

STAR Project

Municipality Dropull 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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	54
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	55
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	56
Financial due diligence	26		
Summary of observations and recommendations	27		
Consolidated financial statements	31		
Appendix 1 – Possible organization structure	35		
Appendix 2 – Personnel matters	36		
Appendix 3 – Information Technology	39		
Appendix 4 – Communication	42		
Appendix 5 – Archives	45		
Appendix 6 – Assets Management System	50		

Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Dropull and three existing LGUs of Dropull i Poshtem, Dropull i Siperm, Pogon, 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

Table 1: Roles in the municipality/administrative units

Roles	Municipality Dropull	LGU Dropull i Siperm	LGU Dropull i Poshtem	LGU Pogon
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	✓		✓
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

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

Performed roles are shown in table 1, below

- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized 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, 3 units are transformed in 1 Municipality with 2 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role		
New Municipality	Dropull	
Municipality Council	✓	
Mayor	✓	
Deputy Mayor	✓	
Secretary of Municipality Council	✓	
Administrative Unit	Dropull i Poshtëm	Pogon
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. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.

- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

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

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

The total number of people performing public services is 32.

- 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 21.

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

Public Services	LGU Dropull i Siperem	LGU Dropuli Poshtem	LGU Pogon	Merged
Infrastructure and public services				
Water Supply Company	1	2	n/a	3
Functioning of the sewerage system	n/a	n/a	n/a	0
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	4	n/a	4
Construction of roads, pavements and public squares	n/a	n/a	n/a	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	4	2	5	11
Public lighting	1	n/a	n/a	1
The operation of urban public transport	n/a	1	n/a	1
Cemeteries administration and guarantee of funeral services	n/a	n/a	n/a	0
Decorations Service in town / village	n/a	n/a	n/a	0
Administration of parks, gardens and public spaces	n/a	n/a	1	1
Collection, disposal and recovery of waste	n/a	n/a	n/a	0
Urban planning	n/a	n/a	n/a	0
Land management	n/a	n/a	n/a	0
Shelter	n/a	n/a	n/a	0
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	0
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	0
Social services of kinder gardens	n/a	n/a	n/a	0
Social services - orphanages, shelters	n/a		n/a	0
Local economic development				
Preparation of local economic development programs	n/a	n/a		0
Establishment and function of public markets and trade network	n/a	n/a	n/a	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	0
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a		0

Public Services	LGU Dropull i Siper	LGU Dropuli Poshtem	LGU Pogon	Merged
Veterinary services	1	n/a	n/a	1
Conservation and development of forests and natural resources of local character	n/a	n/a	1	1
The order and civil protection				
Preservation of public order to prevent administrative violations	2	n/a	n/a	2
Civil protection	n/a	n/a	n/a	0
Educational institutions				
Maintenance of facilities in preliminary education	3	n/a	n/a	3
Medicine				
Health care system and the protection of public health	n/a	n/a	n/a	0
Social care				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	n/a	n/a	0
Social Care on domestic violence	n/a	n/a	n/a	0
Social care for the protection of children's Rights	n/a	n/a	n/a	0
Environmental Protection				
Environmental Protection	1	n/a	n/a	1
Register Office				
Register Office	1	1	1	3
Business Registration				
National Registration Center	n/a	n/a	n/a	0
Total	14	10	8	32

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

Horizontal Functions	LGU Dropull i Siperem	LGU Dropull i Poshtem	LGU Pogon	Merged
Finance	2	2	2	6
Local taxes and Tariffs	4	1	1	6
Legal Issues	n/a	n/a	n/a	0
Procurement	1	1	n/a	2
Institutional Relations	n/a	n/a	n/a	0
Human Resources	n/a	n/a	n/a	0
Protocol	n/a	n/a	n/a	0
Archiving	1	n/a	1	2
Information Technology	n/a	n/a	n/a	0
Supporting services	2	2	1	5
Internal Audit	n/a	n/a	n/a	0
Total	10	6	5	21

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:

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- Contracted services :
 - n/a
- 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	Jo	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	Jo	No	Yes
Land management	Yes	No	No
Shelter	Jo	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

Local economic development			
Preparation of local economic development programs	Jo	No	No
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;

In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:

- The first block is related to function of the President, the Cabinet of the President, Sub / Heads and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New City Hall. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New City Hall. The highest position in this block is the Secretary-General, the new role is added to the proposed organizational structure.

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

- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block of the office of one-stop service at QB and NJA. We explain that these offices will have a QB Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends QB solutions. Also, QB these offices can be raised even at the neighborhood level, which are created when the population is more than 20,000 residents. While in NJA 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in QB and its agencies, if applicable.

Financial due diligence

Summary of observations and recommendations

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

Investments	
<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 23,714 thousand ALL. Overdue municipal obligations are reported at a value 12,525 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 uniform software solution for</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.

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 Dropull, 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 Dropull, LGU Dropull i Poshtem, LGU Dropull i Siperi, LGU Pogon,

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	90,292
Tax and non-tax revenue	15,687
Total Expenses	90,667
Total Assets	780,080
Liabilities	23,714

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	780,080	776,857
I	Current Assets	41,013	37,790
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	19,538	19,538
Class 4	2. Receivables	19,955	16,732
Class 3	3. Current Inventory accounts	1,520	1,520
II	Non-current Assets	739,067	739,067
23	1. Investments	114	114
25,26	2. Finance assets	-	-
21,24,28	3. Tangible assets	734,234	734,234
20	4. Intangible assets	4,719	4,719
III	Other assets	-	-
B	Liabilities	23,714	20,491
I	Current liabilities	23,714	20,491
Class 4	1. Accounts payable	23,714	20,491
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	756,365	756,365
	Presented: Consolidated budget	740,587	740,587
	Carried forward results	15,778	15,778

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 780,080 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 3% compared to December 31, 2014.

Current assets

- Current assets which have 5% of total assets are increased by 28% 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 8% of cash, and an increase of accounts receivable by 66%.

Accounts Receivable

- Structure of total debtors of municipality Dropull consists of 36.94% of debtors of LGU Dropull i Siperem, 56.23% of debtors of LGU Dropull i Poshtem, 6.83% of LGU Pogon.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Dropull 95% have increased by 2% in total, where the biggest effect in this increase, was the addition of financial assets by 2 % during 2015, which occupy 91% of total assets.

PPE

- 50.17% of PPEs of Municipality Dropull are composed by the PPEs of LGU Dropull i Siperi , 41.20% PPEs by LGU Dropull i Poshtem, and 8.64% by LGU Pogon.

Accounts Payable

Accounts payable have increased by 34% during the period ended July 31, 2015 compared with the previous year 2014.

- 41.71% of the total accounts payable is composed of accounts payable of LGU Dropull i Siperi , 50.84% by LGU Dropull i Poshtem, and 7.44% by LGU Pogon

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	106,445	103,222
A	I. REVENUES AND CONTRIBUTES	15,687	15,687
70,750,71	1. Tax revenues upon	7,816	7,816
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	7,872	7,872
71	II. GENERAL ACTUAL GRANTS	90,292	87,069
72	III. FINANCIAL REVENUES	-	-
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	466	466
B	TOTAL EXPENSES	90,667	87,444
B	I. ACTUAL EXPENSES	59,580	56,357
600 601	1. Salaries and employees contribution	18,326	18,326
602	2. Goods and Services	21,219	18,006
603	3. Subsidies	1,781	1,781
604	4. Internal actual transfers	222	222
605	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	18,032	18,022
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	31,087	31,087
67	DETERMINED NET INCOME	15,778	15,778
C	From this: Functioning results	15,778	15,778
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was 381,771 thousand lek. 7% of the total municipality income is composed of tax and non-tax revenues, 85% of income are from grants and 8% from other income.

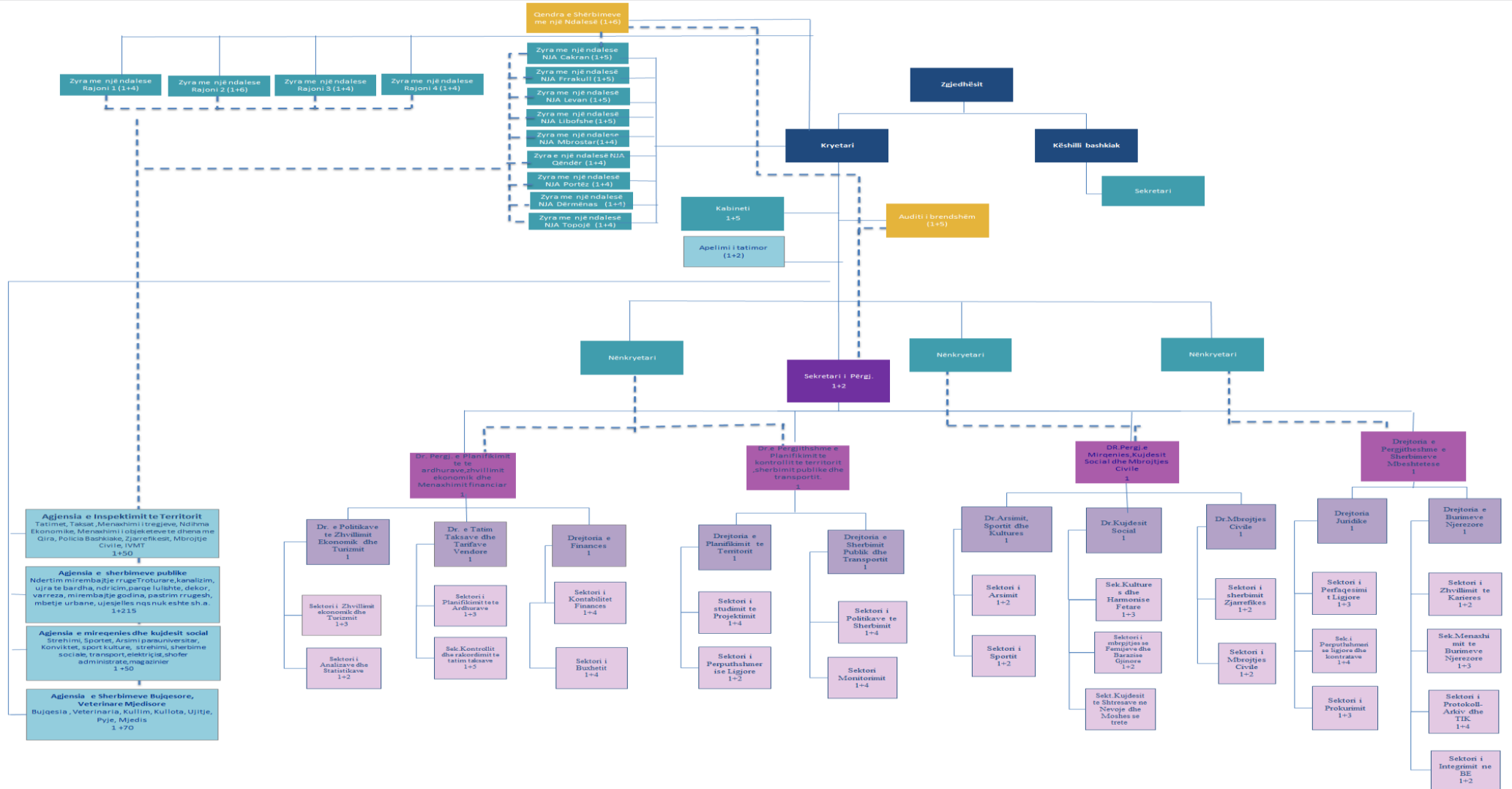
Structure of total revenues is comprised of 38.05% of the revenue generated from LGU Dropull i Siperem, 44.76% PPE by LGU Dropull i Poshtem, 17.18% by LGU Pogon.

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 90,667 thousand Lek. 66% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 33.82% of the expenditures of LGU Dropull i Siperem, 47.91% PPE by LGU Dropull i Poshtem, 18.27% by LGU Pogon.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 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 Dropull. It is worth mentioning that the Municipality Dropull, 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. The structure of NJA contains working civil servants, permanent or on probation 	<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

- Hardware devices mainly consist mostly on desktop computers, printers, ups, and Xerox. Regarding the software used we can say that they are older versions and unlicensed.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	Dropull i Sipërm	Dropull i Poshtëm	Pogon	
Installed Software	Microsoft	Microsoft	Microsoft Office 2010	
Contracts of licenses	n/a	n/a	n/a	
Hardware (in usage)	43	30	2	
Computer (desktop)	17	8	2	
Printers	8	4	n/a	
Servers	18	18	n/a	
IT staff in total	n/a	n/a	n/a	
Hardware and Software maintenance	n/a	n/a	n/a	

Observations and Recommendations

IT environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <p>It is noticed that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model pc's. Also there is a maintenance contract.</p>	<p>In forming the organizational structure of the Municipality of New we suggest:</p> <p>Increasing the number of desktop computers, ups, printers, scanners and other accessories.</p>

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 department and communication between different sectors;

Summarized description of the information received

- Communication System consists of using the Internet. This service is provided by a local internet service provider through the cable system, the optical fiber. Not all employees have access to the administration regarding this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Observations and recommendations

Observations	Recommendations
<p>Communication Systems</p> <p>Communication systems consist only in the use of cable internet is offered free to the institution by the subject. No telephone apparatus installed in the office and does not have an email address of the institution itself.</p>	<p>Installation of telephone network in the office is a necessity for staff to create opportunities to communicate with each other without leaving the workplace.</p> <p>Also needed is the creation of email because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.</p>

Table 10: Communication System
Communication

Objectives	Dropull i Poshtëm	Dropull i Sipërm	Pogon
Telephony service	Yes	Yes	Yes
Telephony/service providers	Sintel	Sintel	Albtelekom
Internet service	Yes	Yes	No
Assess coverage of the telephony service	n/a	n/a	n/a
Internal communication lines	Verbal/written	n/a	n/a

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 municipal archives held by specialist journal and archive. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- 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	Dropull I Poshtëm	Dropull I Sipërm	Pogon
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	Jo	Yes	Yes
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	Yes	Yes
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	Yes	No
Archive keys in two copies	Yes	Yes	Yes
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Kept on guard at night	Yes	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Recorder keeps records of correspondence and register of exploitation.	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Dropull I Poshtëm	Dropull I Sipërm	Pogon
<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, branch, 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>	The files maintained in order according to the model 6.	Yes	YES
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	The files maintained in order according to the model 6	Yes	YES
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The 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 	The list is compiled by professional and technical norms for processing archives.	No	YES

Technical requirements for practices in the premises of archives and record-keeping methodology	Dropull I Poshtëm	Dropull I Sipërm	Pogon
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	YES	Yes	YES
The emblem of the Republic	YES	Yes	YES
At the head of the document should be written "Republic of Albania"	YES	Yes	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	YES
Signature of the director of the institution	YES	Yes	YES
Date and number of protocol	YES	Yes	YES
Mod 1 - Correspondence model	No	Yes	Yes
Mod 3 - Serial Number of Correspondence	No	Yes	YES
Mod 4. -The Book Delivery	No	Yes	YES
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice	No	No	YES

Technical requirements for practices in the premises of archives and record-keeping methodology	Dropull I Poshtëm	Dropull I Sipërm	Pogon
versa			
Mode 5 - Table definitions of files for the year	No	No	YES
Mod 6 - Elements of cover dossier	No	Yes	YES
Mod 7 - Register of files	No	Yes	No
Mod 8 - Internal File register	No	No	No
Mod 9 - Decision of the Commission of Experts	No	No	YES
Mod 10 - Compilation of the list of documents that set aside	No	No	YES
Mod 11 - The period laid down for storage (protection)	No	No	YES
Mod 12 - Destruction of documents containing any further value	No	Yes	No

Observations and Recommendations

Observations	Recommendations
<p>Fulfillment of technical requirements on archives</p> <p>Technical requirements on archives are not fully met.</p>	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to fully fulfill the technical requirements specified in the Archiving Methodology
<p>The lack of records and compliance with requirements of archiving Methodology</p> <p>Not all registers, stock lists, records or forms required by the methodology are held at the LGU's archives.</p>	<ul style="list-style-type: none"> • Maintain all records requested in order that the creation, documentation and transfer of documentation made in accordance with the Archiving Methodology requirements. • Perform processing technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being processed in LGU, it should also be taken into consideration in order to facilitate the reorganization of the archive of the new Municipality.

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 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.
- In the absence of a regulation or internal procedures adopted by the President, the unit applies the provisions of Instruction no. 30 dated 27.12.2001 "On the management acts in the public sector" as amended. However, certain requirements of the above Directive concerning the management of acts, records of certain assets and asset valuation are partially fulfilled.
- 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	Dropull i Poshtëm	Dropull i Sipërm	Pogon
Adopted rules and procedures on asset management	Yes	No	Yes
Authorizing Officer	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	No	Yes
Asset Accounting Register	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes
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	No	Yes	No
Committee of disposal of assets	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Lack of Procedure and the assessment of assets	
<ul style="list-style-type: none">• Risk management plan, objectives and control mechanisms management assets are not implemented.	<ul style="list-style-type: none">• Risk management plan, control objectives and management mechanisms of assets implemented by the New Municipality.

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
Dropull I Sipërm	Domestic water supply lines Bodrisht-Vodhino	In Process	383,000	2,031,000
	Domestic water supply lines Llovinë + Likomil	In Process	1,200,000	1,200,000
	Domestic water supply lines Pepel	In Process	1,843,000	1,843,000
	Water depot + depot water Llongo Krioner	In Process	1,635,000	5,529,000
	Supervising and technical control	In Process	32,000	32,000
	Street Kerre	In Process	3,560,000	10,560,000
	Supervising and technical control	In Process	49,000	85,000
Dropull I Poshtëm	n/a			
Pogon	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	Acc no	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		739,067	739,067	727,938
3		I. Intangible Assets		4,719	4,719	4,816
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	10,801	10,801	10,801
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	(6,082)	(6,082)	(5,985)
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		734,348	734,348	723,122
10	210	Land		199	199	199
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	165,909	165,909	165,909
13	213	Roads, networks, water facilities	F6, Sh1	601,062	601,062	585,921
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	5,670	5,670	4,034
15	215	Transport vehicles	F6, Sh1	7,224	7,224	7,224
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	15,010	15,010	15,271
19	219	Depreciation of tangible assets	F7, Sh1	(60,839)	(60,839)	(55,435)
20	231	Expenses in process for increase of current tangible assets	F4	114	114	-
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-

In ALL'000

No	Acc no	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	28	Assignments		-	-	-
24	25	III. Financial Assets		-	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		-	-	-
27	B	CURRENT ASSETS		41,013	37,790	32,094
28	Class 3	I. Inventory Status		1,520	1,520	1,986
29	31	Materials	Sh2	-	-	-
30	32	Inventory Objects	Sh2	1,520	1,520	1,986
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		19,955	16,732	11,995
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		42	42	42
		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)		16,293	13,070	7,799
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	3,620	3,620	4,154

In ALL'000

No	Acc no	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		19,538	19,538	18,113
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	19,538	19,538	18,113
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		780,080	776,857	760,032

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		740,587	740,587	729,924
2	10	I. Own funds		730,583	730,583	714,657
3	101	Base funds	F8	729,376	729,376	713,450
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		1,207	1,207	1,207
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		10,004	10,004	15,266
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		4,459	4,459	10,338
11	116	Revenues from selling of current assets		5,545	5,545	4,928
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		23,714	20,491	17,733
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		23,714	20,491	17,733
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	9,278	9,278	4,826
23	42	Employees and related accounts		2,973	2,973	1,946
24	431	Liabilities to government for taxes		155	155	303
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		3,661	3,661	4,196
28	435	Social Insurance		605	605	572
29	436	Health Insurance		36	36	79
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	3,760	3,760	5,738
36	467	Other creditors		3,247	24	73
37	C	OTHER ACCOUNTS		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		15,778	15,778	12,375
43	X	TOTAL LIABILITY		780,080	776,857	760,032
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		60,045	56,822	111,504	
2	60	I. Current expenses		59,580	56,357	111,756	
3	600	Salaries, bonuses		15,716	15,716	29,298	
4	6001	Salaries		15,716	15,716	29,298	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		2,610	2,610	4,810	
9	6010	Insurance contributions		2,397	2,397	4,347	
10	6011	Health insurance		213	213	463	
11	602	Other goods and services		21,219	18,006	33,909	
12	6020	Stationary		951	951	2,253	
13	6021	Special services		719	719	756	
14	6022	Services from third party		6,793	6,793	13,542	
15	6023	Transport expenses		2,624	2,624	5,499	
16	6024	Travel expense		121	121	285	
17	6025	Ordinary maintenance expenses		2,966	2,966	4,988	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		-	-	-	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		7,046	3,832	6,586	
22	603	Subsidies		1,781	1,781	21	
23	6030	Subsidies for price differences		1,781	1,781	21	
24	6031	Subsidies to promote employment		-	-	-	
25	6032	Subsidies to cover loss		-	-	-	

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
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		222	222	552
29	6040	Current transfers to other government levels		222	222	552
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		18,032	18,022	43,165
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		18,032	18,022	43,165
41	63	II. Change in inventory balances	F1	466	466	(252)
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		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
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		-	-	-

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
60	Class 6	TOTAL EXPENSES		60,045	56,822	111,504
61		D. RESULT CORRECTIONS ACTIVITES		30,621	30,621	54,280
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		6,185	6,185	39,182
64	8420	Revenues deposited in the budget		-	-	4,345
65	8421	Deposit in the budget of unused revenues		-	-	213
66	8422	Transfers of revenues within the system		11,366	11,366	-
67	8423	Transfers for changes in situation		-	-	55
68	8424	Transfers for identified debtors and similar items		13,070	13,070	10,486
69	Class 6 & 8	TOTAL FROM OPERATIONS		90,667	87,444	165,785
70	85	RESULTS FROM FUNCTIONING		15,778	15,778	12,375
71	X	TOTAL		106,445	103,222	178,160

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	105,979	102,756	178,357
2	70	I. TAX INCOMES	7,816	7,816	17,920
3	700	a) On revenues, profit, and equity revenue	1,016	1,016	2,736
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,016	1,016	2,736
7	7009	Other tax	-	-	-
8	702	b) Property tax	5,158	5,158	11,799
9	7020	On immovable property	5,158	5,158	11,799
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	910	910	2,259
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	910	910	2,259
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	732	732	1,127
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	7,872	7,872	17,329
35	710	a) From enterprise and ownership	1,602	1,602	3,591
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	1,325	1,325	568
38	7109	Others from enterprise and ownership	277	277	3,023
39	711	b) Administrative service and secondary revenues	6,270	6,270	13,738
40	7110	Administrative tariffs and regulations	1,657	1,657	3,525
41	7111	Secondary revenues and payments of services	639	639	2,067
42	7112	Tax for legal actions and notary	-	-	60
43	7113	From goods and services sales	3,971	3,971	8,051
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	3	3	36
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non-tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	90,292	87,069	143,107
49	720	a) Internal actual grant	90,292	87,069	143,107
50	7200	From same Government level	60,931	60,931	116,392
51	7201	From other Government levels	593	593	921
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	100	100	126
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	16,293	13,070	7,799
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	12,375	12,375	17,870
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	105,979	102,756	178,357
81	83	D. RESULT CORRECTIONS ACTIVITES	466	466	(197)
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	466	466	(197)
84	Class 7 & 8	TOTAL FROM OPERATIONS	106,445	103,222	178,160
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	106,445	103,222	178,160

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	-	-	-	-
2	105	Internal capital grants	-	-	-	-
3	1050	From the same government level	-	-	-	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

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	-	16,943	16,943	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	16,943	16,943	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	79	79	-
39	2313	Roads, networks, water facilities	-	16,698	16,698	-
		Technical installment, machinery, equipment, working				
40	2314	tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	167	167	-
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 lending principal transaction	-	-	-	-

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>
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)	-	16,943	16,943	-

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	18,113	-	-	-
2	II. RECEIVABLES "CASH"	89,181	-	-	-
3	1. Funds from budget	71,803	-	-	-
4	Actual budget funds (Budget with changes)	60,931	-	-	-
5	Capital budget funds (Budget with changes)	10,872	-	-	-
6	2. Incomes and revenues during the year in "Cash"	17,378	-	-	-
7	Tax revenues in "Cash"	7,084	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	7,872	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	1,425	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	998	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	76,390	-	-
15	1. Payment from the budget for actual expenses	-	20,998	-	-
16	2. Payments from the budget for capital expenses	-	10,872	-	-
17	3. Payments from revenues for actual expenses	-	35,261	-	-
18	4. Payments from revenues from capital expenses	-	6,185	-	-
19	5. Payments from storage	-	2,722	-	-
20	6. Other payments	-	351	-	-
21	IV. TRANSFERS	-	11,366	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	-	-	-
24	3. Internal movements and transfers	-	11,366	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	107,294	87,756	-	-
26	VI. CLOSING BALANCE	19,538	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Transf. Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	10,801	-	-	-	-	-	-	-	-	-	10,801
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	10,801	-	-	-	-	-	-	-	-	-	10,801
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	778,557	16,943	114	-	-	17,057	-	427	-	427	795,187
6	210 Land	199	-	-	-	-	-	-	-	-	-	199
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	165,909	-	-	-	-	-	-	-	-	-	165,909
9	213 Roads, networks, water facilities	585,921	15,140	-	-	-	15,140	-	-	-	-	601,062
10	214 Technical installment, machinery, equipment, working tools	4,034	1,636	-	-	-	1,636	-	-	-	-	5,670
11	215 Transport vehicles	7,224	-	-	-	-	-	-	-	-	-	7,224
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
17	24 Damaged current tangible assets	-	-	114	-	-	114	-	-	-	-	114
19	TOTAL (I + II)	789,358	16,943	114	-	-	17,057	-	427	-	427	805,988

Comments: The net amount of 805987632 presented in the statement above does not reconcile with the outstanding balance on Format 1: Statment of Assets for a total value of ALL 114,000.

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	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
				<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	
1	209	I. INTAGIBLE	5,985	97	-	97	-	-	-	-	6,082
2	219	II. TANGIBLE	55,435	5,655	-	5,655	-	251	-	251	60,839
		TOTAL (I + II)	5,752	5,752	-	5,752	-	251	-	251	66,921

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)

N o.	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	713,450.04	8,027	23,952	729,376	713,450	8,027	23,952	729,376	
2	1010	Status of base fund	713,450	-	-	713,450	713,450	-	-	713,450	
3	1011	Additions base fund	-	-	23,952	23,952	-	-	23,952	23,952	
4	1012	Decrease base fund	-	931	-	(931)	-	931	-	(931)	
5	1013	Decrease from tangible assets consume	-	5,752	-	(5,752)	-	5,752	-	(5,752)	
6	1014	Decrease from selling tangible assets	-	241	-	(241)	-	241	-	(241)	
7	1015	Decrease from transferring tangible assets	-	427	-	(427)	-	427	-	(427)	
8	1016	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	675	-	(675)	-	675	-	(675)	
9	109, 105,107, 11,12, 13,145, 15,85	INTERNAL FUND	27,642	6,920	5,060	25,783	27,642	6,920	5,060	25,783	
11	105	Capital internal grants	-	-	-	-	-	-	-	-	
12	107	Current assets in use	-	-	-	-	-	-	-	-	
13	11	Other own funds	9,235	6,644	58	2,650	9,235	6,644	58	2,650	

N o.	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>
<i>a</i>	<i>b</i>									
14	12	Carried result	6,031	-	1,324	7,355	6,031	-	1,324	7,355
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	12,375	276	3,679	15,778	12,375	276	3,679	15,778
19	106	EXTERNAL FUND	1,207	-	-	1,207	1,207	-	-	1,207
20	106	Capital foreigner grants	1,207	-	-	1,207	1,207	-	-	1,207
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22	4)	CONSOLIDATE D FUND (1 up to	742,299	14,946	29,013	756,365	742,299	14,946	29,013	756,365

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)	62	1	1	62	15,716	-	-	2,610	-	550
<i>1</i>	Directors High level education	6	-	-	6	3,548	-	-	592	-	227
<i>2</i>	specialist	16	1	1	16	5,598	-	-	921	-	268
<i>3</i>	Technical	1	-	-	1	238	-	-	40	-	4
<i>4</i>	Ordinary officers	14	-	-	14	3,616	-	-	604	-	50
<i>5</i>	Employees	24	-	-	24	2,641	-	-	441	-	-
<i>6</i>	Temporary employees	1	-	-	1	75	-	-	13	-	-

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	780,080	776,857	760,032
2	I	Current Assets	41,013	37,790	32,094
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	19,538	19,538	18,113
13	Class 4	2. Receivables	19,955	16,732	11,995
29	Class 3	3. Current Inventory accounts	1,520	1,520	1,986
39	II	Non-current Assets	739,067	739,067	727,938
40	23	1. Investments	114	114	-
44	25,26	2. Finance assets	-	-	-
47	21,24,28	3. Tangible assets	734,234	734,234	723,122
60	20	4. Intangible assets	4,719	4,719	4,816
65	III	Other assets	-	-	-
69	B	Liabilities	23,714	20,491	17,733
70	I	Current liabilities	23,714	20,491	17,733
71	Class	1. Accounts payable	23,714	20,491	17,733
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)	756,365	756,365	742,299
97		Presented: Consolidated budget	740,587	740,587	729,924
98		Carried forward results	15,778	15,778	12,375

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
1	2	3	5	6	7
	A	TOTAL REVENUES	106,445	103,222	178,160
2	70,750,71	I. REVENUES AND CONTRIBUTES	15,687	15,687	35,249
3	70	1. Tax revenues upon	7,816	7,816	17,920
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	7,872	7,872	17,329
23	72	II. GENERAL ACTUAL GRANTS	90,292	87,069	143,107
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	466	466	(197)
33	B	TOTAL EXPENSES	90,667	87,444	165,785
34		I. ACTUAL EXPENSES	59,580	56,357	111,756
35	600 601	1. Salaries and employees contribution	18,326	18,326	34,108
38	602	2. Goods and Services	21,219	18,006	33,909
49	603	3. Subsidies	1,781	1,781	21
50	604	4. Internal actual transfers	222	222	552
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	18,032	18,022	43,165
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	31,087	31,087	54,029
58	C	DETERMINED NET INCOME	15,778	15,778	12,375
59		From this: Functioning results	15,778	15,778	12,375
60		Functioning observed grants	-	-	-

STAR Project

Municipality Gjirokastër
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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	55
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	56
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	59
Financial due diligence	28		
Summary of observations and recommendations	29		
Consolidated financial statements	33		
Appendix 1 –Possible organization structure	37		
Appendix 2 – Personnel matters	38		
Appendix 3 –Information Technology	41		
Appendix 4 – Communication	44		
Appendix 5 – Archives	46		
Appendix 6 – Assets Management System	52		

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
<p>Roles – Mayor</p> <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.
<p>Roles – Deputy Mayor</p> <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.
<p>Rolet – Municipality Council</p>	

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.

Observations	Recommendations
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and horizontal functions. 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.

Observations	Recommendations
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> • Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> • The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <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"> • The municipality may consider creating an organizational unit responsible for relations

Observations	Recommendations
<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. 	<p>with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.</p>
<p>Personnel matters – The tranfer 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 Gjirokastër. 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 contratc (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, extention 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 recommanded that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number,

Observations	Recommendations
	salaries and bonuses as well as the organizational structure of the new Municipality.
<p>Personnel matters – Termination of working relationship</p> <p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <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.
<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 municipality may consider unifying the types of hardware devices that are currently

Observations	Recommendations
<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. 	<p>being used. This would also help in ensuring their maintenance by specialized companies.</p>
<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 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 Gjirokastër and six existing LGUs of Antigone, Lazarat, Odrie, Lunxhëri, Picar, Cepo 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	Gjirokastër	Cepo	Antigone	Lunxhëri	Lazarat	Picar	Odrie
Council	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓			✓			
Secretary Council	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

- 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, 7 units are transformed in 1 Municipality with 7 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roles						
New Municipality	Gjirokaster					
Municipality Council	✓					
Mayor	✓					
Deputy Mayor	✓					
Secretary of Municipality Council	✓					
Administrative Unit	Antigone	Cepo	Lazarat	Lunxheri	Odrie	Picar
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. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;

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

Functions

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

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

The total number of people performing public services is 228.

- 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 253.

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

Public Services	LGU Gjirokaster	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxheri	LGU Odrie	LGU Picar	Merged
Infrastructure and public services								
Water Supply Company	SHA	1	5	7	4	n/a	3	20
Functioning of the sewerage system	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	6	n/a	n/a	n/a	n/a	n/a	n/a	6
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	1	4	n/a	2	n/a	n/a	7
Public lighting	6	n/a	n/a	n/a	n/a	n/a	n/a	6
The operation of urban public transport	Contract	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	Contract	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Decorations Service in town / village	Contract	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	20	n/a	n/a	n/a	n/a	n/a	n/a	20
Collection, disposal and recovery of waste	24	1	Procurement	Procurement	n/a	Procurement	Procurement	25
Urban planning	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Land management	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
Social, cultural and sports Services								
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	37	n/a	n/a	1	n/a	n/a	n/a	38
Organization of sporting, recreational and entertainment activities and management of relevant institutions	10	n/a	n/a	n/a	n/a	n/a	n/a	10
Social services of kinder gardens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Local economic development								
Preparation of local economic development programs	n/a	n/a	n/a	1	n/a	n/a	n/a	1
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
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

Public Services	LGU Gjirokaster	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxheri	LGU Odrie	LGU Picar	Merged
Organization of services within the local economic development support and information structures and infrastructure necessary		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	2	n/a	n/a	n/a	n/a	n/a	n/a	2
Conservation and development of forests and natural resources of local character	n/a	1	2	n/a	1	1	1	6
The order and civil protection								
Preservation of public order to prevent administrative violations	10	1	1	1	1	n/a	1	15
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions								
Maintenance of facilities in preliminary education	37	Procurement	Procurement	2	1	Procurement	Procurement	40
Medicine								
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care								
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	2	1	1	1	1	n/a	1	7
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection								
Environmental Protection	20	n/a	1	n/a	n/a	n/a	1	22
Register Office								
Register Office	3	n/a	1	1	1	n/a	n/a	6
Business Registration								
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	182	6	15	14	11	1	7	236

Horizontal Functions	LGU Gjirokastrë	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odrie	LGU Picar	Merged
Finance	6	1	3	2	3	2	2	19
Local taxes and Tariffs	10	1	2	1	4	1	1	20
Legal Issues	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Procurement	3	n/a	n/a	n/a	n/a	n/a	n/a	3
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	1	1	1	1	n/a	n/a	1	5
Protocol	1	n/a	n/a	1	1	n/a	n/a	3
Archiving	n/a	1	1	1	n/a	n/a	n/a	3
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	181	n/a	n/a	16	n/a	n/a	n/a	197
Internal Audit	1	n/a	n/a	1	n/a	n/a	n/a	2
Total	204	4	7	23	8	3	4	253

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 no exceptions
- The process of unification brings a new dimension organizational model that is a breakdown by geography. Consequently, the need to develop a matrix organizational structure emerges.
- The Matrix organizational structure will require the construction of multiple reporting lines, unification of objectives between sectoral divisions and functions, planning and use of combined resources, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The below services are contracted:
 - Treatment of urban waste
- 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 transfers	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, dismissal 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

Note 1: Supposing the New Municipality will not consider its LGU as dependent units.

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:
 - Director of Urban Planning at the Municipality and responsible planning center in every administrative unit.
 - Director of Communication and relations with citizens in a municipal center and responsible in every administrative unit.
 - Director of Audit in Central Municipality and responsible in every administrative unit
 - Director of Economic Policy at the Center Municipality and responsible in every administrative unit.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
Property, Plant and Equipment	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out of balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Immovable Estate Registration 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 99,041 thousand ALL. Overdue municipal obligations are reported at a value 33,680 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 18% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

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

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Gjirokaster, 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 Gjirokaster, LGU Cepo, LGU Lazarat, LGU Picar, LGU Lunxheri, LGU Odrie, and LGU Antigone.

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	379,274
Tax and non-tax revenue	81,288
Total Expenses	397,420
Total Assets	3,054,917
Liabilities	99,041

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	3,054,917	2,189,958
I	Current Assets	445,472	394,565
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	358,509	357,662
Class 4	2. Receivables	64,457	26,170
Class 3	3. Current Inventory accounts	22,506	10,733
II	Non-current Assets	2,609,445	1,795,393
23	1. Investments	453,072	453,072
25,26	2. Finance assets	128,000	-
21,24,28	3. Tangible assets	2,006,751	1,320,822
20	4. Intangible assets	21,622	21,499
III	Other assets	-	-
B	Liabilities	99,041	61,159
I	Current liabilities	99,041	61,159
Class 4	1. Accounts payable	99,041	61,159
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	2,955,876	2,128,798
	Presented: Consolidated budget	2,629,166	1,802,088
	Carried forward results	326,711	326,711

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 3,054,917 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 64% compared to December 31, 2014.

Current assets

- Current assets which have 15% of total assets are increased by 38% 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 27% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts and the account of the state of inventories have slightly increased by 2 % and 1%.

Accounts Receivable

- Structure of total debtors of municipality Gjirokaster consists of 69, 22% of debtors of LGU Gjirokaster, 10.26 % of debtors of LGU Picar, 6.45% of LGU Antigone and the rest of other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Gjirokaster 85%, have increased by 69% 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 55% which compose 66 % of total assets.

PPE

- 49,28% of PPEs of Municipality Gjirokaster are composed by the PPEs of LGU Gjirokaster, 22.54% PPEs by LGU Cepo, 6.16% by LGU Lunxheri, 5.29% by LGU Picar, 3.82% by LGU Odrie and 3,38% PPEs by LGU Antigone.

Accounts Payable

Accounts payable have increased by 82% during the period ended July 31, 2015 compared with the previous year 2014.

- 71,4 % of the total accounts payable is composed of accounts payable of LGU Gjikaster, 84% by LGU Picar, 7.24% by LGU Cepo, 4.6 % by LGU Lazarat, 4.12 % by LGU Lunxheri, 2,28% from LGU Antigone, 1,51 from LGU Odrie.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	463,090	442,688
A	I. REVENUES AND CONTRIBUTES	81,288	81,288
70,750,71	1. Tax revenues upon	50,516	50,516
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	30,772	30,772
71	II. GENERAL ACTUAL GRANTS	379,274	358,871
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	1,682	1,682
78	V. OTHER REVENUES	846	846
77, 83	TOTAL EXPENSES	397,420	377,018
B	I. ACTUAL EXPENSES	188,107	167,705
	1. Salaries and employees contribution	62,943	62,538
600 601	2. Goods and Services	28,816	20,669
602	3. Subsidies		
603	4. Internal actual transfers	3,995	3,995
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	92,353	80,503
605	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT		
606	III. FINANCIAL EXPENSES	-	-
68	IV. OTHER EXPENSES	209,313	209,313
66	DETERMINED NET INCOME	65,670	65,670
67	From this: Functioning results	65,670	65,670
C	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

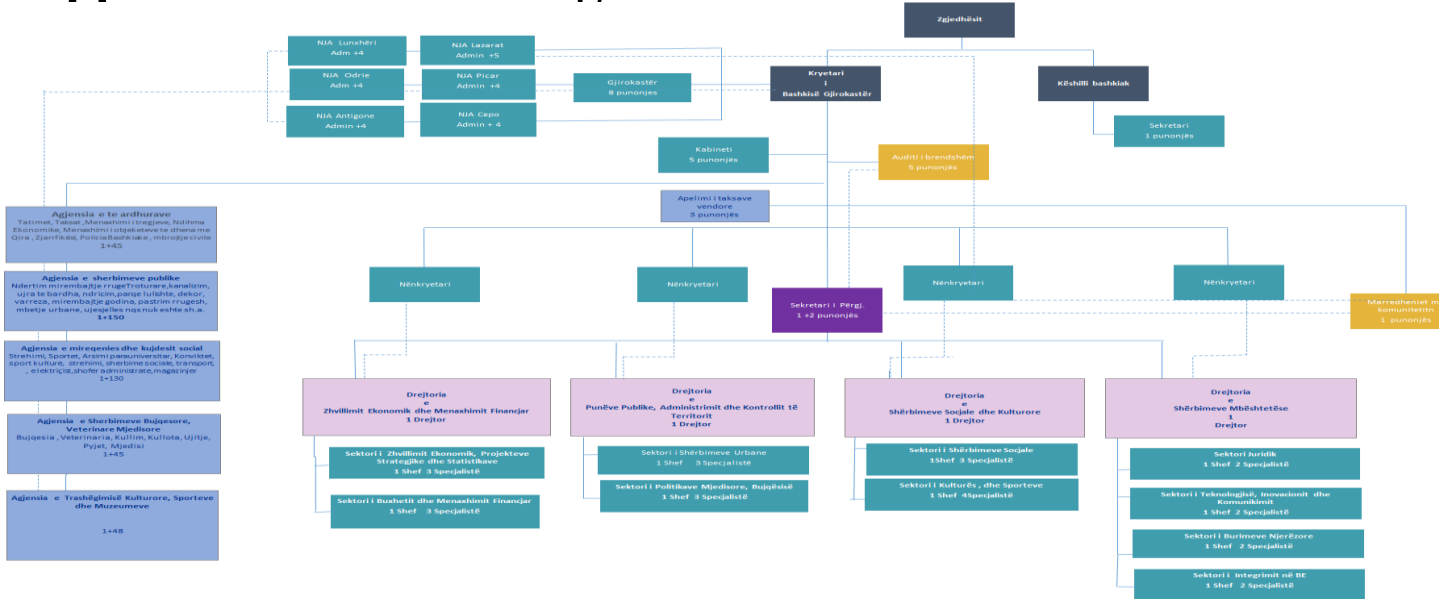
Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 463,090 thousand lek. 18% of the total municipality income are composed of tax and non-tax revenues and 82% of income is from grants.
- Structure of total revenues is comprised of 67,32% of the revenue generated from LGU Gjirokaster, 13,35 % by LGU Cepo, 6.02% by LGU Lunxheri, 4.6 % by LGU Picar, 4.22% by LGU Lazarati, 2.65% from LGU Antigone and 1,84% by LGU Odrie.

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 397,420 thousand Lek. 47% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 58.52% of the expenditures of LGU Gjirokaster, 9,82% by LGU Cepo, 10,4% by LGU Lunxheri, 7.03 % by LGU Picar, 7.43% by LGU Lazarat, 4.65% by LGU Antigone and 2,15% by LGU Odrie.

Appendix 1 –Possible organization structure



- Sekretari i përgjithshëm
- Drejtori e përgjithshme
- Drejtori sektoriale
- Agjensi
- Audit i brendshëm
- sektorë

- Hartimi i programeve ekonomike
- Zbatimi i projekteve të zhvillimit
- Përpunimi i statistikave
- Ngritjen dhe funksionimin e tregjeve publike dhe të rrjetit të tregtisë;
- Mbështetjen për zhvillimin e biznesit të vogël
- Organizimin e shërbimeve në mbështetje të zhvillimit ekonomik vendor
- Dhënie e granteve dhe ndihmave financiare për mbështetje e aktiviteteve të biznesit të vogël dhe të mesëm
- Administrimi/monitorimi i sistemeve të ujtes dhe kullimit
- Administrimin e sistemit të informacionit dhe kadastrës së tokave bujqësore;
- Krijimin dhe administrimin e sistemit vendor të informacionit dhe këshillimit bujqësor dhe rural;
- Krijimin dhe administrimin e skemave vendore të granteve për bujqësinë dhe zhvillimit rural
- Administrimi/monitorimi i shërbimit veterinar
- Administrimi/monitorimi i pyjeve dhe kullotave vendore
- Mbrojtja nga ndotja e ajrit, tokës dhe ujit
- Mbrojtja nga ndotja akustike

- Planifikimi, administrimi dhe kontrolli i territorit
- Zbatimi me ujë të pijshëm dhe trajtimin e ujërave të ndotura;
- Mbledhjen dhe largimin e ujërave të shiut
- Ndërtimi, rehabilitimi dhe mirëmbajtja e rrugëve vendore, trotuareve dhe shesheve publike
- Ndërtimi dhe dekori publik;
- Transportin publik vendor;
- Shërbimi publik i varrimit;
- Pastrimi
- Gjelbërimi
- Ndërtimi, rehabilitimi dhe mirëmbajtja e ndërtesave arsimore dhe të shërbimit parësor shëndetësor;
- Ndërtimin dhe mirëmbajtja e banesave për strehimin social
- Mbrojtja nga zjarri

- Krijimin dhe administrimin e shërbimeve sociale.
- Furnizimin me ujë të pijshëm dhe banesave për strehimin social, sipas mënyrës së përcaktuar me ligj.
- Administrimi e qendrave për ofrimin e shërbimeve sociale lokale.
- Administrimi i Fondit social
- Administrimi i sistemit të arsimit parashkollor
- Mbrojtje dhe promovimin e vlerave dhe trashëgimisë kulturore
- Organizimin e aktiviteteve sportive
- Administrimi i objekteve të arsimit, kulturës dhe sportit

- Shërbimet në funksion të përmbushjes së funksioneve të bashkisë

Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 164 employees. More detailed: 40 persons working under employment contracts of one year, 36 persons working under labor contracts expired. 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 Gjirokaster. It is worth mentioning that the Municipality Gjirokaster, 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.
- IT infrastructure is relatively old. Some PC is unusable and some are being used despite they are past their useful life.
- Software systems used are not from licensed sources. A network is in place but there is no maintenance.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Gjirokastrër	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odrie	LGU Picar	Merged
Installed Software	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft
Contracts of licenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hardware (in usage)	150	4	2	66	45	9	9	285
Computer (desktop)	38	2	7	37	20	3	2	109
Printers	21	2	4	21	2	3	3	56
Servers	91	N/A	2	8	23	3	4	131
IT staff in total	1	N/A	N/A	N/A	N/A	N/A	N/A	1
Hardware and Software maintenance	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 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.
<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.

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 department and communication between different sectors;

Summarized description of the information received

- LGUs benefit from a national service provider as well as telephone service. As for internal communication, verbal and communication tools are used to write memos circulate minutes, issue regulations and orders of the Head of LGUs.
- 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.

Observations and recommendations

Objectives	LGU Gjirokastrër	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odrie	LGU Picar
Telephony service	Yes	Yes	Yes	Yes	Yes	No	No
Telephony/service providers	Albtelekom	No	No	Albtelekom	No	No	No
Internet service	Yes	Yes	Yes	Yes	Yes	No	No
Assess coverage of the telephony service	Yes	Yes	Yes	Yes	Yes	No	No
Internal communication lines	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 2015.

Summarized description of the information received

- Description of Archive in LGU is held by the Protocol and Archiving Specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- From the information obtained in the field, the majority of the technical requirements for archive environments are met. Also, documents are processed in accordance with the requirements for archiving and transfer of documents to the State Archives Government is conducted in accordance with legal deadlines.
- 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 Gjirokaštër	LGU Antigon e	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odri e	LGU Pica r
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	NO	No	Yes, but fire extinguisher is expired	No	No	NO
Secured doors and windows with a metallic net and automatic door closure	No	NO	No	Yes	No	No	NO
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Not in good condition	NO	Not in good condition	No	Yes	No	NO
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	NO	No	No distance from the wall	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	NO	No	No	No	No	NO
Records on physical control of the archive kept from the secretary of the archive	No	NO	No	No	No	No	NO
Archive keys in two copies	No	YES	No	Yes	No	No	NO
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	YES	No	Yes	No	No	NO
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	NO	No	Yes	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 Gjirokaštër	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odrië	LGU Picaër
<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, branch, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	YES	No	Yes	Yes	No	YES
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Partially	Yes	No	Yes	Yes	No	YES
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The 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 	Requirements not totally fulfilled	NO	No	Yes	Yes	No	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Gjirokaštër	LGU Antigon e	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odri e	LGU Pica r
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	No	NO	No	Yes	No	No	
The emblem of the Republic	Of the institution	No	Yes	No	Yes	after 2012	NO
At the head of the document should be written "Republic of Albania"	Yes	No	Yes	yes	Yes	Yes	NO
Title of the institution and structures belonging to the institution	Yes	NO	Yes	Yes	Yes	Yes	NO
Number of documents attached	Yes	NO	Yes	Yes	Yes	No	NO
The content of the document	Yes	NO	Yes	Yes	Yes	No	NO
Name, surname and signature of the person who signed the document and stamp	Yes	NO	Yes	yes	Yes	Yes	NO
Signature of the director of the institution	Yes	NO	Yes	yes	Yes	Yes	NO
Date and number of protocol	Yes	NO	Yes	yes	Yes	Yes	NO
Mod 1 - Correspondence model		NO					
Mod 3 - Serial Number of Correspondence	Not in the archives	NO	No	Yes	Yes	No	NO
Mod 4. -The Book Delivery	Yes	NO	Yes	Yes	No	No	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Gjirokaštër	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odri	LGU Pica
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	NO	No	Yes	No	No	NO
Mode 5 - Table definitions of files for the year	No	NO	No	Yes	No	No	NO
Mod 6 - Elements of cover dossier	No	NO	No	yes	No	No	NO
Mod 7 - Register of files	No	YES	No	yes	No	No	YES
Mod 8 - Internal File register	Partially	NO	No	Yes	Yes	No	NO
Mod 9 - Decision of the Commission of Experts	Partially	NO	No	Yes	No	No	NO
Mod 10 - Compilation of the list of documents that set aside	No	NO	No	yes	No	No	NO
Mod 11 - The period laid down for storage (protection)	No	NO	No	yes	No	No	NO
Mod 12 - Destruction of documents containing any further value	No	NO	No	yes	No	No	NO

Observations and Recommendations

Archive

Archive

Observations	Recommendations	Recommendations
Centralization of archive	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 expand
Lack of technical requirements in the archive management		

Archive

Observations	Recommendations
<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;
- applications for Assets Management below.

- 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

- Head of the LGU is an Authorizing Officer, while the role of enforcer officers held by the Head of Finance. In the absence of a regulation or internal procedures adopted by the Mayor, the unit applies the provisions of Instruction no. 30 dated 27.12.2001 "On the management acts in the public sector" as amended. However, certain requirements of the above Directive concerning the management of acts, records of certain assets and asset valuation are partially fulfilled
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Gjirokastrë	LGU Antigone	LGU Cepo	LGU Lazarat	LGU Lunxhëri	LGU Odrie	LGU Picar
Adopted rules and procedures on asset management	yes	yes	yes	yes	yes	yes	yes
Authorizing Officer	yes	yes	yes	yes	yes	yes	yes
Executing Officer	yes	yes	yes	yes	yes	yes	yes
Adopted plan, objectives and control mechanisms related Risk	yes	yes	yes	yes	yes	yes	yes
Asset Accounting Register	yes	yes	yes	yes	yes	yes	yes
Leased Properties Register	yes	yes	yes	yes	yes	yes	yes
Owned Companies Register	jo	jo	jo	jo	jo	jo	jo
Annual Assets Inventory	yes	yes	yes	yes	yes	yes	yes
Assets Inventory Committee	yes	yes	yes	yes	yes	yes	yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disyessal Committee	yes	yes	yes	yes	yes	yes	yes
Committee of disposal of assets	yes	yes	yes	yes	yes	yes	yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.
<ul style="list-style-type: none"> Management of risk plan, objectives and control mecanism are not put in place. 	<ul style="list-style-type: none"> Management of risk plan, objectives and control mecanism should be implemented from the new Municipality considering the transfer of assests from the former LGUs

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 Gjirokaster	Boulevard Gjirokaster Parku i Viroit, Pedonale dhe Lightening	In process	200,784,801	251,000,000
	Works for the repair and reconstruction of roads and lighting network with FFK case	In process	2,573,880	4,000,000
	Reconstruction of road Gjoleke Haska and Jorgji Meksi	In process	10,838,027	14,777,360
	Paving of Vezir street	In process	1,891,080	2,500,000
	Urban waste treatment	In process	1,519,200	1,581,000
LGU Antigone	There are no investment projects			
LGU Cepo	There are no investment projects			
LGU Lazarat	There are no investment projects			
LGU Picar	There are no investment projects			
LGU Odrie	There are no investment projects			
LGU Lunxheri	There are no investment projects			

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		2,609,445	1,795,393	1,542,205
3		I. Intangible Assets		21,622	21,499	19,195
4	201	Amounts to be remitted and loan reimbursements		274	274	274
5	202	Studies and research		21,348	21,225	18,921
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)		-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		2,459,823	1,773,894	1,523,010
10	210	Land		-	-	-
11	211	Forests, Pasture, Plantation		-	-	-
12	212	Building and Constructions		787,589	457,748	457,653
13	213	Roads, networks, water facilities		1,336,545	936,088	899,089
14	214	Technical installment, machinery, equipment, working tools		62,161	47,745	47,745
15	215	Transport vehicles		29,674	15,630	15,630
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory		50,837	27,444	27,457
19	219	Depreciation of tangible assets		(260,054)	(163,833)	(154,634)
20	231	Expenses in process for increase of current tangible assets		453,072	453,072	230,071
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		128,000	-	-

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		128,000	-	-
27	B	CURRENT ASSETS		445,472	394,565	323,240
28	Class 3	I. Inventory Status		22,506	10,733	11,275
29	31	Materials		5,910	3,756	4,339
30	32	Inventory Objects		16,596	6,976	6,936
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		64,457	26,170	29,822
39	409	Suppliers, prepayments or partial payment		117	117	117
40	411-418	Similar clients or accounts		1,038	189	99
41	423	Employees, prepayment, deficits and penalties		3,069	2,939	2,939
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)		43,938	14,447	18,181
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		16,295	8,478	8,486
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		358,509	357,662	357,66282,142 2
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		357,329	357,329	281,863
59	531	Petty-cash		20	-	-
60	532	Other amounts		1,160	333	279
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises				
67	486	Expenses in the future				
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,054,917	2,189,958	1,865,445
70	81	ACCOUNTS OUT OF BALANCE SHEET				
71	80,81	Active evidence				

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		2,629,166	1,802,088	1,550,994	
2	10	I. Own funds		2,086,414	1,259,336	1,280,504	
3	101	Base funds		2,041,997	1,233,202	1,254,370	
4	105	Capital internal grants		7,230	7,230	7,230	
5	106	Capital foreigner grants		28,523	18,904	18,904	
6	107	Current assets in use		8,664	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		497,582	497,582	261,830	
9	111	Reserve funds		4,465	4,465	4,956	
10	115	Assignments from the year results for investments		490,166	490,166	253,325	
11	116	Revenues from selling of current assets		2,952	2,952	3,549	
12	12	III. Carried result		45,169	45,169	8,660	
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		99,041	61,159	54,387	
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		99,041	61,159	54,387	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts		6,102	4,115	5,265	
23	42	Employees and related accounts		11,307	5,823	8,294	
24	431	Liabilities to government for taxes		321	244	274	
25	432	Taxes collected from government for the local government		-	-	-	
26	433	Government natural disaster		-	-	-	
27	4341	Other operations with government (creditor balance)		15,309	12,057	11,920	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		3,217	1,693	2,007
29	436	Health Insurance		441	235	308
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		34,656	34,656	24,286
36	467	Other creditors		27,687	2,338	2,033
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)		326,711	326,711	260,063
43	X	TOTAL LIABILITY		3,054,917	2,189,958	1,865,445
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		188,649	168,247	329,250	
2	60	I. Current expenses		188,107	167,705	329,769	
3	600	Salaries, bonuses		53,344	52,939	85,748	
4	6001	Salaries		53,344	52,939	85,748	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		9,600	9,600	14,099	
9	6010	Insurance contributions		8,693	8,693	12,746	
10	6011	Health insurance		906	906	1,352	
11	602	Other goods and services		28,816	20,669	47,477	
12	6020	Stationary		1,513	1,513	3,216	
13	6021	Special services		864	755	1,557	
14	6022	Services from third party		4,736	4,736	6,903	
15	6023	Transport expenses		1,707	1,707	6,475	
16	6024	Travel expense		1,623	1,623	3,230	
17	6025	Ordinary maintenance expenses		2,536	2,536	4,753	
18	6026	Rent expenses		189	189	304	
19	6027	Expenses for legal liability for compensation		470	470	4,522	
20	6028	Borrowing costs related to loans		-	-	154	
21	6029	Other operating expenses		15,178	7,140	16,363	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	
25	6032	Subsidies to cover loss		-	-	-	

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
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		3,995	3,995	1,353
29	6040	Current transfers to other government levels		2,408	2,408	267
30	6041	Current transfers to various government institutions		1,587	1,587	1,087
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		92,353	80,503	181,092
39	6060	Transfers paid from ISS and HII		10,917	9,545	18,960
40	6061	Transfers paid from other institutions and Local government		81,435	70,957	162,132
41	63	II. Change in inventory balances		542	542	(519)
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		-	-	-
56	662	Interest on other foreign 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
57	67	C. Extraordinary Expenses				
58	677	Losses from allowed errors from previous years				
59	678	Other Extraordinary expenses				
60	Class 6	TOTAL EXPENSES		188,649	168,247	329,250
61		D. RESULT CORRECTIONS ACTIVITES		208,771	208,771	206,867
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		80,564	80,564	49,932
64	8420	Revenues deposited in the budget		57	57	1,382
65	8421	Deposit in the budget of unused revenues		32,123	32,123	16,518
66	8422	Transfers of revenues within the system		85,238	85,238	120,606
67	8423	Transfers for changes in situation		(497)	(497)	394
68	8424	Transfers for identified debtors and similar items		11,285	11,285	18,035
69	Class 6 & 8	TOTAL FROM OPERATIONS		397,420	377,018	536,118
70	85	RESULTS FROM FUNCTIONING		65,670	65,670	124,251
71	X	TOTAL		463,090	442,688	660,368

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	462,243	441,841	657,005
2	70	I. TAX INCOMES	50,516	50,516	80,221
3	700	a) On revenues, profit, and equity revenue	9,133	9,133	22,297
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	9,133	9,133	22,297
7	7009	Other tax	-	-	-
8	702	b) Property tax	15,427	15,427	30,661
9	7020	On immovable property	14,605	14,605	26,404
10	7021	Sales of immovable property	732	732	3,967
11	7029	Other on property	90	90	290
12	703	c) Tax upon goods and services in the country	17,054	17,054	25,967
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	44	44	195
17	7035	Local tax on goods usage and activity permission	17,010	17,010	25,772
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	8,534	8,534	417
24	708	f) Other national tax	368	368	879
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	30,772	30,772	51,514
35	710	a) From enterprise and ownership	2,818	2,818	6,229
36	7100	From public non-financial enterprise	131	131	415
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	2,687	2,687	5,815
39	711	b) Administrative service and secondary revenues	22,147	22,147	34,930
40	7110	Administrative tariffs and regulations	13,224	13,224	20,274
41	7111	Secondary revenues and payments of services	6,810	6,810	10,937
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	2,111	2,111	3,671
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	3	3	48
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non-tax revenues	5,806	5,806	10,354
48	72	IV. ACTUAL GRANTS (a+b)	379,274	358,871	523,170
49	720	a) Internal actual grant	379,274	358,871	523,170
50	7200	From same Government level	123,914	123,914	262,681
51	7201	From other Government levels	98,496	98,496	160,253
52	7202	From budget for special payments to Social Institute	555	555	90
		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	36,133	15,731	17,278

			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	-	-	3,032
58	7209	Other internal grants	120,175	120,175	79,836
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	1,682	1,682	2,100
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	1,682	-	-
69	787	Withdraw from investments	-	1,682	2,100
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	462,243	441,841	657,005
81	83	D. RESULT CORRECTIONS ACTIVITES	846	846	3,363
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	846	846	3,363
84	Class 7 & 8	TOTAL FROM OPERATIONS	463,090	442,688	660,368
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	463,090	442,688	660,368

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	230,071	63	223,065	453,072
2	105	Internal capital grants	-	-	-	-
3	1050	From the same government level	-	-	-	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	63	63	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	63	63	-
11	14	Capital grants for investments to third parties	214,437	-	181,272	395,709
		Internal grants, participation capital in investments for				
12	145	third parties	214,437	-	181,272	395,709
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	15,634	-	41,729	57,363
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	15,634	-	41,729	57,363
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	230,071	260,095	37,094	453,072
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	230,071	260,095	37,094	453,072
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	38,028	32,542	95	70,475
39	2313	Roads, networks, water facilities	192,043	224,403	36,999	379,446
		Technical installment, machinery, equipment, working				
40	2314	tools	-	-	-	-
41	2315	Transport vehicles	-	3,151	-	3,151
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 lending 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)	460,141	260,158	260,158	906,144

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	281,859	-	-	-
2	II. RECEIVABLES "CASH"	642,192	-	-	-
3	1. Funds from budget	548,128	-	-	-
4	Actual budget funds (Budget with changes)	235,455	-	-	-
5	Capital budget funds (Budget with changes)	312,673	-	-	-
6	2. Incomes and revenues during the year in "Cash"	94,064	-	-	-
7	Tax revenues in "Cash"	74,596	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	4,509	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	2,182	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	12,777	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	426,771	-	-
15	1. Payment from the budget for actual expenses	-	99,451	-	-
16	2. Payments from the budget for capital expenses	-	213,652	-	-
17	3. Payments from revenues for actual expenses	-	61,104	-	-
18	4. Payments from revenues from capital expenses	-	49,601	-	-
19	5. Payments from storage	-	2,943	-	-
20	6. Other payments	-	21	-	-
21	IV. TRANSFERS	-	139,952	-	-
22	1. Deposit of revenues in the budget	-	57	-	-
23	2. Unused budget (actual and capital)	-	54,657	-	-
24	3. Internal movements and transfers	-	85,238	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	924,052	566,723	-	-
26	VI. CLOSING BALANCE	357,329	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	19,195	2,304	-	-	-	2,304	-	-	-	-	21,499
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	19,195	2,304	-	-	-	2,304	-	-	-	-	21,499
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,447,574	37,094	63	-	-	37,157	-	76	-	76	1,484,655
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	457,653	95	-	-	-	95	-	-	-	-	457,748
9	213 Roads, networks, water facilities	899,089	36,999	-	-	-	36,999	-	-	-	-	936,088
	Technical installment, machinery,											
10	214 equipment, working tools	47,745	-	-	-	-	-	-	-	-	-	47,745
11	215 Transport vehicles	15,630	-	-	-	-	-	-	-	-	-	15,630
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	27,457	-	63	-	-	63	-	76	-	76	27,444
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,466,769	39,398	63	-	-	39,461	-	76	-	76	1,506,154

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

N	Account Number	Description	Opening Accumulated Depreciation	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	-	-	-	-	-	-	-	-	149442
2	219	II. TANGIBLE	154,634	9,198	-	9,198	-	-	-	-	989057
		TOTAL (I + II)	154,634	9,198	-	9,198	-	-	-	-	-
											163,833
											163,833

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,254,369	49,230	836,858	2,041,997	1,254,370	49,230	28,063	1,233,202
2	1010	Status of base fund	1,254,370	-	808,795	2,063,165	1,254,370	-	-	1,254,370
3	1011	Additions base fund	-	-	28,063	28,063	-	-	28,063	28,063
4	1012	Decrease base fund	-	36,441	-	(36,441)	-	36,441	-	(36,441)
5	1013	Decrease from tangible assets consume	-	9,446	-	(9,446)	-	9,446	-	(9,446)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	-	-	-	-	-	-	-
8	1016	Decrease from transferring tangible assets	-	3,343	-	(3,343)	-	3,343	-	(3,343)
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	537,779	393,782	732,695	876,692	537,779	393,782	732,695	876,692
11	105	Capital internal grants	7,230	-	-	7,230	7,230	-	-	7,230
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	257,386	30,361	266,738	493,763	257,386	30,361	266,738	493,763
14	12	Carried result	13,104	9,285	45,169	48,988	13,104	9,285	45,169	48,988
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	260,059	354,136	420,787	326,711	260,059	354,136	420,787	326,711

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
19	106	EXTERNAL FUND	18,904	-	18,283	37,187	18,904	-	-	18,904		
20	106	Capital foreigner grants	18,904	-	18,283	37,187	18,904	-	-	18,904		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		CONSOLIDATED FUND (1 up to 4)	1,811,053	443,012	1,587,835	2,955,876	1,811,053	443,012	760,758	2,128,798		

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
a	Total number of employees (1+2+3+4+5+6)	168	29	2	195	52,939	-	-	9,587	-	319
1	Directors High level education specialist	17	1	-	18	7,947	-	-	1,295	-	117
2	Technical Ordinary officers	64	7	-	71	26,440	-	-	4,801	-	152
3	Employees Temporary employees	21	-	1	20	2,777	-	-	535	-	6
4	Employees Temporary employees	25	10	-	35	8,493	-	-	1,531	-	44
5	Employees Temporary employees	36	11	1	46	7,281	-	-	1,424	-	-
6	Employees Temporary employees	5	-	-	5	-	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial yessionion

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,054,917	2,189,958	1,865,445
2	I	Current Assets	445,472	394,565	323,240
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	358,509	357,662	282,142
13	Class 4	2. Receivables	64,457	26,170	29,822
29	Class 3	3. Current Inventory accounts	22,506	10,733	11,275
39	II	Non-current Assets	2,609,445	1,795,393	1,542,205
40	23	1. Investments	453,072	453,072	230,071
44	25,26	2. Finance assets	128,000	-	-
47	21,24,28	3. Tangible assets	2,006,751	1,320,822	1,292,939
60	20	4. Intangible assets	21,622	21,499	19,195
65	III	Other assets	-	-	-
69	B	Liabilities	99,041	61,159	54,387
70	I	Current liabilities	99,041	61,159	54,387
71	Class	1. Accounts payable	99,041	61,159	54,387
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)	2,955,876	2,128,798	1,811,057
97		Presented: Consolidated budget	2,629,166	1,802,088	1,550,994
98		Carried forward results	326,711	326,711	260,063

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	463,090	442,688	660,368
2	70,750,71	I. REVENUES AND CONTRIBUTES	81,288	81,288	131,735
3	70	1. Tax revenues upon	50,516	50,516	80,221
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	30,772	30,772	51,514
23	72	II. GENERAL ACTUAL GRANTS	379,274	358,871	523,170
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	1,682	1,682	2,100
32	77, 83	V. OTHER REVENUES	846	846	3,363
33	B	TOTAL EXPENSES	397,420	377,018	536,118
34		I. ACTUAL EXPENSES	188,107	167,705	329,769
35	600 601	1. Salaries and employees contribution	62,943	62,538	99,847
38	602	2. Goods and Services	28,816	20,669	47,477
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	3,995	3,995	1,353
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	92,353	80,503	181,092
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	209,313	209,313	206,349
58	C	DETERMINED NET INCOME	65,670	65,670	124,251
59		From this: Functioning results	65,670	65,670	124,251
60		Functioning observed grants	(0)	(0)	-

STAR Project

**Municipality Kelcyre
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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	52
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	52
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	54
Financial due diligence	26		
Summary of observations and recommendations	27		
Consolidated financial statements	31		
Appendix 1 –Possible organization structure	35		
Appendix 2 – Personnel matters	36		
Appendix 3 –Information Technology	39		
Appendix 4 – Communication	42		
Appendix 5 – Archives	44		
Appendix 6 – Assets Management System	49		

Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

Observations	Recommendations
	<p>special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an 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 Kelcyre and three existing LGUs of Ballaban, Sukë and Deshnicë , 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 Këlcyrë	LGU Ballaban	LGU Deshnicë	LGU Sukë
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	✓		✓
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

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

- **Deputy Mayor:** Assist the Mayor in the supervision of the operation of LGU.
- **Secretary of the LGU Council:** Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 4 units are transformed in 3 Municipality with 3 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

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

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 29.1.

- 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 18.6.

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

Public Services	Performing work requires physical presence?	Reason to centralize the execution of the function?	Work is scalable by performing remote / 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	Jo
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 kinder gardens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No
Local economic development		No	No
Preparation of local economic development programs	No	No	No
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

Public Services	Performing work requires physical presence?	Reason to centralize the execution of the function?	Work is scalable by performing remote / centralized processing?
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	Yes		
Maintenance of facilities in preliminary education	Yes	No	No
Medicine	Yes		
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
Register Office	Yes	No	No
Register Office	Yes	No	No
Business Registration	Yes	No	No
National Registration Center	Yes	No	No

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

Horizontal Functions	Këlcyrë	Ballaban	Deshnicë	Sukë	Merged
Finance	1.5	1	1	1	4.5
Local taxes and Tariffs	3	2	1	2	8
Legal Issues	0,1	n/a	n/a	n/a	0
Procurement	0.2	0.2	0.2	0.2	0.8
Institutional Relations	0,1	0.1	0.1	0.1	0.3
Human Resources	0,2	0.1	1	0.1	1.2
Protocol	1	0.1	0.2	0.3	1.6
Archiving	1	0.2	0.2	0.3	1.7
Information Technology	n/a	n/a	n/a	n/a	0
Supporting services	0,2	0.3	0.2	n/a	0.5
Internal Audit	n/a	n/a	n/a	n/a	0
Total	6.7	4	3.9	4	18.6

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:

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.
- Contracted services:
 - n/a
- 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.

Public Services	Performing work requires physical presence?	Reason to centralize the execution of the function?	Work is scalable by performing remote / 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	Jo
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 kinder gardens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No
Local economic development		No	No
Preparation of local economic development programs	No	No	No
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

Public Services	Performing work requires physical presence?	Reason to centralize the execution of the function?	Work is scalable by performing remote / centralized processing?
The order and civil protection			
Preservation of public order to prevent administrative violations	Yes	No	No
Civil protection	Yes	No	No
Educational institutions	Yes		
Maintenance of facilities in preliminary education	Yes	No	No
Medicine	Yes		
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
Register Office	Yes	No	No
Register Office	Yes	No	No
Business Registration	Yes	No	No
National Registration Center	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:
 - Responsible Finance
 - Responsible for Public Services and Urban Planning
 - Responsible for Public Services
 - Head of Human Resources

Financial due diligence

Summary of observations and recommendations

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

Investments	
<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 25,348 thousand ALL. Overdue municipal obligations are reported at a value 17,233 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 6% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<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 uniform software solution</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.

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 Kelcyre, 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 Kelcyre Këlcyrë, of LGU Ballaban of LGU Sukë, and of LGU Dëshnicë.

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	74,361
Tax and non-tax revenue	4,556
Total Expenses	72,871
Total Assets	575,999
Liabilities	25,348

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	575,999	545,599
I	Current Assets	51,395	42,255
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	10,929	10,929
Class 4	2. Receivables	26,146	17,006
Class 3	3. Current Inventory accounts	14,320	14,320
II	Non-current Assets	524,604	503,345
23	1. Investments	-	-
25,26	2. Finance assets	21,259	-
21,24,28	3. Tangible assets	501,858	501,858
20	4. Intangible assets	1,487	1,487
III	Other assets	-	-
B	Liabilities	25,348	16,207
I	Current liabilities	25,348	16,207
Class 4	1. Accounts payable	25,348	16,207
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	550,651	529,392
	Presented: Consolidated budget	544,532	523,273
	Carried forward results	6,119	6,119

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 575,999 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 1% compared to December 31, 2014.

Current assets

- Current assets which have 9% of total assets are increased by 8% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 38% % of accounts receivables, which affects more in the total increase of current assets meanwhile the cash and cash equivalents have decreased by 24%.

Accounts Receivable

- Structure of total debtors of municipality Kelcyre consists of 54.63% of debtors of LGU Kelcyre, 25.42% of debtors of LGU Dishnice, 12.49% of LGU Suke and 7.46% of LGU Ballaban.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kelcyre 91%, have increased by 1% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015.

PPE

- 39,21% of PPEs of Municipality Kelcyre are composed by the PPEs of LGU Kelcyre, 28.57% PPEs by LGU Suke, 16.96% by LGU Dishnice, and 15.27% by LGU Ballaban.

Accounts Payable

Accounts payable have increased by 43% during the period ended July 31, 2015 compared with the previous year 2014.

- 58,31 of the total accounts payable is composed of accounts payable of LGU Kelcyre, 19.35% of LGU Dishnice, 15,47% of LGU Suke, and 6.87% of LGU Ballaban.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	78,990	69,850
	I. REVENUES AND CONTRIBUTES	4,556	4,556
70,750,71	1. Tax revenues upon	2,984	2,984
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	1,571	1,571
71	II. GENERAL ACTUAL GRANTS	74,361	65,220
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	74	74
	TOTAL EXPENSES	72,871	63,731
B	I. ACTUAL EXPENSES	71,925	62,785
	1. Salaries and employees contribution	19,339	16,776
600 601	2. Goods and Services	12,147	12,147
602	3. Subsidies	-	-
603	4. Internal actual transfers	5	5
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	40,434	33,857
605	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606	III. FINANCIAL EXPENSES	-	-
68	IV. OTHER EXPENSES	946	946
66	DETERMINED NET INCOME	6,119	6,119
67	From this: Functioning results	6,119	6,119
C	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 78,990 thousand lek. 6% of the total municipality income is composed of tax and non-tax revenues, 94% of income are from grants.

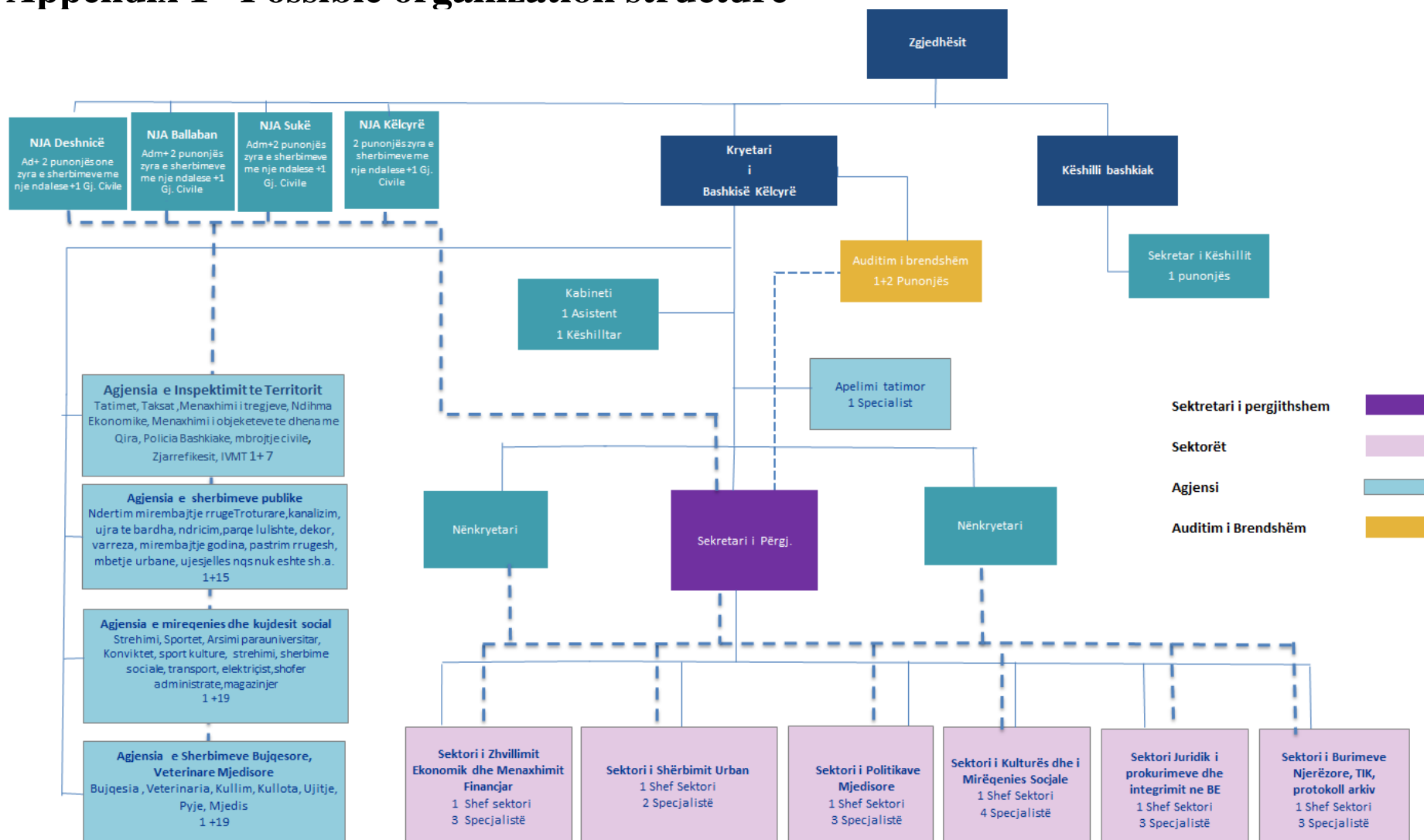
Structure of total revenues is comprised of 36.97% of the revenue generated from LGU Kelcyre, 23.31 % by LGU Dishnice, 20.51% by LGU Suke 2.4% and 19.21% by LGU Ballaban.

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 72,871 thousand Lek. 99% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 38.81% of the expenditures of LGU Kelcyre, 22.74 % by LGU Dishnice, 20.97% by LGU Suke, and 17.47% by LGU Ballaban.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 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
The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Kelcyre. It is worth mentioning that the Municipality Kelcyre, 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 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

- Hardware devices mainly consist mostly on desktop computers, printers and photocopiers.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment				
Objective	Këlcyrë	Deshnicë	Sukë	Ballaban
Installed Software	Microsoft	Microsoft	Microsoft	Microsoft
Contracts of licenses	n/a	n/a	n/a	n/a
Hardware (in usage)	18	10	8	13
Computer (desktop)	5	2	3	5
Printers	5	4	1	2
Servers	8	4	4	6
IT staff in total	n/a	n/a	n/a	n/a
Hardware and Software maintenance	n/a	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <p>It is noticed that desktop computers are often mounted to different parts making the year of manufacture or model pc's unidentifiable</p>	<p>In forming the organizational structure of the Municipality we suggest:</p> <p>Increasing the number of desktop computers, ups, printers, scanners, and other accessories. For these devices should be kept an inventory and purchase invoices be stored in order to not replace the devices with similar ones.</p>

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 department and communication between different sectors;

Summarized description of the information received

Communication is carried out verbally or in writing, not in all their available units online and phone service.

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

Table 10: Communication System

Objectives	Kälcyrä	Deshnicë	Ballaban	Sukë
Telephony service	Yes	No	No	No
Telephony/service providers	N/A	N/A	N/A	N/A
Internet service	Yes	No	No	No
Assess coverage of the telephony service	N/A	N/A	N/A	N/A
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Observation and Recommendation

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 held by a journal and archive specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- 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 Kelcyre	Deshnicë	Ballaban	Sukë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	No	Yes
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	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	jo	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
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No
Archive keys in two copies	Yes	No	Yes	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	Yes	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kelcyre	Deshnicë	Ballaban	Sukë
<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, branch, 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>Yes</p>	<p>Yes</p>	<p>No</p>	<p>Yes</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>Yes</p>	<p>No</p>	<p>Yes</p>	<p>Yes</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 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 		<p>No</p>	<p>No</p>	<p>Yes</p>

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kelcyre	Deshnicë	Ballaban	Sukë
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	Yes	Yes
The emblem of the Republic	Yes	No	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	No	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	No	Yes but not always	Yes
Number of documents attached	Yes	No	Yes	Yes
The content of the document	Yes	No	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	No	Yes	Yes
Signature of the director of the institution	Yes	No	Yes	Yes
Date and number of protocol	Yes	No	No	Yes
Mod 1 - Correspondence model	Yes	No	No	Yes
Mod 3 - Serial Number of Correspondence	Yes	No	No	Yes
Mod 4. -The Book Delivery	Yes	No	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kelcyre	Deshnicë	Ballaban	Sukë
Mode 5 - Table definitions of files for the year	Yes	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	Yes	Yes
Mod 7 - Register of files	Yes	No	Yes	Yes
Mod 8 - Internal File register	No	No	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	Yes
Mod 11 - The period laid down for storage (protection)	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No

Observations and Recommendations

Observations	Recommendations
<p>Fulfillment of technical requirements on archives</p> <p>Technical requirements on archives are not fully met.</p>	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to fully fulfill the technical requirements specified in the Archiving Methodology
<p>The lack of records and compliance with requirements of archiving Methodology</p> <p>Not all registers, stock lists, records or forms required by the methodology are held at the LGU's archives.</p>	<ul style="list-style-type: none"> • Maintain all records requested in order that the creation, documentation and transfer of documentation made in accordance with the Archiving Methodology requirements. • Perform processing technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being processed in LGU, it should also be taken into consideration in order to facilitate the reorganization of the archive of the new Municipality.

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.
- 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.

Observations and Recommendations

Observations	Recommendations
Asset Management Lack of Procedure and the assessment of assets <ul style="list-style-type: none"> • Risk management plan, objectives and control mechanisms management assets are not implemented. 	<ul style="list-style-type: none"> • Risk management plan, control objectives and management mechanisms of assets implemented by the New Municipality.

ASSET MANAGEMENT	LGU Kelecyre	Deshnicë	Ballaban	Sukë
Authorizing Officer	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance Director	Finance Director	Finance Director	Finance Director
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No
Asset Accounting Register	Yes	No	No	No
Leased Properties Register	No	No	No	No
Owned Companies Register	No	No	No	No
Register of concessions / contracts enphyteosis	n/a	n/a	n/a	n/a
Annual Assets Inventory	Yes	Yes	Yes	Yes
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	No	No	No
Assets Disposal Committee	Yes	Yes	Yes	Yes

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
Këlcyrë	n/a			
Ballaban	n/a			
Deshnicë	n/a			
Sukë	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		524,604	503,345	521,218	
3		I. Intangible Assets		1,487	1,487	2,109	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	7,023	7,023	7,023	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(5,536)	(5,536)	(4,914)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		501,858	501,858	519,109	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-	
12	212	Building and Constructions	F6, Sh1	259,088	259,088	259,088	
13	213	Roads, networks, water facilities	F6, Sh1	632,519	632,519	625,364	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	6,316	6,316	6,316	
15	215	Transport vehicles	F6, Sh1	12,960	12,960	12,960	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	15,772	15,772	15,772	
19	219	Depreciation of tangible assets	F7, Sh1	(424,797)	(424,797)	(400,391)	
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		21,259	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		21,259	-	-
27	B	CURRENT ASSETS		51,395	42,255	47,673
28	Class 3	I. Inventory Status		14,320	14,320	14,334
29	31	Materials	Sh2	161	161	179
30	32	Inventory Objects	Sh2	14,159	14,159	14,155
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		26,146	17,006	19,007
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	10,927	10,927	12,928
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)		9,140	-	-
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	6,079	6,079	6,079
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		10,929	10,929	14,333

				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	10,929	10,929	14,333
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		575,999	545,599	568,891
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		544,532	523,273	541,159
2	10	I. Own funds		544,532	523,273	541,159
3	101	Base funds	F8	544,532	523,273	541,159
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		25,348	16,207	17,781
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		25,348	16,207	17,781
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	9,620	10,184	26
23	42	Employees and related accounts		2,584	742	2,095
24	431	Liabilities to government for taxes		55	-	101
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		-	-	-
28	435	Social Insurance		666	-	571
29	436	Health Insurance		-	-	21
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	4,810	4,810	4,382
36	467	Other creditors		7,613	471	10,586
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)		6,119	6,119	9,950
43	X	TOTAL LIABILITY		575,999	545,599	568,891
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		71,939	62,798	139,767	
2	60	I. Current expenses		71,925	62,785	139,022	
3	600	Salaries, bonuses		16,951	14,388	27,590	
4	6001	Salaries		16,750	14,187	27,170	
5	6002	Temporary salaries		201	201	420	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		2,388	2,388	4,615	
9	6010	Insurance contributions		2,388	2,388	4,390	
10	6011	Health insurance		-	-	225	
11	602	Other goods and services		12,147	12,147	28,872	
12	6020	Stationary		752	752	1,851	
13	6021	Special services		598	598	1,373	
14	6022	Services from third party		2,284	2,284	4,304	
15	6023	Transport expenses		1,246	1,246	5,176	
16	6024	Travel expense		395	395	1,190	
17	6025	Ordinary maintenance expenses		2,933	2,933	7,117	
18	6026	Rent expenses		15	15	111	
19	6027	Expenses for legal liability for compensation		653	653	314	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		3,272	3,272	7,436	
22	603	Subsidies		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		5	5	156
29	6040	Current transfers to other government levels		5	5	156
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		40,434	33,857	77,789
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		40,434	33,857	77,789
41	63	II. Change in inventory balances	F1	14	14	745
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		71,939	62,798	139,767
61		D. RESULT CORRECTIONS ACTIVITES		933	933	1,811
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		993	993	1,619
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		(60)	(60)	192
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		72,871	63,731	141,578
70	85	RESULTS FROM FUNCTIONING		6,119	6,119	9,950
71	X	TOTAL		78,990	69,850	151,528

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	78,916	69,776	150,591
2	70	I. TAX INCOMES	2,984	2,984	12,025
3	700	a) On revenues, profit, and equity revenue	530	530	1,871
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	530	530	1,871
7	7009	Other tax	-	-	-
8	702	b) Property tax	937	937	5,643
9	7020	On immovable property	937	937	5,643
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	1,518	1,518	4,510
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	581	581	647
17	7035	Local tax on goods usage and activity permission	937	937	3,863
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	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	1,571	1,571	2,917
35	710	a) From enterprise and ownership	540	540	650
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	540	540	650
			1,031	1,031	2,267
39	711	b) Administrative service and secondary revenues	413	413	1,312
40	7110	Administrative tariffs and regulations	618	618	955
41	7111	Secondary revenues and payments of services	-	-	-
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non-tax revenues	74,361	65,220	135,650
48	72	IV. ACTUAL GRANTS (a+b)	74,361	65,220	135,650
49	720	a) Internal actual grant	63,913	63,913	132,837
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	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	10,448	1,307	2,814
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	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	78,916	69,776	150,591
80	Class 7	TOTAL INCOMES	74	74	937
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	74	74	937
83	841	Status change transfer	78,990	69,850	151,528
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	-
85	85	RESULTS FROM FUNCTIONING	78,990	69,850	151,528
86	X	TOTAL	78,916	69,776	150,591

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	-	7,155	7,155	-	
2	105	Internal capital grants	-	7,155	7,155	-	
3	1050	From the same government level	-	7,155	7,155	-	
4	1051	From other Government levels	-	-	-	-	
5	1052	Third parties contribution for investments	-	-	-	-	
6	1059	Internal grants in nature	-	-	-	-	
7	106	Foreigner Capital grants	-	-	-	-	
8	1060	From foreigner governments	-	-	-	-	
9	1061	From international institutions	-	-	-	-	
10	1069	Foreigner grants in nature	-	-	-	-	
11	14	Capital grants for investments to third parties	-	-	-	-	
		Internal grants, participation capital in investments for third					
12	145	parties	-	-	-	-	
		Foreigner grants, participation capital in investments for					
13	146	third parties	-	-	-	-	
14	11	Other own funds	-	-	-	-	
15	111	Reserve funds	-	-	-	-	
16	115	Fund allocation for investments from result of the year	-	-	-	-	
17	116	Revenues from tangible assets sales	-	-	-	-	
18	12	Carried result	-	-	-	-	
19	16	Internal borrowing and similar	-	-	-	-	
20	160	Bonds and direct credit (entry)	-	-	-	-	

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	-	7,155	7,155	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	7,155	7,155	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	-	-	-
39	2313	Roads, networks, water facilities	-	7,155	7,155	-
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	-	14,310	14,310	-

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	14,333	-	-	-
2	II. RECEIVABLES "CASH"	125,075	-	-	-
3	1. Funds from budget	118,289	-	-	-
4	Actual budget funds (Budget with changes)	109,826	-	-	-
5	Capital budget funds (Budget with changes)	8,464	-	-	-
6	2. Incomes and revenues during the year in "Cash"	6,785	-	-	-
7	Tax revenues in "Cash"	3,612	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	944	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,229	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	71,803	-	-
15	1. Payment from the budget for actual expenses	-	63,415	-	-
16	2. Payments from the budget for capital expenses	-	6,571	-	-
17	3. Payments from revenues for actual expenses	-	1,233	-	-
18	4. Payments from revenues from capital expenses	-	584	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	56,675	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	56,675	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	139,407	128,478	-	-
26	VI. CLOSING BALANCE	10,929	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Transf. Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	7,023	-	-	-	-	-	-	-	-	-	7,023
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	7,023	-	-	-	-	-	-	-	-	-	7,023
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	919,500	7,155	-	-	-	7,155	-	-	-	-	926,655
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	259,088	-	-	-	-	-	-	-	-	-	259,088
9	213 Roads, networks, water facilities	625,364	7,155	-	-	-	7,155	-	-	-	-	632,519
10	214 Technical installment, machinery, equipment, working tools	6,316	-	-	-	-	-	-	-	-	-	6,316
11	215 Transport vehicles	12,960	-	-	-	-	-	-	-	-	-	12,960
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	15,772	-	-	-	-	-	-	-	-	-	15,772
19	T O T A L (I + II)	926,523	7,155	-	-	-	7,155	-	-	-	-	933,678

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	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
				<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	
1	209	I. INTAGIBLE	4,914	622	-	622	-	-	-	-	5,536
2	219	II. TANGIBLE	400,391	24,406	-	24,406	-	-	-	-	424,797
		TOTAL (I + II)	405,305	25,028	-	25,028	-	-	-	-	430,333

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	541,159.43	25,102	28,474	544,532	541,159	25,102	7,215	523,273
2	1010	Status of base fund	541,159	-	21,259	562,418	541,159	-	-	541,159
3	1011	Additions base fund	-	-	7,215	7,215	-	-	7,215	7,215
4	1012	Decrease base fund	-	74	-	(74)	-	74	-	(74)
5	1013	Decrease from tangible assets consume	-	25,028	-	(25,028)	-	25,028	-	(25,028)
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12,13,145,15,85	INTERNAL FUND	9,950	7,845	4,014	6,119	9,950	7,845	4,014	6,119
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	9,950	7,845	4,014	6,119	9,950	7,845	4,014	6,119
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)	551,110	32,947	32,488	550,651	551,110	32,947	11,229	529,392

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.	Leave d		Total Salaries	Addit. Rewards	Immed. Social Assistanc e	Social and Health Insurance	Other Reward s	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	77	-	-	77	14,388	-	-	4,561	-	379
<i>1</i>	Directors	4	-	-	4	1,447	-	-	419	-	97
<i>2</i>	High level education specialist	21	-	-	21	5,228	-	-	1,550	-	236
<i>3</i>	Technical	18	-	-	18	3,295	-	-	1,151	-	42
<i>4</i>	Ordinary officers	18	-	-	18	3,183	-	-	912	-	5
<i>5</i>	Employees	7	-	-	7	606	-	-	258	-	-
<i>6</i>	Temporary employees	9	-	-	9	630	-	-	270	-	-

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	575,999	545,599	568,891
2	I	Current Assets	51,395	42,255	47,673
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	10,929	10,929	14,333
13	Class 4	2. Receivables	26,146	17,006	19,007
29	Class 3	3. Current Inventory accounts	14,320	14,320	14,334
39	II	Non-current Assets	524,604	503,345	521,218
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	21,259	-	-
47	21,24,28	3. Tangible assets	501,858	501,858	519,109
60	20	4. Intangible assets	1,487	1,487	2,109
65	III	Other assets	-	-	-
69	B	Liabilities	25,348	16,207	17,781
70	I	Current liabilities	25,348	16,207	17,781
71	Class	1. Accounts payable	25,348	16,207	17,781
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)	550,651	529,392	551,110
97		Presented: Consolidated budget	544,532	523,273	541,159
98		Carried forward results	6,119	6,119	9,950

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
1	2	3	5	6	7
1	A	TOTAL REVENUES	78,990	69,850	151,528
2	70,750,71	I. REVENUES AND CONTRIBUTES	4,556	4,556	14,941
3	70	1. Tax revenues upon	2,984	2,984	12,025
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	1,571	1,571	2,917
23	72	II. GENERAL ACTUAL GRANTS	74,361	65,220	135,650
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	74	74	937
33	B	TOTAL EXPENSES	72,871	63,731	141,578
34		I. ACTUAL EXPENSES	71,925	62,785	139,022
35	600 601	1. Salaries and employees contribution	19,339	16,776	32,205
38	602	2. Goods and Services	12,147	12,147	28,872
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	5	5	156
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	40,434	33,857	77,789
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	946	946	2,556
58	C	DETERMINED NET INCOME	6,119	6,119	9,950
59		From this: Functioning results	6,119	6,119	9,950
60		Functioning observed grants	-	-	-

STAR Project

Municipality Libohovë
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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	54
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	55
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	56
Financial due diligence	28		
Summary of observations and recommendations	29		
Consolidated financial statements	33		
Appendix 1 –Possible organization structure	37		
Appendix 2 – Personnel matters	38		
Appendix 3 –Information Technology	40		
Appendix 4 – Communication	43		
Appendix 5 – Archives	45		
Appendix 6 – Assets Management System	51		

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.
Roles – Municipality Council	
<ul style="list-style-type: none"> • In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the 	<ul style="list-style-type: none"> • The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes

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

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

Observations	Recommendations
<p>horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.
<p>Personnel matters – The tranfer of the staff</p>	
<ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is

Observations	Recommendations
<p>dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Gjirokastrë. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</p> <ul style="list-style-type: none"> 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. 	<p>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.</p> <ul style="list-style-type: none"> Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
<p>Personnel matters – Termination of working relationship</p>	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<ul style="list-style-type: none"> It is recommended to keep in mind that the 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

Observations	Recommendations
	<p>category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.
<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 Libohovë and two existing LGUs of Qender Libohove, Zagorie 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

Role	LGU Libohovë	LGU QendërLibohovë	LGU Zagorie
Council	✓	✓	✓
Mayor	✓	✓	✓
Deputy Mayor	✓		
Council secretary	✓	✓	✓

Their respective responsibilities include:

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

Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

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

Table 2: Roles in the Municipality

Roles		
New Municipality	Libohove	
Municipality Council	✓	
Mayor	✓	
Deputy Mayor	✓	
Secretary of Municipality Council	✓	
Administrative Unit	Qender Libohove	Zagorie
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. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- The total number of people performing public services is 10.
- 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 21.

Horizontal Functions	Libohovë	Qendër Libohovë	Zagorie	Merged
Finance	2	2	1	5
Local taxes and Tariffs	2	2	2	6
Legal Issues	1	1	n/a	2
Procurement	n/a	n/a	n/a	n/a
Institutional Relations	1	n/a	n/a	1
Human Resources	1	0.3	0.3	1.6
Protocol	0.5	0.3	1	1.8
Archiving	0.5	0.3	1	1.8
Information Technology	1	n/a	n/a	1
Supporting services	n/a	n/a	n/a	n/a
Internal Audit	1	n/a	n/a	1
Total	10	5.9	5.3	21.2

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show no exceptions
- The process of unification brings a new dimension organizational model that is a breakdown by geography. Consequently, the need to develop a matrix organizational structure emerges.
- The Matrix organizational structure will require the construction of multiple reporting lines, unification of objectives between sectoral divisions and functions, planning and use of combined resources, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- Contracted services
 - n/a
- 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

Note 1: Supposing the New Municipality will not consider its LGU as dependent units.

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 1;
- 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

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

responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:
 - The first block is related to function of the Mayor, the Cabinet of the Mayor, Deputy Mayors and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
 - The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General,

Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.

- The third block consists of agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- The fourth block consists of the office of one-stop service at LGUs level. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that cover relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGUs One Stop Shop offices will be represented by the Administrator, and will be organized and will play the same role as in LGU and its agencies, if applicable.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out of balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Immovable Estate Registration 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 20,746 thousand ALL. Overdue municipal obligations are reported at a value 14,822 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 7% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

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

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Libohove, 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 Libohove, LGU Qender Libohove and LGU Zagorie.

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

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	
Amounts in 000 ALL	For the period ended 31 July 2015
Income from grants	59,286
Tax and non-tax revenue	4,248
Total Expenses	55,912
Total Assets	323,778
Liabilities	20,746

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	323,778	290,547
I	Current Assets	32,724	31,924
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	9,309	9,309
Class 4	2. Receivables	19,059	18,259
Class 3	3. Current Inventory accounts	4,356	4,356
II	Non-current Assets	291,053	258,623
23	1. Investments	-	-
25,26	2. Finance assets	32,431	-
21,24,28	3. Tangible assets	252,286	252,286
20	4. Intangible assets	6,337	6,337
III	Other assets	-	-
B	Liabilities	20,746	19,946
I	Current liabilities	20,746	19,946
Class 4	1. Accounts payable	20,746	19,946
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	303,031	270,600
	Presented: Consolidated budget	295,409	262,979
	Carried forward results	7,622	7,622

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 323,778 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7% compared to December 31, 2014.

Current assets

- Current assets which have 10% of total assets are decreased by 17% 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 29% of cash and as decrease in the receivables of 8%.

Accounts Receivable

- Structure of total debtors of municipality Libohove consists of 16.44% of debtors of LGU Libohove, 71.56 % of debtors of LGU Qender Libohove and 12 % of debtors of LGU Zagori.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Libohove (90%), have increased by 14% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015 and the increase of PPE with 1% which consist of 78% of the total of the assets.

PPE

- 53,43% of PPE of the municipality of Libohove consists of PPE of LGU Libohove, 34.14% of PPE of LGU Qender dhe 12.43% of LGU.

Accounts Payable

Accounts payable have decreased by 9% during the period ended July 31, 2015 compared with the previous year 2014.

- 68,06 % of the total of payables consists of payables of LGU Libohove, 18.67% of LGU Qender dhe 13,27% OF LGU Zagori.
- Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	223,841	212,545
A	I. REVENUES AND CONTRIBUTES	18,337	18,337
70,750,71	1. Tax revenues upon	5,435	5,435
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	12,903	12,903
71	II. GENERAL ACTUAL GRANTS	205,504	194,208
72	III. FINANCIAL REVENUES	-	-
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	137,772	126,476
B	I. ACTUAL EXPENSES	122,314	111,018
600 601	1. Salaries and employees contribution	31,731	28,473
602	2. Goods and Services	27,037	26,721
603	3. Subsidies	-	-
604	4. Internal actual transfers	1,312	1,312
605	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	62,234	54,512
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	15,457	15,457
67	DETERMINED NET INCOME	86,069	86,069
C	From this: Functioning results	86,069	86,069
	Functioning observed grants	0	0

Overview of consolidated statement of financial performance

Sources of funds (revenues)

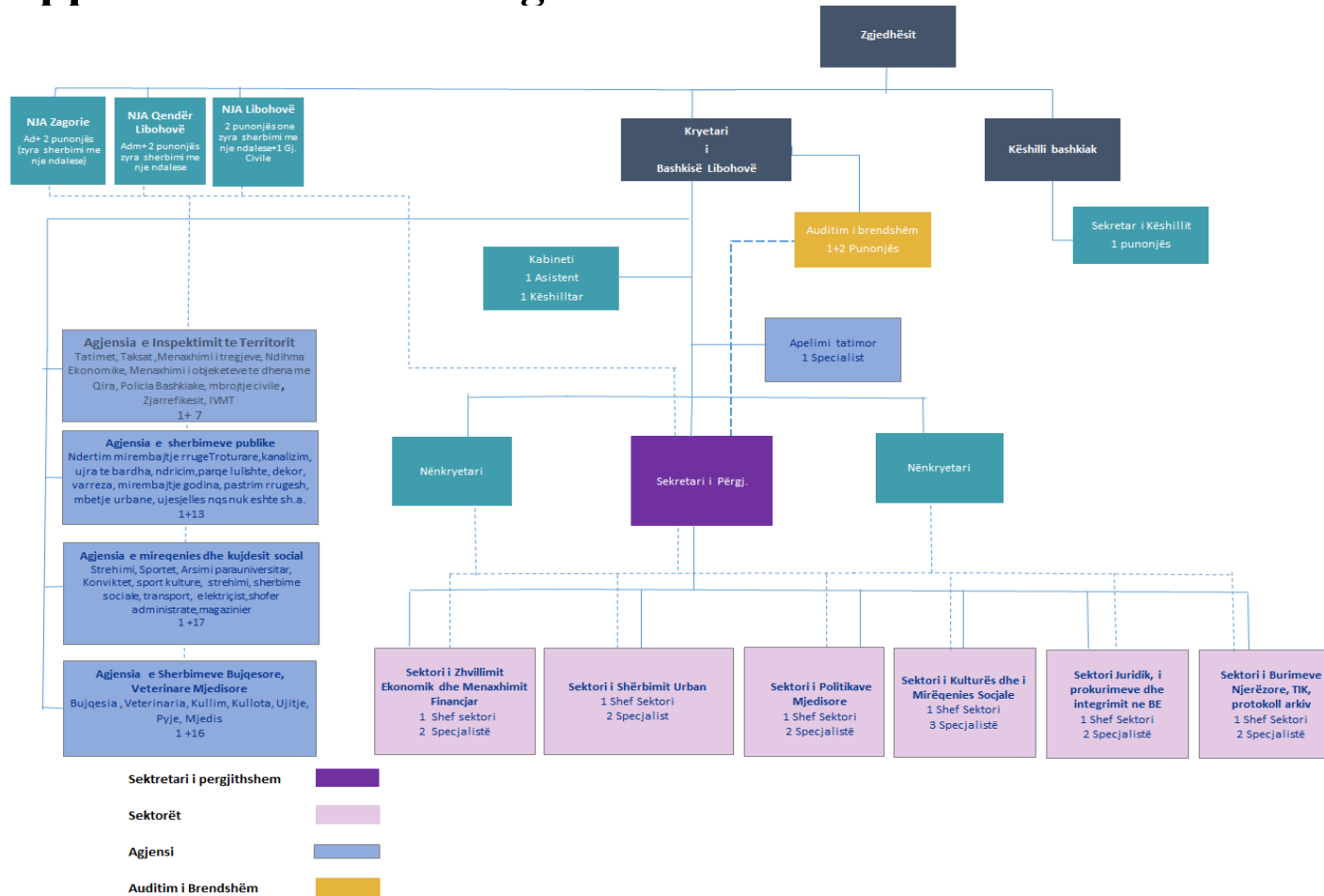
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was 63,534 thousand lek. 7% of the total municipality income are composed of tax and non-tax revenues and 93% of income is from grants.

Structure of total revenues is comprised of 46, 14% of revenues generated from LGU Libohove, 36.79% from LGU Qender Libohove and 17.06% from LGU Zagori.

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 55,912 thousand Lek. 87% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 39, 57% of expenses of LGU Libohove, 44, 53 % of LGU Qender Libohove and 15.09% of LGU Zagori.
- Details of revenues and expenditure are presented in Forms 3/1 and 3/2 in the appendix of this report.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 49 employees. More detailed: 49 persons working under indefinite employment contracts.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
The transfer of the staff	
<ul style="list-style-type: none"> • The current law "On organization and functioning of local government" is silent regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. • Labor relations and civil servants governed by the Civil Service legislation under which all civil servants are appointed, transferred or promoted must register on the portal "National Employment Service ". Local governments are responsible for the fulfillment of the above requirements. 	<ul style="list-style-type: none"> • Change of Law No. 8652 dated 31.07.2000 "On the organization and functioning of local government", in connection with the transfer of staff to consider. It would also be advisable issuance of sub- legal acts in order to regulate the details and procedures to facilitate the transfer. • The new organic structure is defined and approved after the effective date of the merger. • The competent authorities of the Municipality of Re to take into account the requirements of the Code of Practice for the design of new contracts of employment without notice to the employees to be included in the new organizational structure, including employees transferred by LGU - when it is not justify working to contract with a fixed term.

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 consists of desktop computers, printers and photocopy machines. Soft wares are old versions and unlicensed.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Libohovë	Qendër Libohovë	Zagorie	Merged
Installed Software	No software	No software	No software	0
Contracts of licenses	No contracts	No contracts	No contracts	0
Hardware (in usage)	19	21	0	40
Computer (desktop)	4	4	0	8
Printers	No printers	2	0	2
Servers	15	15	0	30
IT staff in total	No staff	No staff	No staff	0
Hardware and Software maintenance	No maintenance	No maintenance	No maintenance	0

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none">Information Technology	
<ul style="list-style-type: none">Model and year of production of PCs are unrecognisable because of the ways different parts of hardware are put together. No maintenance contracts whatsoever.	<ul style="list-style-type: none">New Municipality should add other computers, printers, scanners and other accessories.

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 department and communication between different sectors;

Summarized description of the information received

- Communication System consists of using the Internet. This service is provided by a local internet service provider through the cable system, the optical fiber. Not all employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Communication systems	
<ul style="list-style-type: none"> • Communication systems consist only in the use of cable internet which is offered free to the institution by the subject. No telephones installed in the office and no email address of the institution. 	<ul style="list-style-type: none"> • Installation of telephone network in the office is a necessity for staff to create opportunities to communicate with each other without leaving the workplace. • Installation of emails by which citizens can present their complaints and receive services directly without having to appear in municipal facilities thus distracting employees from their jobs .

Observations and recommendations

Objectives	LGU Libohovë	LGU Qendër Libohovë	LGU Zagorie
Telephony service	Yes	Yes	Yes
Telephony/service providers	Albtelekom	Albtelekom	Albtelekom
Internet service	Yes	Yes	Yes
Assess coverage of the telephony service	Non existent	Non existent	Non existent
Internal communication lines	Verbal or written	Verbal or written	Verbal or 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 2015.

Summarized description of the information received

- Description of Archive in LGU is held by the Protocol and Archiving Specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- 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	Libohovë	Qendër Libohovë	Zagorie
Fire protection, shells protection from sun, dust and any other physical and biological agents	NO	Yes	NO
Secured doors and windows with a metallic net and automatic door closure	YES	No	YES
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	YES
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes but no distance from the wall	Yes but 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
Records on physical control of the archive kept from the secretary of the archive	YES	YES	NO
Archive keys in two copies	YES	YES	NO
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	YES	YES	NO
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	The building is guarded by night guards	The building is guarded by night guards	NO
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Archivist keeps register with correspondence	Archivist keeps register with correspondence.	Archivist keeps register with correspondence

Technical requirements for practices in the premises of archives and record-keeping methodology	Libohovë	Qendër Libohovë	Zagorie
<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	YES	YES
Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.	YES	YES	YES
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	YES	YES	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	Libohovë	Qendër Libohovë	Zagorie
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	YES	YES	NO
The emblem of the Republic	YES	YES	NO
At the head of the document should be written "Republic of Albania"	YES	YES	NO
Title of the institution and structures belonging to the institution	YES	YES	NO
Number of documents attached	YES	YES	NO
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	NO	YES	NO
Date and number of protocol	YES	YES	NO
Mod 1 - Correspondence model	YES	YES	YES
Mod 3 - Serial Number of Correspondence	NO	NO	NO
Mod 4. -The Book Delivery	YES	YES	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	Libohovë	Qendër Libohovë	Zagorie
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	YES	YES	YES
Mode 5 - Table definitions of files for the year	YES	NO	NO
Mod 6 - Elements of cover dossier	YES	YES	NO
Mod 7 - Register of files	YES	YES	NO
Mod 8 - Internal File register	YES	YES	NO
Mod 9 - Decision of the Commission of Experts	NO	NO	NO
Mod 10 - Compilation of the list of documents that set aside	NO	NO	NO
Mod 11 - The period laid down for storage (protection)	YES	YES	NO
Mod 12 - Destruction of documents containing any further value	NO	NO	NO

Observations and Recommendations

Archive

Observations	Recommendations
Technical requirements for archives	
<ul style="list-style-type: none"> • Technical requirements for archives are not followed 	<ul style="list-style-type: none"> • The new structured municipality should take steps to achieve the accomplishment of technical requirements as stated in the methodology of archiving
Lack of a methodology of archiving	
<ul style="list-style-type: none"> • Lack of registers ,models,lists according to the methodology of archives 	<ul style="list-style-type: none"> • Keep records in registers to document every information according to the methodology • The new municipality may consider taking measures to ensure new facilities or expand the existing one in order to achieve the listing of all documents in the archives

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

- Head of the LGU is an Authorizing Officer, while the role of enforcer is held by the Head of Finance. In the absence of a regulation or internal procedures adopted by the Mayor, the unit applies the provisions of Instruction no. 30 dated 27.12.2001 "On the management acts in the public sector" as amended. However , certain requirements of the above Directive concerning the management of acts, records of certain assets and asset valuation are partially fulfilled
- 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 Libohovë	LGU Qendër Libohovë	LGU Zagorie
Adopted rules and procedures on asset management	yes	yes	yes
Authorizing Officer	Mayor	Mayor	Mayor
Executing Officer	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	no	no	no
Asset Accounting Register	yes	no	no
Leased Properties Register	no	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
Committee of disposal of assets	yes	yes	yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – Lack of procedures for assets revaluation	
<ul style="list-style-type: none">• Management of risk plan, objectives and control mechanism are not put in place.	<ul style="list-style-type: none">• Management of risk plan, objectives and control mechanism should be implemented from the new Municipality considering the transfer of assets from the former LGUs

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
Libohove	There are no investment projects			
Qender Libohove	There are no investment projects			
Zagorie	There are no investment projects			

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		291,053	258,623	255,948	
3		I. Intangible Assets		6,337	6,337	6,021	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research		6,384	6,384	6,069	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)		(48)	(48)	(48)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		252,286	252,286	249,927	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation		-	-	-	
12	212	Building and Constructions		86,060	86,060	85,154	
13	213	Roads, networks, water facilities		275,128	275,128	265,195	
14	214	Technical installment, machinery, equipment, working tools		4,647	4,647	4,647	
15	215	Transport vehicles		4,085	4,085	4,057	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory		13,101	13,101	14,535	
19	219	Depreciation of tangible assets		(130,735)	(130,735)	(123,660)	
20	231	Expenses in process for increase of current tangible assets		-	-	-	
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		32,431	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		32,431	-	-
27	B	CURRENT ASSETS		32,724	31,924	39,538
28	Class 3	I. Inventory Status		4,356	4,356	5,658
29	31	Materials		1	1	1
30	32	Inventory Objects		4,355	4,355	5,657
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		19,059	18,259	20,830
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties		-	-	281
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)		17,441	16,641	19,136
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		1,619	1,619	1,412
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		9,309	9,309	13,051

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		9,309	9,309	13,051
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		323,778	290,547	295,486
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidence		-	-	-

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		295,409	262,979	260,028
2	10	I. Own funds		282,683	250,253	251,436
3	101	Base funds		282,683	250,253	251,436
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		12,726	12,726	8,592
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		20,746	19,946	22,731
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		20,746	19,946	22,731
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts		14,822	14,022	14,843
23	42	Employees and related accounts		1,900	1,900	3,231
24	431	Liabilities to government for taxes		73	73	135
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		1,619	1,619	1,693
28	435	Social Insurance		631	631	917
29	436	Health Insurance		14	14	10
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		1,687	1,687	1,902
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)		7,622	7,622	12,726
43	X	TOTAL LIABILITY		323,778	290,547	295,486
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		50,026	50,026	77,525	
2	60	I. Current expenses		48,724	48,724	77,195	
3	600	Salaries, bonuses		12,770	12,770	18,951	
4	6001	Salaries		12,770	12,770	18,951	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		2,176	2,176	3,250	
9	6010	Insurance contributions		2,176	2,176	3,230	
10	6011	Health insurance		-	-	20	
11	602	Other goods and services		22,255	22,255	28,599	
12	6020	Stationary		383	383	1,284	
13	6021	Special services		77	77	51	
14	6022	Services from third party		650	650	2,114	
15	6023	Transport expenses		1,829	1,829	2,013	
16	6024	Travel expense		271	271	436	
17	6025	Ordinary maintenance expenses		2,725	2,725	4,267	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		13,778	13,778	14,517	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		2,543	2,543	3,916	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	
25	6032	Subsidies to cover loss		-	-	-	

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
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		674	674	55
29	6040	Current transfers to other government levels		673	673	-
30	6041	Current transfers to various government institutions		1	1	55
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		10,848	10,848	26,340
39	6060	Transfers paid from ISS and HII		-	-	5
40	6061	Transfers paid from other institutions and Local government		10,848	10,848	26,335
41	63	II. Change in inventory balances		1,302	1,302	330
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		-	-	-
56	662	Interest on other foreign 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	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		50,026	50,026	77,525	
61		D. RESULT CORRECTIONS ACTIVITES		5,886	5,886	5,007	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		2,308	2,308	3,831	
64	8420	Revenues deposited in the budget		-	-	-	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		1,302	1,302	330	
68	8424	Transfers for identified debtors and similar items		2,277	2,277	846	
69	Class 6 & 8	TOTAL FROM OPERATIONS		55,912	55,912	82,532	
70	85	RESULTS FROM FUNCTIONING		7,622	7,622	12,726	
71	X	TOTAL		63,534	63,534	95,258	

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	63,534	63,534	95,258
2	70	I. TAX INCOMES	1,752	1,752	4,484
3	700	a) On revenues, profit, and equity revenue	268	268	896
4	7000	Personal income tax	185	185	-
5	7001	Income tax	-	-	25
6	7002	Small business tax	83	83	871
7	7009	Other tax	-	-	-
8	702	b) Property tax	1,356	1,356	3,114
9	7020	On immovable property	1,356	1,356	3,114
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	127	127	474
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	127	127	474
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	2,496	2,496	4,902
35	710	a) From enterprise and ownership	595	595	1,591
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	595	595	1,591
39	711	b) Administrative service and secondary revenues	534	534	721
40	7110	Administrative tariffs and regulations	445	445	576
41	7111	Secondary revenues and payments of services	4	4	26
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	22	22	111
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	9
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	64	64	-
47	719	c) Other non-tax revenues	1,367	1,367	2,591
48	72	IV. ACTUAL GRANTS (a+b)	59,286	59,286	85,872
49	720	a) Internal actual grant	59,286	59,286	85,872
50	7200	From same Government level	34,599	34,599	60,793
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	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	17,381	17,381	19,136

			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	7,307	7,307	5,943
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	63,534	63,534	95,258
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	63,534	63,534	95,258
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	63,534	63,534	95,258

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	-	-	-	-
2	105	Internal capital grants	-	-	-	-
3	1050	From the same government level	-	-	-	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

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	-	12,449	12,449	-
34	230	Expenses for increase of Intangible Assets	-	316	316	-
35	231	Expenses for increase of Tangible Assets	-	12,133	12,133	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	2,054	2,054	-
39	2313	Roads, networks, water facilities	-	9,933	9,933	-
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	29	29	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	116	116	-
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 lending principal transaction	-	-	-	-

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>
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)	-	12,449	12,449	-

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	13,051	-	-	-
2	II. RECEIVABLES "CASH"	39,956	-	-	-
3	1. Funds from budget	35,306	-	-	-
4	Actual budget funds (Budget with changes)	35,306	-	-	-
5	Capital budget funds (Budget with changes)	-	-	-	-
6	2. Incomes and revenues during the year in "Cash"	4,650	-	-	-
7	Tax revenues in "Cash"	1,626	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	1,653	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	906	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	466	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	41,743	-	-
15	1. Payment from the budget for actual expenses	-	35,576	-	-
16	2. Payments from the budget for capital expenses	-	1,367	-	-
17	3. Payments from revenues for actual expenses	-	4,350	-	-
18	4. Payments from revenues from capital expenses	-	449	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	1,954	-	-
22	1. Deposit of revenues in the budget	-	1,954	-	-
23	2. Unused budget (actual and capital)	-	-	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	53,007	43,698	-	-
26	VI. CLOSING BALANCE	9,309	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	6,069	316	-	-	-	316	-	-	-	-	6,384
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	6,069	316	-	-	-	316	-	-	-	-	6,384
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	373,587	12,133	-	-	-	12,133	-	2,699	-	2,699	383,021
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	85,154	2,054	-	-	-	2,054	-	1,149	-	1,149	86,060
9	213 Roads, networks, water facilities	265,195	9,933	-	-	-	9,933	-	-	-	-	275,128
10	214 Technical installment, machinery, equipment, working tools	4,647	-	-	-	-	-	-	-	-	-	4,647
11	215 Transport vehicles	4,057	29	-	-	-	29	-	-	-	-	4,085
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	14,535	116	-	-	-	116	-	1,550	-	1,550	13,101
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	379,656	12,449	-	-	-	12,449	2,699	-	2,699		

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL'000, Unless otherwise stated)

In ALL '000												
N	Account Number	Description	Opening Accumulated Depreciation	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	48	-	-	-	-	-	-	-	48	
2	219	II. TANGIBLE	123,660	7,748	-	7,748	-	16	658	673	130,735	
		TOTAL (I + II)	123,708	7,748	-	7,748		16	658	673	130,782	

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	251,436.46	13,282	44,528	282,683	251,436	13,282	12,098	250,253
2	1010	Status of base fund	251,436	2,810	44,063	292,690	251,436	2,810	11,633	260,260
3	1011	Additions base fund	-	-	465	465	-	-	465	465
4	1012	Decrease base fund	-	625	-	(625)	-	625	-	(625)
5	1013	Decrease from tangible assets consume	-	7,148	-	(7,148)	-	7,148	-	(7,148)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	2,699	-	(2,699)	-	2,699	-	(2,699)
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	21,318	13,696	12,726	20,348	21,318	13,696	12,726	20,348
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	8,592	8,592	12,726	12,726	8,592	8,592	12,726	12,726
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	12,726	5,104	-	7,622	12,726	5,104	-	7,622

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
			Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
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)	272,754	26,978	57,254	303,031	272,754	26,978	24,824	270,600		

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)	47	4	5	46	12,770	-	-	2,857	-	721
<i>1</i>	Directors	3	-	-	3	1,403	-	-	322	-	120
<i>2</i>	High level education specialist	18	2	2	18	6,150	-	-	1,394	-	309
<i>3</i>	Technical Ordinary	13	1	2	12	3,564	-	-	740	-	292
<i>4</i>	officers	-	-	-	-	-	-	-	-	-	-
<i>5</i>	Employees	13	1	1	13	1,654	-	-	401	-	-
<i>6</i>	Temporary employees	-	-	-	-	-	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial yessionion

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	323,778	290,547	295,486
2	I	Current Assets	32,724	31,924	39,538
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	9,309	9,309	13,051
13	Class 4	2. Receivables	19,059	18,259	20,830
29	Class 3	3. Current Inventory accounts	4,356	4,356	5,658
39	II	Non-current Assets	291,053	258,623	255,948
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	32,431	-	-
47	21,24,28	3. Tangible assets	252,286	252,286	249,927
60	20	4. Intangible assets	6,337	6,337	6,021
65	III	Other assets	-	-	-
69	B	Liabilities	20,746	19,946	22,731
70	I	Current liabilities	20,746	19,946	22,731
71	Class	1. Accounts payable	20,746	19,946	22,731
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)	303,031	270,600	272,754
97		Presented: Consolidated budget	295,409	262,979	260,028
98		Carried forward results	7,622	7,622	12,726

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	63,534	63,534	95,258
2	70,750,71	I. REVENUES AND CONTRIBUTES	4,248	4,248	9,386
3	70	1. Tax revenues upon	1,752	1,752	4,484
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	2,496	2,496	4,902
23	72	II. GENERAL ACTUAL GRANTS	59,286	59,286	85,872
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	55,912	55,912	82,532
34		I. ACTUAL EXPENSES	48,724	48,724	77,195
35	600 601	1. Salaries and employees contribution	14,947	14,947	22,201
38	602	2. Goods and Services	22,255	22,255	28,599
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	674	674	55
51	605	5. External actual transfers	10,848	10,848	26,340
52	606	6. Budget transfers for families and individuals	-	-	-
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	7,188	7,188	5,337
58	C	DETERMINED NET INCOME	7,622	7,622	12,726
59		From this: Functioning results	7,622	7,622	12,726
60		Functioning observed grants	-	-	-

STAR Project

Municipality Memaliaj 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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	52
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	54
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	55
Financial due diligence	26		
Summary of observations and recommendations	27		
Consolidated financial statements	31		
Appendix 1 –Possible organization structure	35		
Appendix 2 – Personnel matters	36		
Appendix 3 –Information Technology	39		
Appendix 4 – Communication	42		
Appendix 5 – Archives	44		
Appendix 6 – Assets Management System	50		

Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Memaliaj and five existing LGUs of Fshat Memaliaj, Buz, Luftinjë, Krahëz and Qesarat 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:

Roles	Memaliaj	Fshat Memaliaj	Buz	Luftinjë	Krahëz	Qesarat
LGU Council	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>
Mayor	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>
Deputy Mayor	✓ <input type="checkbox"/>	✗ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>
Secretary of the LGU Council	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>	✓ <input type="checkbox"/>

Their respective responsibilities include:

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

After the merger, 5 units are transformed in 1 Municipality with 5 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

New Municipality	Memaliaj				
	Municipality Council	✓			
Mayor	✓				
Deputy Mayor	✓				
Secretary of Municipality Council	✓				
Administrative Unit	Buz	Fshat Memaliaj	Krahëz	Luftinjë	Qesarat
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. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;

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

Functions

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

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

The total number of people performing public services is 41.

- 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 38.

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

Public Services	Memaliaj	Buz	Fshati Memaliaj	Krahëz	Luftinjë	Qesarat	Merged
Infrastructure and public services							
Water Supply Company	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Functioning of the sewerage system	Contracted	n/a	n/a	n/a	n/a	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	n/a	n/a	n/a	n/a	n/a	n/a
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	n/a	n/a	n/a	1	1	2
Public lighting	n/a	n/a	n/a	n/a	n/a	n/a	n/a
The operation of urban public transport	Licensed	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	Contracted	n/a	n/a	n/a	n/a	n/a	n/a
Decorations Service in town / village	Contracted	n/a	n/a	n/a	n/a	n/a	n/a
Administration of parks, gardens and public spaces	Contracted	n/a	n/a	n/a	1	n/a	1
Collection, disposal and recovery of waste	Contracted	n/a	n/a	n/a	n/a	n/a	n/a
Urban planning	1	1	n/a	1	1	n/a	4
Land management	n/a	1	1	1	1	1	5
Shelter	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	n/a	n/a	n/a	n/a	n/a	1
Social services of kinder gardens	1	1	n/a	n/a	1	n/a	3
Social services - orphanages, shelters	n/a	0	n/a	n/a	n/a	n/a	n/a
Local economic development							
Preparation of local economic development programs	n/a	n/a	1	n/a	1	n/a	2
Establishment and function of public markets and trade network	1	1	n/a	1	1	n/a	4
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

Public Services	Memaliaj	Buz	Fshati Memaliaj	Krahëz	Luftinjë	Qesarat	Merged
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	0	n/a	n/a	n/a	n/a	1
Conservation and development of forests and natural resources of local character	1	n/a	1	n/a	1	1	4
The order and civil protection							
Preservation of public order to prevent administrative violations	1	1	1	1	1	1	6
Civil protection	n/a	n/a	n/a	n/a	n/a	1	1
Educational institutions							
Maintenance of facilities in preliminary education	1		1	1	n/a	n/a	3
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	n/a	n/a	1	n/a	1	1	3
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Protection							
Environmental Protection	n/a	1	n/a	n/a	1	n/a	2
Register Office							
Register Office	1	n/a	1	n/a	n/a	n/a	2
Business Registration							
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total							

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

Horizontal Functions	Memaliaj	Buz	Fshati Memaliaj	Krahöz	Luftinjë	Qesarat	Merged
Finance	2	1	1	2	1	1	8
Local taxes and Tariffs	1	2	1	1	2	1	8
Legal Issues	1	n/a	n/a	n/a	n/a	n/a	1
Procurement	1	n/a	n/a	n/a	n/a	n/a	1
Institutional Relations	0.5	n/a	n/a	n/a	n/a	n/a	0.5
Human Resources	n/a	1	n/a	n/a	1	n/a	2
Protocol	1	n/a	n/a	1	n/a	n/a	2
Archiving	1	n/a	n/a	n/a	n/a	1	2
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	4	1	1	1	3	3	13
Internal Audit	0.5	n/a	n/a	n/a	n/a	n/a	0.5
Total	12	5	3	5	7	6	38

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:

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 (Memaliaj)
 - 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	Jo	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

Note 1: Assuming that the municipality will not determine administrative provisions as institutions under its budget.

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:
 - Responsible Finance
 - Responsible for Public Services and Urban Planning
 - Responsible for Public Services
 - Head of Human Resources

Financial due diligence

Summary of observations and recommendations

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

Investments	
<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 78,049 thousand ALL. Overdue municipal obligations are reported at a value 50,724 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 5% 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 uniform software solution for</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.

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 Memaliaj, 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 Memaliaj, of LGU Fshat Memaliaj, of LGU Luftinje, of LGU Buz, of LGU Krahez, and of LGU Qesarat.

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	142,124
Tax and non-tax revenue	7,644
Total Expenses	131,988
Total Assets	1,214,608
Liabilities	78,049

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	1,214,608	1,184,575
I	Current Assets	95,831	95,073
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	13,238	13,238
Class 4	2. Receivables	77,711	76,952
Class 3	3. Current Inventory accounts	4,882	4,882
II	Non-current Assets	1,118,777	1,089,502
23	1. Investments	1,602	1,602
25,26	2. Finance assets	29,485	-
21,24,28	3. Tangible assets	1,086,600	1,086,810
20	4. Intangible assets	1,090	1,090
III	Other assets	-	-
B	Liabilities	78,049	77,290
I	Current liabilities	78,049	77,290
Class 4	1. Accounts payable	78,049	77,290
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	1,136,559	1,107,284
	Presented: Consolidated budget	1,123,449	1,094,174
	Carried forward results	13,110	13,110

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,214,608 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 4% compared to December 31, 2014.

Current assets

- Current assets which have 8% of total assets have decreased by 28% 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 67% of cash, and a decrease of accounts receivables by 12%.

Accounts Receivable

- Structure of total debtors of municipality Memaliaj consists of 55.7% of debtors of Ex Municipality Memaliaj, 19.64 % of debtors of LGU Qesarat, 6.58% of LGU Buz, 8.62% of debtors of LGU Krahez, 5.06 % of debtors LGU Memaliaj, and 4.4% of LGU Luftinje.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Memaliaj 92 %, have increased by 8% 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 5% which compose 89% of total assets.

PPE

- 25,25% of PPEs of Municipality Memaliaj are composed by the PPEs of Ex Municipality Memaliaj, 17.8% PPEs by LGU Krahes 18.01% by LGU Buz, 16.74% by LGU Luftije, 12.31% by LGU Memaliaj, 9.88% PPEs by LGU Qesarat.

Accounts Payable

Accounts payable have decreased by 12% during the period ended July 31, 2015 compared with the previous year 2014.

- 55.63% of the total accounts payable is composed of accounts payable of Ex Municipality Memaliaj, 19.82% by LGU Qesarat, 8,58% by LGU Krahes, 6.55 % by LGU Buz, 5.04 % by LGU Memaliaj, 4.38.% from LGU Luftinje.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	149,768	124,491
	I. REVENUES AND CONTRIBUTES		
A	CONTRIBUTES	7,644	6,294
70,750,71	1. Tax revenues upon	4,830	3,927
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	2,814	2,367
71	II. GENERAL ACTUAL GRANTS	142,124	118,197
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	131,988	111,381
B	I. ACTUAL EXPENSES	131,580	110,973
	1. Salaries and employees contribution	28,705	24,974
600 601	2. Goods and Services	24,066	18,484
602	3. Subsidies	-	-
603	4. Internal actual transfers	9	6
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	78,800	67,509
605	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606	III. FINANCIAL EXPENSES	-	-
68	IV. OTHER EXPENSES	409	409
66	DETERMINED NET INCOME	17,779	13,110
67	From this: Functioning results	17,779	13,110
C	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 149,768 thousand lek 5 % of the total municipality income are composed of tax and non-tax revenues, 92% of income is from grants and 3% from other income.

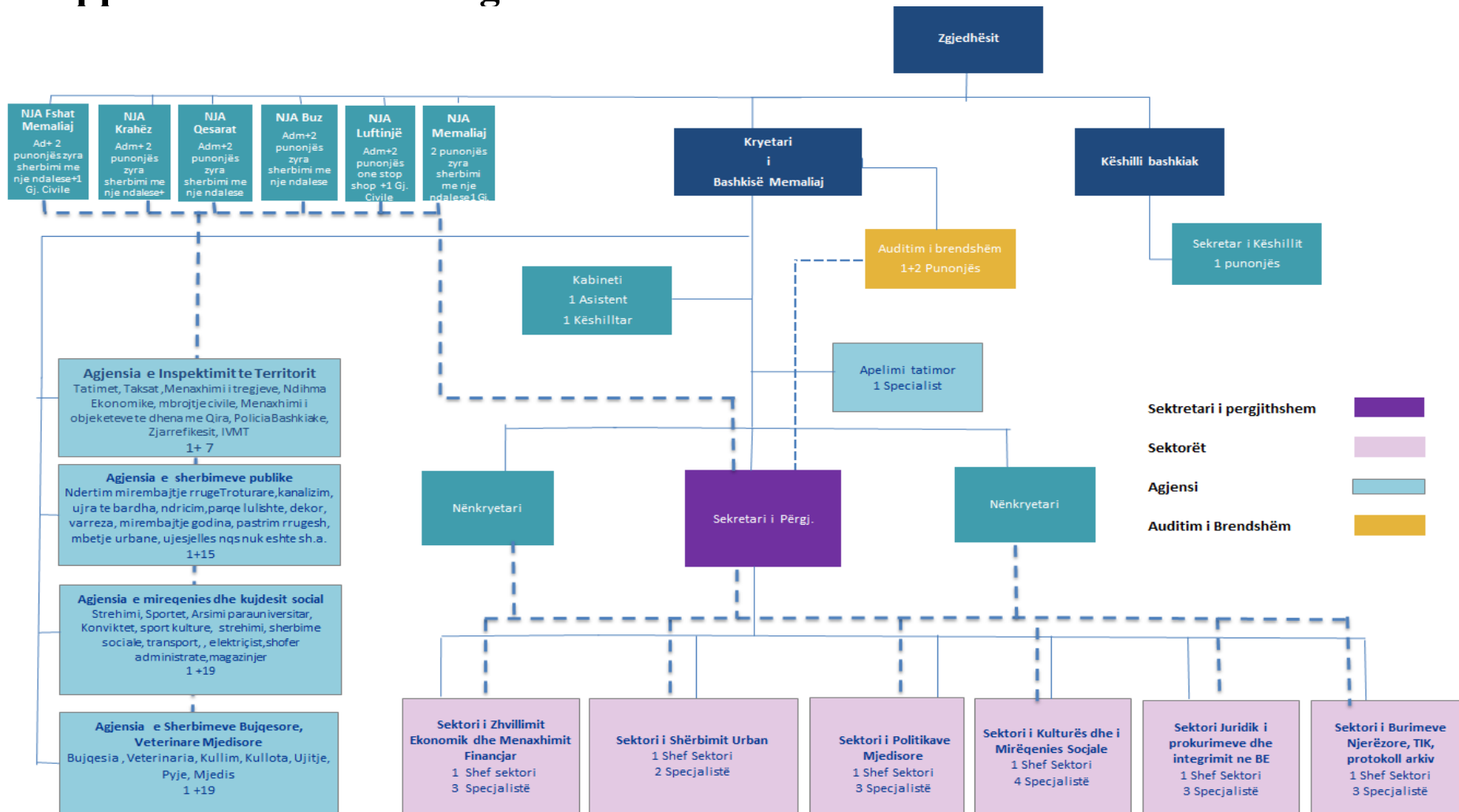
Structure of total revenues is comprised of 26.36% of the revenue generated from Ex Municipality Memaliaj, 26, 36 % PPE by LGU Memaliaj, 16.72% by LGU Luftije, 15.34 % by LGU Krahes, 8.56% by LGU Qesarat.

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 131,988 thousand Lek. 99% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 25.46% of the expenditures of Ex Municipality Memaliaj, 25,46 % PPE by LGU Memaliaj , 18.12% by LGU Luftije , 15.96 % by LGU Krahes , 8.03% by LGU Qesarat , 6.97% PPE by LGU Buz.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 1057 employees. More detailed: 105 persons working under employment contracts of one year, 81 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 Memaliaj. It is worth mentioning that the Municipality Memaliaj, 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

- Hardware devices mainly consist mostly on desktop computers, printers and photocopiers.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Memaliaj	Fshat Memaliaj	Luftinjë	Buz	Qesarat	Merged
Installed Software	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft
Contracts of licenses	n/a	n/a	n/a	n/a	n/a	n/a
Hardware (in usage)	6	7	10	6	4	20
Computer (desktop)	2	2	4	2	1	11
Printers	1	2	1	1	1	6
Servers	3	3	5	3	2	16
IT staff in total	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

Observations and Recommendations

IT environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <p>It is noticed that desktop computers are often mounted to different parts making the year of manufacture or model pc's unidentifiable</p>	<p>In forming the organizational structure of the Municipality we suggest:</p> <p>Increasing the number of desktop computers, ups, printers, scanners, and other accessories. For these devices should be kept an inventory and purchase invoices be stored in order to not replace the devices with similar ones.</p>

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 department and communication between different sectors;

Summarized description of the information received

Some local units have neither telephone nor internet connection.

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

Table 10: Communication System

Objectives	Memaliaj	Fshat Memaliaj	Buz	Luftinjë	Krahëz	Qesarat
Telephony service	Yes	Yes	Yes	Yes	Yes	No
Telephony/service providers	Telekom	Telekom	Jo	Telekom	Jo	No
Internet service	Yes	Yes	Yes	Yes	Yes	No
Assess coverage of the telephony service	No	No	No	No	No	No
Internal communication lines	N/A	N/A	N/A	N/A	N/A	N/A

Observations and recommendations

Observations	Recommendations
<p data-bbox="190 502 459 526">Communication Systems</p> <p data-bbox="190 563 1108 619">Totally lacking communication systems. No telephone apparatus installed in the office and does not have an email address of the institution itself.</p>	<p data-bbox="1243 483 2038 571">Installation of telephone network in the office is necessity for staff to create opportunities to communicate with each other, without distraction from work.</p> <p data-bbox="1209 608 1993 695">Also needed is the creation of email because employees can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other works.</p>

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 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 functions held by a journal and archive specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to archives
- 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 Memaliaj	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No, windows with metallic net	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	No	No	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	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
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	Yes	Yes	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
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Memaliaj	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).						
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branch, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	No	No	No	Yes	No
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Memaliaj	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë
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	No	Yes	Yes	No	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).					No	No
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	No	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Memaliaj	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes				Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	No	No	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	Yes	No	Yes	Yes
Mode 5 - Table definitions of files for the year	Yes	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	No	No	No
Mod 7 - Register of files	Yes	Yes	Yes	Yes	Yes	No
Mod 8 - Internal File register	Yes	Yes	Yes	No	No	No
Mod 9 - Decision of the Commission of Experts	Yes	Partly	Yes	Yes	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	Yes	No

Observations and Recommendations

Observations	Recommendations
<p>Fulfilment of technical requirements on archives</p> <p>Technical requirements on archives are not fully met.</p>	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to fully fulfil the technical requirements specified in the Archiving Methodology
<p>The lack of records and compliance with requirements of archiving Methodology</p> <p>Not all registers, stock lists, records or forms required by the methodology are held at the LGU's archives.</p>	<ul style="list-style-type: none"> • Maintain all records requested in order that the creation, documentation and transfer of documentation made in accordance with the Archiving Methodology requirements. • Perform processing technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being processed in LGU, it should also be taken into consideration in order to facilitate the reorganization of the archive of the new Municipality.

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.
- 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	Memaliaj	Fshat Memaliaj	Buz	Krahëz	Luftinjë	Qesarat
Adopted rules and procedures on asset management	No	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance Director	Finance Director	Finance Director	Finance Director	Finance Director	Finance Director
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	Yes, Written	No	No	No	No	No
Leased Properties Register	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	n/a
Annual Assets Inventory	No	No	No	No	No	No
Register of concessions / contracts enphyteosis	N/a	N/a	N/a	N/a	N/a	N/a
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	No	No	No	No
Committee of disposal of assets	Yes	Yes	Yes	Yes	No	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Lack of Procedure and the assessment of assets	
<ul style="list-style-type: none">• Risk management plan, objectives and control mechanisms management assets are not implemented.	<ul style="list-style-type: none">• Risk management plan, control objectives and management mechanisms of assets implemented by the New Municipality.

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
Memaliaj	n/a			
Fshat Memaliaj	n/a			
Luftinjë	n/a			
Buz	n/a			
Krahëz Qesarat	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		1,118,777	1,089,502	1,034,639	
3		I. Intangible Assets		2,692	2,692	2,422	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	1,090	1,090	2,422	
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		1,602	1,602	-	
9		II. Tangible Assets		1,086,600	1,086,810	1,032,218	
10	210	Land		120	120	120	
11	211	Forests, Pasture, Plantation	F6, Sh1	277	277	277	
12	212	Building and Constructions	F6, Sh1	413,003	413,003	413,003	
13	213	Roads, networks, water facilities	F6, Sh1	742,396	742,396	675,830	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	9,715	9,715	9,990	
15	215	Transport vehicles	F6, Sh1	3,103	3,313	3,313	
16	216	Government reserve		505	505	505	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	36,185	36,185	37,896	
19	219	Depreciation of tangible assets	F7, Sh1	(118,702)	(118,702)	(108,715)	
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		29,485	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		29,485	-	-
27	B	CURRENT ASSETS		95,831	95,073	133,141
28	Class 3	I. Inventory Status		4,882	4,882	4,646
29	31	Materials	Sh2	569	569	333
30	32	Inventory Objects	Sh2	4,313	4,313	4,313
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		77,711	76,952	88,090
39	409	Suppliers, prepayments or partial payment		7,724	7,724	7,774
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	788	788	3,189
42	431	Rights and taxes to deposit to government		28	28	85
		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)		19,977	19,218	15,347
46	435	Social Insurance		228	228	853
47	436	Health Insurance		31	31	29
52	468	Different Debtors	Sh4	48,936	48,936	60,811
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		13,238	13,238	40,406
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	13,110	13,110	40,073

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
59	531	Petty-cash		-	-	134
60	532	Other amounts		129	129	200
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
69	X	ASSETS TOTAL		1,214,608	1,184,575	1,167,781
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		1,123,449	1,094,174	1,039,285	
2	10	I. Own funds		1,123,449	1,094,174	1,039,285	
3	101	Base funds	F8	1,123,449	1,094,174	1,039,285	
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		78,049	77,290	88,423	
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		78,049	77,290	88,423	
21	419	Clients (Creditors), partial prepayment		7,724	7,724	7,769	
22	401-408	Suppliers and related accounts	Sh6	35,266	816	5	
23	42	Employees and related accounts		788	788	3,500	
24	431	Liabilities to government for taxes		28	28	96	
25	432	Taxes collected from government for the local government		-	-	-	
26	433	Government natural disaster		-	-	-	
27	4341	Other operations with government (creditor balance)		21,268	21,268	18,076	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		228	228	931
29	436	Health Insurance		31	31	49
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	4,771	4,771	4,014
36	467	Other creditors		7,946	41,637	53,983
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)		13,110	13,110	40,073
43	X	TOTAL LIABILITY		1,214,608	1,184,575	1,167,781
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		131,527	110,946	240,526	
2	60	I. Current expenses		131,580	110,973	242,765	
3	600	Salaries, bonuses		24,704	21,490	38,831	
4	6001	Salaries		24,614	21,490	38,831	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		90	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		4,001	3,483	6,412	
9	6010	Insurance contributions		4,001	3,483	6,239	
10	6011	Health insurance		-	-	172	
11	602	Other goods and services		24,066	18,484	43,915	
12	6020	Stationary		1,165	1,039	1,699	
13	6021	Special services		35	35	274	
14	6022	Services from third party		9,670	6,234	5,987	
15	6023	Transport expenses		1,828	2,128	5,758	
16	6024	Travel expense		2,125	1,803	3,885	
17	6025	Ordinary maintenance expenses		2,651	2,349	10,557	
18	6026	Rent expenses		-	-	9	
19	6027	Expenses for legal liability for compensation		543	543	2,407	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		6,049	4,354	13,340	
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		9	6	1,735
29	6040	Current transfers to other government levels		9	6	68
30	6041	Current transfers to various government institutions		-	-	1,650
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	18
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		78,800	67,509	151,872
39	6060	Transfers paid from ISS and HII		5,890	5,890	13,998
40	6061	Transfers paid from other institutions and Local government		72,910	61,619	137,874
41	63	II. Change in inventory balances	F1	(53)	(26)	(2,239)
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		-	-	-
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		-	-	-

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
60	Class 6	TOTAL EXPENSES		131,527	110,946	240,526
61		D. RESULT CORRECTIONS ACTIVITES		462	435	3,115
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		409	409	876
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		53	26	2,239
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		131,988	111,381	243,640
70	85	RESULTS FROM FUNCTIONING		17,779	13,110	40,073
71	X	TOTAL		149,768	124,491	283,713

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	149,768	124,491	283,713
2	70	I. TAX INCOMES	4,830	3,927	8,207
3	700	a) On revenues, profit, and equity revenue	990	697	1,268
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	125
6	7002	Small business tax	990	697	1,143
7	7009	Other tax	-	-	-
8	702	b) Property tax	1,526	1,435	4,444
9	7020	On immovable property	1,518	1,427	4,379
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	7	7	64
12	703	c) Tax upon goods and services in the country	1,350	1,090	1,299
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	521	261	453
17	7035	Local tax on goods usage and activity permission	829	829	846
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	964	706	1,196
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self-employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	2,814	2,367	3,317
35	710	a) From enterprise and ownership	1,516	1,472	270
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,516	1,472	270
			1,298	895	3,046
39	711	b) Administrative service and secondary revenues	710	387	1,091
40	7110	Administrative tariffs and regulations	15	8	860
41	7111	Secondary revenues and payments of services	-	-	-
42	7112	Tax for legal actions and notary	573	500	1,095
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non-tax revenues	142,124	118,197	272,189
48	72	IV. ACTUAL GRANTS (a+b)	142,124	118,197	272,189
49	720	a) Internal actual grant	130,435	112,558	251,470
50	7200	From same Government level	-	119	177
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	-	-	-
55	7205	Additional finances created within the system	11,689	5,520	19,715
56	7206	Expected financing from budget	-	-	500

			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	-	-	327
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	149,768	124,491	283,713
80	Class 7	TOTAL INCOMES	-	-	-
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	149,768	124,491	283,713
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	-
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	149,768	124,491	283,713

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	-	67,149	67,149	-
2	105	Internal capital grants	-	67,149	67,149	-
3	1050	From the same government level	-	61,682	61,682	-
4	1051	From other Government levels	-	5,154	5,154	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	313	313	-
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				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
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	-	68,438	68,438	-
34	230	Expenses for increase of Intangible Assets	-	1,872	1,872	-
35	231	Expenses for increase of Tangible Assets	-	66,566	66,566	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	-	-	-
39	2313	Roads, networks, water facilities	-	66,566	66,566	-
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending principal transaction	-	-	-	-

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>
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)	-	135,586	135,586	-

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	40,073	-	-	-
2	II. RECEIVABLES "CASH"	183,135	-	-	-
3	1. Funds from budget	176,835	-	-	-
4	Actual budget funds (Budget with changes)	130,172	-	-	-
5	Capital budget funds (Budget with changes)	46,663	-	-	-
6	2. Incomes and revenues during the year in "Cash"	6,300	-	-	-
7	Tax revenues in "Cash"	3,153	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	2,367	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	780	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	-	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	177,528	-	-
15	1. Payment from the budget for actual expenses	-	115,170	-	-
16	2. Payments from the budget for capital expenses	-	61,949	-	-
17	3. Payments from revenues for actual expenses	-	-	-	-
18	4. Payments from revenues from capital expenses	-	409	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	32,570	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	32,570	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	223,208	210,098	-	-
26	VI. CLOSING BALANCE	13,110	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	2,422	270	-	-	-	270	-	-	-	-	2,692
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	2,422	270	-	-	-	270	-	-	-	-	2,692
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,140,933	66,566	-	313	349	67,228	-	2,299	349	2,649	1,205,513
6	210 Land	397	-	-	-	-	-	-	-	-	-	397
7	211 Forests, Pasture, Plantation	111,955	-	-	-	-	-	-	-	-	-	111,955
8	212 Building and Constructions	448,279	-	-	-	-	-	-	-	-	-	448,279
9	213 Roads, networks, water facilities	529,491	66,566	-	-	-	66,566	-	-	-	-	596,057
10	214 Technical installment, machinery, equipment, working tools	9,477	-	-	313	-	313	-	239	349	588	9,202
11	215 Transport vehicles	2,933	-	-	-	-	-	-	-	-	-	2,933
12	216 Government reserve	505	-	-	-	-	-	-	-	-	-	505
13	217 Working and production animals	16,399	-	-	-	-	-	-	-	-	-	16,399
14	218 Economic Inventory	21,497	-	-	-	349	349	-	2,060	-	2,060	19,786
19	T O T A L (I + II)	1,143,355	66,836	-	313	349	67,498	-	2,299	349	2,649	1,208,204

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	
			<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
<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	108,715	9,987	-	9,987	-	-	-	-	118,702
		TOTAL (I + II)	108,715	9,987	-	9,987	-	-	-	-	118,702

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,039,285.20	12,286	96,660	1,123,659	1,039,285	12,286	67,175	1,094,174
2	1010	Status of base fund	1,039,285	-	29,485	1,068,770	1,039,285	-	-	1,039,285
3	1011	Additions base fund	-	-	67,175	67,175	-	-	67,175	67,175
4	1012	Decrease base fund	-	-	-	-	-	-	-	-
5	1013	Decrease from tangible assets consume	-	9,987	-	(9,987)	-	9,987	-	(9,987)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from Decrease from transferring	-	2,299	-	(2,299)	-	2,299	-	(2,299)
8	1016	tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	40,073	40,073	13,110	13,110	40,073	40,073	13,110	13,110
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	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
		institution in investing for third parties										
		Forecasted amounts for disasters and expenses										
17	15		-	-	-	-	-	-	-	-		
18	85	Result	40,073	40,073	13,110	13,110	40,073	40,073	13,110	13,110		
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)	1,079,358	52,359	109,770	1,136,769	1,079,358	52,359	80,285	1,107,284		

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)	86	-	1	85	21,490	-	-	4,612	-	529
<i>1</i>	Directors	6	-	-	6	2,187	-	-	409	-	140
<i>2</i>	High level education specialist	29	-	1	28	7,339	-	-	1,313	-	285
<i>3</i>	Technical	7	-	-	7	2,534	-	-	337	-	32
<i>4</i>	Ordinary officers	39	-	-	39	8,704	-	-	2,427	-	67
<i>5</i>	Employees	4	-	-	4	638	-	-	127	-	6
<i>6</i>	Temporary employees	1	-	-	1	88	-	-	-	-	-

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	1,214,608	1,184,575	1,167,781
2	I	Current Assets	95,831	95,073	133,141
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	13,238	13,238	40,406
13	Class 4	2. Receivables	77,711	76,952	88,090
29	Class 3	3. Current Inventory accounts	4,882	4,882	4,646
39	II	Non-current Assets	1,118,777	1,089,502	1,034,639
40	23	1. Investments	1,602	1,602	-
44	25,26	2. Finance assets	29,485	-	-
47	21,24,28	3. Tangible assets	1,086,600	1,086,810	1,032,218
60	20	4. Intangible assets	1,090	1,090	2,422
65	III	Other assets	-	-	-
69	B	Liabilities	78,049	77,290	88,423
70	I	Current liabilities	78,049	77,290	88,423
71	Class	1. Accounts payable	78,049	77,290	88,423
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)	1,136,559	1,107,284	1,079,358
97		Presented: Consolidated budget	1,123,449	1,094,174	1,039,285
98		Carried forward results	13,110	13,110	40,073

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
1	2	3	5	6	7
	A	TOTAL REVENUES	149,768	124,491	283,713
2	70,750,71	I. REVENUES AND CONTRIBUTES	7,644	6,294	11,524
3	70	1. Tax revenues upon	4,830	3,927	8,207
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	2,814	2,367	3,317
23	72	II. GENERAL ACTUAL GRANTS	142,124	118,197	272,189
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	131,988	111,381	243,640
34		I. ACTUAL EXPENSES	131,580	110,973	242,765
35	600 601	1. Salaries and employees contribution	28,705	24,974	45,243
38	602	2. Goods and Services	24,066	18,484	43,915
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	9	6	1,735
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	78,800	67,509	151,872
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	409	409	876
58	C	DETERMINED NET INCOME	17,779	13,110	40,073
59		From this: Functioning results	17,779	13,110	40,073
60		Functioning observed grants	-	-	-

STAR Project

Municipality Përmet
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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	55
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	56
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	57
Financial due diligence	28		
Summary of observations and recommendations	29		
Consolidated financial statements	33		
Appendix 1 –Possible organization structure	37		
Appendix 2 – Personnel matters	38		
Appendix 3 –Information Technology	41		
Appendix 4 – Communication	44		
Appendix 5 – Archives	46		
Appendix 6 – Assets Management System	52		

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.
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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Përmet and four existing LGUs of Frasher, Petran, Carshove, Qender Piskove 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	Përmet	Frashër	Petran	Çarshovë	Qendër Piskovë
Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓				
Secretary Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

- 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 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roles				
New Municipality	Permet			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
Administrative Unit	Frashër	Petran	Çarshovë	Qendër Piskovë
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:
 - Approves and dismisses managers of administrative units.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

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

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

The total number of people performing public services is 103.4.

- 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 28.3.

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

Public Services	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
Infrastructure and public services						
Water Supply Company	Contracted	1	Contracted	1.4	1.7	4.1
Functioning of the sewerage system	1.5	0.5	Contracted	0.3	0.5	2.8
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1.5	0.5	Contracted	0.3	0.5	2.8
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	4.5	0.5	0.4	Contracted	n/a	5.4
Public lighting	1.5	0.5	n/a	Contracted	Contracted	2
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	3.5	0.5	0.3	0.3	0.5	5.1
Decorations Service in town / village	3.5	n/a	n/a	n/a	0.5	4
Administration of parks, gardens and public spaces	12.5	n/a	0.3	0.5	n/a	13.3
Collection, disposal and recovery of waste	9.5	0.5	n/a	n/a		10
Urban planning	1	1	0.4	1	1	4.4

Public Services	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
Land management	n/a	0.5	0.5		1	2
Shelter	1	n/a	n/a	n/a	n/a	1
Social, cultural and sports Services						
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	3.3	n/a	n/a	n/a	n/a	3.3
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 kinder gardens	7.5	n/a	n/a	n/a	n/a	7.5
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development						
Preparation of local economic development programs	1	n/a	n/a	n/a	n/a	1
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	1	n/a	n/a	n/a	n/a	1
Organization of services within the local economic development support and information structures and infrastructure necessary	1	n/a	n/a	n/a	n/a	1
Veterinary services	1	0.3	n/a	n/a	0.5	1.8
Conservation and development of forests and natural resources of local character	n/a	0.5	0.5	0.5	1	2.5

Public Services	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
The order and civil protection						
Preservation of public order to prevent administrative violations	2	n/a	0.5	n/a	n/a	2.5
Civil protection	1	n/a	0.5	n/a	n/a	1.5
Educational institutions						
Maintenance of facilities in preliminary education	8	0.5	0.4	0.2	n/a	9.1
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	2	0.4	0.6	1	0.5	4.5
Social Care on domestic violence	1	0.3	n/a	n/a	n/a	1.3
Social care for the protection of children's Rights	0.2	0.3	n/a	n/a	n/a	0.5
Environmental Protection						
Environmental Protection	n/a	n/a	n/a	n/a	n/a	n/a
Register Office						

Public Services	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
Register Office	1	1	n/a	1	1	4
Business Registration						
National Registration Center	2	n/a	n/a	n/a	n/a	2
Total	75	8.8	4.4	6.5	8.7	103.4

Horizontal Functions	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
Finance	2	1	1	1.5	1	6.5
Local taxes and Tariffs	3	0.7	1	2	1.5	8.2
Legal Issues	0.6	n/a	Contracted	1	n/a	1.6
Procurement	0.4	n/a	Contracted	Contracted	n/a	0.4
Institutional Relations	0.2	n/a	n/a	n/a	n/a	0.2
Human Resources	0.5	n/a	n/a	n/a	n/a	0.5
Protocol	0.5	0.5	0.3	0.25	0.25	1.8
Archiving	0.5	0.5	0.3	0.25	0.25	1.8
Information Technology	n/a	0	n/a	n/a	n/a	n/a
Supporting services	2	1.5	1	1.5	1.3	7.3
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a
Total	9.7	4.2	3.6	6.5	4.3	28.3

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 no exceptions
- The process of unification brings a new dimension organizational model that is a breakdown by geography. Consequently, the need to develop a matrix organizational structure emerges.
- The Matrix organizational structure will require the construction of multiple reporting lines, unification of objectives between sectoral divisions and functions, planning and use of combined resources, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The below services are contracted:
 - Treatment of urban waste
- 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

Note 1: Supposing the New Municipality will not consider its LGU as dependent units.

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 1;

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;
- In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:
 - The first block is related to function of the Mayor, the Cabinet of the Mayor, Deputy Mayors and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
 - The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included
 - .

in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.

- The third block consists of agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- The fourth block consists of the office of one-stop service at LGUs level. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that cover relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGUs One Stop Shop offices will be represented by the Administrator, and will be organized and will play the same role as in LGU and its agencies , if applicable

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Immovable Estate Registration 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 56,760 thousand ALL. Overdue municipal obligations are reported at a value 23,879 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 8% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

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

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Permet, 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 Permet, LGU Frasher, LGU Petran, LGU Carshove and LGU Qender Piskove.

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	205,504
Tax and non-tax revenue	18,337
Total Expenses	137,772
Total Assets	846,164
Liabilities	56,760

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	846,164	768,765
I	Current Assets	169,949	158,969
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	94,367	94,367
Class 4	2. Receivables	51,357	40,377
Class 3	3. Current Inventory accounts	24,225	24,225
II	Non-current Assets	676,215	609,796
23	1. Investments	-	-
25,26	2. Finance assets	66,315	-
21,24,28	3. Tangible assets	607,325	607,325
20	4. Intangible assets	2,574	2,471
III	Other assets	-	-
B	Liabilities	56,760	45,779
I	Current liabilities	43,073	32,092
Class 4	1. Accounts payable	43,073	32,092
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	13,687	13,687
	Net assets (A - B)	789,404	722,986
	Presented: Consolidated budget	705,175	638,757
	Carried forward results	84,229	84,229

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 846.164 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 13% compared to December 31, 2014.

Current assets

- Current assets which have 20% of total assets are increased by 94% 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 479% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts and the account of the state of inventories have slightly increased by 9 % and 3%.

Accounts Receivable

- Structure of total debtors of municipality Permet consists of 73.85% of debtors of LGU Permet, 15.33 % of debtors of LGU Petran, 4.66% of LGU Piskove, 4, 66% of LGU Frasher and the rest of other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Permet (80%), have increased by 3% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015.

PPE

- 54,67% of PPEs of Municipality Permet are composed by the PPEs of LGU Permet, 27.17% PPEs by LGU Petran, 8.04% by LGU Carshove, 5.29% by LGU Picar and 3,66% by LGU Frasher.

Accounts Payable

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

- 67,91 % of the total accounts payable is composed of accounts payable of LGU Permet, , 22.14% of LGU Petran, 4.46% of LGU Çarshove, 4.13 % of LGU Piskove dhe 1.35 % of LGU Frasher.
- Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	223,841	212,545
A	I. REVENUES AND CONTRIBUTES	18,337	18,337
70,750,71	1. Tax revenues upon	5,435	5,435
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	12,903	12,903
71	II. GENERAL ACTUAL GRANTS	205,504	194,208
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	-	-
77, 83	TOTAL EXPENSES	137,772	126,476
B	I. ACTUAL EXPENSES	122,314	111,018
	1. Salaries and employees contribution	31,731	28,473
600 601	2. Goods and Services	27,037	26,721
602	3. Subsidies	-	-
603	4. Internal actual transfers	1,312	1,312
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	62,234	54,512
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	15,457	15,457
67	DETERMINED NET INCOME	86,069	86,069
C	From this: Functioning results	86,069	86,069
	Functioning observed grants	0	0

Overview of consolidated statement of financial performance

Sources of funds (revenues)

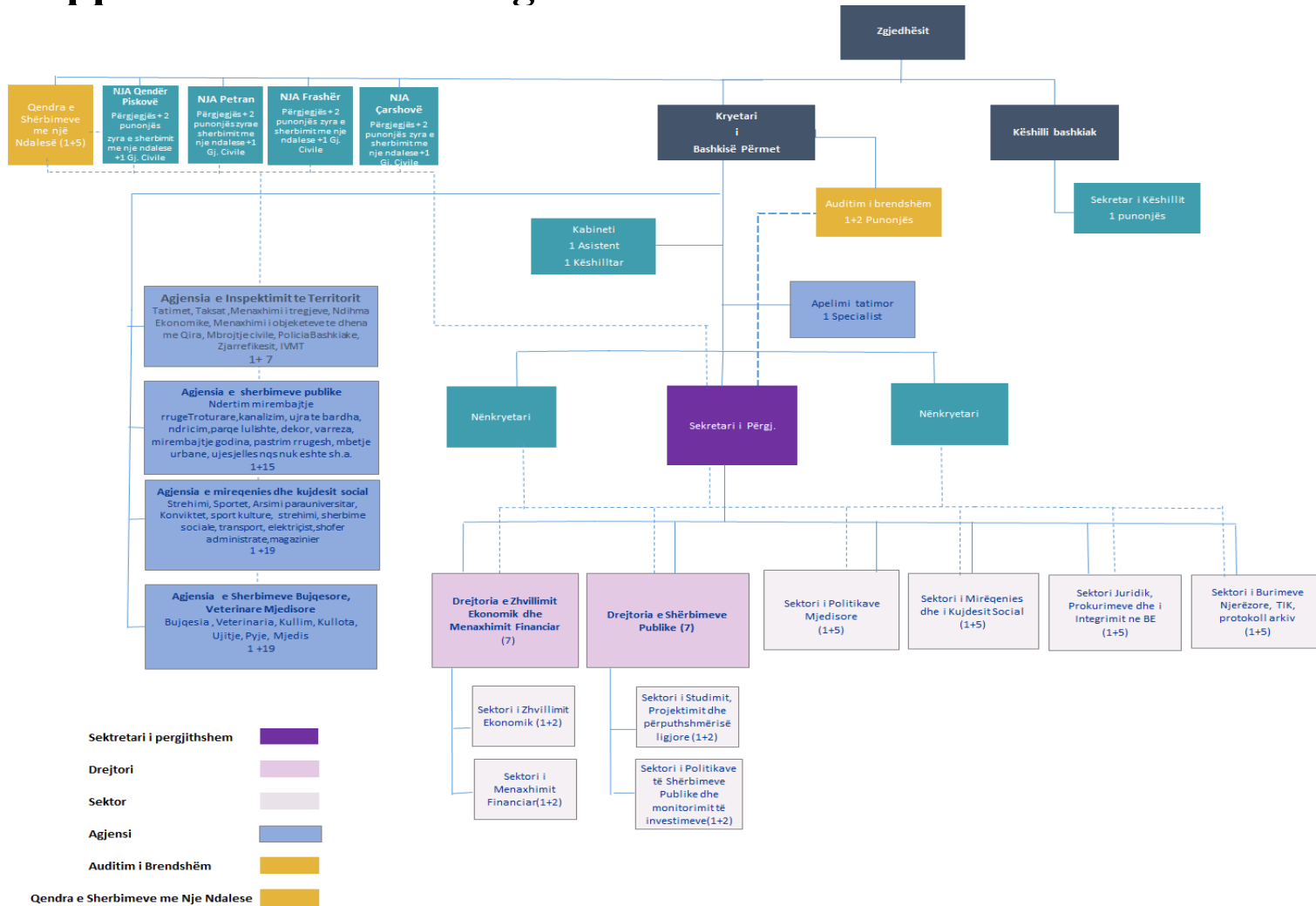
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 223,841 thousand lek. 8% of the total municipality income are composed of tax and non-tax revenues and 92% of income is from grants.

Structure of total revenues is comprised of 66.41% of revenues generated from LGU Permet, 10,71 % from LGU Petran, 10.02% from LGU Piskove, 8.83 % from LGU Çarshove and 4.04% from LGU Frasher.

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 137,772 thousand Lek. 89% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 48.54% of expenses of LGU Permet, 16,19 % of LGU Petran, 16.84% of LGU Piskove, 12.32 % of LGU Çarshove and 6.12% of LGU Frasher.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 151 employees. More detailed: 121 persons working under employment contracts of one year.
- 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 Permet. It is worth mentioning that the Municipality Permet, 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

- Hardware consists of desktop computers, printers and photocopy machines.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Përmet	Çarshovë	Frashër	Petran	Qendër Piskovë	Merged
Installed Software	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft	Microsoft
Contracts of licenses	No contracts	No contracts	No contracts	No contracts	No contracts	No contracts
Hardware (in usage)	44	12	7	34	16	57
Computer (desktop)	16	5	3	13	5	42
Printers	11	5	3	5	3	27
Servers	17	2	1	10	8	38
IT staff in total	No staff	No staff	No staff	No staff	No staff	No staff
Hardware and Software maintenance	No maintenance	No maintenance	No maintenance	No maintenance	No maintenance	No maintenance

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none">Information Technology	
<ul style="list-style-type: none">Model and year of production of PCs are unrecognisable because of the ways different parts of hardware are put together	<ul style="list-style-type: none">New Municipality should consider implementing a centralized and standardized system that keeps an inventory of hardware where each part is recognisable. Add other computers, printers, scanners etc.

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 and communication between different sectors;

Summarized description of the information received

- Communication is verbal and written.
- 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"> • Total lack of communication systems. No phones in the offices and 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 and recommendations

Objectives	LGU Përmet	LGU Frashër	LGU Petran	LGU Çarshovë	LGU Qendër Piskovë
Telephony service	Yes	Yes	Yes	Yes	Yes
Telephony/service providers	Telekom	Telekom	No	Telekom	No
Internet service	Yes	Yes	Yes	Yes	Yes
Assess coverage of the telephony service	No	No	No	No	No
Internal communication lines	Verbal or written	Verbal or written	Verbal or written	Verbal or written	Verbal or 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 2015.

Summarized description of the information received

- Description of Archive in LGU is held by the Protocol and Archiving Specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- 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 Përmet	LGU Frashër	LGU Çarshovë	LGU Petran	LGU Piskovë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	NO	No	Yes	NO
Secured doors and windows with a metallic net and automatic door closure	No	NO	No	Yes	NO
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	NO	No	Yes	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	NO	No	No	NO
Records on physical control of the archive kept from the secretary of the archive	No	NO	No	No	NO
Archive keys in two copies	No	YES	No	Yes	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	YES	No	Yes	NO
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	NO	No	Yes	NO
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	YES	No	yes	YES

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Përmet	LGU Frashër	LGU Çarshovë	LGU Petran	LGU Piskovë
<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, branch, 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>	partially	Yes	No	Yes	YES
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	No	NO	No	yes	NO
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	No	NO	No	yes	

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Përmet	LGU Frashër	LGU Çarshovë	LGU Petran	LGU Piskovë
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	No	NO
The emblem of the Republic	To the institution	No	Yes	yes	NO
At the head of the document should be written "Republic of Albania"	Yes	NO	Yes	Yes	NO
Title of the institution and structures belonging to the institution	Yes	NO	Yes	Yes	NO
Number of documents attached	Yes	NO	Yes	Yes	NO
The content of the document	Yes	NO	Yes	yes	NO
Name, surname and signature of the person who signed the document and stamp	Yes	NO	Yes	yes	NO
Signature of the director of the institution	Yes	NO	Yes	yes	NO
Date and number of protocol		NO			
Mod 1 - Correspondence model	no	NO	No	Yes	NO
Mod 3 - Serial Number of Correspondence	Yes	NO	Yes	Yes	NO
Mod 4. -The Book Delivery	No	NO	No	Yes	NO
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	NO	No	Yes	NO

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Përmet	LGU Frashër	LGU Çarshovë	LGU Petran	LGU Piskovë
Mode 5 - Table definitions of files for the year	No	NO	No	Yes	NO
Mod 6 - Elements of cover dossier	No	YES	No	Yes	YES
Mod 7 - Register of files	partially	NO	No	Yes	NO
Mod 8 - Internal File register	Partially	NO	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	Yes	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	NO	No	No	NO

Observations and Recommendations

Archive

Observations	Recommendations
Technical requirements for archives	
<ul style="list-style-type: none"> • Technical requirements for archives are not followed 	<ul style="list-style-type: none"> • The new structured municipality should take steps to achieve the accomplishment of technical requirements as stated in the methodology of archiving
Lack of a methodology of archiving	
<ul style="list-style-type: none"> • Lack of registers ,models,lists according to the methodology of archives 	<ul style="list-style-type: none"> • Keep records in registers to document every information according to the methodology • The new municipality may consider taking measures to ensure new facilities or expand the existing one in order to achieve the listing of all documents in the archives

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

- Head of the LGU is an Authorizing Officer, while the role of enforcer officers held by the Head of Finance.
- 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 Përmet	LGU Çarshovë	LGU Frashër	LGU Petran	LGU Piskovë
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Head of LGU	Head of LGU	Head of LGU	Head of LGU	Head of LGU
Executing Officer	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No
Asset Accounting Register	Yes	No	No	No	No
Leased Properties Register	No	No	No	No	No
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	Yes	Yes	Yes	Yes	Yes
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	No	No	No	No
Committee of disposal of assets	Yes	Yes	Yes	Yes	No

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – Lack of procedures for assets revaluation	
<ul style="list-style-type: none">• Management of risk plan, objectives and control mechanism are not put in place.	<ul style="list-style-type: none">• Management of risk plan, objectives and control mechanism should be implemented from the new Municipality considering the transfer of assets from the former LGUs

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
Përmet	There are no investment projects			
Frashër	There are no investment projects			
Çarshovë	There are no investment projects			
Petran	There are no investment projects			
Qendër Piskovë	There are no investment projects			

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		676,215	609,796	658,444	
3		I. Intangible Assets		2,574	2,471	2,978	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research		7,285	7,182	7,182	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)		(4,711)	(4,711)	(4,204)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		607,325	607,325	655,466	
10	210	Land		5,804	5,804	5,804	
11	211	Forests, Pasture, Plantation		-	-	-	
12	212	Building and Constructions		391,534	391,534	384,743	
13	213	Roads, networks, water facilities		870,250	870,250	864,521	
14	214	Technical installment, machinery, equipment, working tools		6,414	6,414	6,414	
15	215	Transport vehicles		10,811	10,811	10,811	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory		32,269	32,269	32,246	
19	219	Depreciation of tangible assets		(709,758)	(709,758)	(649,073)	
20	231	Expenses in process for increase of current tangible assets		-	-	-	
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		66,315	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		66,315	-	-
27	B	CURRENT ASSETS		169,949	158,969	87,645
28	Class 3	I. Inventory Status		24,225	24,225	24,307
29	31	Materials		85	85	221
30	32	Inventory Objects		24,140	24,140	24,086
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		51,357	40,377	47,047
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties		-	-	-
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)		28,949	17,969	24,638
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		22,408	22,408	22,408
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		94,367	94,367	16,291

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		94,367	94,367	16,291
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		846,164	768,765	746,089
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidence		-	-	-

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		705,175	638,757	685,294
2	10	I. Own funds		703,335	636,916	685,294
3	101	Base funds		703,335	636,916	685,294
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		1,841	1,841	-
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		43,073	32,092	38,083
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		43,073	32,092	38,083
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts		10,756	10,756	12,935
23	42	Employees and related accounts		3,908	1,358	4,892
24	431	Liabilities to government for taxes		592	47	113
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		6,051	6,051	6,051
28	435	Social Insurance		698	489	1,129
29	436	Health Insurance		-	-	60
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		7,945	7,945	7,266
36	467	Other creditors		13,123	5,446	5,636
37	C	OTHER ACCOUNTS		13,687	13,687	13,687
38	475	Incomes to register in the coming years		13,687	13,687	13,687
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		84,229	84,229	9,025
43	X	TOTAL LIABILITY		846,164	768,765	746,089
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		122,247	110,950	220,966	
2	60	I. Current expenses		122,314	111,018	221,337	
3	600	Salaries, bonuses		27,369	24,639	47,976	
4	6001	Salaries		27,369	24,639	46,817	
5	6002	Temporary salaries		-	-	1,159	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		4,362	3,834	8,226	
9	6010	Insurance contributions		4,362	3,834	8,094	
10	6011	Health insurance		-	-	132	
11	602	Other goods and services		27,037	26,721	51,412	
12	6020	Stationary		1,357	1,258	2,242	
13	6021	Special services		1,204	988	2,282	
14	6022	Services from third party		7,067	7,067	11,220	
15	6023	Transport expenses		2,886	2,886	6,613	
16	6024	Travel expense		1,009	1,009	2,822	
17	6025	Ordinary maintenance expenses		9,129	9,129	15,562	
18	6026	Rent expenses		20	20	24	
19	6027	Expenses for legal liability for compensation		342	342	384	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		4,024	4,024	10,263	
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		1,312	1,312	1,871
29	6040	Current transfers to other government levels		1,293	1,293	186
30	6041	Current transfers to various government institutions		19	19	1,686
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		62,234	54,512	111,852
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		62,234	54,512	111,852
41	63	II. Change in inventory balances		(68)	(68)	(371)
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		122,247	110,950	220,966
61		D. RESULT CORRECTIONS ACTIVITES		15,525	15,525	27,035
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		2,850	2,850	-
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		-	-	1,572
66	8422	Transfers of revenues within the system		12,624	12,624	25,022
67	8423	Transfers for changes in situation		51	51	441
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		137,772	126,476	248,001
70	85	RESULTS FROM FUNCTIONING		86,069	86,069	9,025
71	X	TOTAL		223,841	212,545	257,026

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	223,841	212,545	256,871
2	70	I. TAX INCOMES	5,435	5,435	21,178
3	700	a) On revenues, profit, and equity revenue	1,861	1,861	2,042
4	7000	Personal income tax	-	-	-
5	7001	Income tax	31	31	323
6	7002	Small business tax	1,830	1,830	1,719
7	7009	Other tax	-	-	-
8	702	b) Property tax	1,248	1,248	6,952
9	7020	On immovable property	490	490	6,343
10	7021	Sales of immovable property	394	394	609
11	7029	Other on property	364	364	-
12	703	c) Tax upon goods and services in the country	2,325	2,325	12,185
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	711	711	9,048
17	7035	Local tax on goods usage and activity permission	1,614	1,614	3,137
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	12,903	12,903	15,477
35	710	a) From enterprise and ownership	697	697	4,634
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	697	697	4,634
39	711	b) Administrative service and secondary revenues	11,107	11,107	10,843
40	7110	Administrative tariffs and regulations	10,639	10,639	10,011
41	7111	Secondary revenues and payments of services	245	245	832
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	164	164	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	60	60	-
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non-tax revenues	1,098	1,098	-
48	72	IV. ACTUAL GRANTS (a+b)	205,504	194,208	220,216
49	720	a) Internal actual grant	205,188	194,208	220,216
50	7200	From same Government level	44,013	44,013	70,654
51	7201	From other Government levels	130,448	130,448	123,882
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	28,597	17,617	24,177

			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	538	538	377
58	7209	Other internal grants	1,591	1,591	1,127
59	721	b) External actual grants	316	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	316	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	223,841	212,545	256,871
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	155
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	155
84	Class 7 & 8	TOTAL FROM OPERATIONS	223,841	212,545	257,026
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	223,841	212,545	257,026

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	-	12,586	12,586	-
2	105	Internal capital grants	-	12,586	12,586	-
3	1050	From the same government level	-	3,596	3,596	-
4	1051	From other Government levels	-	8,990	8,990	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

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	-	12,586	12,586	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	12,586	12,586	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	6,792	6,792	-
39	2313	Roads, networks, water facilities	-	5,731	5,731	-
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	63	63	-
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 lending principal transaction	-	-	-	-

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>
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)	-	25,171	25,171	-

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	16,291	-	-	-
2	II. RECEIVABLES "CASH"	177,094	-	-	-
3	1. Funds from budget	157,062	-	-	-
4	Actual budget funds (Budget with changes)	76,881	-	-	-
5	Capital budget funds (Budget with changes)	80,181	-	-	-
6	2. Incomes and revenues during the year in "Cash"	20,031	-	-	-
7	Tax revenues in "Cash"	4,777	-	-	-
8	Social and health insurance in "Cash"	13,561	-	-	-
9	Non tax revenues "Cash"	1,694	-	-	-
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"	-	97,490	-	-
15	1. Payment from the budget for actual expenses	-	77,710	-	-
16	2. Payments from the budget for capital expenses	-	5,374	-	-
17	3. Payments from revenues for actual expenses	-	1,334	-	-
18	4. Payments from revenues from capital expenses	-	13,073	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	1,528	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	1,528	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	193,385	99,018	-	-
26	VI. CLOSING BALANCE	94,367	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	7,182	-	-	-	-	-	-	-	-	-	7,182
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	7,182	-	-	-	-	-	-	-	-	-	7,182
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,304,539	12,636	-	-	-	12,636	-	89	-	89	1,317,086
6	210 Land	5,804	-	-	-	-	-	-	-	-	-	5,804
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	384,743	6,792	-	-	-	6,792	-	-	-	-	391,534
9	213 Roads, networks, water facilities	864,521	5,731	-	-	-	5,731	-	-	-	-	870,252
	Technical installment, machinery,											
10	214 equipment, working tools	6,414	-	-	-	-	-	-	-	-	-	6,414
11	215 Transport vehicles	10,811	-	-	-	-	-	-	-	-	-	10,811
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	32,246	113	-	-	-	113	-	89	-	89	32,269
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	T O T A L (I + II)	1,311,721	12,636	-	-	-	12,636	-	89	-	89	1,324,268

Comments

Net value sum of 1,324,267,742 in this statement does not reconcile with the value of Form 1: Financial statement-Assests,with the value of 103,194 Leke.

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

N	Account Number	Description	Opening Accumulated Depreciation	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>
		I.									
1	209	INTAGIBLE	4,204	507	-	507	-	-	-	-	4,711
		II.									
2	219	TANGIBLE	649,073	60,687	-	60,687	-	-	-	-	709,760
		TOTAL (I + II)	653,277	61,194	-	61,194	-	-	-	-	714,471

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
			Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
1	101	BASE FUND	685,294	54,604	72,644	703,335	685,294	54,604	6,226	636,916
2	1010	Status of base fund	685,294	-	66,418	751,712	685,294	-	-	685,294
3	1011	Additions base fund	-	-	10,585	10,585	-	-	10,585	10,585
4	1012	Decrease base fund	-	24	-	(24)	-	24	-	(24)
5	1013	Decrease from tangible assets consume	-	54,490	(4,359)	(58,849)	-	54,490	(4,359)	(58,849)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	89	-	(89)	-	89	-	(89)
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	9,025	9,025	86,069	86,069	9,025	9,025	86,069	86,069
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	1,841	1,841	-	-	1,841	1,841
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	1,052	1,558	506	-	-	-	-
18	85	Result	9,025	7,973	82,670	83,722	9,025	9,025	84,229	84,229

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	1,052	(2,005)	(3,057)	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	694,319	63,629	158,714	789,404	694,319	63,629	92,295	722,986

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>a</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>
	Total number of employees (1+2+3+4+5+6)	115	14	16	113	24,639	-	-	4,305	929	918
1	Directors	5	-	-	5	2,242	-	-	429	94	70
2	High level education specialist	54	-	-	54	12,544	-	-	2,072	452	808
3	Technical Ordinary officers	12	-	-	12	2,799	-	-	576	149	17
4	Employees	18	-	-	18	3,319	-	-	618	-	23
5	Temporary employees	17	-	-	17	2,614	-	-	389	142	-
6		9	14	16	7	1,123	-	-	222	92	-

Template 10: Summary Consolidated Statement of financial yessionion

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	846,164	768,765	746,089
2	I	Current Assets	169,949	158,969	87,645
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	94,367	94,367	16,291
13	Class 4	2. Receivables	51,357	40,377	47,047
29	Class 3	3. Current Inventory accounts	24,225	24,225	24,307
39	II	Non-current Assets	676,215	609,796	658,444
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	66,315	-	-
47	21,24,28	3. Tangible assets	607,325	607,325	655,466
60	20	4. Intangible assets	2,574	2,471	2,978
65	III	Other assets	-	-	-
69	B	Liabilities	56,760	45,779	51,770
70	I	Current liabilities	43,073	32,092	38,083
71	Class	1. Accounts payable	43,073	32,092	38,083
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	13,687	13,687	13,687
96		Net assets (A - B)	789,404	722,986	694,319
97		Presented: Consolidated budget	705,175	638,757	685,294
98		Carried forward results	84,229	84,229	9,025

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	223,841	212,545	257,026
2	70,750,71	I. REVENUES AND CONTRIBUTES	18,337	18,337	36,655
3	70	1. Tax revenues upon	5,435	5,435	21,178
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	12,903	12,903	15,477
23	72	II. GENERAL ACTUAL GRANTS	205,504	194,208	220,216
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	-	-	155
33	B	TOTAL EXPENSES	137,772	126,476	248,001
34		I. ACTUAL EXPENSES	122,314	111,018	221,337
35	600 601	1. Salaries and employees contribution	31,731	28,473	56,202
38	602	2. Goods and Services	27,037	26,721	51,412
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	1,312	1,312	1,871
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	62,234	54,512	111,852
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	15,457	15,457	26,664
58	C	DETERMINED NET INCOME	86,069	86,069	9,025
59		From this: Functioning results	86,069	86,069	9,025
60		Functioning observed grants	0	0	-

STAR Project

Municipality Tepelene
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

Content

Operational due diligence	3	Appendix 7 – Investment Projects	53
Summary of observations and recommendations	4	Appendix 8 – Legal Issues	54
The structure and organization	11	Appendix 9 – Consolidated Financial Statements Template	55
Financial due diligence	26		
Summary of observations and recommendations	27		
Consolidated financial statements	31		
Appendix 1 –Possible organization structure	35		
Appendix 2 – Personnel matters	36		
Appendix 3 –Information Technology	39		
Appendix 4 – Communication	42		
Appendix 5 – Archives	44		
Appendix 6 – Assets Management System	50		

Operational due diligence

Summary of observations and recommendations

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

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

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

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

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> • There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> • The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> • There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> • In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> • Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> • The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.
<p>Personnel matters – The transfer of the staff</p>	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, 	

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

Observations	Recommendations
	<p>relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an 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 Tepelene and three existing LGUs of Qendër Tepelenë, Kurvelesh, Lopëz 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	Tepelenë	QendërTepelenë	Kurvelesh	Lopëz
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓			
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

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

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

Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 4 units are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role			
New Municipality	Tepelenë		
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	✓		
Secretary of Municipality Council	✓		
Administrative Unit	Qendër Tepelenë	Kurvelesh	Lopëz
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. The Municipality Mayor shall appoint them.

- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

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

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

The total number of people performing public services is 66.3.

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

The total number of people that execute horizontal functions is 41.2.

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

Public Services	Tepelenë	Kurvelesh	Lopëz	Qendër Tepelenë	Merged
Infrastructure and public services					
Water Supply Company	Contracted	Contracted	Contracted	Contracted	Contracted
Functioning of the sewerage system	Contracted	Contracted	Contracted	Contracted	Contracted
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	Contracted	Contracted	Contracted	Contracted
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	16	1	n/a	2	19
Public lighting	1	n/a	n/a	n/a	1
The operation of urban public transport		n/a			n/a
Cemeteries administration and guarantee of funeral services	5.5	1	n/a	n/a	6.5
Decorations Service in town / village	1	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	12	n/a	n/a	n/a	12
Collection, disposal and recovery of waste	3	n/a	n/a	n/a	3
Urban planning	3	1	n/a	1	5
Land management	1.6	n/a	n/a	n/a	1.6
Shelter	0.6	n/a	n/a	n/a	0.6
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	n/a	8
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	OJF	n/a
Social services of kinder gardens	5	n/a	n/a	n/a	5

Public Services	Tepelenë	Kurvelesh	Lopëz	Qendër Tepelenë	Merged
Social services - orphanages, shelters	3	n/a	n/a	n/a	3
Local economic development					
Preparation of local economic development programs	0.5	0.3	1	0.3	2.1
Establishment and function of public markets and trade network	0.5	n/a	n/a	n/a	0.5
Small business development, and the development of promotional activities such as fairs and advertisements in public places	0.5	n/a	n/a	n/a	0.5
Organization of services within the local economic development support and information structures and infrastructure necessary	0.5	n/a	n/a	0.5	1
Veterinary services	1	1	0.3	1	3.3
Conservation and development of forests and natural resources of local character	n/a	1	0.3	2	3.3
The order and civil protection					
Preservation of public order to prevent administrative violations	3	0.5	0.3	0.3	4.1
Civil protection		0.3	0.3	0.3	0.9
Educational institutions					
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	n/a
Medicine					
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a
Social care					
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1.5	0.75	0.75	0.75	3.75
Social Care on domestic violence	0.25	0.25	0.25	0.25	1
Social care for the protection of children's Rights	0.25	0	n/a	n/a	0.25
Environmental Protection					
Environmental Protection	n/a	n/a	n/a		n/a

Public Services	Tepelenë	Kurvelesh	Lopëz	Qendër Tepelenë	Merged
Register Office					
Register Office	1	n/a	n/a	1	2
Business Registration					
National Registration Center	2	n/a	n/a	n/a	2
Total	70.7	7.1	3.2	9.4	90.4

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

Horizontal Functions	Tepelenë	Kurvelesh	Lopëz	Qendër Tepelenë	Merged
Finance	3	2	1	0.6	6.6
Local taxes and Tariffs	2	1	1	3	7
Legal Issues	0.3	n/a	n/a	n/a	0.3
Procurement	0.6	n/a	n/a	n/a	0.6
Institutional Relations	6	1	1	1	9
Human Resources	0.4	n/a	n/a	n/a	0.4
Protocol	1	0.5	0.2	0.2	1.9
Archiving	0.5	0.5	0.2	0.2	1.4
Information Technology	n/a	n/a	n/a	n/a	n/a
Supporting services	2	5	1	5	13
Internal Audit	1	n/a	n/a	n/a	1
Total	16.8	10	4.4	10	41.2

Orientation

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

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.
- Contracted services:
 - n/a
- 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.	No	No	Yes
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);

- Responsible Finance
- Responsible for Public Services and Urban Planning
- Responsible for Public Services
- Head of Human Resources

- 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:

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 57,653 thousand ALL. Overdue municipal obligations are reported at a value 31,612 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 5% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

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

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Tepelene, 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 Tepelene, Ex Municipality Tepelene, LGU Qender Tepelene, LGU Lopez, and LGU Kurvelesh.

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

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 ALL</i>	<i>For the period ended 31 July 2015</i>
Income from grants	179,832
Tax and non-tax revenue	9,554
Total Expenses	123,166
Total Assets	915,072
Liabilities	57,653

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	915,072	883,686
I	Current Assets	130,973	121,530
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	66,755	66,755
Class 4	2. Receivables	57,653	48,210
Class 3	3. Current Inventory accounts	6,565	6,565
II	Non-current Assets	784,099	762,156
23	1. Investments	-	-
25,26	2. Finance assets	21,943	-
21,24,28	3. Tangible assets	760,613	760,613
20	4. Intangible assets	1,543	1,543
III	Other assets	-	-
B	Liabilities	57,653	48,210
I	Current liabilities	57,653	48,210
Class 4	1. Accounts payable	57,653	48,210
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	857,419	835,476
	Presented: Consolidated budget	790,664	768,721
	Carried forward results	66,755	66,755

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 915,072 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 14% compared to December 31, 2014.

Current assets

- Current assets which have 14% of total assets are increased by 21% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 38% of cash, and an increase of accounts receivable by 9%.

Accounts Receivable

- Structure of total debtors of municipality Tepelene consists of 66.85% of debtors of Ex Municipality Tepelene, 19.72 % of debtors of LGU Qender Tepelene 10.08% of LGU Pojan and 3.35% of debtors of LGU Kurvelesh.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Tepelene 86%, have increased by 13% 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 9% which compose 86% of total assets.

PPE

- 43,97 % of PPEs of Municipality Tepelene are composed by the PPEs of Ex Municipality Tepelene, 25.66% PPEs by LGU Qender Tepelene, 17.98% by LGU Kurvelesh , and 12.39% by LGU Lopez.

Accounts Payable

Accounts payable have increased by 9% during the period ended July 31, 2015 compared with the previous year 2014.

- 66,85 % of the total accounts payable is composed of accounts payable of Ex Municipality Tepelene, 19.72% by LGU Qender Tepelene, 10.08% by LGU Lopez, and 3.35 % by LGU Kurvelesh.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	189,921	180,478
	I. REVENUES AND CONTRIBUTES	9,554	9,554
A		7,479	7,479
70,750,71	1. Tax revenues upon		
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	2,075	2,075
71	II. GENERAL ACTUAL GRANTS	179,832	170,389
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	535	535
	TOTAL EXPENSES	123,166	113,723
B	I. ACTUAL EXPENSES	108,447	99,004
	1. Salaries and employees contribution	29,438	27,968
600 601	2. Goods and Services	20,089	20,089
602	3. Subsidies	-	-
603	4. Internal actual transfers	5,933	5,933
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	52,988	45,015
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	14,719	14,719
67	DETERMINED NET INCOME	66,755	66,755
C	From this: Functioning results	66,755	66,755
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was 189,921 thousand lek. 5% of the total municipality income is composed of tax and non-tax revenues, 95% of income are from grants.

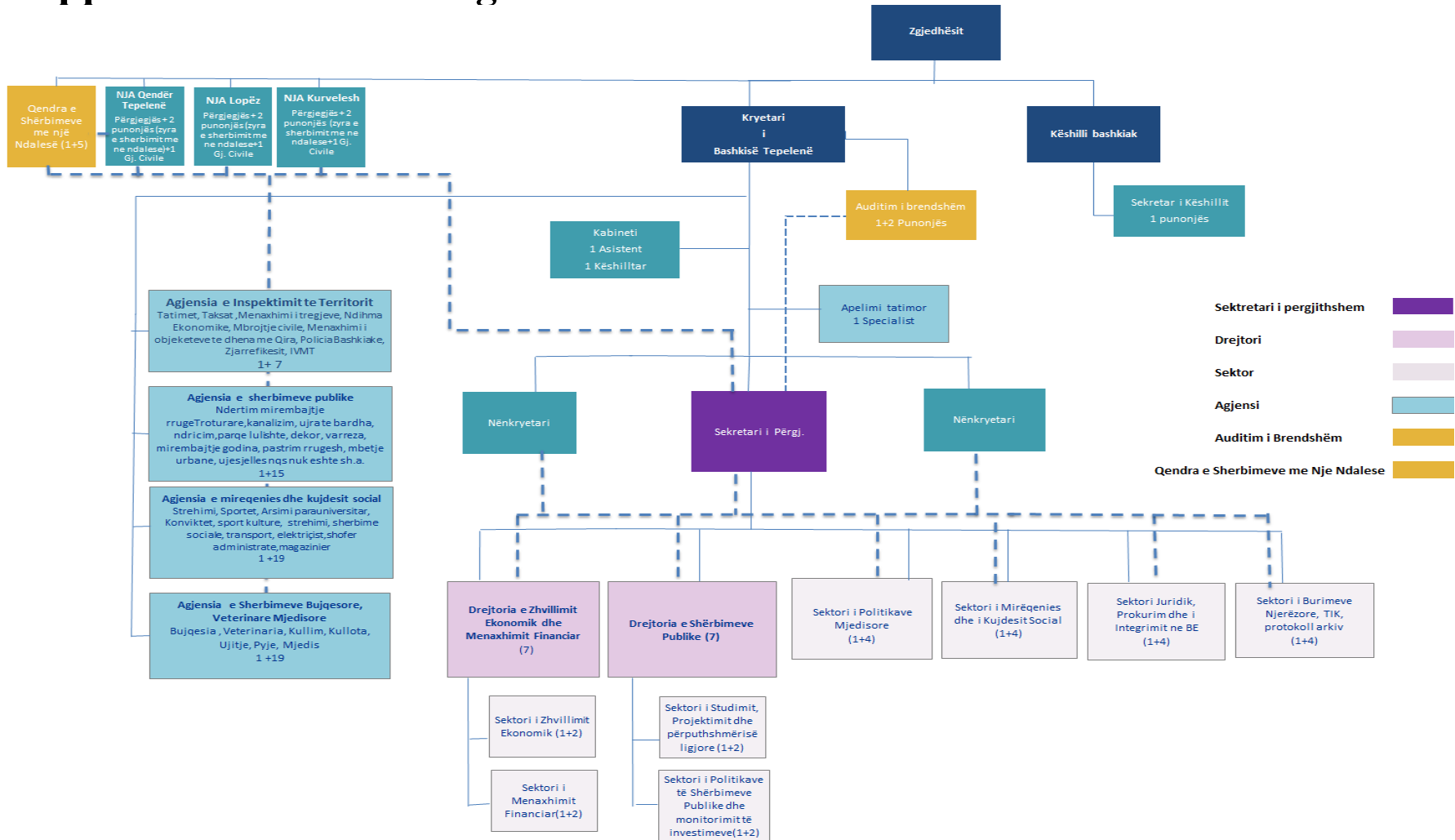
Structure of total revenues is comprised of 71.21% of the revenue generated from Ex Municipality Tepelene, 16.74 % PPE by LGU Qender Tepelene, 7.75% by LGU Kurvelesh, 4.3 % by LGU Lopez.

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 123,166 thousand Lek. 88% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 51.17% of the expenditures of Ex Municipality Tepelene, 29% by LGU Qender Tepelene, 13.23% Kurvelesh and 6.59% by LGU Lopez.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 88 employees. More detailed: 82 persons working under employment contracts of one year, 6 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 Tepelene. It is worth mentioning that the Municipality Tepelene, 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

Hardware devices mainly consist mostly on desktop computers, printers and photocopiers.

- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
Installed Software	Microsoft	Microsoft	Microsoft	Microsoft
Contracts of licenses	n/a	n/a	n/a	n/a
Hardware (in usage)	17	3	3	3
Computer (desktop)	8	1	1	1
Printers	8	1	1	1
Servers	1	1	1	1
IT staff in total	n/a	n/a	n/a	n/a
Hardware and Software maintenance	n/a	n/a	n/a	n/a

Observations and Recommendations

IT environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <p>It is noticed that desktop computers are often mounted to different parts making the year of manufacture or model pc's unidentifiable</p>	<p>In forming the organizational structure of the Municipality we suggest:</p> <p>Increasing the number of desktop computers, ups, printers, scanners, and other accessories. For these devices should be kept an inventory and purchase invoices be stored in order to not replace the devices with similar ones.</p>

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- There is no phone or internet connection
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Observations and recommendations

Observations	Recommendations
<p>Communication Systems</p> <p>Totally lacking communication systems. No telephone apparatus installed in the office and does not have an email address of the institution itself.</p>	<p>Installation of telephone network in the office is necessity for staff to create opportunities to communicate with each other, without distraction from work.</p> <p>Also needed is the creation of email because employees can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other works.</p>

Table 10: Communication System

Objectives	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
Telephony service	No	No	No	No
Telephony/service providers	n/a	n/a	n/a	n/a
Internet service	No	No	No	No
Assess coverage of the telephony service	n/a	n/a	n/a	n/a
Internal communication lines	Written/Verbally	Written/Verbally	Written/Verbally	Written/Verbally

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 held by a journal and archive specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- 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	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	Yes	Yes	YES
Secured doors and windows with a metallic net and automatic door closure	Yes	Yes	Yes	YES
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	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	No	No	NO
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	NO
Records on physical control of the archive kept from the secretary of the archive	YES	No	No	NO
Archive keys in two copies	YES	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
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Kept on guard at night	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).		Archivist keeps no record of correspondence and record of exploitation.	Archivist keeps no record of correspondence and record of exploitation.	Archivist keeps no record of correspondence and record of exploitation.

Technical requirements for practices in the premises of archives and record-keeping methodology	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
<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, branch, 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>Archivist keeps no record of correspondence and record of exploitation.</p>	<p>Files not maintained in order according to model 6</p>	<p>Files not maintained in order according to model 6</p>	<p>Files not maintained in order according to model 6</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>Files not maintained in order according to model 6</p>	<p>Files not maintained in order according to model 6</p>	<p>Files not maintained in order according to model 6</p>	<p>Files not maintained in order according to model 6</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 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 	<p>Files not maintained in order according to model 6</p>	<p>List is not designed according to technical and professional norms for processing archives.</p>	<p>List is not designed according to technical and professional norms</p>	<p>List is not designed according to technical and professional norms</p>

Technical requirements for practices in the premises of archives and record-keeping methodology	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
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).	List is not designed according to technical and professional norms for processing archives.	No	No	No
The emblem of the Republic	YES	YES	YES	YES
At the head of the document should be written "Republic of Albania"	YES	YES	YES	YES
Title of the institution and structures belonging to the institution	YES	YES	YES	YES
Number of documents attached	YES	YES	YES	YES
The content of the document	YES	YES	YES	YES
Name, surname and signature of the person who signed the document and stamp	YES	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	NO	NO	NO	NO
Mod 3 - Serial Number of Correspondence	NO	NO	NO	NO
Mod 4. -The Book Delivery	NO	NO	NO	NO
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	NO	Yes	Yes	YES

Technical requirements for practices in the premises of archives and record-keeping methodology	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz
Mode 5 - Table definitions of files for the year	YES	Yes	Yes	YES
Mod 6 - Elements of cover dossier	YES	No	No	NO
Mod 7 - Register of files	NO	Yes	Yes	YES
Mod 8 - Internal File register	YES	NO	NO	NO
Mod 9 - Decision of the Commission of Experts	NO	NO	NO	NO
Mod 10 - Compilation of the list of documents that set aside	NO	NO	NO	NO
Mod 11 - The period laid down for storage (protection)	NO	NO	NO	NO
Mod 12 - Destruction of documents containing any further value	NO	NO	NO	NO

Observations and Recommendations

Observations	Recommendations
<p>Fulfilment of technical requirements on archives</p> <p>Technical requirements on archives are not fully met.</p>	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to fully fulfil the technical requirements specified in the Archiving Methodology
<p>The lack of records and compliance with requirements of archiving Methodology</p> <p>Not all registers, stock lists, records or forms required by the methodology are held at the LGU's archives.</p>	<ul style="list-style-type: none"> • Maintain all records requested in order that the creation, documentation and transfer of documentation made in accordance with the Archiving Methodology requirements. • Perform processing technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being processed in LGU, it should also be taken into consideration in order to facilitate the reorganization of the archive of the new Municipality.

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.
- 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	Tepelenë	Qendër Tepelenë	Kurvelesh	Lopëz	Tepelenë
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance Director	Finance Director	Finance Director	Finance Director	Finance Director
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No
Asset Accounting Register	Yes, written	No	No	No	No
Leased Properties Register	No	No	No	No	No
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No
Register of concessions / contracts enphyteosis	N/a	N/a	N/a	N/a	N/a
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	No	No	No	No
Assets Disposal Committee	Yes	No	No	No	Yes
Committee of disposal of assets	Yes	No	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Lack of Procedure and the assessment of assets	
<ul style="list-style-type: none">• Risk management plan, objectives and control mechanisms management assets are not implemented.	<ul style="list-style-type: none">• Risk management plan, control objectives and management mechanisms of assets implemented by the New Municipality.

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
Tepelenë	Nuk ka asnjë projekt			
Qendër Tepelenë	Nuk ka asnjë projekt			
Kurvelesh	Nuk ka asnjë projekt			
Lopëz	Nuk ka asnjë projekt			

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		784,099	762,156	696,353	
3		I. Intangible Assets		1,543	1,543	1,543	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	1,543	1,543	1,543	
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		760,613	760,613	694,810	
10	210	Land		6,411	6,411	6,411	
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-	
12	212	Building and Constructions	F6, Sh1	214,923	214,923	197,717	
13	213	Roads, networks, water facilities	F6, Sh1	583,791	583,791	526,826	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	1,985	1,985	1,329	
15	215	Transport vehicles	F6, Sh1	7,067	7,067	8,267	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	24,986	24,986	27,935	
19	219	Depreciation of tangible assets	F7, Sh1	(78,549)	(78,549)	(73,676)	
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		21,943	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		21,943	-	-
27	B	CURRENT ASSETS		130,973	121,530	108,288
28	Class 3	I. Inventory Status		6,565	6,565	7,100
29	31	Materials	Sh2	917	917	928
30	32	Inventory Objects	Sh2	5,648	5,648	6,172
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		57,653	48,210	52,779
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	1,258	1,258	2,880
42	431	Rights and taxes to deposit to government		-	-	142
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		35,138	25,695	26,497
46	435	Social Insurance		-	-	428
47	436	Health Insurance		-	-	76
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	21,257	21,257	22,755
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		66,755	66,755	48,408

				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	66,755	66,755	48,408
59	531	Petty-cash		-	-	-
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		915,072	883,686	804,640
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		790,664	768,721	703,453	
2	10	I. Own funds		790,664	768,721	703,453	
3	101	Base funds	F8	790,664	768,721	703,453	
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		57,653	48,210	52,779	
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		57,653	48,210	52,779	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	6,419	6,419	6,756	
23	42	Employees and related accounts		3,071	1,979	3,329	
24	431	Liabilities to government for taxes		2,172	2,146	2,391	
25	432	Taxes collected from government for the local government		-	-	-	
26	433	Government natural disaster		-	-	-	
27	4341	Other operations with government (creditor balance)		9,063	9,063	8,199	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		6,592	6,241	5,654
29	436	Health Insurance		-	-	76
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	5,142	5,142	4,243
36	467	Other creditors		25,193	17,220	22,131
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)		66,755	66,755	48,408
43	X	TOTAL LIABILITY		915,072	883,686	804,640
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		108,982	99,539	218,550	
2	60	I. Current expenses		108,447	99,004	219,548	
3	600	Salaries, bonuses		25,306	23,836	47,315	
4	6001	Salaries		25,306	23,836	47,315	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		4,132	4,132	6,641	
9	6010	Insurance contributions		4,132	4,132	6,565	
10	6011	Health insurance		-	-	76	
11	602	Other goods and services		20,089	20,089	44,053	
12	6020	Stationary		928	928	1,634	
13	6021	Special services		846	846	1,740	
14	6022	Services from third party		2,722	2,722	7,012	
15	6023	Transport expenses		3,127	3,127	6,387	
16	6024	Travel expense		953	953	1,669	
17	6025	Ordinary maintenance expenses		3,823	3,823	8,994	
18	6026	Rent expenses		284	284	304	
19	6027	Expenses for legal liability for compensation		1,355	1,355	2,507	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		6,051	6,051	13,805	
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		5,933	5,933	16,707
29	6040	Current transfers to other government levels		-	-	-
30	6041	Current transfers to various government institutions		2,350	2,350	9,182
31	6042	Current transfers for social and health insurance		-	-	(45)
32	6044	Current transfers for not for profit organizations		3,583	3,583	7,570
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		52,988	45,015	104,833
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		52,988	45,015	104,833
41	63	II. Change in inventory balances	F1	535	535	(997)
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		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
60	Class 6	TOTAL EXPENSES		-	-	-
61		D. RESULT CORRECTIONS ACTIVITES		108,982	99,539	218,550
62	828	Names of cancelled revenues		14,184	14,184	11,082
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deposited in the budget		-	-	3,982
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		14,184	14,184	6,058
68	8424	Transfers for identified debtors and similar items		-	-	1,042
69	Class 6 & 8	TOTAL FROM OPERATIONS		123,166	113,723	229,633
70	85	RESULTS FROM FUNCTIONING		66,755	66,755	48,408
71	X	TOTAL		189,921	180,478	278,041

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	189,386	179,943	278,041
2	70	I. TAX INCOMES	7,479	7,479	13,721
3	700	a) On revenues, profit, and equity revenue	2,138	2,138	4,006
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,138	2,138	4,006
7	7009	Other tax	-	-	-
8	702	b) Property tax	2,055	2,055	5,278
9	7020	On immovable property	2,055	2,055	5,170
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	107
12	703	c) Tax upon goods and services in the country	1,565	1,565	1,701
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	26	26	-
17	7035	Local tax on goods usage and activity permission	1,540	1,540	1,701
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	1,721	1,721	2,736
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self-employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	2,075	2,075	4,024
35	710	a) From enterprise and ownership	261	261	730
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	261	261	730
			1,814	1,814	3,294
39	711	b) Administrative service and secondary revenues	834	834	1,570
40	7110	Administrative tariffs and regulations	597	597	1,074
41	7111	Secondary revenues and payments of services	-	-	-
42	7112	Tax for legal actions and notary	362	362	594
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	20	20	57
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non-tax revenues	179,832	170,389	260,296
48	72	IV. ACTUAL GRANTS (a+b)	179,832	170,389	260,296
49	720	a) Internal actual grant	166,098	166,098	250,884
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	-	-	2,275
55	7205	Additional finances created within the system	13,734	4,291	7,137
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	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	189,386	179,943	278,041
80	Class 7	TOTAL INCOMES	535	535	-
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	535	535	-
83	841	Status change transfer	189,921	180,478	278,041
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	-
85	85	RESULTS FROM FUNCTIONING	189,921	180,478	278,041
86	X	TOTAL	189,386	179,943	278,041

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	-	75,013	75,013	-
2	105	Internal capital grants	-	75,013	75,013	-
3	1050	From the same government level	-	75,013	75,013	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

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	-	75,013	75,013	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	75,013	75,013	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	17,732	17,732	-
39	2313	Roads, networks, water facilities	-	56,438	56,438	-
40	2314	Technical installment, machinery, equipment, working tools	-	655	655	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	188	188	-
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 lending principal transaction	-	-	-	-

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>
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)	-	150,027	150,027	-

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	48,408	-	-	-
2	II. RECEIVABLES "CASH"	222,129	-	-	-
3	1. Funds from budget	212,575	-	-	-
4	Actual budget funds (Budget with changes)	120,460	-	-	-
5	Capital budget funds (Budget with changes)	92,115	-	-	-
6	2. Incomes and revenues during the year in "Cash"	9,554	-	-	-
7	Tax revenues in "Cash"	5,758	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	2,075	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	1,721	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	-	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	175,046	-	-
15	1. Payment from the budget for actual expenses	-	101,339	-	-
16	2. Payments from the budget for capital expenses	-	73,708	-	-
21	IV. TRANSFERS	-	28,736	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	28,736	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	270,537	203,782	-	-
26	VI. CLOSING BALANCE	66,755	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	1,543	-	-	-	-	-	-	-	-	-	1,543
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	1,543	-	-	-	-	-	-	-	-	-	1,543
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	768,485	75,013	-	-	-	75,013	-	4,336	-	4,336	839,163
6	210 Land	6,411	-	-	-	-	-	-	-	-	-	6,411
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	197,717	17,206	-	-	-	17,206	-	-	-	-	214,923
9	213 Roads, networks, water facilities	526,826	56,964	-	-	-	56,964	-	-	-	-	583,791
	Technical installment, machinery,											
10	214 equipment, working tools	1,329	655	-	-	-	655	-	-	-	-	1,985
11	215 Transport vehicles	8,267	-	-	-	-	-	-	1,200	-	1,200	7,067
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	27,935	188	-	-	-	188	-	3,136	-	3,136	24,986
19	T O T A L (I + II)	770,028	75,013	-	-	-	75,013	-	4,336	-	4,336	840,706

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	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
				<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	73,676	4,874	-	4,874	-	-	-	-	78,549
		TOTAL (I + II)	73,676	4,874	-	4,874	-	-	-	-	78,549

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	703,452.74	9,745	96,956	790,664	703,453	9,745	75,013	768,721
2	1010	Status of base fund	703,453	-	21,943	725,395	703,453	-	-	703,453
3	1011	Additions base fund	-	-	75,013	75,013	-	-	75,013	75,013
4	1012	Decrease base fund	-	-	-	-	-	-	-	-
5	1013	Decrease from tangible assets consume	-	4,874	-	(4,874)	-	4,874	-	(4,874)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from Decrease from transferring	-	4,871	-	(4,871)	-	4,871	-	(4,871)
8	1016	tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	48,408	48,408	66,755	66,755	48,408	48,408	66,755	66,755
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit	Credit		
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
		Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
16	145	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
17	15		-	-	-	-	-	-	-	-		
18	85	Result	48,408	48,408	66,755	66,755	48,408	48,408	66,755	66,755		
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)	751,861	58,153	163,711	857,419	751,861	58,153	141,769	835,476		

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)	129	-	-	129	23,836	-	-	5,425	-	503
<i>1</i>	Directors	11	-	-	11	3,935	-	-	964	-	219
<i>2</i>	High level education specialist	24	-	-	24	5,402	-	-	1,222	-	232
<i>3</i>	Technical	9	-	-	9	2,081	-	-	581	-	28
<i>4</i>	Ordinary officers	24	-	-	24	5,477	-	-	827	-	23
<i>5</i>	Employees	61	-	-	61	6,941	-	-	1,832	-	-
<i>6</i>	Temporary employees	-	-	-	-	-	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	915,072	883,686	804,640
2	I	Current Assets	130,973	121,530	108,288
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	66,755	66,755	48,408
13	Class 4	2. Receivables	57,653	48,210	52,779
29	Class 3	3. Current Inventory accounts	6,565	6,565	7,100
39	II	Non-current Assets	784,099	762,156	696,353
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	21,943	-	-
47	21,24,28	3. Tangible assets	760,613	760,613	694,810
60	20	4. Intangible assets	1,543	1,543	1,543
65	III	Other assets	-	-	-
69	B	Liabilities	57,653	48,210	52,779
70	I	Current liabilities	57,653	48,210	52,779
71	Class	1. Accounts payable	57,653	48,210	52,779
97		Presented: Consolidated budget	790,664	768,721	703,453
98		Carried forward results	66,755	66,755	48,408

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	189,921	180,478	278,041
2	70,750,71	I. REVENUES AND CONTRIBUTES	9,554	9,554	17,745
3	70	1. Tax revenues upon	7,479	7,479	13,721
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	2,075	2,075	4,024
23	72	II. GENERAL ACTUAL GRANTS	179,832	170,389	260,296
32	77, 83	V. OTHER REVENUES	535	535	-
33	B	TOTAL EXPENSES	123,166	113,723	229,633
34		I. ACTUAL EXPENSES	108,447	99,004	219,548
35	600 601	1. Salaries and employees contribution	29,438	27,968	53,955
38	602	2. Goods and Services	20,089	20,089	44,053
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	5,933	5,933	16,707
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	52,988	45,015	104,833
57	67	IV. OTHER EXPENSES	14,719	14,719	10,085
58	C	DETERMINED NET INCOME	66,755	66,755	48,408
59		From this: Functioning results	66,755	66,755	48,408
60		Functioning observed grants	-	-	-