maintenance of hardware and software devices.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Installed Software	9	6	4	7
Contracts of licences	n/a	n/a	1	3
Computer (desktop)	68	25	13	12
Printers	18	12	5	6
Servers	21	11	5	5
IT staff in total	n/a	n/a	n/a	n/a
Hardware and Software maintenance	2	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Roskovec 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 Fier 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 Roskovec 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:

- 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 Patos and Zharrez receive telephone and internet service from a local service provider, Taulant Hajdini and Liljana Stavri. In LGU Kurjan there is lack of internet and telephone service. Only in LGU Roskovec there is internet and telephone service provided meanwhile in LGU Kuman and Strum there is offered only the internet service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Telephony service	Local Provider	n/a	n/a	n/a
Telephony/service providers	Local Provider	n/a	n/a	n/a
Internet service	Local Provider	Local Provider	n/a	Local Provider
Assess coverage of the telephony service	Local Coverage	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Observations and Recommendations

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

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 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 archive function in LGU Patos is performed by the archive specialist, in LGU Kuman the archive function is performed by the Deputy Mayor, in LGU Strum it is performed by the archive specialist
- From the information obtained during the field work, the majority of the technical requirements are partially met in the 4 LGUs
- The documents are partially processed according to the requirements by Archiving Methodology in 4 LGUs
- Transfer of documents with 10-year storage period in the State Archives is not conducted in accordance with legal deadlines by any of the LGUs
- Regarding the registers, from all LGUs there is kept the Register of Correspondence while the Delivery Book is not kept in LGU Kurjan and LGU Strum.
- 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 Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	NO
Secured doors and windows with a metallic net and automatic door closure	Yes	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes,in wood shelves	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall and from each other.	No	No	Yes, but with 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	No	No	No info	
Archive keys in two copies	Yes	1 copy	No	NO
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.	No	No	ska info	Only 1 copy of key
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	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 Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
<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>	Documents of year 2015	No	ska info	ska info
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	No info	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 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 	Partially in some years	No	Partially	Partially

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
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 documents found	No	No info	No info
The emblem of the Republic	No	No	No	No
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	No	No	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	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model				
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	No	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No
Mod 6 - Elements of cover dossier	No	No	No	No
Mod 7 - Register of files	No	No	No	No
Mod 8 - Internal File register	Yes	No	No	No
Mod 9 - Decision of the Commission of Experts	Yes	Year 2015	Yes	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	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	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.
- In all LGUs there is lack of the leased properties Record and a Record for the owned entities.
- 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
- Special Committees for the disposal of assets are formed in the 4 LGUs.
- 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 Roskovec	LGU Kuman	LGU Kurjan	LGU Strum
Adopted rules and procedures on asset management	No	No	No	No
Authorizing Officer	Gezim Caushi	Rajmond Plaka	Adriano Shabanaj	Safet Ruko
Executing Officer	Liri Hyskaj	Paro Fisheku	Selman Çepele	Arqile Bane
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No
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.

Apendix 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Roskovec	Water supply City Roskovec	It has not started yet. The contract is signed with the service provider.	n/a	1 004 883 Leke without TVSH
Roskovec	Construction and reconstruction of sewerage network City Roskovec	It has not started yet. The contract is signed with the service provider.	n/a	936094 Leke without TVSH

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		1,941,161	1,896,835	1,795,250
3		I. Intangible Assets		14,649	14,649	14,649
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	14,649	14,649	14,649
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		1,882,186	1,882,186	1,780,601
10	210	Land		119,887	119,887	119,887
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	429,081	429,081	380,095
13	213	Roads, networks, water facilities	F6, Sh1	1,260,292	1,260,292	1,104,698
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	7,366	7,366	4,676
15	215	Transport vehicles	F6, Sh1	30,035	30,035	29,497
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	68,618	68,618	50,382
19	219	Depreciation of tangible assets	F7, Sh1	(75,703)	(75,703)	(67,682)
20	231	Expenses in process for increase of current tangible assets	F4	42,610	42,610	159,048
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		44,326	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		44,326	-	-
27	B	CURRENT ASSETS		283,792	283,792	121,073
28	Class 3	I. Inventory Status		8,528	8,528	13,091
29	31	Materials	Sh2	861	861	1,440
30	32	Inventory Objects	Sh2	7,668	7,668	11,651
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		222,194	222,194	47,130
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 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)		198,877	198,877	28,366
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	23,317	23,317	18,764
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		53,070	53,070	60,852
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	53,070	53,070	60,852
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		2,224,954	2,180,627	1,916,323
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		1,949,690	1,905,363	1,808,341
2	10	I. Own funds		1,949,690	1,905,363	1,802,911
3	101	Base funds	F8	1,907,080	1,862,753	1,649,293
4	105	Capital internal grants		42,610	42,610	153,618
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		-	-	5,430
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	5,430
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		242,574	242,574	69,978
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		242,574	242,574	69,978
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	189,285	189,285	16,966
23	42	Employees and related accounts		7,743	7,743	8,439
24	431	Liabilities to government for taxes		109	109	267
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)		23,317	23,317	18,764
28	435	Social Insurance		1,527	1,527	1,444
29	436	Health Insurance		214	214	148
30	437	Other social organizations		-	-	724
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	20,380	20,380	22,848
36	467	Other creditors		-	-	378
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)		32,690	32,690	38,004
43	X	TOTAL LIABILITY		2,224,954	2,180,627	1,916,323
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		330,564	330,564	297,825	
2	60	I. Current expenses		326,002	326,002	296,857	
3	600	Salaries, bonuses		45,938	45,938	70,371	
4	6001	Salaries		45,878	45,878	70,371	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		60	60	-	
8	601	Health and social insurance contributions		7,311	7,311	11,586	
9	6010	Insurance contributions		6,541	6,541	10,763	
10	6011	Health insurance		769	769	824	
11	602	Other goods and services		198,515	198,515	46,526	
12	6020	Stationary		2,614	2,614	5,202	
13	6021	Special services		1,036	1,036	204	
14	6022	Services from third party		177,392	177,392	17,956	
15	6023	Transport expenses		5,447	5,447	10,694	
16	6024	Travel expense		456	456	802	
17	6025	Ordinary maintenance expenses		4,427	4,427	3,625	
18	6026	Rent expenses		-	-	215	
19	6027	Expenses for legal liability for compensation		2,281	2,281	1,094	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		4,861	4,861	6,734	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		17	17	1,274
29	6040	Current transfers to other government levels		17	17	1,274
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		74,222	74,222	167,100
39	6060	Transfers paid from ISS and HII		2,710	2,710	30,396
40	6061	Transfers paid from other institutions and Local government		71,512	71,512	136,704
41	63	II. Change in inventory balances	F1	4,563	4,563	968
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		330,564	330,564	297,825	
61		D. RESULT CORRECTIONS ACTIVITES		46,799	46,799	304,292	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		46,652	46,652	304,259	
64	8420	Revenues deposited in the budget		17	17	2	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		129	129	30	
68	8424	Transfers for identified debtors and similar items		-	-	-	
69	Class 6 & 8	TOTAL FROM OPERATIONS		377,363	377,363	602,116	
70	85	RESULTS FROM FUNCTIONING		32,690	32,690	38,004	
71	X	TOTAL		410,053	410,053	640,120	

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	405,361	405,361	639,121.58
2	70	I. TAX INCOMES	75,811	75,811	118,890
3	700	a) On revenues, profit, and equity revenue	1,680	1,680	4,324
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,680	1,680	4,324
7	7009	Other tax	-	-	-
8	702	b) Property tax	69,875	69,875	108,679
9	7020	On immovable property	69,875	69,875	108,679
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	4,256	4,256	5,887
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	2,899	2,899	3,757
17	7035	Local tax on goods usage and activity permission	1,357	1,357	2,130
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	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	9,113	9,113	57,708
35	710	a) From enterprise and ownership	434	434	13,900
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	434	434	13,900
39	711	b) Administrative service and secondary revenues	8,680	8,680	43,808
40	7110	Administrative tariffs and regulations	2,285	2,285	9,589
41	7111	Secondary revenues and payments of services	6,296	6,296	34,076
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	90	90	129
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	9	9	15
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	282,956	282,956	428,024
49	720	a) Internal actual grant	282,956	282,956	428,024
50	7200	From same Government level	40,333	40,333	273,589
51	7201	From other Government levels	43,745	43,745	126,069
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	198,877	198,877	28,366
57	7207	Third party sponsorship	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	37,481	37,481	34,499
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	37,481	37,481	34,499
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	405,361	405,361	639,122
81	83	D. RESULT CORRECTIONS ACTIVITES	4,692	4,692	998
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	4,692	4,692	998
84	Class 7 & 8	TOTAL FROM OPERATIONS	410,053	410,053	640,120
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	410,053	410,053	640,120

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	153,618	220,355	109,346	42,610
2	105	Internal capital grants	153,618	220,355	109,346	42,610
3	1050	From the same government level	-	53,788	53,788	-
4	1051	From other Government levels	153,618	148,792	37,783	42,610
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	17,774	17,774	-
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	5,430	6,124	694	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	5,430	6,124	694	-
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)	-	-	-	-

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>						
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	159,048	92,266	208,704	42,610
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	159,048	92,266	208,704	42,610
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	33,780	15,640	49,421	-
39	2313	Roads, networks, water facilities Technical installment, machinery, equipment, working tools	125,268	72,937	155,594	42,610
40	2314		-	2,690	2,690	-
41	2315	Transport vehicles	-	538	538	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	461	461	-
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	-	-	-	-

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>						
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)	312,666	312,621	318,050	85,220

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	60,852	-	-	-
2	II. RECEIVABLES "CASH"	268,097	-	-	-
3	1. Funds from budget	142,786	-	-	-
4	Actual budget funds (Budget with changes)	98,479	-	-	-
5	Capital budget funds (Budget with changes)	44,307	-	-	-
6	2. Incomes and revenues during the year in "Cash"	125,311	-	-	-
7	Tax revenues in "Cash"	75,811	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	9,113	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	36,997	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3,389	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	240,147	-	-
15	1. Payment from the budget for actual expenses	-	75,734	-	-
16	2. Payments from the budget for capital expenses	-	31,335	-	-
17	3. Payments from revenues for actual expenses	-	80,568	-	-
18	4. Payments from revenues from capital expenses	-	46,652	-	-
19	5. Payments from storage	-	5,858	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	35,732	-	-
22	1. Deposit of revenues in the budget	-	15	-	-
23	2. Unused budget (actual and capital)	-	35,717	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	328,949	275,879	-	-
26	VI. CLOSING BALANCE	53,070	-	-	-

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.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	14,649	-	-	-	-	-	-	-	-	-	14,649
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
2	201											
3	202	14,649	-	-	-	-	-	-	-	-	-	14,649
	Studies and research											
4	203	-	-	-	-	-	-	-	-	-	-	-
	Concessions, license, other similar licenses											
4/1	230	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current intangible assets											
5	II. TANGIBLE	1,689,235	208,704	-	17,774	-	226,478	-	435	-	435	1,915,279
6	210	119,887	-	-	-	-	-	-	-	-	-	119,887
	Land											
7	211	-	-	-	-	-	-	-	-	-	-	-
	Forests, Pasture, Plantation											
8	212	380,095	49,421	-	-	-	49,421	-	435	-	435	429,081
	Building and Constructions											
9	213	1,104,698	155,594	-	-	-	155,594	-	-	-	-	1,260,292
	Roads, networks, water facilities											
	Technical installment, machinery, equipment, working tools	4,676	2,690	-	-	-	2,690	-	-	-	-	7,366
10	214											
11	215	29,497	538	-	-	-	538	-	-	-	-	30,035
	Transport vehicles											
12	216	-	-	-	-	-	-	-	-	-	-	-
	Government reserve											
13	217	-	-	-	-	-	-	-	-	-	-	-
	Working and production animals											
14	218	50,382	461	-	17,774	-	18,236	-	-	-	-	68,618
	Economic Inventory											
17	24	-	-	-	-	-	-	-	-	-	-	-
	Damaged current tangible assets											
18	28	-	-	-	-	-	-	-	-	-	-	-
	Assignments											
19	TOTAL (I + II)	1,703,884	208,704	-	17,774	-	226,478	-	435	-	435	1,929,928

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	67,682	8,160	-	8,160	-	139	-	139	75,703
		TOTAL (I + II)	67,682	8,160	-	8,160	-	139	-	139	75,703

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 '00 , 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	1,649,293	13,148	270,934	1,907,080	1,649,293	13,148	226,608	1,862,753
2	1010	Status of base fund	1,649,293	-	-	1,649,293	1,649,293	-	-	1,649,293
3	1011	Additions base fund	-	-	270,934	270,934	-	-	226,608	226,608
4	1012	Decrease base fund	-	4,692	-	(4,692)	-	4,692	-	(4,692)
		Decrease from tangible	-	8,160	-	(8,160)	-	8,160	-	(8,160)
5	1013	assets consume								
		Decrease from selling	-	-	-	-	-	-	-	-
6	1014	tangible assets								
7	1015	Decrease from	-	296	-	(296)	-	296	-	(296)
		Decrease from transferring	-	-	-	-	-	-	-	-
8	1016	tangible assets								
		DIFFERENCE IN	-	-	-	-	-	-	-	-
		TANGIBLE ASSETS								
9	109,	REVALUATION								
	105,107,11,12,		197,052	173,635	51,883	75,300	197,052	173,635	51,883	75,300
10	13,145,15,85	INTERNAL FUND								
11	105	Capital internal grants	153,618	151,629	40,621	42,610	153,618	151,629	40,621	42,610
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	5,430	6,124	694	-	5,430	6,124	694	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
		Participation of the	-	-	-	-	-	-	-	-
		institution in investing for								
16	145	third parties								
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

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>
		disasters and expenses								
18	85	Result	38,004	15,882	10,569	32,690	38,004	15,882	10,569	32,690
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)	1,846,345	186,782	322,818	1,982,380	1,846,345	186,782	278,491	1,938,053

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.

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)	215	19	-	234	45,878	-	-	9,572	-	1,493
1	Directors	18	-	-	18	6,378	-	-	1,477	-	260
	High level education										
2	specialist	44	5	-	49	13,188	-	-	2,608	-	807
3	Technical	16	2	-	18	3,777	-	-	891	-	183
4	Ordinary officers	47	7	-	54	8,224	-	-	1,992	-	30
5	Employees	90	5	-	95	14,311	-	-	2,604	-	212
	Temporary										
6	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	2,267,564	2,180,627	1,916,323
2	I	Current Assets	283,792	283,792	121,073
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	53,070	53,070	60,852
13	Class 4	2. Receivables	222,194	222,194	47,130
29	Class 3	3. Current Inventory accounts	8,528	8,528	13,091
39	II	Non-current Assets	1,983,772	1,896,835	1,795,250
40	23	1. Investments	42,610	42,610	159,048
44	25,26	2. Finance assets	44,326	-	-
47	21,24,28	3. Tangible assets	1,882,186	1,839,576	1,621,553
60	20	4. Intangible assets	14,649	14,649	14,649
65	III	Other assets	-	-	-
69	B	Liabilities	242,574	242,574	69,978
70	I	Current liabilities	242,574	242,574	69,978
71	Class	1. Accounts payable	242,574	242,574	69,978
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)	2,024,990	1,938,053	1,846,345
97		Presented: Consolidated budget	1,992,300	1,905,363	1,808,341
98		Carried forward results	32,690	32,690	38,004

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	405,361	405,361	639,122
2	70,750,71	I. REVENUES AND CONTRIBUTES	84,924	84,924	176,598
3	70	1. Tax revenues upon	75,811	75,811	118,890
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	9,113	9,113	57,708
23	72	II. GENERAL ACTUAL GRANTS	282,956	282,956	428,024
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	37,481	37,481	34,499
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	-	-	-
34		I. ACTUAL EXPENSES	326,002	326,002	296,857
35	600 601	1. Salaries and employees contribution	326,002	326,002	296,857
38	602	2. Goods and Services	53,248	53,248	81,957
49	603	3. Subsidies	198,515	198,515	46,526
50	604	4. Internal actual transfers	-	-	-
51	605	5. External actual transfers	17	17	1,274
52	606	6. Budget transfers for families and individuals	-	-	-
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	74,222	74,222	167,100
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	-	-	-
58	C	DETERMINED NET INCOME	79,359	79,359	342,265
59		From this: Functioning results	32,690	32,690	38,004
60		Functioning observed grants	46,669	46,669	304,261