

STAR Project

Municipality Devoll
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
PPE	Property, Plant & Equipment
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure of five LGUs Bilisht, Qëndër Bilisht, Hoçisht, Progër, Miras is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.

Table 1: Roles in the municipality/administrative units

Roles	Ex-municipality Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓				✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

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

Roles

Performed roles are shown in table 1, below:

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

After the merger, 5 units are transformed in 1 Municipality with 1 ex-municipality and 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role				
New Municipality	Municipality Devoll			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
Administrative Unit	LGU Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
Administrator	✓	✓	✓	✓

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

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

Functions

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

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

The total number of people performing public services is 96.

- 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 59.5

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

Public Services	LGU Devoll	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras	Merged
Infrastructure and public services						
Water Supply Company	Sh.a	9	n/a	4	2	Sh.a+15
Functioning of the sewerage system	5	n/a	n/a	n/a	1	6
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a	n/a	n/a	1	1
Construction of roads, pavements and public squares	2	n/a	n/a	n/a	n/a	2
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	n/a	n/a	n/a	n/a	1
Public lighting	1	1	n/a	1	1	4
The operation of urban public transport	Licensed	Licensed	Licensed	n/a	Licensed	Licensed
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	1	n/a	n/a	n/a	n/a	1
Collection, disposal and recovery of waste	10	6	3	4	2	25
Urban planning	n/a	1	n/a	n/a	1	2
Land management	1	1	1	n/a	1	4
Shelter	n/a	n/a	n/a	n/a	n/a	n/a
Social, cultural and sports Services						
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	n/a	n/a	n/a	n/a	n/a	n/a
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	n/a	n/a	n/a
Social services of kindergartens	5	n/a	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade network	1	n/a	n/a	n/a	n/a	1
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	1	n/a	n/a	n/a	1
Veterinary services	1	n/a	n/a	n/a	n/a	1
Conservation and development of forests and natural resources of local character	n/a	1	2	n/a	2	5
The order and civil protection						
Preservation of public order to prevent administrative violations	1	1	n/a	n/a	n/a	2
Civil protection	1	n/a	1	1	n/a	3
Educational institutions						

Public Services	LGU Devoll	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras	Merged
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	2	2
Medicine						
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a
Social care						
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1	1	1	1	5
Social Care on domestic violence	1	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	1
Environmental Protection						
Environmental Protection	n/a	n/a	n/a	n/a	n/a	n/a
Register Office						
Register Office	2	1	1	1	1	6
Business Registration						
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a
Total	37	23	9	12	15	96

Horizontal Functions	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras	Merged
Finance	4	2	3	1	4	14
Local taxes and Tariffs	3	0.5	1	1	2	7.5
Legal Issues	1	n/a	n/a	n/a	1	2
Procurement	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	1	n/a	n/a	n/a	n/a	1
Human Resources	1	n/a	0.5	1	n/a	2.5
Protocol	1	n/a	0.5	n/a	n/a	1.5
Archiving	1	0.5	0.5	1	1	4
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	4	6	4	5	7	26
Internal Audit	1	n/a	n/a	n/a	n/a	1
Total	17	9	9.5	9	15	59.5

Orientation

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

(Qëndër Bilisht)

- Urbanism office is involved in the services directory.

(Hoçisht)

- The archive office is involved in the secretary and human resources.

(Miras)

- Legal Office is involved in services directory.

- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges
- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication

Service Providing

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
 - Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
 - At the same time they should also have a second line of reporting to administrators;
 - Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
 - Internal audit function reports directly to the Mayor;
 - A possible illustration of the future organizational structure, is presented in Annex 2;
- In forming its organizational structure, the municipality may consider the following factors:
- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
 - Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
 - Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
 - Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
 - Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
 - Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
 - Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- 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 President, Deputy mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

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

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

Financial due diligence

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 45,234 thousand ALL. Overdue municipal obligations are reported at a value 5,465 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 9% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Devoll, 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 Bilisht, LGU Qendër Bilisht, LGU Hoçisht, LGU Progër, LGU Miras.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	215,074
Tax and non-tax revenue	22,619
Total Expenses	173,954
Total Assets	1,971,697
Liabilities	45,234

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,971,697	1,966,090
I	Current Assets	129,577	149,598
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	62,788	62,168
Class 4	2. Receivables	23,729	40,563
Class 3	3. Current Inventory accounts	43,060	46,868
II	Non-current Assets	1,840,558	1,814,930
23	1. Investments	27,370	27,370
25,26	2. Finance assets	26,776	-
21,24,28	3. Tangible assets	1,783,751	1,784,899
20	4. Intangible assets	2,661	2,661
III	Other assets	1,561	1,561
B	Liabilities	46,795	60,912
I	Current liabilities	45,234	59,350
Class 4	1. Accounts payable	45,234	59,350
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	1,561	1,561
	Net assets (A - B)	1,924,901	1,905,178
	Presented: Consolidated budget	1,866,883	1,847,160
	Carried forward results	58,018	58,018

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,971,697 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 2% compared to December 31, 2014.

Current assets

- Current assets which have 7% of total assets are decreased by 17% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 6% of cash while the accounts receivable have decreased by 41% and accounts of the state of inventories have decreased by 24%.

Accounts Receivable

- Structure of total debtors of municipality Devoll consists of 60% of debtors of LGU Bilisht, 17% of debtors of LGU Miras, 9% of LGU Q. Bilisht and the rest belong to other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Devoll (93%) have increased of 3 in total which the impact on this growth it had the increase of the fixed tangible assets increased of 2% and the increase of financial assets.

- 20,54 % of PPEs of Municipality Devoll are composed by the PPEs of LGU Billisht, 20,82% PPEs by LGU Miras, 20,81% by LGU Proger, 23,044% by LGU Q.Bilisht and 14,8 by LGU Hocist.

Accounts Payable

Accounts payable have decreased by 15% the period ended July 31, 2015 compared with the previous year 2014

- 31,25% of the total accounts payable is composed of accounts payable of LGU Bilisht, 48.26% by LGU Miras, 8,64% by LGU Hocist, 5,35 % by LGU Proger, and 6,51% by LGU Q.Bilisht.

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

Tabela 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	245,316	242,586
A	I. REVENUES AND CONTRIBUTES	22,619	22,619
70,750,71	1. Tax revenues upon	13,149	13,149
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	9,470	9,470
71	II. GENERAL ACTUAL GRANTS	215,074	212,344
72	III. FINANCIAL REVENUES	-	-
72	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	7,624	7,624
77, 83	TOTAL EXPENSES	187,298	184,568
B	I. ACTUAL EXPENSES	166,979	164,249
600 601	1. Salaries and employees contribution	51,942	51,942
602	2. Goods and Services	32,842	32,842
602	3. Subsidies	-	-
603	4. Internal actual transfers	1,288	1,288
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	80,906	78,176
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	20,319	20,319
67	DETERMINED NET INCOME	58,018	58,018
C	From this: Functioning results	58,018	58,018
	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 245.316 thousand. 9% of the total municipal income is composed of tax and non-tax revenues, 88% of income from grants and 3% from other income.

Structure of total revenues is comprised of 34,09% of the revenue generated from the LGU Bilisht, 22,23% by LGU Miras, 20,85% by LGU Q.Bilisht, 13.73% by LGU Proger and 09.11% by LGU from Hocist.

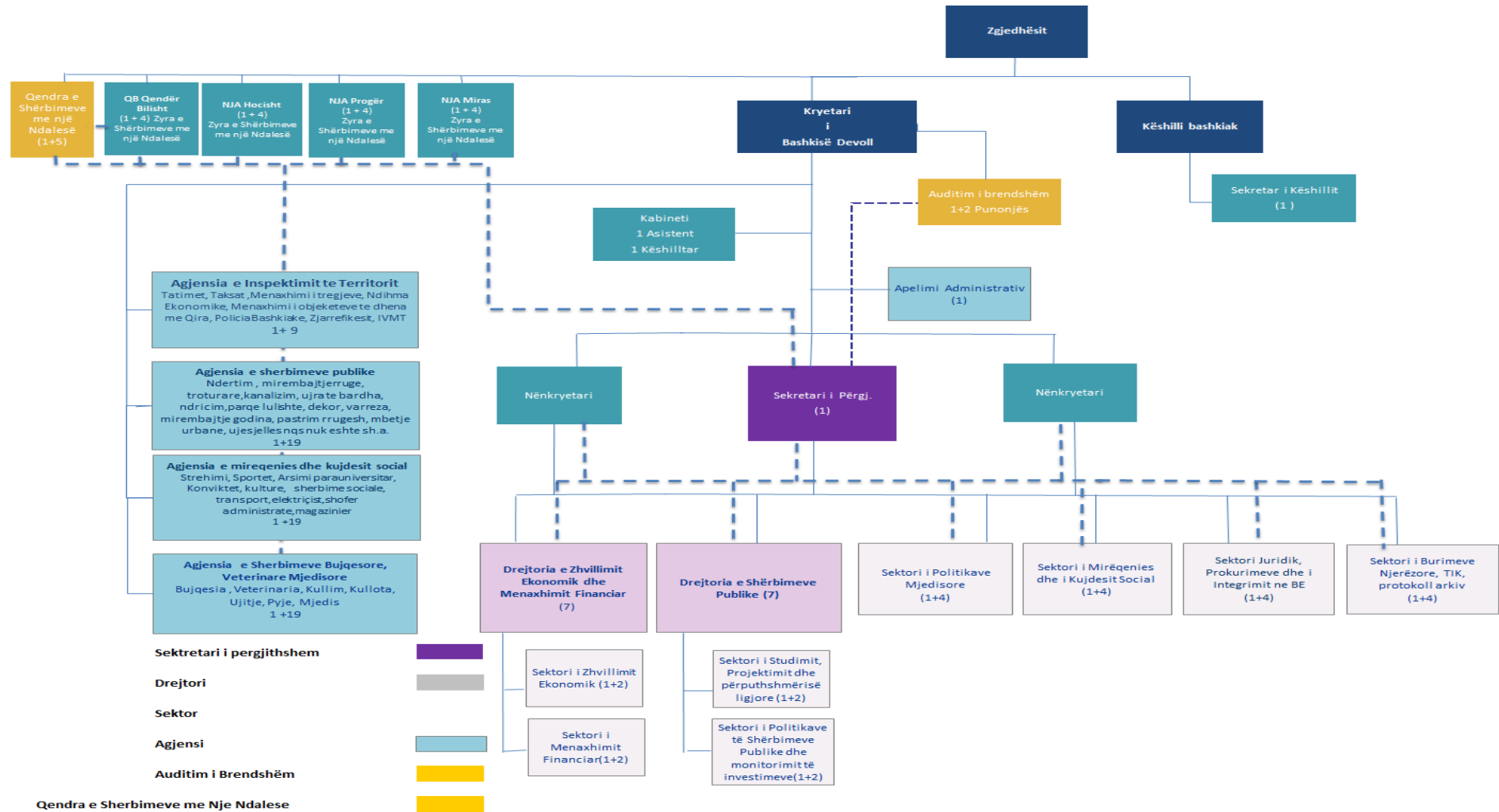
Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 187.298 thousand. 89% of the total municipal expenditure is composed of current expenditures, the rest of the other expenses.

- Structure of total expenditure is comprised by 30.4% of expenses of LGU Bilisht, 21,03% by LGU Miras, 14.98% by LGU Proger, 24.13% by LGU Q.Bilisht and 9.47% by LGU Hocist.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 131 employees. More detailed: 8 persons are working under employment contracts of one year, 123 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Observations	Recommendations
<ul style="list-style-type: none"> Title of Observation 1 	
<ul style="list-style-type: none"> Based on general principles, on the effective date of the merger the existing staff of LGUs will be automatically considered as the new Municipality personnel. The current law "On organization and functioning of local government" does not give any explanation regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. The employment relationship and civil servants governed by the legislation on the Civil Service while for administrative unit the process of confirming the status of civil servant has not yet begun. It appears that some staff has not the necessary qualifications in relation to perform it tasks. 	<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 should be considered. The competent authorities of the Ne Municipality should take into account the requirements of the Code of Practice for the design of new employment contracts without notice to the employees to be included in the new organizational structure, including employees transferred by LGUs when it is not justify working to contract with a fixed term. In the process of confirming the status of civil servants to assess the qualification of personnel in order to perform the task.
The termination of staff	
<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality. 	<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality.
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 Devoll. It is worth mentioning that the Municipality Devoll, before the amalgamation process, is 	<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

Observations	Recommendations
<p>considered as one of the merged units.</p> <ul style="list-style-type: none"> 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 	<p>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.
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

Observations	Recommendations
	<p>Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <ul style="list-style-type: none"> - - <i>Civil Servants</i>. Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
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

- Mainly the hardware devices consist mostly on desktop computers, printers, ups. Regarding the software used generally they are older versions and partly unlicensed. The software used are Office 2007 and Windows XP
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
Installed Software	Windows XP, Office 2007	Microsoft Package Office 2007, XP	Microsoft Package Office 2007, XP	Microsoft Package Office 2007, XP	Microsoft Package Office 2007, XP
Contracts of licences	0	0	0	0	0
Hardware (in useage)					
Computer (desktop)	16	2	7	6	9
Printers	12	2	7	6	11
Servers	0	0	0	0	0
IT staff in total	0	0	0	0	0
Hardware and Software maintenance	No maintenance contract	0	0	0	0

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Softwares installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.• PCs are partially amortized and the data do not correspond to the time demands on performance	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed softwares to the municipality.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- Nine LGUs do not provide internet and telephone service.
- Communication System consists of the use of internet and telephone. This service is offered by a national internet service provider through telephone line and also from a local operator. Not all employees have access to this service. Internal communication is verbal and written
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Ballsh	LGU Aranitas	LGU Greshicë	LGU Fratar	LGU Hekal	LGU Ngraçan	LGU Qëndër	LGU Kutë	LGU Selitë
Telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telephony/service providers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	n/a	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Observations and recommendations

Communication

Observations	Recommendations
<p data-bbox="271 600 539 627">Communication Systems</p> <ul data-bbox="176 660 1128 836" style="list-style-type: none"><li data-bbox="176 660 1128 804">• Communications systems in ex-municipality and Administrative Units consist in the use of fixed telephony and internet services which is provided by the national operator Altelecom for this institution and from one private entity. No telephone apparatus are installed in the office and the institution itself does not have an email address.<li data-bbox="176 807 1003 836">• Verbal communication does not leave trace with regard to probativeness.	<ul data-bbox="1207 604 2063 842" style="list-style-type: none"><li data-bbox="1207 604 2063 691">• Installation of telephone network in the office is a necessity for staff to create opportunities to communicate with each other without leaving the workplace.<li data-bbox="1207 694 2063 783">• Also there is needed the creation of email addresses because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.<li data-bbox="1207 786 1944 842">• There must be installed softwares to trace in connection with the communication time.

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- The function of the archive is performed by the protocol and archive specialist. The process of activation and the documentation service is actually performed in an appropriate environment on archives.
- From the information obtained during the field work, the majority of the technical requirements are not met. Archiving methodology requirements are generally met as most archiving registers are not met. Inventory of files is completed while the internal inventory is partially completed files.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	Yes
Secured doors and windows with a metallic net and automatic door closure	No	Yes	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	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	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	Yes
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	No
Archive keys in two copies	Yes	Yes	No	No	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	No	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	Yes	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	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes	Yes
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be	Yes	No	Yes	No	Yes

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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
secretariat and vice versa					
Mode 5 - Table definitions of files for the year	Yes	No	Yes	Yes	Yes
Mod 6 - Elements of cover dossier	Yes	Yes	No	No	Yes
Mod 7 - Register of files	Yes	Yes	No	No	Yes
Mod 8 - Internal File register	Yes	No	Yes	Yes	Yes
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	Yes
Mod 10 - Compilation of the list of documents that set aside	No	No	There are not allowed the procedures and methodologies	There are not followed procedures	Yes
Mod 11 - The period laid down for storage (protection)	No	Yes	There are not allowed the procedures and methodologies	There are not followed procedures	Yes
Mod 12 - Destruction of documents containing any further value	No	Yes	There are not allowed the procedures and methodologies	There are not followed procedures	Yes

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> • Technical requirements on archives are not fully met. • The archive is not located in a specific environment but on several ones. 	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving. • Evaluate the creation of a digital archive, the existing one.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> • Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> • Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> • Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> • The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing 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

- Authorizing Officer is the head of the administrative unit. The role of the enforcement officers is head of finance.
- A register for leased properties is not kept.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Bilisht	LGU Qëndër Bilisht	LGU Hoçisht	LGU Progër	LGU Miras
Adopted rules and procedures on asset management	Yes	No	No	No	No
Authorizing Officer	Yes	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	No	Yes	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	No	No	Yes
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	No	No	Yes
Assets Disposal Committee	No	Yes	No	No	Yes
Committee of disposal of assets	Yes	Yes	No	No	Yes

Observations and Recommendations

Asset Management

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

Project Title		Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Bilisht	Reconstruction of the school roof "Fuat Babani", Bilisht	Not started yet due to another project.	0	361,000
Progër	Rehabilitation of the village road Cangonj.	1 installment is liquidated	11,778,856	3,0762,165

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		1,840,558	1,814,930	1,779,540
3		I. Intangible Assets		10,756	10,756	15,441
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	2,661	2,661	7,346
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		8,095	8,095	8,095
9		II. Tangible Assets		1,803,026	1,804,174	1,764,099
10	210	Land		2,408	2,408	2,408
11	211	Forests, Pasture, Plantation	F6, Sh1	491	491	491
12	212	Building and Constructions	F6, Sh1	481,720	481,720	460,551
13	213	Roads, networks, water facilities	F6, Sh1	1,381,315	1,380,307	1,361,825
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	18,576	18,576	20,184
15	215	Transport vehicles	F6, Sh1	11,236	11,236	13,146
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	54,327	54,327	39,001
19	219	Depreciation of tangible assets	F7, Sh1	(166,323)	(164,166)	(152,782)
20	231	Expenses in process for increase of current tangible assets	F4	19,275	19,275	19,275
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		26,776	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		26,776	-	-
27	B	CURRENT ASSETS		129,577	149,598	156,310
28	Class 3	I. Inventory Status		43,060	46,868	57,015
29	31	Materials	Sh2	3,689	3,689	5,058
30	32	Inventory Objects	Sh2	39,371	43,178	51,957
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		23,729	40,563	40,275
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	859	859	1,485
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)		12,041	28,275	27,392
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	10,829	11,429	11,398
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		62,788	62,168	59,019
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	62,788	62,168	59,019
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		1,561	1,561	1,266
65	477	Assets conversion differences		1,561	1,561	1,266
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,971,697	1,966,090	1,937,116
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		1,866,883	1,847,160	1,818,121
2	10	I. Own funds		1,864,343	1,844,620	1,815,582
3	101	Base funds	F8	1,808,582	1,788,859	1,759,820
4	105	Capital internal grants		55,762	55,762	55,762
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		2,539	2,539	2,539
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		2,539	2,539	2,539
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		45,234	59,350	52,931
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		45,234	59,350	52,931
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	1,930	1,910	817
23	42	Employees and related accounts		4,822	4,822	4,867
24	431	Liabilities to government for taxes		176	176	171
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 governments (creditor)		11,688	6,127	1,109
28	435	Social Insurance		1,385	1,385	1,404
29	436	Health Insurance		192	192	183
30	437	Other social organizations		16,736	35,719	35,719
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	4,769	4,769	4,493
36	467	Other creditors		3,536	4,250	4,165
37	C	OTHER ACCOUNTS		1,561	1,561	1,266
38	475	Incomes to register in the coming years		1,561	1,561	1,266
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		58,018	58,018	55,146
43	X	TOTAL LIABILITY		1,971,697	1,966,090	1,927,464
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		173,954	171,224	303,894
2	60	I. Current expenses		166,979	164,249	310,089
3	600	Salaries, bonuses		44,650	44,650	68,088
4	6001	Salaries		42,819	42,819	67,976
5	6002	Temporary salaries		34	34	20
6	6003	Bonuses		1,796	1,796	92
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		7,293	7,293	12,386
9	6010	Insurance contributions		6,544	6,544	11,220
10	6011	Health insurance		749	749	1,166
11	602	Other goods and services		32,842	32,842	63,321
12	6020	Stationary		4,199	4,199	7,590
13	6021	Special services		1,776	1,776	4,198
14	6022	Services from third party		11,666	11,666	26,996
15	6023	Transport expenses		4,537	4,537	7,384
16	6024	Travel expense		1,202	1,202	2,422
17	6025	Ordinary maintenance expenses		2,561	2,561	2,115
18	6026	Rent expenses		60	60	273
19	6027	Expenses for legal liability for compensation		404	404	240
20	6028	Borrowing costs related to loans		-	-	1,062
21	6029	Other operating expenses		6,437	6,437	11,042
22	603	Subsidies		-	-	579
23	6030	Subsidies for price differences		-	-	579
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		1,288	1,288	1,598
29	6040	Current transfers to other government levels		1,042	1,042	703
30	6041	Current transfers to various government institutions		245	245	845
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	50
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		80,906	78,176	164,117
39	6060	Transfers paid from ISS and HII		2,030	2,030	470
40	6061	Transfers paid from other institutions and Local government		78,876	76,146	163,647
41	63	II. Change in inventory balances	F1	6,976	6,976	(6,195)
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		-	-	4,740
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	4,740
60	Class 6	TOTAL EXPENSES		173,954	171,224	308,634
61		D. RESULT CORRECTIONS ACTIVITES		13,344	13,344	50,707
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		658	658	51,944
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		6,111	6,111	6,951
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		6,574	6,574	(8,187)
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		187,298	184,568	359,340
70	85	RESULTS FROM FUNCTIONING		58,018	58,018	55,146
71	X	TOTAL		245,316	242,586	414,486

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	237,693	234,963	414,023
2	70	I. TAX INCOMES	13,149	13,149	32,079
3	700	a) On revenues, profit, and equity revenue	2,018	2,018	10,802
4	7000	Personal income tax	-	-	-
5	7001	Income tax	121	121	473
6	7002	Small business tax	1,897	1,897	10,329
7	7009	Other tax	-	-	-
8	702	b) Property tax	6,636	6,636	13,233
9	7020	On immovable property	6,400	6,400	13,199
10	7021	Sales of immovable property	236	236	34
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	4,266	4,266	8,043
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	1,208	1,208	3,465
17	7035	Local tax on goods usage and activity permission	3,058	3,058	4,578
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	229	229	0
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	9,470	9,470	19,189
35	710	a) From enterprise and ownership	497	497	1,102
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	497	497	1,102
			-	-	-
39	711	b) Administrative service and secondary revenues	8,973	8,973	18,088
40	7110	Administrative tariffs and regulations	7,935	7,935	16,590
41	7111	Secondary revenues and payments of services	371	371	753
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	667	667	684
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	60
		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)	215,074	212,344	362,755
49	720	a) Internal actual grant	215,074	212,344	357,924
50	7200	From same Government level	98,033	98,033	163,860
51	7201	From other Government levels	62,774	64,724	186,906
52	7202	From budget for special payments to Social Institute	41,377	41,377	34
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	1,950	-	549
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	10,940	8,210	6,575

			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	-	-	4,831
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	4,831
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	237,693	234,963	414,023
81	83	D. RESULT CORRECTIONS ACTIVITES	7,624	7,624	463
82	829	Canceled or under written expense order	-	-	781
83	841	Status change transfer	7,624	7,624	(318)
84	Class 7 & 8	TOTAL FROM OPERATIONS	245,316	242,586	414,486
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	245,316	242,586	414,486

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	55,762	5,682	5,682	55,762
2	105	Internal capital grants	55,762	5,682	5,682	55,762
3	1050	From the same government level	55,762	-	-	55,762
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	5,682	5,682	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for third				
13	146	parties	-	-	-	-
14	11	Other own funds	-	-	-	-
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	19,275	39,698	39,698	19,275
34	230	Expenses for increase of Intangible Assets	-	47	47	-
35	231	Expenses for increase of Tangible Assets	19,275	39,651	39,651	19,275
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	990	-	-	990
38	2312	Building and Constructions	-	4,119	4,119	-
39	2313	Roads, networks, water facilities	18,236	35,532	35,532	18,236
40	2314	Technical installment, machinery, equipment, working tools	49	-	-	49
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	-	-	-	-
51	26	Participation with own equity	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
52	265	Outing for own equity in nonprofit 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)	75,037	45,380	45,380	75,037

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	59,019	-	-	-
2	II. RECEIVABLES "CASH"	163,156	-	-	-
3	1. Funds from budget	136,185	-	-	-
4	Actual budget funds (Budget with changes)	115,577	-	-	-
5	Capital budget funds (Budget with changes)	20,609	-	-	-
6	2. Incomes and revenues during the year in "Cash"	26,971	-	-	-
7	Tax revenues in "Cash"	18,258	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	6,115	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,597	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	148,901	-	-
15	1. Payment from the budget for actual expenses	-	112,897	-	-
16	2. Payments from the budget for capital expenses	-	6,645	-	-
17	3. Payments from revenues for actual expenses	-	28,714	-	-
18	4. Payments from revenues from capital expenses	-	458	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	187	-	-
21	IV. TRANSFERS	-	11,107	-	-
22	1. Deposit of revenues in the budget	-	2,682	-	-
23	2. Unused budget (actual and capital)	-	7,856	-	-
24	3. Internal movements and transfers	-	569	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	222,175	160,008	-	-
26	VI. CLOSING BALANCE	62,168	-	-	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Transf.					Total	Write	Other	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	<i>6</i>	Sales	Off	Decr.	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	15,441	47	-	-	-	47	-	-	4,732	4,732	10,756
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	7,346	47	-	-	-	47	-	-	4,732	4,732	2,661
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	8,095	-	-	-	-	-	-	-	-	-	8,095
5	II. TANGIBLE	1,897,605	30,006	17,427	5,682	-	53,115	1,586	69	-	1,655	1,949,065
6	210 Land	2,408	-	-	-	-	-	-	-	-	-	2,408
7	211 Forests, Pasture, Plantation	491	-	-	-	-	-	-	-	-	-	491
8	212 Building and Constructions	460,551	3,027	1,092	-	17,051	21,170	-	-	-	-	481,720
9	213 Roads, networks, water facilities	1,361,825	26,979	8,553	-	(17,051)	18,481	-	-	-	-	1,380,307
10	214 Technical installment, machinery, equipment, working tools	20,184	-	(2,152)	640	-	(1,512)	96	-	-	96	18,576
11	215 Transport vehicles	13,146	-	(420)	-	-	(420)	1,490	-	-	1,490	11,236
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	39,001	-	10,354	5,042	-	15,396	-	69	-	69	54,327
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,913,046	30,053	17,427	5,682	-	53,162	1,586	69	4,732	6,387	1,959,821

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	152,782	13,541	-	13,541	-	-	-	-	166,323
		TOTAL (I + II)	152,782	13,541	-	13,541	-	-	-	-	166,323

Template 8: Statement of changes in fund

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

(Amount in ALL '00 , Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>		
1	101	BASE FUND	1,759,820.07	22,177	70,939	1,808,582	1,759,820	8,187	37,225	1,788,859		
2	1010	Status of base fund	1,759,820	2,276	8,952	1,766,497	1,759,820	2,276	7,877	1,765,422		
3	1011	Additions base fund	-	-	61,987	61,987	-	3,092	29,348	26,255		
4	1012	Decrease base fund	-	7,684	-	(7,684)	-	1,084	-	(1,084)		
5	1013	Decrease from tangible assets consume	-	6,679	-	(6,679)	-	1,734	-	(1,734)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	-	-	-	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	5,539	-	(5,539)	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12,13,145,15,85	INTERNAL FUND	113,447	51,442	54,314	116,320	113,447	51,442	54,314	116,320		
11	105	Capital internal grants	55,762	-	-	55,762	55,762	-	-	55,762		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	2,539	-	-	2,539	2,539	-	-	2,539		
14	12	Carried result	-	-	-	-	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		

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>		
		Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
17	15											
18	85	Result	55,146	51,442	54,314	58,018	55,146	51,442	54,314	58,018		
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)	1,873,267	73,619	125,253	1,924,901	1,873,267	59,628	91,539	1,905,178		

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	157	15	10	162	42,853	-	-	8,477	88	1,389
<i>1</i>	Directors	7	-	-	7	3,637	-	-	640	-	305
	High level education										
<i>2</i>	specialist	39	2	1	40	13,161	-	-	2,636	-	809
<i>3</i>	Technical	33	-	-	33	7,990	-	-	1,945	-	199
<i>4</i>	Ordinary officers	21	10	9	22	4,776	-	-	931	-	41
<i>5</i>	Employees	57	3	-	60	13,289	-	-	2,327	88	34
	Temporary										
<i>6</i>	employees	-	-	-	-	-	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	1,971,697	1,966,090	1,937,116
2	I	Current Assets	129,577	149,598	156,310
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	62,788	62,168	59,019
13	Class 4	2. Receivables	23,729	40,563	40,275
29	Class 3	3. Current Inventory accounts	43,060	46,868	57,015
39	II	Non-current Assets	1,840,558	1,814,930	1,779,540
40	23	1. Investments	27,370	27,370	27,370
44	25,26	2. Finance assets	26,776	-	-
47	21,24,28	3. Tangible assets	1,783,751	1,784,899	1,744,824
60	20	4. Intangible assets	2,661	2,661	7,346
65	III	Other assets	1,561	1,561	1,266
69	B	Liabilities	46,795	60,912	54,197
70	I	Current liabilities	45,234	59,350	52,931
71	Class	1. Accounts payable	45,234	59,350	52,931
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	1,561	1,561	1,266
96		Net assets (A - B)	1,924,901	1,905,178	1,882,919
97		Presented: Consolidated budget	1,866,883	1,847,160	1,818,121
98		Carried forward results	58,018	58,018	55,146

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	245,316	242,586	414,486
2	70,750,71	I. REVENUES AND CONTRIBUTES	22,619	22,619	51,268
3	70	1. Tax revenues upon	13,149	13,149	32,079
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	9,470	9,470	19,189
23	72	II. GENERAL ACTUAL GRANTS	215,074	212,344	362,755
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	7,624	7,624	463
33	B	TOTAL EXPENSES	187,298	184,568	359,340
34		I. ACTUAL EXPENSES	166,979	164,249	310,089
35	600 601	1. Salaries and employees contribution	51,942	51,942	80,474
38	602	2. Goods and Services	32,842	32,842	63,321
49	603	3. Subsidies	-	-	579
50	604	4. Internal actual transfers	1,288	1,288	1,598
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	80,906	78,176	164,117
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	20,319	20,319	49,252
58	C	DETERMINED NET INCOME	58,018	58,018	55,146
59		From this: Functioning results	58,018	58,018	55,146
60		Functioning observed grants	-	-	-

STAR Project

Municipality Kolonjë
Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract</i>. Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <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 of eight ex-municipality/LGUs, Ersekë, Qendër Ersekë, Leskovik, Qendër Leskovik, Novoselë, Barmash, Mollas, Çlirim is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.

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

Table 1: Roles in the municipality/administrative units

Roles	Ex-municipality Ersekë	LGU Qendër Ersekë	LGU Leskovik	LGU Qendër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU çlirim
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓							
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

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

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

After the merger, 8 units are transformed in 1 Municipality with 1 ex-municipality and 7 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role							
New Municipality	Municipality Ersekë						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
Administrative Unit	Qëndër Ersekë	Leskovik	Qëndër Leskovik	Novoselë	Barmash	Mollas	Çlirim
Administrator	✓	✓	✓	✓	✓	✓	✓

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

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

Functions

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

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

The total number of people performing public services is 123.

- 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 87,99.

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

Public Services	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim	Merged
Infrastructure and public services									
Water Supply Company	Sh.a	3	5	1	n/a	n/a	1	n/a	Sh.a+10
Functioning of the sewerage system	Sh.a	1	1	n/a	n/a	n/a	1	n/a	Sh.a +3
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	1	1	1	n/a	n/a	n/a	n/a	n/a	3
Construction of roads, pavements and public squares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	Depending enterprise	1	n/a	3	n/a	n/a	1	n/a	Depending enterprise +5
Public lighting	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	Licensed	n/a		n/a	n/a	n/a	n/a	n/a	Licensed
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	1	1	n/a	1	4
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	1	n/a	1	n/a	n/a	n/a	n/a	n/a	2
Collection, disposal and recovery of waste	5	3	3	n/a	n/a	2	3	1	17
Urban planning	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Land management	1	1	1	1	1	1	1	1	8
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social, cultural and sports Services									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	1	n/a	2	n/a	n/a	n/a	n/a	n/a	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7
Social services of kindergartens	Depending enterprise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Depending enterprise
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development									
Preparation of local economic development programs	n/a	2	n/a	n/a	n/a	n/a	2	n/a	4
Establishment and function of public markets and trade network	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	1	1	n/a	1	1	n/a	n/a	5
Conservation and development of forests and natural resources of local	n/a	1	n/a	4	n/a	1	n/a	1	7

Public Services	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim	Merged
character									
The order and civil protection									
Preservation of public order to prevent administrative violations	2	1	1	n/a	1	1	n/a	1	7
Civil protection	1	n/a	n/a	n/a	n/a	n/a	1	n/a	2
Educational institutions									
Maintenance of facilities in preliminary education	6	1	2	n/a	1	1	1	1	13
Medicine									
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	1	1	1	n/a	1	1	1	6
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	n/a	n/a	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	1	1	1	5
Register Office									
Register Office	1	1	1	1	n/a	n/a	1	n/a	5
Business Registration									
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	35	19	20	11	6	10	14	8	123

Table 4: Horizontal functions and people who execute these functions

Administrative Functions	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim	Merged
Finance	3	2	3	1	1	1	2	2	15
Local taxes and Tariffs	1	2	1	1	1	1	1	1	9
Legal Issues	0.5	n/a	n/a	n/a	n/a	n/a	1	n/a	1.5
Procurement	n/a	n/a	n/a	5	n/a	n/a	n/a	n/a	5
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	0.5	0.33	n/a	n/a	n/a	n/a	1	n/a	1.83
Protocol	0.5	0.33	0.5	n/a	n/a	1	n/a	n/a	1.83
Archiving	0.5	0.33	0.5	1	n/a	1	n/a	0.5	3.83
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	19	10	n/a	9	1	3	7	1	50
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	25	14.99	5	17	3	7	12	4.5	87.99

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:

(Qëndër Ersekë)

- Human Resources perform also the duty of the archive.

(Leskovik)

- The personnel employee performs also the duty of the archive.

(Novoselë)

- Secretary of Council performs also the duty of the Cadastre.

(Barmash)

- Secretary of Council performs also the duty of the archive

- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges
- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication

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:
 - Water Supply is performed by Sh.A in ownership of ex-municipality
 - Functioning of the sewerage system is performed by Sh.A in ownership of ex-municipality
 - Rehabilitation and maintenance of local roads, sidewalks and public squares is performed by depending entities
 - Social services of kindergartens.
- Licensed Services:
 - The operation of urban public transport
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)

- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

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

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- 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 President, Deputy mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The

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

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

Financial due diligence

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 45,421 thousand ALL. Overdue municipal obligations are reported at a value 9,044 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 9% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Kolonjë, 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 Ersekë, LGU Leskovik, LGU Qendër Ersekë, LGU Qendër Leskovik, LGU Novoselë, LGU Barmash, LGU Mollas, LGU Çlirim.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	148,583
Tax and non-tax revenue	17,148
Total Expenses	149,605
Total Assets	1,267,166
Liabilities	45,421

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,267,166	1,204,632
I	Current Assets	117,909	117,073
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	41,431	41,431
Class 4	2. Receivables	39,334	38,498
Class 3	3. Current Inventory accounts	37,144	37,144
II	Non-current Assets	1,149,257	1,087,559
23	1. Investments	13,098	13,098
25,26	2. Finance assets	61,698	-
21,24,28	3. Tangible assets	1,061,586	1,061,586
20	4. Intangible assets	12,874	12,874
III	Other assets	-	-
B	Liabilities	45,421	44,586
I	Current liabilities	45,421	44,586
Class 4	1. Accounts payable	45,421	44,586
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	1,221,745	1,160,047
	Presented: Consolidated budget	1,186,401	1,124,549
	Carried forward results	35,343	35,498

- 20,54% of PPEs of Municipality Kolonje are composed by the PPEs of LGU Erseke, 24,5% PPEs of LGU Leskovik, 23,07%

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,267,166 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 9% compared to December 31, 2014.

Current assets

- Current assets which have 9% of total assets are increased by 23% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 22% of cash, while the accounts receivable have increased 89% and accounts of the state of inventories have decreased by 9%.

Accounts Receivable

- Structure of total debtors of Municipality Kolonjë consists of 93,26% of debtors of LGU Erseke, 3,45% of debtors of LGU Mollas, 1,7% of LGU Q. Erseke and the rest belongs to other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kolonjë (91%) have suffered an increase of 8% in total which the impact on this growth it had the increase of investments with 264% and increase of financial assets in 2015

from LGU Q.Erseke, 10,82% from LGU Mollas and the rest is occupied by other LGUs.

Accounts Payable

Accounts payable have increased by 89% the period ended July 31, 2015 compared with the previous year 2014

- 86,4% of total accounts payable is composed of accounts payable of LGU Erseke, 3,45% from LGU Çlirim, 3,15% of LGU Mollas, 3,04 from LGU Q.Leskovik, 3:03% from LGU Q.Erseke and the rest is occupied by accounts payable arising from other LGUs.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	187,835	187,200
A	I. REVENUES AND CONTRIBUTES	17,148	17,148
70,750,71	1. Tax revenues upon	8,078	8,078
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	9,071	9,071
71	II. GENERAL ACTUAL GRANTS	148,583	147,948
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	18,068	18,068
78	V. OTHER REVENUES	4,036	4,036
77, 83	TOTAL EXPENSES	152,491	151,702
B	I. ACTUAL EXPENSES	145,827	145,192
	1. Salaries and employees contribution	46,690	46,690
600 601	2. Goods and Services	32,627	32,627
602	3. Subsidies	-	-
603	4. Internal actual transfers	3,156	3,156
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	63,355	62,720
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606		-	-
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	6,664	6,509
67	DETERMINED NET INCOME	35,343	35,498
C	From this: Functioning results	35,343	35,498
	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 187,835 thousand. 9% of the total municipal income is composed of tax and non-tax revenues, 79% of income from grants and 2% from other income and 10% of works and investments for the reversal.

The structure of total revenues is comprised of 43,14% of the revenue generated from LGU Erseke, 13,67% by LGU Leskovik, 12,48% by LGU Q.Erseke, 6,16% by LGU Q.Leskovik, 6,37% by LGU Clirim, 5% by LGU Barmash, 4,43% by LGU Novosele.

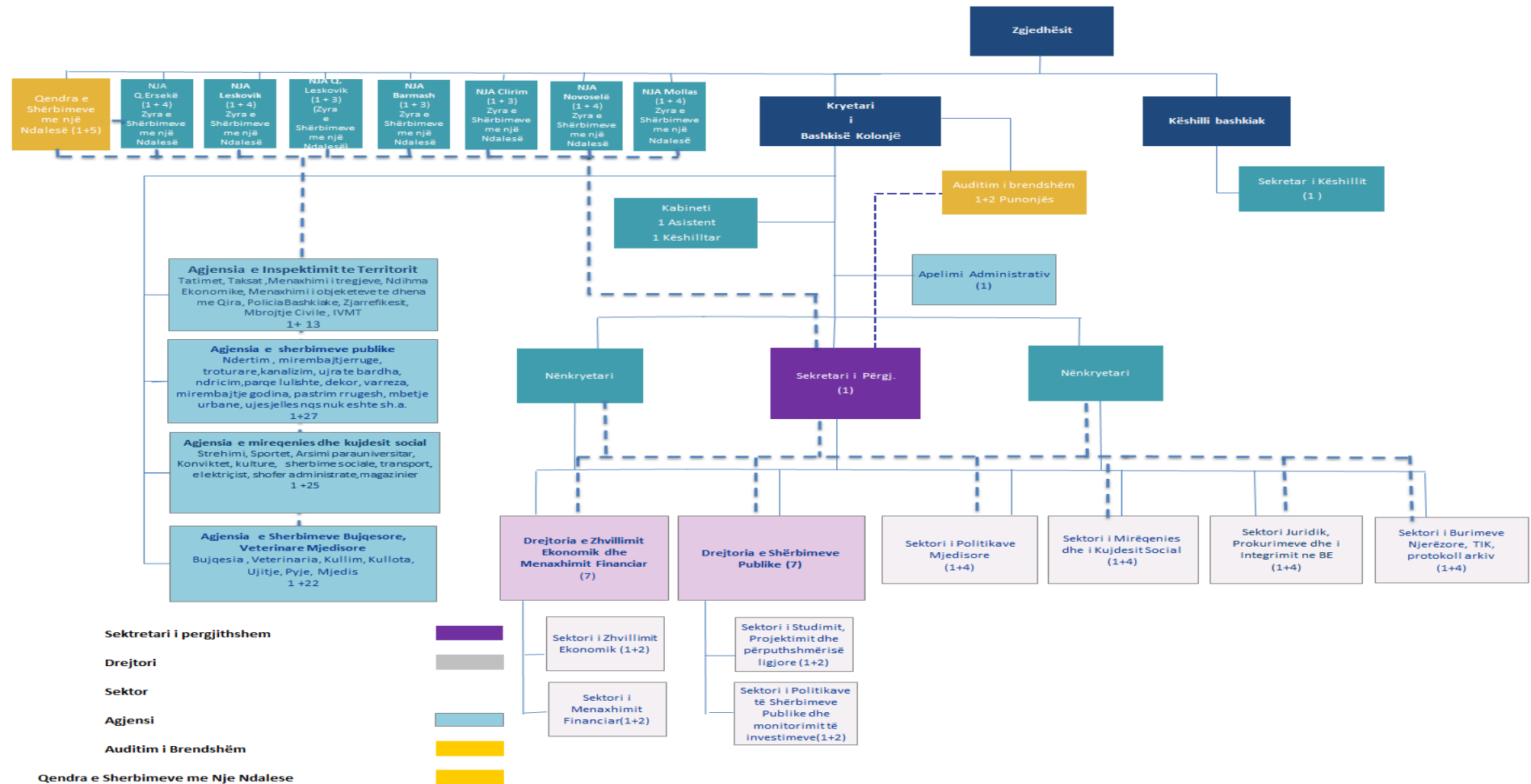
Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 152.491 thousand. 96% of the total expenditure of the municipality expenditure is composed of current expenditures, the rest from other expenses.

- Structure of total expenditure is comprised by 46,49% of the expenses of LGU Erseke, 11,88% of the LGU Leskovik, 13,26% of LGU Q.Erseke, 6,3% of LGU Q.Leskovik, 9,5% of LGU Mollas, 4,28% of LGU Clirim, 4,84 % of LGU Barmash, 3,46% of LGU Novosele.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 158 employees. More detailed: 60 persons are working under employment contracts of one year, 98 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Observations	Recommendations
<ul style="list-style-type: none"> Title of Observation 1 	
<ul style="list-style-type: none"> Based on general principles, on the effective date of the merger the existing staff of LGUs will be automatically considered as the new Municipality personnel. The current law "On organization and functioning of local government" does not give any explanation regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. The employment relationship and civil servants governed by the legislation on the Civil Service while for administrative unit the process of confirming the status of civil servant has not yet begun. 	<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 should be considered. The competent authorities of the Ne Municipality should take into account the requirements of the Code of Practice for the design of new employment contracts without notice to the employees to be included in the new organizational structure, including employees transferred by LGUs when it is not justify working to contract with a fixed term. In the process of confirming the status of civil servants to assess the qualification of personnel in order to perform the task.
The termination of staff	
<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality. 	<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality.
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 Kolonjë. It is worth mentioning that the Municipality Kolonjë, before the amalgamation process, is considered as one of the merged units. 	<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

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

Observations	Recommendations
	<p>the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <ul style="list-style-type: none"> - - <i>Civil Servants</i>. Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
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

- Mainly the hardware devices consist mostly on desktop computers, printers, ups. Regarding the software used generally they are older versions and partly unlicensed. The software used are Office 2007 and Windows XP
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: Inventory of IT systems

Objective	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
Installed Software	Office Package	Office Package	Office Package	Office Package	Office Package	Office Package	Office Package	Office Package
Contracts of licenses	0	0	0	0	0	0	0	0
Hardware (in usage)								
Computer (desktop)	13	12	5	2	3	3	7	2
Printers	8	4	5	1	2	3	5	1
Servers	0	0	0	0	0	0	0	0
IT staff in total	0	0	0	0	0	0	0	0
Hardware and Software maintenance	0	0	0	0	0	0	0	0

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Softwares installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed softwares to the municipality.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- Communication System consists on the use of internet and telephone. This service is offered by a national service provider but a part of the LGUs do not profit from this service. Not all employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication Systems

Objectives	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
Telephony service	Fixed Line	Albtelekom	Fixed Line	Albtelekom	N/A	N/A	N/A	N/A
Telephony/service providers	National Operator	Albtelekom	National Operator	Albtelekom	N/A	N/A	N/A	N/A
Internet service	National Internet service provider	Albtelekom	National Internet service provider	Albtelekom	N/A	N/A	ADSL and PSTN	N/A
Assess coverage of the telephony service	Local Coverage	N/A	Local Coverage	Partial Cover	N/A	N/A	N/A	N/A
Internal communication lines	Verbal/Written	Verbal/Written	Verbal/Written	Verbal/Written	Verbal/Written	Verbal/Written	Verbal/Written	Verbal/Written

Observations and Recommendations

Communication

Observations	Recommendations
<ul style="list-style-type: none">• Communication Systems <p>Communication systems in ex-municipalities and LGUs consist of the use of fixed telephony and internet which is provided by the national operator Albtelcom for this institution. No telephone handsets are installed in office and there is an email address for the institution itself.</p>	<ul style="list-style-type: none">• Installation of telephone network and the Internet in the office is a necessity for staff to create opportunities to communicate with each other without distraction from work.

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

- From the information obtained during the field work, the majority of the technical requirements are not met. Archiving methodology requirements are generally met as most archiving registers are not met. Inventory of files is completed while the internal inventory of files is partially completed.
- 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 Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	Yes	Yes	No	Yes	No	No
Secured doors and windows with a metallic net and automatic door closure	No	Yes	No	No	Yes	Yes	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	Yes	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	Yes	Yes	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	No	Yes	Yes	No	No
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes	Yes	No	Yes	Yes	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	No	No	No	Yes	No	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes	Yes	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	Yes	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 peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	No	Yes	Yes	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
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	Yes	Yes	Yes	No	No
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes	No	No
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	Yes	Yes	No	No	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	Yes	Yes	No	No	Yes	Yes
Mode 5 - Table definitions of files for the year	Yes	No	Yes	Yes	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	Yes	No	No	No	No	No
Mod 7 - Register of files	Yes	No	Yes	Yes	No	No	No	No
Mod 8 - Internal File register	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Mod 9 - Decision of the Commission of Experts	Yes	No	Yes	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	Yes	Yes	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	Yes	Yes	Yes	Yes	Yes	No	No
Mod 12 - Destruction of documents containing any further value	Yes	Yes	Yes	Yes	Yes	Yes	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> • Technical requirements on archives are not fully met. 	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> • Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> • Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> • Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> • The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing 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 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

- The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- The Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year.
- 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 Ersekë	LGU Qëndër Ersekë	LGU Leskovik	LGU Qëndër Leskovik	LGU Novoselë	LGU Barmash	LGU Mollas	LGU Çlirim
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No
Authorizing Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	N/A	Yes	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	No	Yes	No	No
Leased Properties Register	Yes	Yes	No	Yes	Yes	Yes	No	No
Owned Companies Register	Yes	No	No	No	No	No	No	No
Annual Assets Inventory	Yes	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Observations and Recommendations

Asset Management

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

Appendix 7 – Investment Projects

LGU Erseke and other LGUs do not have any investment projects in progress that will be transferred to the new municipality.

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		1,149,257	1,087,559	1,063,154
3		I. Intangible Assets		12,874	12,874	12,874
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	12,874	12,874.25	12,874
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		1,074,685	1,074,685	1,050,280
10	210	Land		2,442	2,442	2,442
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	418,452	418,452	418,452
13	213	Roads, networks, water facilities	F6, Sh1	849,473	849,473	829,472
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	84,249	84,249	84,941
15	215	Transport vehicles	F6, Sh1	73,769	73,769	74,159
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	37,420	37,420	36,545
19	219	Depreciation of tangible assets	F7, Sh1	(404,218)	(404,218)	(399,327)
20	231	Expenses in process for increase of current tangible assets	F4	13,098	13,098	3,595
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		61,698	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		61,698	-	-
27	B	CURRENT ASSETS		117,909	117,073	95,576
28	Class 3	I. Inventory Status		37,144	37,144	40,767
29	31	Materials	Sh2	2,578	2,578	4,332
30	32	Inventory Objects	Sh2	34,566	34,566	36,435
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		39,334	38,498	20,763
39	409	Suppliers, prepayments or partial payment		2	2	2
40	411-418	Similar clients or accounts		17	17	14
41	423	Employees, prepayment, deficits and penalties	Sh3	539	539	555
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)		15,707	14,871	14,099
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		24	24	54
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	23,044	23,044	6,039
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		41,431	41,431	34,046
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	41,431	41,431	34,046
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,267,166	1,204,632	1,158,730
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		1,186,401	1,124,549	1,103,922
2	10	I. Own funds		1,174,834	1,112,981	1,100,817
3	101	Base funds	F8	1,173,303	1,111,450	1,100,326
4	105	Capital internal grants		1,531	1,531	491
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		11,567	11,567	3,105
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		11,567	11,567	3,105
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		45,421	44,586	23,999
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		45,421	44,586	23,999
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	785	228	969
23	42	Employees and related accounts		4,582	4,782	4,430
24	431	Liabilities to government for taxes		89	89	104
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)		23,602	23,602	6,610
28	435	Social Insurance		1,451	1,345	1,356
29	436	Health Insurance		201	186	186
30	437	Other social organizations		-	-	-
31	44	Other public institutions		365	365	516
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	6,088	6,088	4,448
36	467	Other creditors		8,259	7,901	5,381
37	C	OTHER ACCOUNTS		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		35,343	35,498	30,809
43	X	TOTAL LIABILITY		1,267,166	1,204,632	1,158,730
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		149,451	148,816	259,195
2	60	I. Current expenses		145,827	145,192	260,014
3	600	Salaries, bonuses		40,165	40,165	64,670
4	6001	Salaries		38,667	38,667	60,547
5	6002	Temporary salaries		1,495	1,495	4,068
6	6003	Bonuses		-	-	56
7	6009	Other personal expenses		3	3	-
8	601	Health and social insurance contributions		6,525	6,525	10,932
9	6010	Insurance contributions		5,878	5,878	9,821
10	6011	Health insurance		647	647	1,112
11	602	Other goods and services		32,627	32,627	68,160
12	6020	Stationary		919	919	3,057
13	6021	Special services		1,423	1,423	4,075
14	6022	Services from third party		9,313	9,313	21,179
15	6023	Transport expenses		3,282	3,282	7,982
16	6024	Travel expense		1,653	1,653	3,917
17	6025	Ordinary maintenance expenses		5,740	5,740	13,830
18	6026	Rent expenses		24	24	45
19	6027	Expenses for legal liability for compensation		442	442	1,238
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		9,832	9,832	12,836
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		3,156	3,156	2,185
29	6040	Current transfers to other government levels		2,569	2,569	941
30	6041	Current transfers to various government institutions		587	587	1,244
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		63,355	62,720	114,067
39	6060	Transfers paid from ISS and HII		1,335	1,335	220
40	6061	Transfers paid from other institutions and Local government		62,020	61,385	113,847
41	63	II. Change in inventory balances	F1	3,623	3,623	(819)
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		154	-	-	
58	677	Losses from allowed errors from previous years		154	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		149,605	148,816	259,195	
61		D. RESULT CORRECTIONS ACTIVITES		2,886	2,886	39,531	
62	828	Names of cancelled revenues		-	-	201	
63	831	Determination of revenues for investments		2,436	2,436	30,875	
64	8420	Revenues deposited in the budget		38	38	105	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		-	-	7,721	
67	8423	Transfers for changes in situation		413	413	628	
68	8424	Transfers for identified debtors and similar items		-	-	-	
69	Class 6 & 8	TOTAL FROM OPERATIONS		152,491	151,702	298,726	
70	85	RESULTS FROM FUNCTIONING		35,343	35,498	30,809	
71	X	TOTAL		187,835	187,200	329,535	

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	183,799	183,164	327,064
2	70	I. TAX INCOMES	8,078	8,078	21,613
3	700	a) On revenues, profit, and equity revenue	1,079	1,079	7,022
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,079	1,079	7,022
7	7009	Other tax	-	-	-
8	702	b) Property tax	3,526	3,526	7,092
9	7020	On immovable property	3,507	3,507	6,980
10	7021	Sales of immovable property	19	19	100
11	7029	Other on property	-	-	12
12	703	c) Tax upon goods and services in the country	3,431	3,431	7,499
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	21	21	38
16	7033	Tax upon goods usage and activity permission	901	901	2,044
17	7035	Local tax on goods usage and activity permission	2,508	2,508	5,417
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	42	42	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	9,071	9,071	14,694
35	710	a) From enterprise and ownership	3,825	3,825	5,266
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	3,825	3,825	5,266
			-	-	-
39	711	b) Administrative service and secondary revenues	5,246	5,246	9,428
40	7110	Administrative tariffs and regulations	5,129	5,129	9,278
41	7111	Secondary revenues and payments of services	79	79	117
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	20
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	38	38	13
		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)	148,583	147,948	272,145
49	720	a) Internal actual grant	148,583	147,948	272,145
50	7200	From same Government level	131,329	131,329	257,706
51	7201	From other Government levels	1,130	1,130	267
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	579	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	15,545	14,910	14,171

			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	-	579	-
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	18,068	18,068	18,612
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	17,463	-	-
69	787	Withdraw from investments	605	18,068	18,612
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	183,799	183,164	327,064
81	83	D. RESULT CORRECTIONS ACTIVITES	4,036	4,036	2,470
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	4,036	4,036	2,470
84	Class 7 & 8	TOTAL FROM OPERATIONS	187,835	187,200	329,535
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	187,835	187,200	329,535

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	3,595	23,671	33,174	13,098
2	105	Internal capital grants	2,384	23,671	33,174	11,887
3	1050	From the same government level	2,384	19,962	29,465	11,887
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	3,710	3,710	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for third				
13	146	parties	-	-	-	-
14	11	Other own funds	1,212	-	-	1,212
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	1,212	-	-	1,212
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	3,595	33,064	23,561	13,098
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	3,595	33,064	23,561	13,098
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	-	-	-
39	2313	Roads, networks, water facilities	3,595	29,465	19,962	13,098
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	-	3,600	3,600	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	7,191	56,736	56,736	26,197

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	34,046	-	-	-
2	II. RECEIVABLES "CASH"	198,166	-	-	-
3	1. Funds from budget	111,703	-	-	-
4	Actual budget funds (Budget with changes)	93,091	-	-	-
5	Capital budget funds (Budget with changes)	18,612	-	-	-
6	2. Incomes and revenues during the year in "Cash"	86,463	-	-	-
7	Tax revenues in "Cash"	8,078	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	9,051	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	65,054	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,281	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	158,650	-	-
15	1. Payment from the budget for actual expenses	-	57,421	-	-
16	2. Payments from the budget for capital expenses	-	8,040	-	-
17	3. Payments from revenues for actual expenses	-	72,750	-	-
18	4. Payments from revenues from capital expenses	-	19,962	-	-
19	5. Payments from storage	-	375	-	-
20	6. Other payments	-	102	-	-
21	IV. TRANSFERS	-	32,132	-	-
22	1. Deposit of revenues in the budget	-	38	-	-
23	2. Unused budget (actual and capital)	-	32,094	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	232,212	190,781	-	-
26	VI. CLOSING BALANCE	41,431	-	-	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			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	12,874	-	-	-	-	-	-	-	-	-	12,874
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	12,874	-	-	-	-	-	-	-	-	-	12,874
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,446,011	19,962	-	3,710	39	23,710	-	3,878	39	3,917	1,465,804
6	210 Land	2,442	-	-	-	-	-	-	-	-	-	2,442
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	418,452	-	-	-	-	-	-	-	-	-	418,452
9	213 Roads, networks, water facilities	829,472	19,962	-	-	39	20,000	-	-	-	-	849,473
10	214 Technical installment, machinery, equipment, working tools	84,941	-	-	69	-	69	-	762	-	762	84,249
11	215 Transport vehicles	74,159	-	-	-	-	-	-	390	-	390	73,769
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	36,545	-	-	3,640	-	3,640	-	2,727	39	2,765	37,420
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,458,886	19,962	-	3,710	39	23,710	-	3,878	39	3,917	1,478,678

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	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	399,327	11,118	-	11,118	-	2,334	3,893	6,227	404,218
		TOTAL (I + II)	399,327	11,118	-	11,118	-	2,334	3,893	6,227	404,218

Template 8: Statement of changes in fund

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

(Amount in ALL'00, Unless otherwise stated)

No.	Acc. No.	Description	Restated						Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2		Credit 3
1	101	BASE FUND	1,100,326,060	16,698,271	89,675,311	1,173,303,100	1,100,326,060	16,698,271	27,822,584	
2	1010	Status of base fund	1,100,326,060	-	-	1,100,326,060	1,100,326,060	-	-	
3	1011	Additions base fund	-	-	89,675,311	89,675,311	-	-	27,822,584	
4	1012	Decrease base fund	-	4,035,851	-	(4,035,851)	-	4,035,851	-	
5	1013	Decrease from tangible assets consume	-	11,117,937	-	(11,117,937)	-	11,117,937	-	
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	
7	1015	Decrease from	-	1,544,483	-	(1,544,483)	-	1,544,483	-	
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	34,404,553	50,770,710	64,807,799	48,441,642	34,404,553	50,770,710	64,962,291	
11	105	Capital internal grants	490,797	19,961,616	21,001,785	1,530,966	490,797	19,961,616	21,001,785	
12	107	Current assets in use	-	-	-	-	-	-	-	
13	11	Other own funds	3,104,662	-	8,462,735	11,567,397	3,104,662	-	8,462,735	
14	12	Carried result	-	-	-	-	-	-	-	
15	13	Exceptional subsidiaries Participation of the institution in investing for	-	-	-	-	-	-	-	
16	145	third parties	-	-	-	-	-	-	-	
17	15	Forecasted amounts for	-	-	-	-	-	-	-	

No.	Acc. No.	Description	Restated								
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		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>	disasters and expenses									
18	85	Result	30,809,094	30,809,094	35,343,279	35,343,279		30,809,094	30,809,094	35,497,771	
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)	1,134,730,613	67,468,981	154,483,110	1,221,744,742		1,134,730,613	67,468,981	92,784,875	

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	303	5	16	292	40,162	-	-	11,030	-	746
<i>1</i>	Directors High level education	17	-	-	17	3,155	-	-	880	-	187
<i>2</i>	specialist	85	5	2	88	14,618	-	-	4,058	-	498
<i>3</i>	Technical	11	-	-	11	850	-	-	237	-	29
<i>4</i>	Ordinary officers	109	-	9	100	13,039	-	-	3,416	-	31
<i>5</i>	Employees	72	-	1	71	7,993	-	-	2,247	-	2
<i>6</i>	Temporary employees	9	-	4	5	507	-	-	193	-	-

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	1,267,166	1,204,632	1,158,730
2	I	Current Assets	117,909	117,073	95,576
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	41,431	41,431	34,046
13	Class 4	2. Receivables	39,334	38,498	20,763
29	Class 3	3. Current Inventory accounts	37,144	37,144	40,767
39	II	Non-current Assets	1,149,257	1,087,559	1,063,154
40	23	1. Investments	13,098	13,098	3,595
44	25,26	2. Finance assets	61,698	-	-
47	21,24,28	3. Tangible assets	1,061,586	1,061,586	1,046,685
60	20	4. Intangible assets	12,874	12,874	12,874
65	III	Other assets	-	-	-
69	B	Liabilities	45,421	44,586	23,999
70	I	Current liabilities	45,421	44,586	23,999
71	Class	1. Accounts payable	45,421	44,586	23,999
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)	1,221,745	1,160,047	1,134,731
97		Presented: Consolidated budget	1,186,401	1,124,549	1,103,922
98		Carried forward results	35,343	35,498	30,809

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	187,835	187,200	329,535
2	70,750,71	I. REVENUES AND CONTRIBUTES	17,148	17,148	36,307
3	70	1. Tax revenues upon	8,078	8,078	21,613
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	9,071	9,071	14,694
23	72	II. GENERAL ACTUAL GRANTS	148,583	147,948	272,145
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	18,068	18,068	18,612
32	77, 83	V. OTHER REVENUES	4,036	4,036	2,470
33	B	TOTAL EXPENSES	152,491	151,702	298,726
34		I. ACTUAL EXPENSES	145,827	145,192	260,014
35	600 601	1. Salaries and employees contribution	46,690	46,690	75,603
38	602	2. Goods and Services	32,627	32,627	68,160
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	3,156	3,156	2,185
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	63,355	62,720	114,067
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	6,664	6,509	38,712
58	C	DETERMINED NET INCOME	35,343	35,498	30,809
59		From this: Functioning results	35,343	35,498	30,809
60		Functioning observed grants	-	-	-

STAR Project

Municipality Korçë
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
PPE	Property, Plant & Equipment
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and of ex-municipality Korçë and 7 administrative units Qendër Bulgarec, Voskop, Voskopojë, Lekas, Vithkuq, Mollaj, Drenovë 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	LGU Korçë	LGU Qendër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓			✓	✓
Secretary of Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

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

After the merger of 8 administrative units in 1 Municipality with 8 LGUs, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role							
New Municipality	Municipality Korçë						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
Administrative Unit	Qëndër Bulgarec	Voskop	Voskopojë	Lekas	Vithkuq	Mollaj	Drenovë
Administrator	✓	✓	✓	✓	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

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

By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality

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

Functions

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

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of

full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 211,3

- 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 126,66.

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

Public Services	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë	Merged
Infrastructure and public services									
Water Supply Company	Sh.a	Sh.a	Sh.a	0.3	n/a	n/a	3.3	Sh.a	Sh.a + 3.6
Functioning of the sewerage system	Sh.a	n/a	2	0.3	n/a	n/a	1.3	n/a	Sh.a + 3.6
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Sh.a	5	n/a	0.3	n/a	n/a	1.3	4	Sh.a + 10.6
Construction of roads, pavements and public squares	contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	Public services depending enterprise	1	5	n/a	n/a	n/a	4	3	Public services depending enterprise +13
Public lighting	Public services depending enterprise	n/a	1	n/a	n/a	n/a	1	1	Public services depending enterprise +3
The operation of urban public transport	contracted+1	n/a	n/a	n/a	n/a	n/a	Licensed	Licensed	contracted +1
Cemeteries administration and guarantee of funeral services	contracted+2	n/a	n/a	n/a	n/a	n/a	4	2	contracted +8
Decorations Service in town / village	Public services depending enterprise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Public services depending enterprise
Administration of parks, gardens and public spaces	Public services depending enterprise	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Public services depending enterprise
Collection, disposal and recovery of waste	contracted	6	3	3	n/a	3	3	10	contracted +28
Urban planning	14	2	1	1	n/a	1	1	2	22
Land management	n/a	1	2	1	1	1	2	1	9
Shelter	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Social,cultural and sports Services									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Art and culture center	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Art and culture center
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Football club "Skenderbeu"	n/a	n/a	n/a	n/a	n/a	1	n/a	Football club "Skenderbeu" +1

Social services of kindergartens	Education and Kindergartens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Education and Kindergartens
Social services - orphanages, shelters	Ministry +3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ministry +3
Local economic development									
Preparation of local economic development programs	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
Establishment and function of public markets and trade network	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Small business development, and the development of promotional activities such as fairs and advertisements in public places	11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11
Organization of services within the local economic development support and information structures and infrastructure necessary	11	n/a	n/a	1	n/a	n/a	n/a	n/a	12
Veterinary services	3	1	1	n/a	n/a	1	n/a	1	7
Conservation and development of forests and natural resources of local character	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	1
The order and civil protection									
Preservation of public order to prevent administrative violations	11	2	n/a	1	1	1	1	1	18
Civil protection	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Educational institutions									
Maintenance of facilities in preliminary education	Education and Kindergartens	7	2	n/a	n/a	n/a	1	1	Education and Kindergartens +11
Medicine									
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	11	1	1	1	n/a	n/a	1	0.5	15.5
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Environmental Protection									

Environmental Protection	1	n/a	n/a	1	n/a	n/a	1	n/a	3
Register Office									
Register Office	7	1	1	1	n/a	1	1	1	13
Business Registration									
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	89	27	19	10.9	2	8	26.9	28.5	211.3

Table 4: Horizontal Functions and no of people associated with these functions

Administrative Functions	LGU Korçë	Qëndër Bulgarec	Voskop	Voskopojë	Lekas	Vithkuq	Mollaj	Drenovë	Merged
Finance	7	3	4	1.5	0.5	0.75	2	3	21.75
Local taxes and Tariffs	14	3	3	1	1	0.75	2	3	27.75
Legal Issues	4	n/a	n/a	n/a	n/a	n/a	n/a	1	5
Procurement	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Institutional Relations	0.333	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.333
Human Resources	1	0.3	n/a	n/a	n/a	n/a	n/a	1	2.3
Protocol	0.333	0.3	0.5	0.3	n/a	0.5	0.33	n/a	2.33
Archiving	0.333	0.3	0.5	0.3	0.5	0.5	0.33	0.5	3.333
Information Technology	1	n/a	n/a	n/a	n/a	n/a	1	n/a	2
Supporting services	17	21	4	8	1	3	n/a	4	58
Internal Audit	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	49	27.9	12	11.1	3	5.5	5.66	12.5	126.66

Orientation

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

(Korçë)

- Procurements perform their activities in the Audit directory

(Qëndër Bulgarec)

- N/a

(Voskop)

- Financial assistance depends from the finance directory.

(Voskopojë)

- N/a

(Lekas)

- The finance performs also the duty of the archive

(Vithkuq)

- N/a

(Mollaj)

- Financial assistance performs also the duty of taxation

(Drenovë)

- Financial assistance depends from the finance directory

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

- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 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
 - Water Supply is performed by Sh.a owned by LGU
 - Functioning of the sewerage system is performed by Sh.a owned by LGU
 - Rehabilitation and maintenance of local roads, sidewalks and public squares
 - Cemeteries administration and guarantee of funeral services
 - The operation of urban public transport
 - Public lighting
- The below services are licensed
 - N/a
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

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

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

Financial due diligence

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 827,233 thousand ALL. Overdue municipal obligations are reported at a value 150,365 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 13% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a</p>

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Korçë, 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 Korçë, LGU Qendër Bulgavec, LGU Voskop, LGU Voskopojë, LGU Lekas, LGU Vithkuq, LGU Mollaj and LGU Drenovë.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	984,750
Tax and non-tax revenue	240,628
Total Expenses	983,140
Total Assets	7,025,684
Liabilities	827,233

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

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	7,025,684	7,126,815
I	Current Assets	1,428,201	1,679,478
	1. Petty - Cash, Banks, and Funds	942,497	1,241,436
Class 5	Availability		
Class 4	2. Receivables	346,480	298,818
Class 3	3. Current Inventory accounts	139,224	139,224
II	Non-current Assets	5,597,482	5,390,925
23	1. Investments	826,823	826,823
25,26	2. Finance assets	206,557	-
21,24,28	3. Tangible assets	4,480,748	4,480,748
20	4. Intangible assets	83,354	83,354
III	Other assets	-	56,412
B	Liabilities	827,233	540,612
I	Current liabilities	276,099	285,205
Class 4	1. Accounts payable	276,099	285,205
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	422,230	255,406
17	1. Foreign loans	422,230	255,406
III	Other liabilities	128,904	-
	Net assets (A - B)	6,198,450	6,586,203
	Presented: Consolidated budget	5,314,476	6,288,758
	Carried forward results	883,974	297,445

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 7,025,684 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 16% compared to December 31, 2014.

Current assets

- Current assets which have 20% of total assets are increased by 45% during the fiscal period 2015 compared with 2014. Among the items of current assets it is noticed an increase of 77% of cash, which affects more in the increase of the total current assets, accounts receivable have increased by 20% while the accounts of state of inventories have suffered a decrease of 14%.

Accounts Receivable

- Structure of total debtors of Municipality Korce consists of 88.7% of debtors of LGU Korce, 3,45% of debtors of LGU Q.Bulgarec and the rest belong to other LGUs.

Non-current accounts

- Non-current assets which occupy the largest share of assets of Municipality Korce (80%) have suffered an increase by 13% in total where the impact on this growth it has the increase of investments by 23% and the increase of tangible assets by 7% that occupies 64% of total assets.

PPEs

- 74% of PPEs of municipality Korçe occupy the PPEs of LGU Korçe, 8% of PPEs of LGU Q. Bulgarec, 4,4% of LGU Drenovë, 4,68% of LGU Mollaj, 3,08% of LGU Voskop and the rest from other LGUs.

Accounts Payable

Accounts payable have decreased by 29% for the period ended July 31, 2015 compared with the previous year 2014. Meanwhile we note an increase in borrowing by 100%. The increase of borrowing in absolute value 210,755 thousand ALL covers the reduction of accounts payable in absolute value of 110,937 thousand ALL.

- It is obvious that the growth of borrowings and the decrease of accounts receivable has increased the liquidity of the municipality, investment and has reduced the accounts payable.
- 84% of accounts payable are composed of PPEs from LGU Korçe, 4,5% by LGU Bulgarec 3,14% by LGU Voskop, 2,6% by LGU Voskopojë and the rest from other LGUs.

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

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	1,924,665	1,336,476
	I. REVENUES AND CONTRIBUTES	240,628	240,628
A			
70,750,71	1. Tax revenues upon	150,932	150,932
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	89,696	89,696
71	II. GENERAL ACTUAL GRANTS	984,750	982,398
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	89,103	89,364
78	V. OTHER REVENUES	610,184	24,086
	TOTAL EXPENSES	1,040,691	1,039,102
B	I. ACTUAL EXPENSES	953,006	951,156
	1. Salaries and employees contribution	182,122	182,122
600 601	2. Goods and Services	186,851	186,851
602	3. Subsidies	4,057	4,057
603	4. Internal actual transfers	266,507	266,507
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	313,469	311,619
605			
606	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
68	III. FINANCIAL EXPENSES	8,288	8,288
66	IV. OTHER EXPENSES	79,397	79,658
67	DETERMINED NET INCOME	883,974	297,374
C	From this: Functioning results	883,974	297,445
	Functioning observed grants	(0)	(72)

Overview of consolidated statement of financial performance

Sources of funds (revenues)

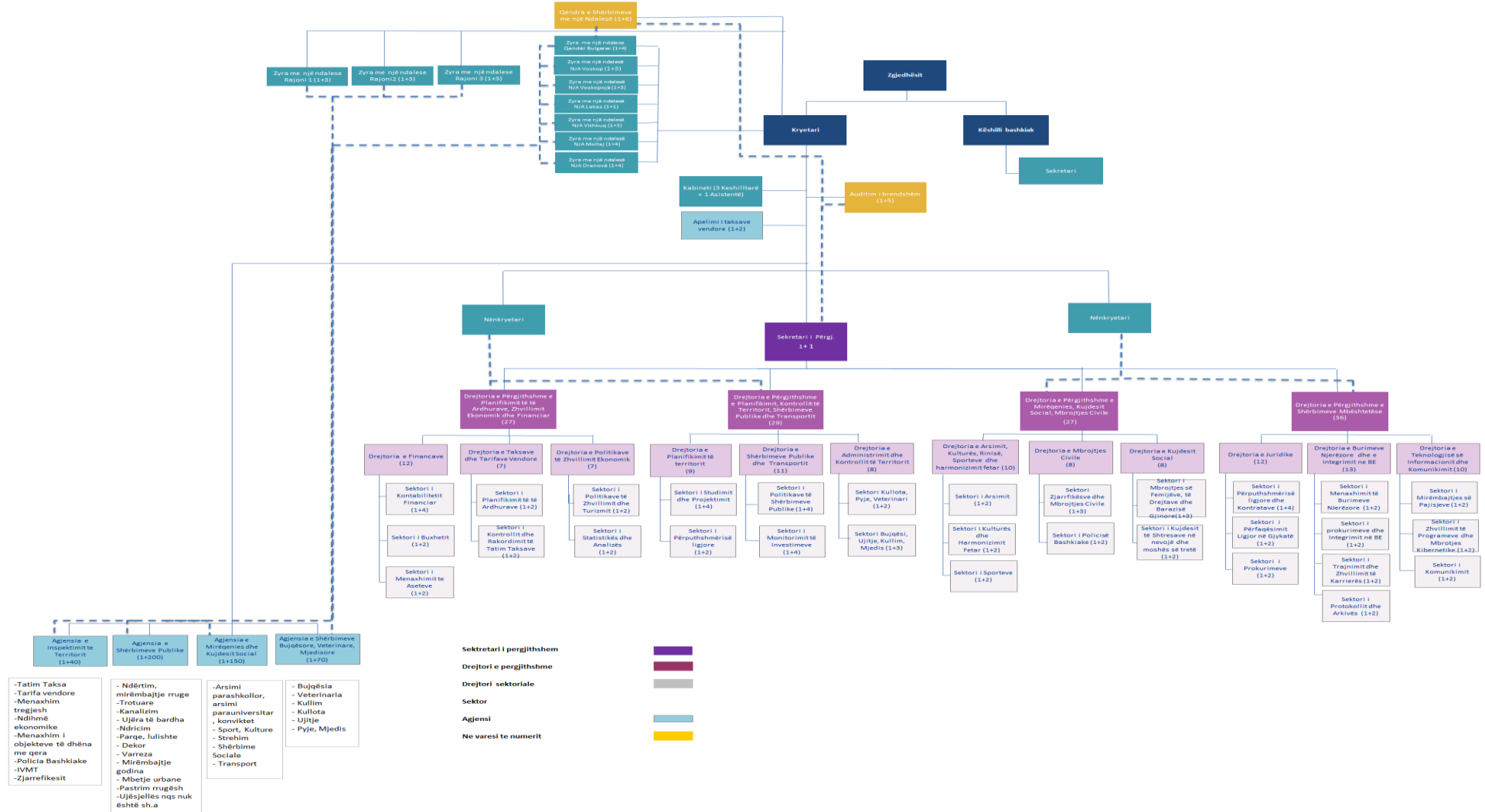
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 1,924,665 thousand. 13% of the total municipal income is composed of tax and non-tax revenues, 51% of income from grants, 5% from investments and reversal and 32% from other incomes.
- The structure of total revenues is comprised of 83,4% of the revenue generated from LGU Korce, 5,5% from the LGU Q.Bulgarec, 3,37% from LGU Drenove and the rest of the revenues are generated from other LGUs.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 1,040,691 thousand. 92% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure of total expenditures is comprised is comprised of 83.4% of the expenses of LGU Korce, 4,25% of LGU Q.Bulgarec, 3,87% of LGU Drenove and the rest from the expenses of other LGUs.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 279 employees. More detailed: 20 persons are working under employment contracts of one year, 259 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Observations	Recommendations
Transfer of staff and Civil Servants	
<ul style="list-style-type: none"> Based on general principles, on the effective date of the merger the existing staff of LGUs will be automatically considered as the new Municipality personnel. The current law "On organization and functioning of local government" does not give any explanation regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. 	<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 should be considered. The competent authorities of the Ne Municipality should take into account the requirements of the Code of Practice for the design of new employment contracts without notice to the employees to be included in the new organizational structure, including employees transferred by LGUs when it is not justify working to contract with a fixed term. In the process of confirming the status of civil servants to assess the qualification of personnel in order to perform the task.
The termination of staff	
<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality. 	<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality.

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. Regarding the software used there are old versions and partly unlicensed. Namely software used are Office 2007 and Windows XP, AutoCAD.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Korçë	Qëndër Bulgarec	Voskop	Voskopojë	Lekas	Vithkuq	Mollaj	Drenovë
Installed Software	Windows XP, Office 2007, Autocad,	Windows XP, Office 2007, Autocad	Windows XP, Office 2007, Autocad	Windows XP, Office 2007, Autocad	Windows XP, Office 2007	Windows XP, Office 2007, Autocad	Paketa office, XP, Autocad	Windows XP, Office 2007, Autocad
Contracts of licenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware (in use)								
Computer (desktop)	63	7	4	4	3	1	7	8
Printers	7	6	3	5	1	1	7	7
Servers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	1	n/a	n/a	n/a	n/a	n/a	1	n/a
Hardware and Software maintenance	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	Local service provider	No maintenance contract

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Software installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.• PCs are partially amortized and the data do not correspond to the time demands on performance	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed software's to the municipality.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- Communication system in Municipality consists on using the internet and telephone service. Fixed telephony service is offered by a national service provider, but some of the LGUs do not receive telephone and internet service. Not all administration employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
Telephony service	Yes	n/a	n/a	n/a	n/a	n/a	No fixed line	n/a
Telephony/service providers	Albtelecom	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	Voskopi Shpk	local	Voskopi Shpk	Voskopi Shpk	n/a	n/a	Local internet service provider	Albmeganet
Assess coverage of the telephony service	Poor	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Observations and Recommendations

Communication

Observations	Recommendations
<p>Communication Systems</p> <ul style="list-style-type: none">• Communications systems in Municipality Korce consist in the use of fixed telephony and internet services which is provided by the national operator Altelecom for this institution. No telephone apparatus are installed in the office and the institution itself does not have an email address.	<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.• Also there is needed the creation of email addresses because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.

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 information received on the ground show that most of the technical requirements for premises archives are not met. Archiving methodology requirements are generally met meanwhile most archiving records are not met. Inventory of files is completed while the internal inventory of files is partially completed.
- 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 Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	No	No	No	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	Yes	No	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	Yes	No	Yes	Yes	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	No	Yes	No	No	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes	Yes	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	No	No	Yes	No	Yes	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
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 période that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
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	Yes	Yes	Yes	Yes	Yes	Yes	No
The emblem of the Republic	No	Yes	Yes	Municipal Emblem	Municipal Emblem	Yes	Yes	Municipal Emblem
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	No	No	Yes	No	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	Yes	No	No	Yes
Mode 5 - Table definitions of files for the year	Yes	No	No	No	Yes	No	No	Yes
Mod 6 - Elements of cover dossier	Yes	No	No	No	Yes	No	No	Yes
Mod 7 - Register of files	Yes	No	No	No	Yes	No	No	Yes
Mod 8 - Internal File register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	Yes	No	No	Yes
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Korçë	LGU Qëndër Bulgarec	LGU Voskop	LGU Voskopojë	LGU Lekas	LGU Vithkuq	LGU Mollaj	LGU Drenovë
Mod 11 - The period laid down for storage (protection)	No	Yes	Yes	Yes	No	Yes	Yes	No
Mod 12 - Destruction of documents containing any further value	No	Yes	Yes	Yes	No	Yes	Yes	No

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> • Technical requirements on archives are not fully met. 	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> • Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> • Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> • Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the New municipality.
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> • The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

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

- The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Head of the Finance Department is responsible for maintaining the Accounting Register of Assets of LGUs, while certain registers are not kept such as the register for the owned companies and leased properties.
- Also the register for leased properties is held in LGUs Fier, Dërmënas, Portëz, while the register for owned entities is not being held by any of the LGUs.
- The Mayor releases at the end of each year a special order for the inventory of assets followed by the inventory of assets implemented in the beginning of the following year.
- No information regarding the leased properties.
- 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	Korçë	Qëndër Bulgarec	Voskop	Voskopojë	Lekas	Vithkuq	Mollaj	Drenovë
Adopted rules and procedures on asset management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Authorizing Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Asset Accounting Register	Yes	Yes	No	No	No	No	Yes	No
Leased Properties Register	Yes	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	Yes	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	No	No	No	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	No	No	No	Yes	No	No
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	No	No

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.
<p>Lack of Procedure and the assessment of assets</p> <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, objectives and management control mechanisms implemented by the assets of the New Municipality.

Appendix 7 – Investment Projects

Ex-municipality Korçë and LGUs have not declared investment projects that will have a financial impact on the New Municipality.

Appendix 8 – Legal Issues

Public Service Arrangements

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

Legal Proceedings

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

Third party contracts

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

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non Current Assets		5,597,482	5,390,925	4,940,726	
3		I. Intangible Assets		83,354	83,354	83,354	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	83,354	83,354	83,354	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		5,307,571	5,307,571	4,857,372	
10	210	Land		310,053	310,053	234,703	
11	211	Forests, Pasture, Plantation	F6, Sh1	64,414	64,414	64,106	
12	212	Building and Constructions	F6, Sh1	1,759,635	1,759,635	1,613,597	
13	213	Roads, networks, water facilities	F6, Sh1	2,209,435	2,209,435	2,138,705	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	231,426	231,426	228,129	
15	215	Transport vehicles	F6, Sh1	56,388	56,388	56,388	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	266,197	266,197	256,568	
19	219	Depreciation of tangible assets	F7, Sh1	(416,800)	(416,800)	(405,508)	
20	231	Expenses in process for increase of current tangible assets	F4	826,823	826,823	670,684	
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		206,557	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		206,557	-	-
27	B	CURRENT ASSETS		1,428,201	1,679,478	982,053
28	Class 3	I. Inventory Status		139,224	139,224	162,165
29	31	Materials	Sh2	21,512	21,512	43,976
30	32	Inventory Objects	Sh2	108,796	108,796	108,907
31	33	Production, work and services in process		-	-	-
32	34	Products		8,917	8,917	9,282
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		346,480	298,818	287,956
39	409	Suppliers, prepayments or partial payment		-	-	3,870
40	411-418	Similar clients or accounts		-	565	2,918
41	423	Employees, prepayment, deficits and penalties	Sh3	1,662	1,662	1,676
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)		177,457	102,136	154,350
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	167,361	194,454	125,141
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		942,497	1,241,436	531,933

				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	941,823	985,499	319,251
59	531	Petty-cash		-	56	273
60	532	Other amounts		674	474	933
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	255,406	211,475
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	56,412	108,523
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	56,412	108,523
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debtor)		-	-	-
69	X	ASSETS TOTAL		7,025,684	7,126,815	6,031,302
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		5,314,476	6,288,758	5,342,908	
2	10	I. Own funds		4,488,892	5,463,173	4,698,509	
3	101	Base funds	F8	3,857,448	4,831,730	4,493,414	
4	105	Capital internal grants		631,443	631,443	205,095	
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		825,585	825,585	644,400	
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-	
16	B	LIABILITIES		698,329	540,612	598,511	
17		I. Long-term debts		422,230	255,406	211,475	
18	16	Internal borrowing and similar		422,230	255,406	211,475	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		276,099	285,205	387,036	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	120,049	87,361	178,639	
23	42	Employees and related accounts		19,577	19,577	20,286	
24	431	Liabilities to government for taxes		1,333	1,333	1,014	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with Government		40,264	37,197	39,648
28	435	Social Insurance		5,927	5,927	5,870
29	436	Health Insurance		783	783	7,087
30	437	Other social organizations		-	-	-
31	44	Other public institutions		1	1	-
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	57,849	57,849	43,054
36	467	Other creditors		30,316	75,178	91,438
37	C	OTHER ACCOUNTS		128,904	-	-
38	475	Incomes to register in the coming years		128,904	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		883,974	297,445	96,298
43	X	TOTAL LIABILITY		7,025,684	7,126,815	6,037,718
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		974,852	973,002	1,608,679	
2	60	I. Current expenses		953,006	951,156	1,620,506	
3	600	Salaries, bonuses		156,909	156,909	259,313	
4	6001	Salaries		150,361	150,361	256,586	
5	6002	Temporary salaries		1,743	1,743	2,463	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		4,805	4,805	264	
8	601	Health and social insurance contributions		25,213	25,213	43,265	
9	6010	Insurance contributions		22,613	22,613	38,798	
10	6011	Health insurance		2,599	2,599	4,467	
11	602	Other goods and services		186,851	186,851	341,172	
12	6020	Stationary		11,673	11,673	44,868	
13	6021	Special services		21,788	21,788	48,041	
14	6022	Services from third party		92,113	92,113	132,205	
15	6023	Transport expenses		10,274	10,274	24,201	
16	6024	Travel expense		10,705	10,705	19,161	
17	6025	Ordinary maintenance expenses		12,567	12,567	28,422	
18	6026	Rent expenses		1,038	1,038	1,944	
19	6027	Expenses for legal liability for compensation		4,739	4,739	5,190	
20	6028	Borrowing costs related to loans		-	-	20	
21	6029	Other operating expenses		21,955	21,955	37,120	
22	603	Subsidies		4,057	4,057	6,398	
23	6030	Subsidies for price differences		4,057	4,057	6,398	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		266,507	266,507	324,698
29	6040	Current transfers to other government levels		10,796	10,796	9,643
30	6041	Current transfers to various government institutions		253,955	253,955	277,504
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		1,755	1,755	37,551
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		313,469	311,619	645,660
39	6060	Transfers paid from ISS and HII		9,170	9,170	1,723
40	6061	Transfers paid from other institutions and Local government		304,299	302,449	643,938
41	63	II. Change in inventory balances	F1	21,846	21,846	(11,827)
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		8,288	8,288	5,460
48	65	I. Internal finance expenses		8,288	8,288	5,460
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		8,288	8,288	5,460
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		983,140	981,290	1,614,139
61		D. RESULT CORRECTIONS ACTIVITES		57,551	57,812	63,338
62	828	Names of cancelled revenues		10,201	10,201	-
63	831	Determination of revenues for investments		20,769	20,769	47,291
64	8420	Revenues deposited in the budget		1,393	1,393	3,536
65	8421	Deposit in the budget of unused revenues		23,039	23,039	273
66	8422	Transfers of revenues within the system		(92)	169	2,548
67	8423	Transfers for changes in situation		2,241	2,241	9,690
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		1,040,691	1,039,102	1,677,477
70	85	RESULTS FROM FUNCTIONING		883,974	297,445	96,298
71	X	TOTAL		1,924,665	1,336,548	1,773,776

Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	1,314,480	1,312,390	1,775,538
2	70	I. TAX INCOMES	150,932	150,932	229,902
3	700	a) On revenues, profit, and equity revenue	24,213	24,213	50,421
4	7000	Personal income tax	529	529	5,871
5	7001	Income tax	-	-	5,042
6	7002	Small business tax	23,684	23,684	39,507
7	7009	Other tax	-	-	-
8	702	b) Property tax	68,162	68,162	96,226
9	7020	On immovable property	61,836	61,836	90,563
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	6,326	6,326	5,663
12	703	c) Tax upon goods and services in the country	58,327	58,327	83,255
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	2	2	1,238
17	7035	Local tax on goods usage and activity permission	58,325	58,325	82,017
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	231	231.15	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	89,696	89,696	117,515
35	710	a) From enterprise and ownership	9,679	9,679	13,904
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	9,679	9,679	13,904
39	711	b) Administrative service and secondary revenues	80,016	80,016	103,611
40	7110	Administrative tariffs and regulations	63,687	63,687	79,062
41	7111	Secondary revenues and payments of services	12,996	12,996	16,929
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1,138	1,138	1,953
44	7114	Revenues from tickets	578	578	961
45	7115	Fines and late-fees, sequestration and compensation Revenues from ownership transfer, legalization of buildings	1,618	1,618	4,707
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	984,750	982,398	1,370,462
49	720	a) Internal actual grant	984,750	982,398	1,353,890
50	7200	From same Government level	165,814	165,814	322,942
51	7201	From other Government levels	412,276	425,140	730,135
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	12,864	-	-
55	7205	Additional finances created within the system	107,278	107,278	153,315

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	7206	Expected financing from budget	98,220	95,869	137,827
57	7207	Third party sponsorship	200	200	328
58	7209	Other internal grants	188,098	188,098	9,342
59	721	b) External actual grants	-	-	16,573
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	16,573
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	89,103	89,364	57,659
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	89,103	89,364	57,659
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	586,099	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	586,099	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	1,900,579	1,312,390	1,775,538
81	83	D. RESULT CORRECTIONS ACTIVITES	24,086	24,086	(2,236)
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	24,086	24,086	(2,236)
84	Class 7 & 8	TOTAL FROM OPERATIONS	1,924,665	1,336,476	1,773,302
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	1,924,665	1,336,476	1,773,302

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	1,060,970	580,095	1,231,559	1,712,434
2	105	Internal capital grants	205,095	477,224	903,573	631,443
3	1050	From the same government level	149,740	148,738	84,141	85,142
4	1051	From other Government levels	55,355	292,113	783,058	546,301
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	36,374	36,374	-
7	106	Foreigner Capital grants	-	100	100	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	100	100	-
11	14	Capital grants for investments to third parties	644,400	87,440	268,626	825,585
		Internal grants, participation capital in investments for				
12	145	third parties	644,400	87,440	268,626	825,585
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	9,261	9,261	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	9,128	9,128	-
17	116	Revenues from tangible assets sales	-	133	133	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	211,475	6,069	50,000	255,406
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	149,000	-	50,000	199,000

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	62,475	6,069	-	56,406
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	670,684	430,065	273,926	826,823
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	670,684	430,065	273,926	826,823
36	2310	Land	-	75,350	75,350	-
37	2311	Forests, Pasture, Plantation	1,267	-	1,267	-
38	2312	Building and Constructions	188,265	103,774	129,112	162,927
39	2313	Roads, networks, water facilities	481,152	249,176	66,432	663,896
40	2314	Technical installment, machinery, equipment, working tools	-	906	906	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	860	860	-
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	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	1,731,654	1,010,160	1,505,486	2,539,257

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	319,251	-	-	-
2	II. RECEIVABLES "CASH"	2,162,625	-	-	-
3	1. Funds from budget	1,829,657	-	-	-
4	Actual budget funds (Budget with changes)	999,882	-	-	-
5	Capital budget funds (Budget with changes)	829,775	-	-	-
6	2. Incomes and revenues during the year in "Cash"	332,968	-	-	-
7	Tax revenues in "Cash"	156,578	-	-	-
8	Social and health insurance in "Cash"	3,561	-	-	-
9	Non tax revenues "Cash"	92,922	-	-	-
10	Interact incomes "Cash"	9	-	-	-
11	Sponsorships, grants and other revenues "cash"	9,343	-	-	-
12	Loans and different lending	50,000	-	-	-
13	Entry from storage "Cash"	20,556	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	1,178,978	13,869	-
15	1. Payment from the budget for actual expenses	-	602,046	13,605	-
16	2. Payments from the budget for capital expenses	-	412,169	264	-
17	3. Payments from revenues for actual expenses	-	139,545	-	-
18	4. Payments from revenues from capital expenses	-	18,896	-	-
19	5. Payments from storage	-	4,415	-	-
20	6. Other payments	-	1,906	-	-
21	IV. TRANSFERS	-	317,399	-	-
22	1. Deposit of revenues in the budget	-	1,081	-	-
23	2. Unused budget (actual and capital)	-	64,868	-	-
24	3. Internal movements and transfers	-	251,450	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	2,481,876	1,496,377	13,869	-
26	VI. CLOSING BALANCE	985,499	-	13,869	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	83,354	-	-	-	-	-	-	-	-	-	83,354
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
2	201											
3	202	83,354	-	-	-	-	-	-	-	-	-	83,354
	Studies and research											
4	203	-	-	-	-	-	-	-	-	-	-	-
	Concessions, license, other similar licenses											
4/1	230	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current intangible assets											
5	II. TANGIBLE	4,592,195	253,280	35,000	1,474	20,646	310,400	-	3,881	1,166	5,047	4,897,548
6	210	234,703	75,350	-	-	-	75,350	-	-	-	-	310,053
	Land											
7	211	64,106	-	-	308	-	308	-	-	-	-	64,414
	Forests, Pasture, Plantation											
8	212	1,613,597	122,148	21,581	35	2,274	146,038	-	-	-	-	1,759,635
	Building and Constructions											
9	213	2,138,705	52,358	-	-	18,372	70,730	-	-	-	-	2,209,435
	Roads, networks, water facilities											
	Technical installment, machinery, equipment, working tools	228,129	2,565	1,000	-	-	3,564	-	266	-	266	231,426
10	214											
11	215	56,388	-	-	-	-	-	-	-	-	-	56,388
	Transport vehicles											
12	216	-	-	-	-	-	-	-	-	-	-	-
	Government reserve											
13	217	-	-	-	-	-	-	-	-	-	-	-
	Working and production animals											
14	218	256,568	860	12,419	1,131	-	14,410	-	3,615	1,166	4,781	266,197
	Economic Inventory											
17	24	-	-	-	-	-	-	-	-	-	-	-
	Damaged current tangible assets											
18	28	-	-	-	-	-	-	-	-	-	-	-
	Assignments											
19	TOTAL (I + II)	4,675,549	253,280	35,000	1,474	20,646	310,400	-	3,881	1,166	5,047	4,980,902

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 <i>2</i>	Other Addit. <i>3</i>	Total <i>4</i>	Sales <i>5</i>	Write off <i>6</i>	Other Depr. <i>7</i>	Total <i>8</i>
<i>a</i>	<i>b</i>									
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	405,508	14,879	-	14,879	-	3,588	-	3,588
		TOTAL (I + II)	405,508	14,879	-	14,879	-	3,588	-	3,588

Template 8: Statement of changes in fund

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

(Amount in ALL'00, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements		Closing Balances 31 July 2015
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2
1	101	BASE FUND	4,493,413.66	995,997	360,031	3,857,448	4,493,414	37,673	375,989	4,831,730
2	1010	Status of base fund	4,471,014	934,495	-	3,536,519	4,471,014	31	-	4,470,982
3	1011	Additions base fund	22,400	24,251	359,906	358,055	22,400	-	341,331	363,731
4	1012	Decrease base fund	-	21,053	126	(20,928)	-	7,438	34,658	27,219
		Decrease from tangible	-	11,346	-	(11,346)	-	25,351	-	(25,351)
5	1013	assets consume								
		Decrease from selling	-	-	-	-	-	-	-	-
6	1014	tangible assets								
7	1015	Decrease from	-	4,562	-	(4,562)	-	4,562	-	(4,562)
		Decrease from transferring	-	290	-	(290)	-	290	-	(290)
8	1016	tangible assets								
		DIFFERENCE IN	-	-	-	-	-	-	-	-
		TANGIBLE ASSETS								
9	109,	REVALUATION								
	105,107,11,12,		945,793	587,080	1,982,288	2,341,002	945,793	587,080	1,395,760	1,754,473
10	13,145,15,85	INTERNAL FUND								
11	105	Capital internal grants	205,095	399,237	825,586	631,443	205,095	399,237	825,586	631,443
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	6,552	6,552	-	-	6,552	6,552	-
14	12	Carried result	115	115	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
		Participation of the	644,400	84,992	266,177	825,585	644,400	84,992	266,177	825,585
		institution in investing for								
16	145	third parties								
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated							Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements		
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>		Credit <i>4=1+3-2</i>
<i>a</i>	<i>b</i>	disasters and expenses									
18	85	Result	96,183	96,183	883,974	883,974	96,298	96,298	297,445	297,445	
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)	5,439,207	1,583,076	2,342,320	6,198,450	5,439,207	624,752	1,771,749	6,586,203	

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	479	48	8	519	152,104	-	208	28,094	51	2,621
<i>1</i>	Directors	22	1	1	22	52,902	-	-	2,550	51	677
	High level education										
<i>2</i>	specialist	101	8	2	107	31,081	-	-	7,729	-	1,393
<i>3</i>	Technical	25	1	-	26	6,960	-	-	1,883	-	191
<i>4</i>	Ordinary officers	69	1	1	69	16,601	-	-	3,169	-	273
<i>5</i>	Employees	248	7	4	251	40,478	-	208	12,026	-	86
	Temporary										
<i>6</i>	employees	14	30	-	44	4,082	-	-	737	-	1

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	7,025,684	7,126,815	6,031,302
2	I	Current Assets	1,428,201	1,679,478	982,053
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	942,497	1,241,436	531,933
13	Class 4	2. Receivables	346,480	298,818	287,956
29	Class 3	3. Current Inventory accounts	139,224	139,224	162,165
39	II	Non-current Assets	5,597,482	5,390,925	4,940,726
40	23	1. Investments	826,823	826,823	670,684
44	25,26	2. Finance assets	206,557	-	-
47	21,24,28	3. Tangible assets	4,480,748	4,480,748	4,186,687
60	20	4. Intangible assets	83,354	83,354	83,354
65	III	Other assets	-	56,412	108,523
69	B	Liabilities	827,233	540,612	598,511
70	I	Current liabilities	276,099	285,205	387,036
71	Class	1. Accounts payable	276,099	285,205	387,036
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	422,230	255,406	211,475
90	17	1. Foreign loans	422,230	255,406	211,475
91	III	Other liabilities	128,904	-	-
96		Net assets (A - B)	6,198,450	6,586,203	5,432,791
97		Presented: Consolidated budget	5,314,476	6,288,758	5,342,908
98		Carried forward results	883,974	297,445	96,298

Template 11: Consolidated statement of comprehensive income and operating expenses

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	1,924,665	1,336,476	1,773,302
2	70,750,71	I. REVENUES AND CONTRIBUTES	240,628	240,628	347,417
3	70	1. Tax revenues upon	150,932	150,932	229,902
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	89,696	89,696	117,515
23	72	II. GENERAL ACTUAL GRANTS	984,750	982,398	1,370,462
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	89,103	89,364	57,659
32	77, 83	V. OTHER REVENUES	610,184	24,086	(2,236)
33	B	TOTAL EXPENSES	1,040,691	1,039,102	1,677,477
34		I. ACTUAL EXPENSES	953,006	951,156	1,620,506
35	600 601	1. Salaries and employees contribution	182,122	182,122	302,578
38	602	2. Goods and Services	186,851	186,851	341,172
49	603	3. Subsidies	4,057	4,057	6,398
50	604	4. Internal actual transfers	266,507	266,507	324,698
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	313,469	311,619	645,660
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	8,288	8,288	5,460
57	67	IV. OTHER EXPENSES	79,397	79,658	51,511
58	C	DETERMINED NET INCOME	883,974	297,374	95,825
59		From this: Functioning results	883,974	297,445	96,298
60		Functioning observed grants	(0)	(72)	(474)

STAR Project

Municipality Maliq Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract</i>. Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <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 of 7 ex-municipality/administrative units Maliq, Libonik, Gorë, Moglicë, Vreshtas, Pirg, Pojan 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	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Municipality Council	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor		✓		✓	✓		✓
Secretary of Municipality Council	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

personnel, the criteria for qualifications, salaries and criteria for their reward.

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

After the merger of 7 LGUs they are transformed in 1 Municipality and 7 LGUs, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role						
New Municipality	QB Maliq					
Municipality Council	✓					
Mayor	✓					
Deputy Mayor	✓					
Secretary of Municipality Council	✓					
Administrative Unit	Libonik	Gorë	Moglicë	Vreshtas	Pirg	Pojan
Administrator	✓	✓	✓	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

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

By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality

- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:

Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality

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

Functions

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

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

The total number of people performing public services is 136

- 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 113,5

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

Public Services	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirc	LGU Pojan	Merged
Infrastructure and public services								
Water Supply Company	Sh.a	2	1	n/a	n/a	7	9	Sh.a + 19
Functioning of the sewerage system	Sh.a	n/a	n/a	n/a	n/a	n/a	n/a	Sh.a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	2	n/a	n/a	n/a	n/a	n/a	n/a	2
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	n/a	6	n/a	n/a	n/a	n/a	6
Public lighting	1	1	n/a	n/a	n/a	1	n/a	3
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	Depending enterprise	n/a	n/a	n/a	n/a	n/a	n/a	Depending enterprise
Collection, disposal and recovery of waste	Contracted	11	n/a	n/a	8	9	13	Contracted + 41
Urban planning	n/a	2	1	1	3	1	2	10
Land management	2	1	1	1	2	1	1	9
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	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a	1	1
Social services of kindergartens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development								
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	1	1	n/a	1	1	n/a	5
Conservation and development of forests and natural resources of local character	1	1	1	1	1	1	1	7

Public Services	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan	Merged
The order and civil protection								
Preservation of public order to prevent administrative violations	1	2	1	1	3	1	3	12
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Educational institutions								
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	1	n/a	n/a	1
Medicine								
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care								
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	3	2	n/a	n/a	1	1	1	8
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Environmental Protection								
Environmental Protection	n/a	1	n/a	n/a	1	1	1	4
Register Office								
Register Office	1	1	1	n/a	1	1	1	6
Business Registration								
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	14	25	13	4	22	25	33	136

Table 4: Horizontal functions and people who execute these functions

Administrative Functions	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan	Merged
Finance	4	4	3	2	2	3	3	21
Local taxes and Tariffs	3.5	4	1	1	3	4	4	20,5
Legal Issues	1	1	n/a	n/a	1	0.33	1	4,33
Procurement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a	1	1	n/a	n/a	2
Human Resources	n/a	0.33	n/a	0.33	n/a	n/a	n/a	0,66
Protocol	0.5	0.33	0.5	0.33	0.5	0.33	0.5	3
Archiving	0.5	0.33	0.5	0.33	0.5	0.33	0.5	3
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	n/a	5	n/a	1	18	22	13	59
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	9.5	15	5	6	26	30	22	113.5

Orientation

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

- Analysis show these exceptions:

(Gorë)

- Financial Assistance is included in the Finance Directory.

(Moglicë)

- Financial Assistance is included in the Finance Directory.

(Vreshtas)

- Financial Assistance is included in the Finance Directory
- Lawyer is involved in the directory related to services and agriculture.

(Pirg)

- Legal Issues and Financial Assistance are involved in the Finance Directory

(Pojan)

- Urban Planning is involved in the Finance Directory

- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges
- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 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
 - Collection and disposals of wastes
- The below services are licensed
 - n/a
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following

functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:

- Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

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

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

Financial due diligence

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 54,150 thousand ALL. Overdue municipal obligations are reported at a value 31,608 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 7% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a</p>

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Maliq, 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 Maliq, LGU Libonik, LGU Gorë, LGU Moglicë, LGU Vreshtas, LGU Pirc and LGU Pojan.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	325,212
Tax and non-tax revenue	28,069
Total Expenses	270,827
Total Assets	1,917,588
Liabilities	54,150

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,917,588	1,834,266
I	Current Assets	182,448	166,611
	1. Petty - Cash, Banks, and Funds	110,983	110,923
Class 5	Availability		
Class 4	2. Receivables	47,995	31,343
Class 3	3. Current Inventory accounts	23,471	24,345
II	Non-current Assets	1,735,139	1,654,151
23	1. Investments	10,000	10,000
25,26	2. Finance assets	80,967	-
21,24,28	3. Tangible assets	1,612,071	1,612,049
20	4. Intangible assets	32,101	32,101
III	Other assets	-	13,505
B	Liabilities	54,150	50,943
I	Current liabilities	54,150	50,943
Class 4	1. Accounts payable	54,150	50,943
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	1,863,438	1,783,324
	Presented: Consolidated budget	1,758,610	1,678,496
	Carried forward results	104,828	104,828

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,917,588 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 8% compared to December 31, 2014.

Current assets

- Current assets which have 10% of total assets are increased by 36% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 136% of cash, which affects more in the increase of total current assets while accounts receivable and the accounts of the state of inventories are decreased by 19% and 13% respectively.

Accounts Receivable

- Structure of total debtors of Municipality Maliq consists of 19.98% of debtors of LGU Maliq, 44.26% of debtors of LGU Pirg, 15,25% from LGU Pojan and the rest belongs to other LGUs.

Non-current accounts

- Non-current assets which occupies the largest share of assets of the municipality Maliq (90%) have suffered an increase by 6% in total where the impact on this growth it has addition of financial assets item during 2015 and the increase of tangible assets by 1% which accounted for 84% of total assets.

PPEs

- 18.51% of PPEs of Municipality Maliq occupy the PPEs of LGU Maliq, 24.45% of LGU Pojan, 13,36% of LGU Libonik, 17,43% of LGU Parg, 16,69% of LGU Vreshtas, 8,01% of LGU Gore and 1.56% of the LGU Moglice.

Accounts Payable

Accounts payable have decreased by 33% for the period ended July 31, 2015 compared with the previous year 2014

- 22% of the total accounts payable are composed of accounts payable of LGU Maliq, 14.7% of LGU Pojan, 8,72% of LGU Libonik, 40,45% of LGU Parg, 6.6% of LGU Vreshtas, 1,92% of LGU Gore, 5,6% of LGU Moglice.

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	381,771	377,269
	I. REVENUES AND CONTRIBUTES	28,069	28,069
A	CONTRIBUTES		
70,750,71	1. Tax revenues upon	18,236	18,236
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	9,833	9,833
71	II. GENERAL ACTUAL GRANTS	325,212	321,312
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	25,244	25,244
78	V. OTHER REVENUES	3,246	2,644
	TOTAL EXPENSES	276,944	272,441
B	I. ACTUAL EXPENSES	267,469	263,569
	1. Salaries and employees contribution	66,256	66,256
600 601	2. Goods and Services	30,010	30,010
602	3. Subsidies	-	-
603	4. Internal actual transfers	12,549	12,549
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	158,654	154,754
605			
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	9,475	8,872
67	DETERMINED NET INCOME	104,828	104,828
C	From this: Functioning results	104,828	104,828
	Functioning observed grants	(0)	(0)

Overview of consolidated statement of financial performance

Sources of funds (revenues)

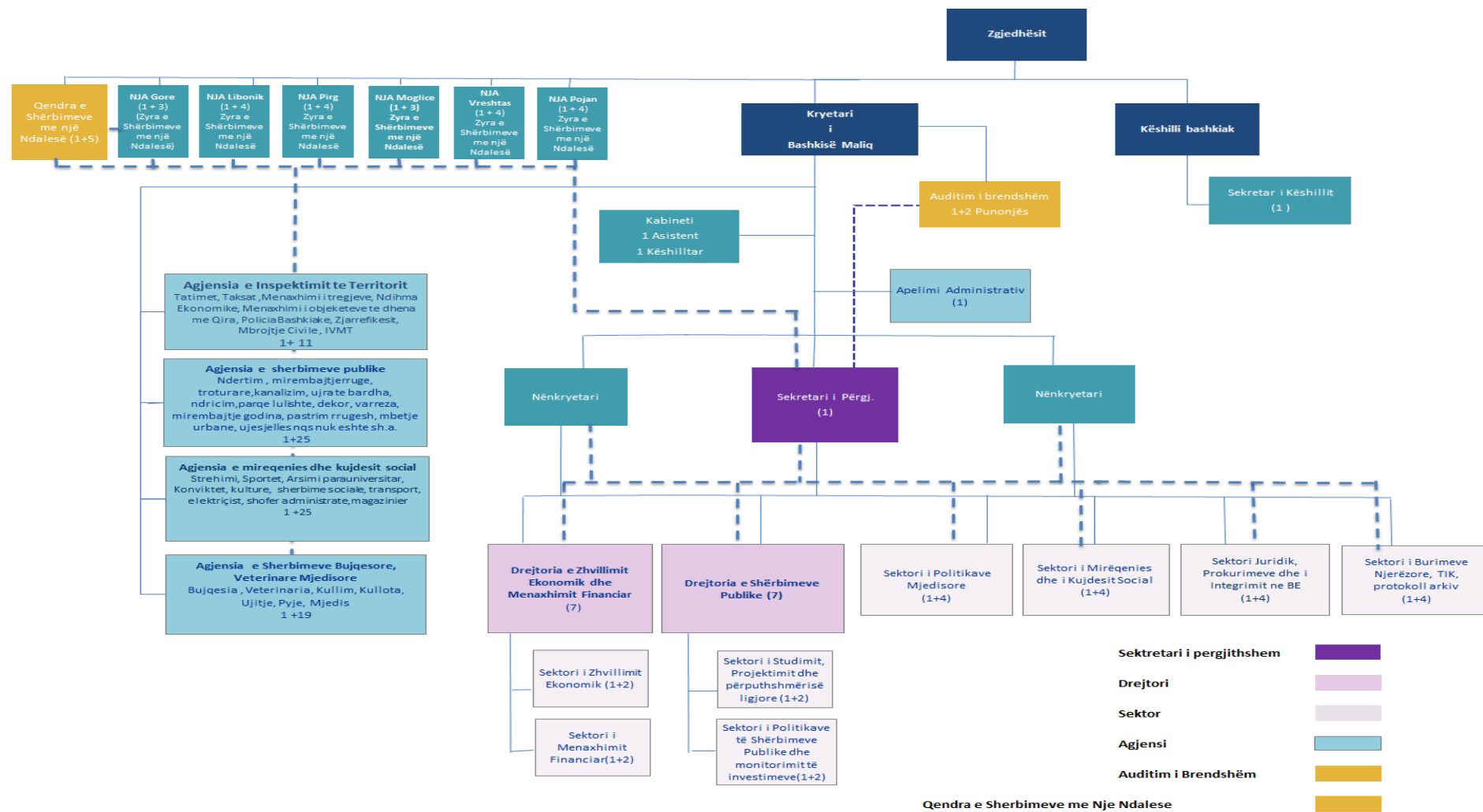
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 381,771 thousand. 7% of the total municipal income is composed of tax and non-tax revenues, 85% of income from grants and 8% from other income.
- The structure of total revenues is comprised of 30,1% of the revenue generated from LGU Maliq, 18,81% from LGU Pojan, 14,9% from LGU Libonik, 11,25% from LGU Pirc, 11,91% from LGU Vreshtas 8,08% from LGU Gore, 4,96% from LGU Moglice.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 276,944 thousand. 97% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure consists of total expenditure 17.64% of the expenses of LGU Maliq, 22,09% of LGU Pojan, 18,97% of LGU Libonik, 14,54% of LGU Pirc, 14,38% of LGU Vreshtas, 6,53% of LGU Gore 5,85% of LGU Moglice.

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

Appendix 1 –Possible organization structure



Sekretari i pergjithshem (Purple)

Drejtori (Light Purple)

Sektor (Light Grey)

Agjensi (Teal)

Auditimi i Brendshëm (Yellow)

Qendra e Shërbimeve me Një Ndalesë (Orange)

Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 266 employees. More detailed: 74 persons are working under employment contracts of one year, 192 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Observations	Recommendations
<ul style="list-style-type: none"> Title of Observation 1 	
<ul style="list-style-type: none"> Based on general principles, on the effective date of the merger the existing staff of LGUs will be automatically considered as the new Municipality personnel. The current law "On organization and functioning of local government" does not give any explanation regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. 	<ul style="list-style-type: none"> To determine and approve the new organic structure for 2016.
The termination of staff	
<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality. 	<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality.
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 Maliq. It is worth mentioning that the Municipality Maliq, before the amalgamation process, is considered as one of the merged units. 	<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

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

Observations	Recommendations
	<p>the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <ul style="list-style-type: none"> - - <i>Civil Servants</i>. Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
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. Regarding the software used there are old versions and partly unlicensed. Namely software used are Office 2002 and Windows XP.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Installed Software	Windows XP, Office 2002	Microsoft Package	Microsoft Office Package 2007, XP	Microsoft office package 2007, XP	Microsoft office package 2007	Microsoft Office Package 2002, XP	Microsoft Office package 2002, XP
Contracts of licenses	n/a	0	0	0	0	0	0
Computer (desktop)	9	9	19	9	4	8	4
Printers	9	8	8	6	4	5	4
Servers	n/a	0	0	0	0	0	0
IT staff in total	1	0	0	0	0	0	0
Hardware and Software maintenance	No maintenance contract	0	0	0	0	0	0

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Softwares installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.• PCs are partially amortized and the data do not correspond to the time demands on performance	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed softwares to the municipality.

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

- Communication system in LGUs consists on using the internet and fixed telephony. This service is offered by a national service provider through telephone line but also by local service providers. Not all administration employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication Systems

Objectives	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Telephony service	Yes	Albtelecom	N/A	N/A	N/A	N/A	Po
Telephony/service providers	Albtelecom	Albtelecom	N/A	N/A	N/A	N/A	Albtelecom
Internet service	Albtelecom	Albtelecom	4ab	N/A	4 ALB Shpk	N/A	Albtelecom
Assess coverage of the telephony service	Pure	Insufficient	N/A	N/A	N/A	N/A	N/A
Internal communication lines	Verbal / written	Verbal / written	Verbal / written	Verbal / written	Verbal / written	Verbal / written	Verbal / written

Observations and Recommendations

Communication

Observations	Recommendations
<p>Communication Systems</p> <ul style="list-style-type: none">• Communications systems in ex-municipality and Administrative Units consist in the use of fixed telephony and internet services which is provided by the national operator Altelecom for this institution. No telephone apparatus are installed in the office and the institution itself does not have an email address.	<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.• Also there is needed the creation of email addresses because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.

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 process, documentation storage is actually performed in an appropriate environment for the archive.
- The information received on the ground show that most of the technical requirements for premises archives are not met. Archiving methodology requirements are generally met meanwhile most archiving records are not met. Inventory of files is completed while the internal inventory is partially completed files.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No	Yes
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	No	Yes	Yes	Yes	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Partially	Yes	No	Yes	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	Yes	Yes	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	Yes	No	No	No	No
Archive keys in two copies	Yes	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.	Yes	Yes	Yes	Yes	No	Yes	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	Yes	No	Yes	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	Yes	Yes	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes	Yes	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	Yes	Yes	Yes	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Cover file (Module 6), clearly marked and grammar: <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes	Yes	Yes	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", who 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	Yes	Yes	Partially	Yes	Yes	No
The emblem of the Republic	Emblem of Municipality	Emblem of Municipality	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirc	LGU Pojan
Mod 9 - Decision of the Commission of Experts	No	No	Yes	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	Yes	No	No	Yes	Yes	No
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	No	Yes	No

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> • Technical requirements on archives are not fully met. 	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> • Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> • Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> • Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> • The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing 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

- In all existing LGUs, the LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Head of the Finance Department is responsible for maintaining the Accounting Registry of LGUs Asset while certain records are not kept on record as companies in which LGUs owns shares and data on leased properties.
- The LGU Mayor releases at the end of each year a special order for the inventory of assets followed by the inventory of assets implemented in the beginning of the following year.
- 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 Maliq	LGU Libonik	LGU Gorë	LGU Moglicë	LGU Vreshtas	LGU Pirg	LGU Pojan
Adopted rules and procedures on asset management	No	No	No	No	No	No	No
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	No	No	No	No	No	Yes	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	No	No	No	Yes	No	Yes	No
Owned Companies Register	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	No	Yes	No	No	No
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	No	No	No	No	No	Yes	No
Committee of disposal of assets	Yes	No	No	No	Yes	Yes	No

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.
<p>Lack of Procedure and the assessment of assets</p> <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, objectives and management control mechanisms implemented by the assets of the New Municipality.

Appendix 7 – Investment Projects

Ex-municipality and LGUs have not declared investment projects that will have a financial impact on the New Municipality.

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		1,735,139	1,654,151	1,633,575	
3		I. Intangible Assets		32,101	32,101	31,236	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	32,763	32,763	31,667	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(661)	(661)	(431)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		1,622,071	1,622,049	1,602,339	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation	F6, Sh1	11,858	11,858	11,858	
12	212	Building and Constructions	F6, Sh1	589,980	589,980	583,043	
13	213	Roads, networks, water facilities	F6, Sh1	1,135,062	1,135,062	1,102,274	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	25,001	25,009	25,017	
15	215	Transport vehicles	F6, Sh1	17,102	17,102	17,102	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	83,468	85,811	84,489	
19	219	Depreciation of tangible assets	F7, Sh1	(250,400)	(252,773)	(231,445)	
20	231	Expenses in process for increase of current tangible assets	F4	10,000	10,000	10,000	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	25	III. Financial Assets		80,967	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		80,967	-	-
27	B	CURRENT ASSETS		182,448	166,611	133,710
28	Class 3	I. Inventory Status		23,471	24,345	27,100
29	31	Materials	Sh2	2,105	2,708	4,761
30	32	Inventory Objects	Sh2	21,365	21,637	22,339
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		47,995	31,343	59,591
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	3,817	3,725	3,563
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)		38,693	21,298	50,262
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		1,277	1,277	1,289
52	468	Different Debtors	Sh4	4,208	5,042	4,477
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		110,983	110,923	47,018

				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	110,376	110,376	46,319
59	531	Petty-cash		-	-	-
60	532	Other amounts		607	547	699
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	13,505	13,505
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	13,505	13,505
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,917,588	1,834,266	1,780,790
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	As at	As at	
				31 July 2015, Restated	31 July 2015	31 Dec. 2014	
1	A	OWN FUNDS		1,758,610	1,678,496	1,660,675	
2	10	I. Own funds		1,758,610	1,678,496	1,660,675	
3	101	Base funds	F8	1,748,610	1,668,496	1,650,675	
4	105	Capital internal grants		10,000	10,000	10,000	
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		54,150	50,943	81,217	
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		54,150	50,943	81,217	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	21,232	21,244	51,398	
23	42	Employees and related accounts		6,639	6,547	10,169	
24	431	Liabilities to government for taxes		164	164	133	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditors)		8,025	4,229	3,969
28	435	Social Insurance		1,903	1,903	1,664
29	436	Health Insurance		264	264	388
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	5,548	5,548	7,422
36	467	Other creditors		10,376	11,045	6,074
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)		104,828	104,828	38,897
43	X	TOTAL LIABILITY		1,917,588	1,834,266	1,780,790
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		270,827	266,324	537,326	
2	60	I. Current expenses		267,469	263,569	538,440	
3	600	Salaries, bonuses		56,100	56,100	99,439	
4	6001	Salaries		54,154	54,154	95,908	
5	6002	Temporary salaries		1,946	1,946	3,531	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		10,155	10,155	16,717	
9	6010	Insurance contributions		9,135	9,135	14,977	
10	6011	Health insurance		1,020	1,020	1,740	
11	602	Other goods and services		30,010	30,010	76,508	
12	6020	Stationary		3,764	3,764	14,434	
13	6021	Special services		70	70	597	
14	6022	Services from third party		10,465	10,465	22,134	
15	6023	Transport expenses		3,652	3,652	9,440	
16	6024	Travel expense		989	989	1,821	
17	6025	Ordinary maintenance expenses		2,408	2,408	9,436	
18	6026	Rent expenses		386	386	979	
19	6027	Expenses for legal liability for compensation		317	317	2,243	
20	6028	Borrowing costs related to loans		-	-	332	
21	6029	Other operating expenses		7,959	7,959	15,091	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		12,549	12,549	3,879
29	6040	Current transfers to other government levels		11,461	11,461	2,688
30	6041	Current transfers to various government institutions		1,088	1,088	1,191
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		158,654	154,754	341,898
39	6060	Transfers paid from ISS and HII		6,416	6,416	15,934
40	6061	Transfers paid from other institutions and Local government		152,238	148,338	325,964
41	63	II. Change in inventory balances	F1	3,358	2,755	(1,114)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		270,827	266,324	537,326
61		D. RESULT CORRECTIONS ACTIVITES		6,117	6,117	7,763
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		5,101	5,101	5,423
64	8420	Revenues deposited in the budget		557	554	606
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		359	359	1,734
68	8424	Transfers for identified debtors and similar items		99	103	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		276,944	272,441	545,090
70	85	RESULTS FROM FUNCTIONING		104,828	104,828	38,897
71	X	TOTAL		381,771	377,269	583,987

Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	378,525	374,625	583,367
2	70	I. TAX INCOMES	18,236	18,236	39,652
3	700	a) On revenues, profit, and equity revenue	3,334	3,334	10,425
4	7000	Personal income tax	124	124	818
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,671	2,671	9,522
7	7009	Other tax	538	538	86
8	702	b) Property tax	11,128	11,128	23,395
9	7020	On immovable property	7,618	7,618	23,383
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	3,510	3,510	11
12	703	c) Tax upon goods and services in the country	3,648	3,648	5,832
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	784	784	1,768
17	7035	Local tax on goods usage and activity permission	2,864	2,864	4,064
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	126	126	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	9,833	9,833	18,370
35	710	a) From enterprise and ownership	3,891	3,891	6,196
36	7100	From public non-financial enterprise	-	-	530
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	3,891	3,891	5,667
39	711	b) Administrative service and secondary revenues	5,942	5,942	12,174
40	7110	Administrative tariffs and regulations	3,082	3,082	6,973
41	7111	Secondary revenues and payments of services	435	435	1,464
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1,280	1,280	3,299
44	7114	Revenues from tickets	20	20	20
45	7115	Fines and late-fees, sequestration and compensation Revenues from ownership transfer, legalization of buildings	364	364	418
46	7116	without permits	760	760	-
47	719	c) Other non-tax revenues	-	-	-
48	72	IV. ACTUAL GRANTS (a+b)	325,212	321,312	505,655
49	720	a) Internal actual grant	325,212	321,312	505,655
50	7200	From same Government level	139,236	139,236	258,543
51	7201	From other Government levels	88,665	92,533	178,357
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	3,869	-	-
55	7205	Additional finances created within the system	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	7206	Expected financing from budget	20,839	16,939	43,381
57	7207	Third party sponsorship	-	-	-
58	7209	Other internal grants	72,604	72,604	25,373
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	25,244	25,244	19,690
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	3,171	3,171	3,226
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	22,073	22,073	16,463
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	378,525	374,625	583,367
81	83	D. RESULT CORRECTIONS ACTIVITES	3,246	2,644	620
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	3,246	2,644	620
84	Class 7 & 8	TOTAL FROM OPERATIONS	381,771	377,269	583,987
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	381,771	377,269	583,987

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	-	45,303	45,303	-
2	105	Internal capital grants	-	40,699	40,699	-
3	1050	From the same government level	-	10,546	10,546	-
4	1051	From other Government levels	-	25,852	25,852	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	4,301	4,301	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	4,604	4,604	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	4,604	4,604	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	10,000	41,002	41,002	10,000
34	230	Expenses for increase of Intangible Assets	-	1,183	1,183	-
35	231	Expenses for increase of Tangible Assets	10,000	39,819	39,819	10,000
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	6,937	6,937	-
39	2313	Roads, networks, water facilities	10,000	32,700	32,700	10,000
		Technical installment, machinery, equipment, working				
40	2314	tools	-	121	121	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	60	60	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	10,000	86,305	86,305	10,000

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	46,319	-	-	-
2	II. RECEIVABLES "CASH"	499,940	-	-	-
3	1. Funds from budget	466,640	-	-	-
4	Actual budget funds (Budget with changes)	390,187	-	-	-
5	Capital budget funds (Budget with changes)	76,453	-	-	-
6	2. Incomes and revenues during the year in "Cash"	33,300	-	-	-
7	Tax revenues in "Cash"	17,954	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	10,512	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	2,664	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,170	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	309,221	-	-
15	1. Payment from the budget for actual expenses	-	233,426	-	-
16	2. Payments from the budget for capital expenses	-	35,558	-	-
17	3. Payments from revenues for actual expenses	-	30,837	-	-
18	4. Payments from revenues from capital expenses	-	5,357	-	-
19	5. Payments from storage	-	3,978	-	-
20	6. Other payments	-	67	-	-
21	IV. TRANSFERS	-	126,662	-	-
22	1. Deposit of revenues in the budget	-	557	-	-
23	2. Unused budget (actual and capital)	-	122,543	-	-
24	3. Internal movements and transfers	-	3,562	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	546,259	435,884	-	-
26	VI. CLOSING BALANCE	110,376	-	-	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			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	31,667	1,183	-	-	-	1,183	-	-	88	88	32,763
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	31,667	1,183	-	-	-	1,183	-	-	88	88	32,763
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,823,784	39,819	4,301	-	88	44,208	-	3,141	27	3,168	1,864,823
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	11,858	-	-	-	-	-	-	-	-	-	11,858
8	212 Building and Constructions	583,043	6,937	-	-	-	6,937	-	-	-	-	589,980
9	213 Roads, networks, water facilities	1,102,274	32,700	-	-	88	32,788	-	-	-	-	1,135,062
10	214 Technical installment, machinery, equipment, working tools	25,017	121	242	-	489	852	-	860	-	860	25,009
11	215 Transport vehicles	17,102	-	-	-	-	-	-	-	-	-	17,102
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	84,489	60	4,058	-	(489)	3,630	-	2,281	27	2,308	85,811
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,855,451	41,002	4,301	-	88	45,391	-	3,141	115	3,256	1,897,586

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	Additions during the Year			Decreases during the Year			Closing	
			Accomulated Depreciation 1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	Accomulated Depreciation 31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	431	230	-	230	-	-	-	-	661
2	219	II. TANGIBLE	231,445	22,048	-	22,048	-	719	-	719	252,773
		TOTAL (I + II)	231,876	22,278	-	22,278	-	719	-	719	253,435

Template 8: Statement of changes in fund

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

(Amount in ALL'00 , Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2
1	101	BASE FUND	1,650,675.40	30,479	128,414	1,748,610	1,650,675	27,253	45,326	1,668,748
2	1010	Status of base fund	1,650,675	-	-	1,650,675	1,650,675	-	-	1,650,675
3	1011	Additions base fund	-	-	126,040	126,040	-	-	45,326	45,326
4	1012	Decrease base fund	-	9,439	-	(9,439)	-	6,212	-	(6,212)
5	1013	Decrease from tangible assets consume	-	18,167	-	(18,167)	-	18,167	-	(18,167)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	2,874	2,374	(500)	-	2,874	-	(2,874)
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	48,897	146,389	212,320	114,828	48,897	146,389	212,320	114,828
11	105	Capital internal grants	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated								
			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>	disasters and expenses									
18	85	Result	38,897	136,389	202,320	104,828	38,897	136,389	202,320	104,828	
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)	1,699,573	176,869	340,734	1,863,438	1,699,573	173,642	257,646	1,783,576	

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	269	207	2	474	56,100	-	-	21,246	-	1,206
<i>1</i>	Directors	21	20	-	41	8,667	-	-	9,807	-	482
	High level education										
<i>2</i>	specialist	46	43	-	89	13,119	-	-	3,387	-	610
<i>3</i>	Technical	33	31	1	63	7,155	-	-	1,864	-	28
<i>4</i>	Ordinary officers	52	-	1	51	12,713	-	-	1,893	-	82
<i>5</i>	Employees	80	113	-	193	10,184	-	-	3,263	-	-
	Temporary										
<i>6</i>	employees	37	-	-	37	4,262	-	-	1,032	-	4

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	1,917,588	1,834,266	1,780,790
2	I	Current Assets	182,448	166,611	133,710
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	110,983	110,923	47,018
13	Class 4	2. Receivables	47,995	31,343	59,591
29	Class 3	3. Current Inventory accounts	23,471	24,345	27,100
39	II	Non-current Assets	1,735,139	1,654,151	1,633,575
40	23	1. Investments	10,000	10,000	10,000
44	25,26	2. Finance assets	80,967	-	-
47	21,24,28	3. Tangible assets	1,612,071	1,612,049	1,592,339
60	20	4. Intangible assets	32,101	32,101	31,236
65	III	Other assets	-	13,505	13,505
69	B	Liabilities	54,150	50,943	81,217
70	I	Current liabilities	54,150	50,943	81,217
71	Class	1. Accounts payable	54,150	50,943	81,217
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)	1,863,438	1,783,324	1,699,573
97		Presented: Consolidated budget	1,758,610	1,678,496	1,660,675
98		Carried forward results	104,828	104,828	38,897

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	381,771	377,269	583,987
2	70,750,71	I. REVENUES AND CONTRIBUTES	28,069	28,069	58,022
3	70	1. Tax revenues upon	18,236	18,236	39,652
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	9,833	9,833	18,370
23	72	II. GENERAL ACTUAL GRANTS	325,212	321,312	505,655
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	25,244	25,244	19,690
32	77, 83	V. OTHER REVENUES	3,246	2,644	620
33	B	TOTAL EXPENSES	276,944	272,441	545,090
34		I. ACTUAL EXPENSES	267,469	263,569	538,440
35	600 601	1. Salaries and employees contribution	66,256	66,256	116,156
38	602	2. Goods and Services	30,010	30,010	76,508
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	12,549	12,549	3,879
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	158,654	154,754	341,898
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	9,475	8,872	6,649
58	C	DETERMINED NET INCOME	104,828	104,828	38,897
59		From this: Functioning results	104,828	104,828	38,897
60		Functioning observed grants	(0)	(0)	(0)

STAR Project

Municipality Pogradec
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
PPE	Property, Plant & Equipment
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract</i>. Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <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 of 8 ex-municipality/administrative units Pogradec, Udenisht, Buçimas, Çërravë, Dardhas, Trebinjë, Proptisht, Velçan 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	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërravë	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓							
Secretary of Municipality Council	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

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

After the merger of 8 administrative units in 1 Municipality with 8 LGUs, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role							
New Municipality	Municipality Pogradec						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
Administrative Unit	Udenisht	Buçimas	Çërrave	Dardhas	Trebinjë	Proptisht	Velçan
Administrator	✓	✓	✓	✓	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

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

By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality

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

Functions

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

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of

full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 425.3

- 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 99.

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

Public Services	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan	Merged
Infrastructure and public services									
Water Supply Company	Sh.a	2	Sh.a	1.5	n/a	n/a	n/a	1	Sh.a + 4.5
Functioning of the sewerage system	Sh.a	1.5	Sh.a	1.5	n/a	n/a	n/a	n/a	Sh.a + 3
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	30	n/a	9.5	n/a	n/a	n/a	n/a	n/a	39.5
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	30	1.5	n/a	n/a	n/a	n/a	n/a	3	34.5
Public lighting	3.4	1	1	1	n/a	n/a	1	n/a	7.4
The operation of urban public transport	Licensed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Licensed
Cemeteries administration and guarantee of funeral services	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Contracted
Decorations Service in town / village	3.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.4
Administration of parks, gardens and public spaces	70	n/a	9.5	4	n/a	n/a	n/a	n/a	83.5
Collection, disposal and recovery of waste	Contracted	2	8	4	n/a	n/a	n/a	n/a	Contracted + 14
Urban planning	8.5	0.5	2	1	n/a	n/a	1	n/a	13
Land management	1.5	0.5	1	1	1	1	0.5	2	8.5
Shelter	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Social, cultural and sports Services									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	29	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29
Organization of sporting, recreational and entertainment activities and management of relevant institutions	13	n/a	1	n/a	n/a	n/a	n/a	n/a	14
Social services of kindergartens	28.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	28.5

Public Services	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan	Merged
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local economic development									
Preparation of local economic development programs	2.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	4.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.3
Organization of services within the local economic development support and information structures and infrastructure necessary	2.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.4
Veterinary services	6.2	n/a	1	1	1	1	0.5	1	11.7
Conservation and development of forests and natural resources of local character	n/a	1	2	1	1	1	1	1	8
The order and civil protection									
Preservation of public order to prevent administrative violations	8	0.5	1	0.5	1	0.5	0.5	1	13
Civil protection	7.5	0.5	1	0.5	n/a	0.5	0.5	2	12.5
Educational institutions									
Maintenance of facilities in preliminary education	30	1.5	3	7	2	n/a	7	1	51.5
Medicine									
Health care system and the protection of public health	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	1
Social care									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	5.4	2	2	2	2	0.5	2	n/a	15.9
Social Care on domestic violence	1.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.8
Social care for the protection of children's Rights	1.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.8
Environmental Protection									

Public Services	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan	Merged
Environmental Protection	2.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.3
Register Office									
Register Office	4	1	1	1	n/a	1	1	1	10
Business Registration									
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	297.3	15.5	43	28	8	5.5	15	13	425.3

Table 4: Horizontal Functions and no of people associated with these functions

Administrative Functions	LGU Pogradec	Udenisht	Buçimas	Çërrave	Dardhas	Trebinjë	Proptisht	Velçan	Merged
Finance	7	2	4	2.5	3	2	3	2	25.5
Local taxes and Tariffs	7	2	4	3	1	1	1	0.5	19.5
Legal Issues	1.2	1	n/a	n/a	n/a	n/a	n/a	1	3.2
Procurement	1.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.2
Institutional Relations	1.2	n/a	0.5	n/a	n/a	n/a	n/a	n/a	1.7
Human Resources	1.2	0.33	0.3	n/a	n/a	0.33	n/a	0.5	2.7
Protocol	0.5	0.33	0.3	0.25	0.5	0.33	0.5	0.5	3.21
Archiving	0.5	0.33	0.3	0.25	0.5	0.33	0.5	0.5	3.21
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting services	9.2	1	2	5	9	1	9	2	38.2
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Total	30	6.99	11.4	11	14	4.99	14	7	99

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:

(Pogradec)

- N/a.

(Udenisht)

- The person responsible for education performs also the duty of the storekeeper and covers the sewerage sector.
- The archive employee performs also the duty of cashier

(Buçimas)

- Personnel employee performs also the duty of the archivist.

(Çërravë)

- The person responsible for the services office covers also the urban office

(Dardhas)

- N/a

(Trebinjë)

- The person responsible for services covers also the financial assistance
- The person responsible for the personnel covers also the archive.

(Proptisht)

- N/a

(Velçan)

- The tax employee performs also the duty of the archivist
- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges
- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

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
 - Water Supply is performed by Sh.a owned by LGU
 - Functioning of the sewerage system is performed by Sh.a owned by LGU
 - Construction of roads, pavements and public squares
 - Cemeteries administration and guarantee of funeral services
 - Collection, disposal and recovery of waste
- The below services are licensed
 - The operation of urban public transport
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and

infrastructure, including the information - communication - current technology

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

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

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

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stoctaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be 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 522,323 thousand ALL. Overdue municipal obligations are reported at a value 400,121 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 13% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Pogradec, 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 Pogradec, LGU Udënisht, LGU Buçimas, LGU Çërravë, LGU Dardhas, LGU Trebinjë, LGU Proptisht, LGU Velçan.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	685,424
Tax and non-tax revenue	98,768
Total Expenses	577,410
Total Assets	2,925,571
Liabilities	522,323

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	2,925,571	2,406,687
I	Current Assets	585,920	241,601
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	54,800	54,800
Class 4	2. Receivables	476,246	131,039
Class 3	3. Current Inventory accounts	54,875	55,761
II	Non-current Assets	2,338,279	1,826,166
23	1. Investments	124,462	124,462
25,26	2. Finance assets	575,095	300
21,24,28	3. Tangible assets	1,627,528	1,690,209
20	4. Intangible assets	11,195	11,195
III	Other assets	1,371	338,921
B	Liabilities	522,323	521,682
I	Current liabilities	494,613	492,680
Class 4	1. Accounts payable	494,613	492,680
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	23,358	23,358
17	1. Foreign loans	23,358	23,358
III	Other liabilities	4,351	5,644
	Net assets (A - B)	2,403,249	1,885,004
	Presented: Consolidated budget	2,369,796	1,851,901
	Carried forward results	33,452	33,103

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,925,571 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 28% compared to December 31, 2014.

Current assets

- Current assets which have 20% of total assets are increased by 110% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 269% of the accounts receivable, which affects more in the increase of total current assets while cash have suffered a decrease of 43%.

Accounts Receivable

- Structure of total debtors of Municipality Pogradec consists of 76.17% of debtors of LGU Pogradec, 11,71% of debtors of LGU Bucimas, 4% of debtors of LGU Udenisht and the rest belong to other LGUs.

Non-current accounts

- Non-current assets which occupies the largest share of assets of Municipality Pogradec (80%) have suffered an increase by 35% in total where the impact on this growth it had the increase of investments by 12% and increase in financial assets in 2015.

PPEs

- 26,3% of PPEs of municipality Pogradec occupy the PPEs of LGU Pogradec, 18,56% of PPEs of LGU Udenisht, 14,8% of LGU Proptisht, 13,32% of LGU Siskin and the rest from other LGUs

Accounts Payable

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

- 74.52% of accounts payable are composed of PPEs from LGU Pogradec, 11,55% of accounts payable occupied by LGU Buçimas, 4,79 from LGU Udenisht and the rest from other LGUs.

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

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	782,799	776,830
	I. REVENUES AND CONTRIBUTES	98,768	98,528
A	CONTRIBUTES		
70,750,71	1. Tax revenues upon	53,583	53,537
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	45,185	44,991
71	II. GENERAL ACTUAL GRANTS	685,424	680,045
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	(1,393)	(1,742)
	TOTAL EXPENSES	749,347	743,727
B	I. ACTUAL EXPENSES	576,823	571,203
	1. Salaries and employees contribution	131,130	131,130
600 601	2. Goods and Services	79,255	79,255
602	3. Subsidies	-	-
603	4. Internal actual transfers	22,791	22,791
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	343,647	338,027
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	2,459	2,459
66	IV. OTHER EXPENSES	170,064	170,064
67	DETERMINED NET INCOME	33,452	33,103
C	From this: Functioning results	33,452	33,392
	Functioning observed grants	0	(289)

Overview of consolidated statement of financial performance

Sources of funds (revenues)

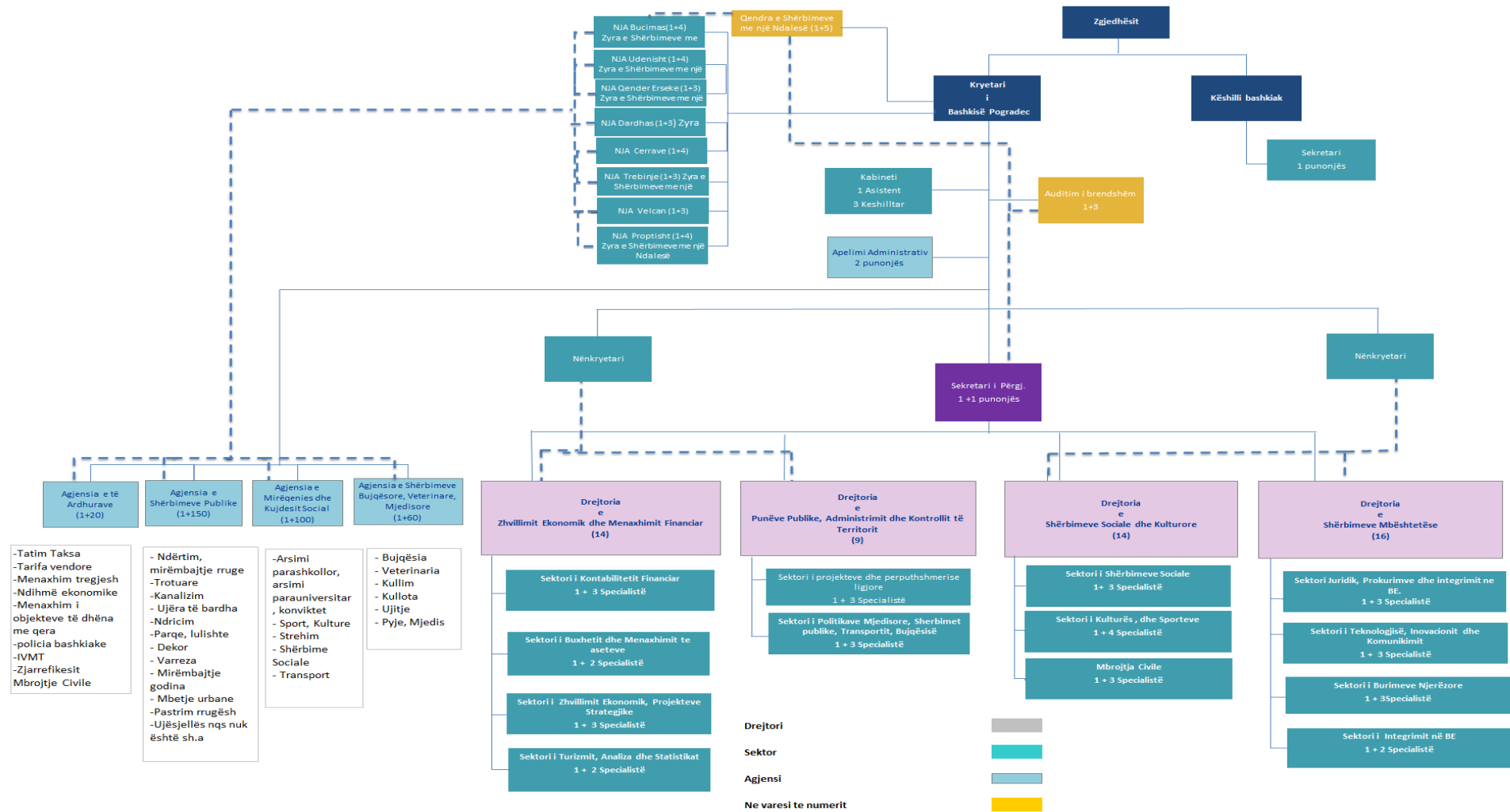
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 782,799 thousand. 13% of the total municipal income is composed of tax and non-tax revenues and 87% of income from grants.
- The structure of total revenues is comprised of 38,28% of the revenue generated from the LGU Pogradec, 15,07% from LGU Udenisht, 11,96% from LGU Bucimas, 11,17% from LGU Cerrave, 7,92% by LGU Proptisht, 7,05% from LGU Velçan, 5.08% from LGU Trebinje, 3.47% from LGU Dardhas.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 782,799 thousand. 77% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure consists of total expenditures 41,14% of the expenses of LGU Pogradec, 15,48% of LGU Udenisht, 9,79%, from LGU Bucimas, 9,98% by LGU Cerrave, 7,19% from LGU Proptisht, 5,92% from LGU Velçan, 6,19% from LGU Trebinje, 4,31% from LGU Dardhas.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 473 employees. More detailed: 65 persons are working under employment contracts of one year, 408 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Observations	Recommendations
Transfer of staff and Civil Servants	
<ul style="list-style-type: none"> Based on general principles, on the effective date of the merger the existing staff of LGUs will be automatically considered as the new Municipality personnel. The current law "On organization and functioning of local government" does not give any explanation regarding the transfer of employees and the rights and obligations arising from the contract of employment as a result of the reorganization. 	<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 should be considered. The competent authorities of the Ne Municipality should take into account the requirements of the Code of Practice for the design of new employment contracts without notice to the employees to be included in the new organizational structure, including employees transferred by LGUs when it is not justify working to contract with a fixed term. In the process of confirming the status of civil servants to assess the qualification of personnel in order to perform the task.
The termination of staff	
<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality. 	<ul style="list-style-type: none"> The transfer of personnel from LGUs in the context of reform, aiming at improving and an efficient administration in the provision of public services, will bring the need for reorganization of the internal structure of the New Municipality. As a result of this reorganization, termination of employment relationship with a part of the staff can be considered by the competent organs of the New Municipality.
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 Pogradec. It is worth mentioning that the Municipality Pogradec, before the amalgamation process, is considered as one of the merged units. 	<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

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

Observations	Recommendations
	<p>the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <ul style="list-style-type: none"> - - <i>Civil Servants</i>. Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
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. Regarding the software used there are old versions and partly unlicensed. Namely software used are Office 2007 and Windows XP, Alpha Budget.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Installed Software	Windows XP, Office 2007, Alpha Budget	Windows XP, Enterprise, Autocad	Windows XP, Enterprise, Autocad	Windows XP, Enterprise.	Windows XP, Enterprise.	Windows XP, Enterprise.	Windows XP, Enterprise.	Windows XP, Enterprise.
Contracts of licenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Computer (desktop)	44	7	13	2	2	1	3	2
Printers	25	7	4	1	1	1	3	4
Servers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract	No maintenance contract

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Softwares installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.• PCs are partially amortized and the data do not correspond to the time demands on performance	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed softwares to the municipality.

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

- Communication system in Municipality consists on using the internet and telephone service. These services are offered by a national service provider but a part of LGUs do not have internet or telephone service. Not all administration employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Telephony service	Yes	n/a	Yes	No service	No service	No service	No service	No service
Telephony/service providers	Albtelecom	n/a	Enkelana Communication shpk	No service	No service	No service	No service	No service
Internet service	Albtelecom	ERG-Tel shpk	Enkelana Communication shpk	No service	No service	No service	No service	No service
Assess coverage of the telephony service	Poor	n/a	Poor	No service	No service	No service	No service	No service
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Observations and Recommendations

Communication

Observations	Recommendations
<p>Communication Systems</p> <ul style="list-style-type: none">• Communications systems in Municipality Pustec consist in the use of fixed telephony and internet services which is provided by the national operator Altelecom for this institution. No telephone apparatus are installed in the office and the institution itself does not have an email address.	<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.• Also there is needed the creation of email addresses because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.

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 information received on the ground show that most of the technical requirements for premises archives are not met. Archiving methodology requirements are generally met meanwhile most archiving records are not met. Inventory of files is completed while the internal inventory of files is partially completed.
- 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 Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	Yes	Yes	Yes	No	No	No
Secured doors and windows with a metallic net and automatic door closure	There is iron window and the door is secured with two locks and security cameras	No	No	Yes	Yes	Yes	Yes	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	Yes	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	Yes	Yes	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	Yes	Yes	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	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	Yes	Yes	No	No	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
According to this scheme, all the documents that are found in the archive: Firstly are classified (grouped) by year Then, are classified based on structures (i.e. directorates, departments, branches, etc.) Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
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	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The emblem of the Republic	No	No	No	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pogradec	LGU Udenisht	LGU Buçimas	LGU Çërrave	LGU Dardhas	LGU Trebinjë	LGU Proptisht	LGU Velçan
Mod 12 - Destruction of documents containing any further value	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> Technical requirements on archives are not fully met. 	<ul style="list-style-type: none"> In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing 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

- There are no rules and procedures approved on asset management.
- There is lack of register for leased properties.
- 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	Pogradec	Udenisht	Buçimas	Çërrave	Dardhas	Trebinjë	Proptisht	Velçan
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No
Authorizing Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	No	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Observations and Recommendations

Asset Management

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

Appendix 7 – Investment Projects

Ex-municipality Pogradec and LGUs have not declared investment projects that will have a financial impact on the New Municipality.

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		2,338,279	1,826,166	1,730,843	
3		I. Intangible Assets		11,610	11,610	10,695	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	17,380	17,380	16,880	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(6,185)	(6,185)	(6,185)	
8	230	Expenses for increase of current intangible assets		415	415	-	
9		II. Tangible Assets		1,751,575	1,814,256	1,719,849	
10	210	Land		18,289	18,289	18,289	
11	211	Forests, Pasture, Plantation	F6, Sh1	27,305	27,305	27,305	
12	212	Building and Constructions	F6, Sh1	832,838	832,838	835,428	
13	213	Roads, networks, water facilities	F6, Sh1	1,203,955	1,203,955	1,130,601	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	32,556	32,556	32,010	
15	215	Transport vehicles	F6, Sh1	35,837	35,837	36,917	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	139,586	139,586	126,486	
19	219	Depreciation of tangible assets	F7, Sh1	(667,469)	(667,469)	(665,487)	
20	231	Expenses in process for increase of current tangible assets	F4	124,047	124,047	110,987	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		4,631	4,631	4,631	
23	28	Assignments		-	62,681	62,681	

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		575,095	300	300
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		575,095	300	300
27	B	CURRENT ASSETS		585,920	241,601	278,969
28	Class 3	I. Inventory Status		54,875	55,761	53,889
29	31	Materials	Sh2	13,319	13,319	12,197
30	32	Inventory Objects	Sh2	41,538	37,840	37,518
31	33	Production, work and services in process		-	-	-
32	34	Products		-	4,584	4,149
33	35	Goods		18	18	25
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		476,246	131,039	129,107
39	409	Suppliers, prepayments or partial payment		-	32	32
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	1,097	1,064	971
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)		414,317	69,111	70,926
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	60,832	60,832	57,178
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		54,800	54,800	95,973

				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	53,195	53,195	92,926
59	531	Petty-cash		70	70	1,229
60	532	Other amounts		1,535	1,535	1,818
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		1,371	338,921	279,126
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	304,955	264,497
67	486	Expenses in the future		1,371	33,965	14,629
68	85	EXERCISE RESULTS (saldo debitore)		-	289	289
69	X	ASSETS TOTAL		2,925,571	2,406,976	2,289,227
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

					In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	A	OWN FUNDS		2,369,796	1,851,901	1,744,338	
2	10	I. Own funds		2,369,796	1,816,826	1,729,072	
3	101	Base funds	F8	2,251,491	1,698,521	1,618,064	
4	105	Capital internal grants		116,226	116,226	110,987	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		2,078	2,078	20	
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		-	35,075	15,266	
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		517,971	516,039	465,070	
17		I. Long-term debts		23,358	23,358	25,155	
18	16	Internal borrowing and similar		23,358	23,358	25,155	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		494,613	492,680	439,915	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	297,348	72,510	40,486	
23	42	Employees and related accounts		12,767	13,239	23,381	
24	431	Liabilities to government for taxes		486	569	471	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditors)		59,112	63,201	59,624
28	435	Social Insurance		2,032	2,032	4,428
29	436	Health Insurance		282	282	609
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	19,813	19,411	15,210
36	467	Other creditors		102,773	321,435	295,706
37	C	OTHER ACCOUNTS		4,351	5,644	2,104
38	475	Incomes to register in the coming years		4,351	5,644	2,104
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		33,452	33,392	77,716
43	X	TOTAL LIABILITY		2,925,571	2,406,976	2,289,227
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		574,951	569,331	1,227,191	
2	60	I. Current expenses		576,823	571,203	1,224,338	
3	600	Salaries, bonuses		111,704	111,704	199,095	
4	6001	Salaries		94,128	94,128	168,136	
5	6002	Temporary salaries		16,748	16,748	30,959	
6	6003	Bonuses		169	169	-	
7	6009	Other personal expenses		659	659	-	
8	601	Health and social insurance contributions		19,426	19,426	32,725	
9	6010	Insurance contributions		16,063	16,063	29,628	
10	6011	Health insurance		3,363	3,363	3,096	
11	602	Other goods and services		79,255	79,255	152,361	
12	6020	Stationary		3,361	3,361	6,135	
13	6021	Special services		4,688	4,688	12,216	
14	6022	Services from third party		32,048	32,048	57,753	
15	6023	Transport expenses		6,748	6,748	16,169	
16	6024	Travel expense		2,575	2,575	4,589	
17	6025	Ordinary maintenance expenses		1,925	1,925	4,840	
18	6026	Rent expenses		4,955	4,955	3,954	
19	6027	Expenses for legal liability for compensation		2,941	2,941	3,758	
20	6028	Borrowing costs related to loans		533	533	1,760	
21	6029	Other operating expenses		19,480	19,480	41,188	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		22,791	22,791	1,663
29	6040	Current transfers to other government levels		15,313	15,313	19
30	6041	Current transfers to various government institutions		1,864	1,864	1,643
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		5,614	5,614	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non-not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budgets and other individuals		343,647	338,027	838,495
39	6060	Transfers paid from ISS and HII		4,993	4,993	730
40	6061	Transfers paid from other institutions and Local government		338,655	333,035	837,765
41	63	II. Change in inventory balances	F1	(1,872)	(1,872)	2,852
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		2,459	2,459	4,989
48	65	I. Internal finance expenses		2,459	2,459	4,989
49	650	Bond interest rates and direct loans		1,796	1,796	3,127
50	651	Borrowing costs related to loans		663	663	1,862
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		577,410	571,790	1,232,179
61		D. RESULT CORRECTIONS ACTIVITES		171,936	171,936	211,768
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		90,755	90,755	171,383
64	8420	Revenues deposited in the budget		217	217	691
65	8421	Deposit in the budget of unused revenues		34,386	34,386	920
66	8422	Transfers of revenues within the system		46,498	46,498	38,645
67	8423	Transfers for changes in situation		(130)	(130)	124
68	8424	Transfers for identified debtors and similar items		210	210	5
69	Class 6 & 8	TOTAL FROM OPERATIONS		749,347	743,727	1,443,947
70	85	RESULTS FROM FUNCTIONING		33,452	33,392	79,503
71	X	TOTAL		782,799	777,119	1,523,450

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	784,192	778,572	1,520,433
2	70	I. TAX INCOMES	53,583	53,537	89,264
3	700	a) On revenues, profit, and equity revenue	7,647	7,647	25,520
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	7,647	7,647	25,520
7	7009	Other tax	-	-	-
8	702	b) Property tax	21,506	21,506	34,831
9	7020	On immovable property	19,397	19,397	28,665
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	2,108	2,108	6,166
12	703	c) Tax upon goods and services in the country	20,932	20,932	28,913
13	7030	VAT	-	-	5
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	131	131	559
17	7035	Local tax on goods usage and activity permission	20,801	20,801	28,349
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	3,499	3,452	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	45,185	44,991	60,512
35	710	a) From enterprise and ownership	7,115	7,115	5,288
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	7,115	7,115	5,288
39	711	b) Administrative service and secondary revenues	37,837	37,643	55,184
40	7110	Administrative tariffs and regulations	35,183	35,183	52,137
41	7111	Secondary revenues and payments of services	1,439	1,439	2,300
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	201	7	61
45	7115	Fines and late-fees, sequestration and compensation	1,000	1,000	663
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	15	15	24
47	719	c) Other non-tax revenues	233	233	40
48	72	IV. ACTUAL GRANTS (a+b)	685,424	680,045	1,370,657
49	720	a) Internal actual grant	685,424	680,045	1,370,657
50	7200	From same Government level	209,207	209,207	628,913
51	7201	From other Government levels	429,432	431,370	690,488
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	1,697	-	-
55	7205	Additional finances created within the system	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	7206	Expected financing from budget	44,938	39,318	46,886
57	7207	Third party sponsorship	150	150	4,370
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	349	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	349	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	784,541	778,572	1,520,433
81	83	D. RESULT CORRECTIONS ACTIVITES	(1,742)	(1,742)	2,728
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	(1,742)	(1,742)	2,728
84	Class 7 & 8	TOTAL FROM OPERATIONS	782,799	776,830	1,523,161
85	85	RESULTS FROM FUNCTIONING	-	289	289
86	X	TOTAL	782,799	777,119	1,523,450

Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	80,645	159,975	152,702	73,372
2	105	Internal capital grants	55,490	99,288	93,812	50,014
3	1050	From the same government level	4,940	63,124	62,722	4,537
4	1051	From other Government levels	39,419	23,995	27,995	43,419
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	11,132	12,169	3,095	2,058
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	58,890	58,890	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	58,890	58,890	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	25,155	1,796	-	23,358
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	25,155	1,796	-	23,358

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	110,987	90,517	77,458	124,047
34	230	Expenses for increase of Intangible Assets	-	560	560	-
35	231	Expenses for increase of Tangible Assets	110,987	89,957	76,898	124,047
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	39,419	8,024	4,024	43,419
39	2313	Roads, networks, water facilities	71,569	81,078	72,019	80,628
40	2314	Technical installment, machinery, equipment, working tools	-	547	547	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	308	308	-
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	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
50	251	Entry from foreigner 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)	191,632	250,492	230,160	197,419

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	92,926	-	-	-
2	II. RECEIVABLES "CASH"	742,395	-	-	-
3	1. Funds from budget	366,261	-	-	-
4	Actual budget funds (Budget with changes)	347,659	-	-	-
5	Capital budget funds (Budget with changes)	18,602	-	-	-
6	2. Incomes and revenues during the year in "Cash"	376,134	-	-	-
7	Tax revenues in "Cash"	68,627	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	14,492	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	287,035	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	5,980	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	695,316	-	-
15	1. Payment from the budget for actual expenses	-	408,188	-	-
16	2. Payments from the budget for capital expenses	-	12,236	-	-
17	3. Payments from revenues for actual expenses	-	188,480	-	-
18	4. Payments from revenues from capital expenses	-	82,352	-	-
19	5. Payments from storage	-	3,541	-	-
20	6. Other payments	-	520	-	-
21	IV. TRANSFERS	-	86,810	-	-
22	1. Deposit of revenues in the budget	-	410	-	-
23	2. Unused budget (actual and capital)	-	86,333	-	-
24	3. Internal movements and transfers	-	67	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	835,321	782,126	-	-
26	VI. CLOSING BALANCE	53,195	-	-	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			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	16,880	915	-	-	-	915	-	-	-	-	17,795
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	16,880	500	-	-	-	500	-	-	-	-	17,380
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	415	-	-	-	415	-	-	-	-	415
5	II. TANGIBLE	2,274,348	78,384	3,095	11,132	27,982	120,593	1,080	-	36,183	37,263	2,357,678
6	210 Land	18,289	-	-	-	-	-	-	-	-	-	18,289
7	211 Forests, Pasture, Plantation	27,305	-	-	-	3,126	3,126	-	-	3,126	3,126	27,305
8	212 Building and Constructions	835,428	4,864	538	-	1,914	7,315	-	-	9,905	9,905	832,838
9	213 Roads, networks, water facilities	1,130,601	72,853	500	-	18,910	92,264	-	-	18,910	18,910	1,203,955
10	214 Technical installment, machinery, equipment, working tools	32,010	547	-	-	3,945	4,492	-	-	3,945	3,945	32,556
11	215 Transport vehicles	36,917	-	-	-	86	86	1,080	-	86	1,166	35,837
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	126,486	120	2,058	11,132	-	13,310	-	-	209	209	139,586
17	24 Damaged current tangible assets	4,631	-	-	-	-	-	-	-	-	-	4,631
18	28 Assignments	62,681	-	-	-	-	-	-	-	-	-	62,681
19	T O T A L (I + II)	2,291,228	79,299	3,095	11,132	27,982	121,508	1,080	-	36,183	37,263	2,375,473

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL'000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	6,185	-	-	-	-	-	-	-	6,185
2	219	II. TANGIBLE	665,487	2,032	-	2,032	50	-	-	50	667,469
		TOTAL (I + II)	671,672	2,032	-	2,032	50	-	-	50	673,655

Template 8: Statement of changes in fund

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

(Amount in ALL'00, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,618,064.26	119,922	753,699	2,251,840	1,618,064	44,484	124,941	1,698,521
2	1010	Status of base fund	1,618,064	296	-	1,617,769	1,618,064	-	4	1,618,069
3	1011	Additions base fund	-	-	753,699	753,699	-	590	124,937	124,347
4	1012	Decrease base fund	-	116,121	-	(116,121)	-	36,295	-	(36,295)
5	1013	Decrease from tangible assets consume	-	2,426	-	(2,426)	-	6,519	-	(6,519)
6	1014	Decrease from selling tangible assets	-	1,080	-	(1,080)	-	1,080	-	(1,080)
7	1015	Decrease from	-	-	-	-	-	-	-	-
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	203,989	73,162	20,580	151,408	203,989	49,553	32,336	186,772
11	105	Capital internal grants	110,987	2,472	7,711	116,226	110,987	2,472	7,711	116,226
12	107	Current assets in use	20	-	2,058	2,078	20	-	2,058	2,078
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	15,266	15,266	-	-	15,266	-	19,809	35,075
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated							Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>		Credit <i>4=1+3-2</i>
<i>a</i>	<i>b</i>	disasters and expenses									
18	85	Result	77,716	55,423	10,811	33,103	77,716	47,081	2,758	33,392	
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)	1,822,054	193,084	774,279	2,403,249	1,822,054	94,037	157,277	1,885,293	

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	512	64	24	552	110,732	-	-	21,405	-	2,181
<i>1</i>	Directors	25	4	-	29	10,949	-	-	2,517	-	722
	High level education										
<i>2</i>	specialist	137	14	4	147	37,855	-	-	7,449	-	1,354
<i>3</i>	Technical	29	-	-	29	5,499	-	-	877	-	78
<i>4</i>	Ordinary officers	74	24	-	98	21,122	-	-	4,027	-	4
<i>5</i>	Employees	107	4	3	108	16,487	-	-	3,185	-	22
	Temporary										
<i>6</i>	employees	140	18	17	141	18,819	-	-	3,350	-	-

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	2,925,571	2,406,687	2,288,938
2	I	Current Assets	585,920	241,601	278,969
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	54,800	54,800	95,973
13	Class 4	2. Receivables	476,246	131,039	129,107
29	Class 3	3. Current Inventory accounts	54,875	55,761	53,889
39	II	Non-current Assets	2,338,279	1,826,166	1,730,843
40	23	1. Investments	124,462	124,462	110,987
44	25,26	2. Finance assets	575,095	300	300
47	21,24,28	3. Tangible assets	1,627,528	1,690,209	1,608,861
60	20	4. Intangible assets	11,195	11,195	10,695
65	III	Other assets	1,371	338,921	279,126
69	B	Liabilities	522,323	521,682	467,174
70	I	Current liabilities	494,613	492,680	439,915
71	Class	1. Accounts payable	494,613	492,680	439,915
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	23,358	23,358	25,155
90	17	1. Foreign loans	23,358	23,358	25,155
91	III	Other liabilities	4,351	5,644	2,104
96		Net assets (A - B)	2,403,249	1,885,004	1,821,765
97		Presented: Consolidated budget	2,369,796	1,851,901	1,744,338
98		Carried forward results	33,452	33,103	77,427

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	782,799	776,830	1,523,161
2	70,750,71	I. REVENUES AND CONTRIBUTES	98,768	98,528	149,776
3	70	1. Tax revenues upon	53,583	53,537	89,264
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	45,185	44,991	60,512
23	72	II. GENERAL ACTUAL GRANTS	685,424	680,045	1,370,657
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	(1,393)	(1,742)	2,728
33	B	TOTAL EXPENSES	749,347	743,727	1,443,947
34		I. ACTUAL EXPENSES	576,823	571,203	1,224,338
35	600 601	1. Salaries and employees contribution	131,130	131,130	231,820
38	602	2. Goods and Services	79,255	79,255	152,361
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	22,791	22,791	1,663
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	343,647	338,027	838,495
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	2,459	2,459	4,989
57	67	IV. OTHER EXPENSES	170,064	170,064	214,620
58	C	DETERMINED NET INCOME	33,452	33,103	79,214
59		From this: Functioning results	33,452	33,392	79,503
60		Functioning observed grants	0	(289)	(289)

STAR Project

**Municipality Pustec
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
PPE	Property, Plant & Equipment
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization of municipality Pustec 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	LGU Pustec
Municipality Council	✓
Mayor	✓
Deputy Mayor	
Secretary of Municipality Council	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their

personnel, the criteria for qualifications, salaries and criteria for their reward.

- Mayor: The mayor is responsible for carrying out all functions; except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

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

After the merger the LGU Pustec is transformed in 1 Municipality with 1 LGU, as presented in the table 2, below:

Table 2: Roles in the Municipality

Role	
New Municipality	Municipality Pustec
Municipality Council	✓
Mayor	✓
Deputy Mayor	✓
Secretary of Municipality Council	✓
Administrative Unit	LGU 1
Administrator	n/a

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:

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

By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality

- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:

Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality

- Appoints and dismisses managers of administrative units

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

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 23

- 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 14.

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

Public Services	LGU Pustec	Merged
Infrastructure and public services		
Water Supply Company	2	2
Functioning of the sewerage system	n/a	n/a
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a
Construction of roads, pavements and public squares	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	n/a	n/a
Public lighting	n/a	n/a
The operation of urban public transport	Licensed	Licensed
Cemeteries administration and guarantee of funeral services	n/a	n/a
Decorations Service in town / village	n/a	n/a
Administration of parks, gardens and public spaces	n/a	n/a
Collection, disposal and recovery of waste	7	7
Urban planning	2	2
Land management	1	1
Shelter	n/a	n/a
Social, cultural and sports Services		
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	1	1
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	1
Social services of kindergartens	n/a	n/a
Social services - orphanages, shelters	n/a	n/a
Local economic development		
Preparation of local economic development programs	n/a	n/a
Establishment and function of public markets and trade network	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
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a
Veterinary services	1	1
Conservation and development of forests and natural resources of local character	2	2
The order and civil protection		
Preservation of public order to prevent administrative violations	1	1
Civil protection	1	1
Educational institutions		
Maintenance of facilities in preliminary education	2	2

Public Services	LGU Pustec	Merged
Medicine		
Health care system and the protection of public health	n/a	n/a
Social care		
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1
Social Care on domestic violence	n/a	n/a
Social care for the protection of children's Rights	n/a	n/a
Environmental Protection		
Environmental Protection	n/a	n/a
Register Office		
Register Office	1	1
Business Registration		
National Registration Center	n/a	n/a
Total	23	23

Administrative Functions	LGU Pustec	LGU Merged
Finance	3	3
Local taxes and Tariffs	2	2
Legal Issues	1	1
Procurement	1	1
Institutional Relations	1	1
Human Resources	1	1
Protocol	1	1
Archiving	1	1
Information Technology	0	0
Supporting services	3	3
Internal Audit	0	0
Total	14	14

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:

(Pustec)

- AMT employee performs also the duty of the cashier.
- The merger process brings a new orientation dimension to the organizational model, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges
- Matrix organizational structure will require the construction of multiple reporting lines, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 5 and 6 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources
- The below services are contracted
 - n/a
- The below services are licensed
 - The operation of urban public transport
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and

infrastructure, including the information - communication - current technology

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

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

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below

- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

(Pustec)

- Finance Directory
- Taxation Directory
- Urban Construction Inspectorate

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 14,171 thousand ALL. Overdue municipal obligations are reported at a value 11,246 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 4% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

Lack of unified accounting policies and practices - continued

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

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

uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Pustec, 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 Pustec.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	36,969
Tax and non-tax revenue	1,379
Total Expenses	17,342
Total Assets	212,773
Liabilities	14,171

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	212,773	212,525
I	Current Assets	42,343	42,128
	1. Petty - Cash, Banks, and Funds	22,223	22,223
Class 5	Availability		
Class 4	2. Receivables	12,709	12,494
Class 3	3. Current Inventory accounts	7,411	7,411
II	Non-current Assets	170,431	170,398
23	1. Investments	-	-
25,26	2. Finance assets	33	-
21,24,28	3. Tangible assets	167,009	167,009
20	4. Intangible assets	3,389	3,389
III	Other assets	-	-
B	Liabilities	14,171	13,883
I	Current liabilities	14,171	13,883
Class 4	1. Accounts payable	14,171	13,883
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	198,603	198,642
	Presented: Consolidated budget	177,841	177,808
	Carried forward results	20,761	20,834

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 212,773 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 18% compared to December 31, 2014.

Current assets

- Current assets which have 20% of total assets are increased by 17% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 33% of cash, which affects more in the increase of total current assets while accounts receivable and the accounts of the state of inventories are slightly increased by 4% and 3% respectively.

Accounts Receivable

- Structure of total debtors of Municipality Pustec consists of 100% of debtors of LGU Pustec.

Non-current accounts

- Non-current assets which occupies the largest share of assets of municipality Pustec (80%) have suffered an increase by 18% in total where the impact on this growth it had the increase of tangible assets by 18%.

- 100% of PPEs of Municipality Pustec occupy the PPEs of LGU Pustec.

Accounts Payable

Accounts payable have increased by 8% for the period ended July 31, 2015 compared with the previous year 2014

- 100% of the accounts payable are composed of accounts payable of LGU Pustec.

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	39,113	38,941
	I. REVENUES AND CONTRIBUTES	1,379	1,379
A	CONTRIBUTES		
70,750,71	1. Tax revenues upon	1,183	1,183
	2. Contributions and social and health insurance	-	-
70			
75	3. Non tax revenues	196	196
71	II. GENERAL ACTUAL GRANTS	36,969	36,796
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	765	765
78	V. OTHER REVENUES	-	-
	TOTAL EXPENSES	18,352	18,107
B	I. ACTUAL EXPENSES	17,586	17,341
	1. Salaries and employees contribution	8,617	8,617
600 601	2. Goods and Services	3,073	3,073
602	3. Subsidies	-	-
603	4. Internal actual transfers	-	-
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	5,897	5,652
605			
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	765	765
67	DETERMINED NET INCOME	20,761	20,834
C	From this: Functioning results	20,761	20,834
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

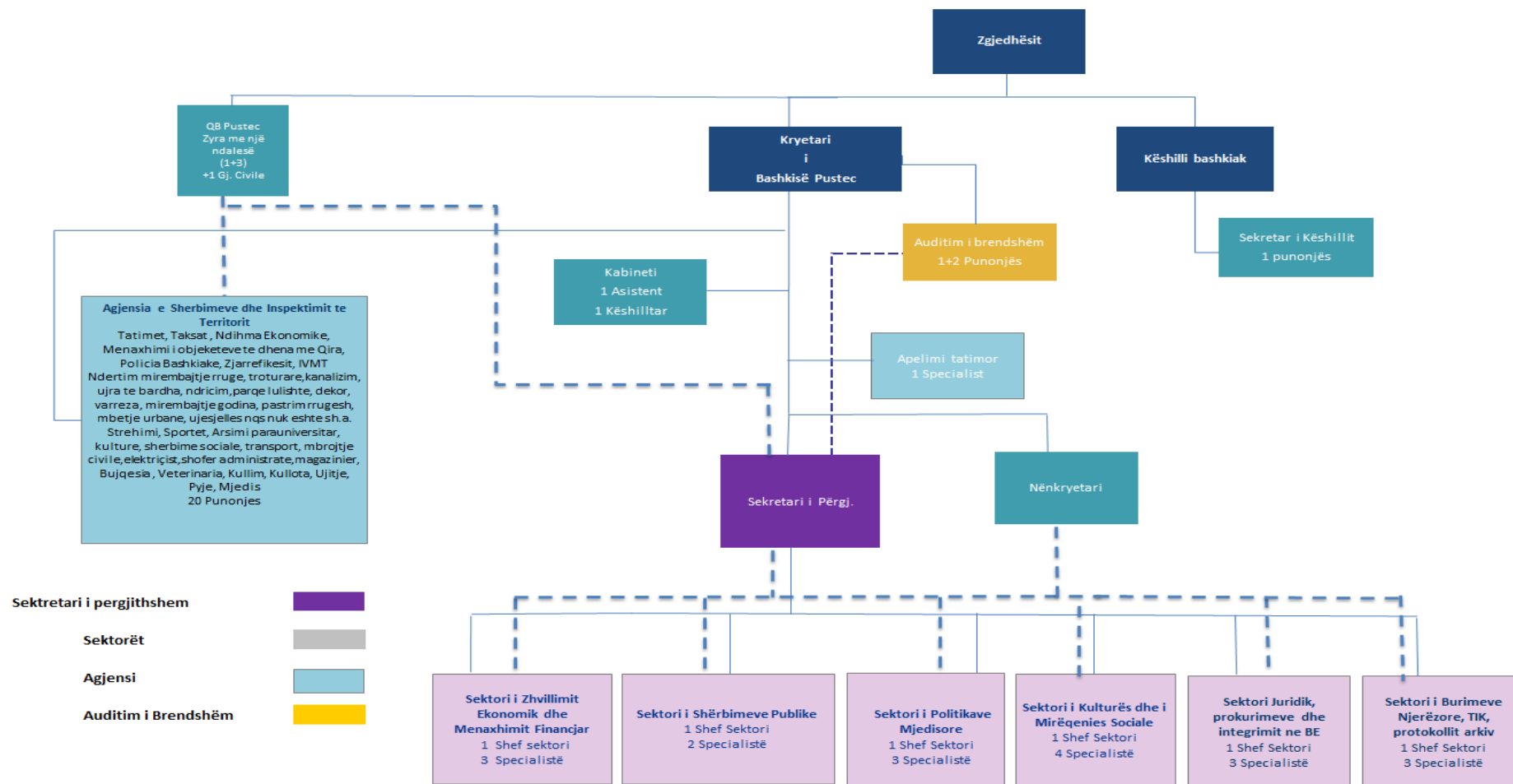
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 39,113 thousand. 4% of the total municipal income is composed of tax and non-tax revenues, 95% of income from grants and 1% from investment works of reversal.
- The structure of total revenue is comprised of 100% of the revenue generated from the LGU Pustec.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 18,352 thousand. 96% of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure consists of total expenditures 100% of the expenses of LGU Pustec.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 35 employees. More detailed: 1 person is working under employment contracts of one year, 33 persons working under the indefinitely employment contract, 0 maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

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 Pustec. It is worth mentioning that the Municipality Pustec, 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.
<p>Termination of working relationship</p>	

Observations	Recommendations
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<p>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:</p> <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. Regarding the software used there are old versions and partly unlicensed. Namely software used are Office 2007 and Windows XP.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	LGU Pustec
Installed Software	Windows XP, Office 2007
Contracts of licenses	n/a
Computer (desktop)	6
Printers	1
Servers	n/a
IT staff in total	0
Hardware and Software maintenance	No maintenance contract

Observations and Recommendations

IT Environment

Observations	Recommendations
<p>Software and Hardware Inventory:</p> <ul style="list-style-type: none">• It was noted that desktop computers are often mounted to different parts making it unidentifiable year of manufacture or model of pc. Also there is not a maintenance contract signed by the administrative units for electronic equipment under its administration.• Softwares installed in the LGU PCs have not been purchased from an authorized dealer, but there are installed pirated versions from Internet downloads.• PCs are partially amortized and the data do not correspond to the time demands on performance	<p>In forming the organizational structure of the New Municipality we suggest:</p> <ul style="list-style-type: none">• Increase the number of desktop computers, ups, printers, scanners, and other assistant accessories.• To provide new and different licensed softwares to the municipality.

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

- Communication system in Municipality Pustec consists on using the internet. This service is offered by a national service provider through telephone line but also by local service providers. Not all administration employees have access to this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	LGU Pustec
Telephony service	Yes
Telephony/service providers	Albtelecom
Internet service	Albtelecom
Assess coverage of the telephony service	n/a
Internal communication lines	Verbal / written

Observations and Recommendations

Communication

Observations	Recommendations
<p>Communication Systems</p> <ul style="list-style-type: none">• Communications systems in Municipality Pustec consist in the use of fixed telephony and internet services which is provided by the national operator Altelecom for this institution. No telephone apparatus are installed in the office and the institution itself does not have an email address.	<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.• Also there is needed the creation of email addresses because there people can express their grievances and receive services directly without having to appear in municipal facilities thus distracting from other jobs.

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 is held by the protocol and archive specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to archives
- The information received on the ground show that most of the technical requirements for premises archives are not met. Archiving methodology requirements are generally met meanwhile most archiving records are not met. Inventory of files is completed while the internal inventory of files is partially completed.
- 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 Pustec
Fire protection, shells protection from sun, dust and any other physical and biological agents	No
Secured doors and windows with a metallic net and automatic door closure	Yes
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes
Vertically oriented shells to the windows with a distance 40-60 cm 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
Records on physical control of the archive kept from the secretary of the archive	No
Archive keys in two copies	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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The peREod that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	<p style="text-align: center;">Yes</p>

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
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).	
The emblem of the Republic	No but it is placed the emblem of the municipality
At the head of the document should be written "Republic of Albania"	Yes
Title of the institution and structures belonging to the institution	Yes
Number of documents attached	Yes
The content of the document	Yes
Name, surname and signature of the person who signed the document and stamp	Yes
Signature of the director of the institution	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
Date and number of protocol	Yes
Mod 1 - Correspondence model	Yes
Mod 3 - Serial Number of Correspondence	Yes
Mod 4. -The Book Delivery	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes
Mode 5 - Table definitions of files for the year	Yes
Mod 6 - Elements of cover dossier	Yes
Mod 7 - Register of files	Yes
Mod 8 - Internal File register	Yes
Mod 9 - Decision of the Commission of Experts	Yes
Mod 10 - Compilation of the list of documents that set aside	There are not followed procedures and methodologies

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Pustec
Mod 11 - The period laid down for storage (protection)	There are not followed procedures and methodologies
Mod 12 - Destruction of documents containing any further value	There are not followed procedures and methodologies

Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> • Technical requirements on archives are not fully met. • Archive is not located in one environment but in several ones. 	<ul style="list-style-type: none"> • In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> • Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives 	<ul style="list-style-type: none"> • Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.
	<ul style="list-style-type: none"> • Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> • The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing 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

- Authorizing Officer is the head of the administrative unit. The role of enforcement officers is the head of finance.
- There is lack of register for the registration of leased properties.
- 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 Pustec
Adopted rules and procedures on asset management	Yes
Authorizing Officer	Yes
Executing Officer	N/a
Adopted plan, objectives and control mechanisms related Risk	Yes
Asset Accounting Register	Yes
Leased Properties Register	No
Owned Companies Register	No
Annual Assets Inventory	Yes
Assets Inventory Committee	Yes
Assets Evaluation Committee	Yes
Assets Disposal Committee	Yes
Committee of disposal of assets	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.
<p>Lack of Procedure and the assessment of assets</p> <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, objectives and management control mechanisms implemented by the assets of 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.

Project Title		Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Pustec	“Paving of road Goricë e Madhe”	The project is still in implementation.	10,080,551 lekë	10,080,551 Lekë

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		170,431	170,398	144,087	
3		I. Intangible Assets		3,389	3,389	2,929	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	3,389	3,389	2,929	
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		167,009	167,009	141,158	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation	F6, Sh1	1,727	1,727	1,727	
12	212	Building and Constructions	F6, Sh1	22,513	22,513	22,273	
13	213	Roads, networks, water facilities	F6, Sh1	128,156	128,156	118,499	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	2,260	2,260	2,080	
15	215	Transport vehicles	F6, Sh1	24,352	24,352	8,578	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	4,911	4,911	4,911	
19	219	Depreciation of tangible assets	F7, Sh1	(16,910)	(16,910)	(16,910)	
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		33	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		33	-	-
27	B	CURRENT ASSETS		42,343	42,128	36,188
28	Class 3	I. Inventory Status		7,411	7,411	7,166
29	31	Materials	Sh2	2,664	2,664	2,420
30	32	Inventory Objects	Sh2	4,746	4,746	4,746
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		12,709	12,494	12,253
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		-	-	-
		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)		12,637	12,421	12,180
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	73	73	73
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		22,223	22,223	16,769

				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	22,223	22,223	16,769
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		212,773	212,525	180,275
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		177,841	177,808	151,253	
2	10	I. Own funds		177,841	177,808	151,253	
3	101	Base funds	F8	177,841	177,808	151,253	
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		14,171	13,883	13,168	
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		14,171	13,883	13,168	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	11,001	11,001	11,124	
23	42	Employees and related accounts		1,010	1,010	735	
24	431	Liabilities to government for taxes		25	25	23	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor)		104	30	30
28	435	Social Insurance		286	286	209
29	436	Health Insurance		40	40	29
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	1,461	1,461	988
36	467	Other creditors		245	31	31
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)		20,761	20,834	15,854
43	X	TOTAL LIABILITY		212,773	212,525	180,275
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		17,342	17,097	32,358	
2	60	I. Current expenses		17,586	17,341	32,644	
3	600	Salaries, bonuses		7,349	7,349	11,683	
4	6001	Salaries		4,899	4,899	10,960	
5	6002	Temporary salaries		2,450	2,450	723	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		1,268	1,268	2,072	
9	6010	Insurance contributions		1,137	1,137	1,861	
10	6011	Health insurance		131	131	211	
11	602	Other goods and services		3,073	3,073	7,949	
12	6020	Stationary		-	-	1,248	
13	6021	Special services		30	30	294	
14	6022	Services from third party		794	794	1,566	
15	6023	Transport expenses		750	750	1,177	
16	6024	Travel expense		256	256	577	
17	6025	Ordinary maintenance expenses		245	245	721	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		-	-	321	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		998	998	2,047	
22	603	Subsidies		-	-	-	
23	6030	Subsidies for price differences		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		-	-	26
29	6040	Current transfers to other government levels		-	-	26
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		5,897	5,652	10,915
39	6060	Transfers paid from ISS and HII		370	370	128
40	6061	Transfers paid from other institutions and Local government		5,527	5,282	10,787
41	63	II. Change in inventory balances	F1	(244)	(244)	(286)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		17,342	17,097	32,358
61		D. RESULT CORRECTIONS ACTIVITES		1,010	1,010	806
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		765	765	487
64	8420	Revenues deposited in the budget		-	-	32
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		244	244	286
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		18,352	18,107	33,164
70	85	RESULTS FROM FUNCTIONING		20,761	20,834	15,854
71	X	TOTAL		39,113	38,941	49,018

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	39,113	38,941	49,018
2	70	I. TAX INCOMES	1,183	1,183	1,376
3	700	a) On revenues, profit, and equity revenue	405	405	8
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	405	405	-
7	7009	Other tax	-	-	8
8	702	b) Property tax	458	458	843
9	7020	On immovable property	458	458	843
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax upon goods and services in the country	129	129	190
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	129	129	190
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	192	192	335
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	196	196	1,021
35	710	a) From enterprise and ownership	-	-	300
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	-	-	300
39	711	b) Administrative service and secondary revenues	196	196	721
40	7110	Administrative tariffs and regulations	196	196	331
41	7111	Secondary revenues and payments of services	-	-	-
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	358
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	32
		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)	36,969	36,796	46,133
49	720	a) Internal actual grant	36,969	36,796	46,133
50	7200	From same Government level	2,152	2,152	17,184
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	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	7206	Expected financing from budget	12,594	12,421	12,180
57	7207	Third party sponsorship	-	-	-
58	7209	Other internal grants	22,223	22,223	16,769
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	765	765	487
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	765	765	487
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	39,113	38,941	49,018
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	39,113	38,941	49,018
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	39,113	38,941	49,018

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	-	10,537	10,537	-
2	105	Internal capital grants	-	9,771	9,771	-
3	1050	From the same government level	-	9,771	9,771	-
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				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	765	765	-
15	111	Reserve funds	-	765	765	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	-	10,537	10,537	-
34	230	Expenses for increase of Intangible Assets	-	460	460	-
35	231	Expenses for increase of Tangible Assets	-	10,077	10,077	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	240	240	-
39	2313	Roads, networks, water facilities	-	9,657	9,657	-
40	2314	Technical installment, machinery, equipment, working tools	-	180	180	-
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	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
50	251	Entry from foreigner lending principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in nonprofit 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)	-	21,073	21,073	-

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	16,769	-	-	-
2	II. RECEIVABLES "CASH"	40,793	-	-	-
3	1. Funds from budget	38,941	-	-	-
4	Actual budget funds (Budget with changes)	22,856	-	-	-
5	Capital budget funds (Budget with changes)	16,085	-	-	-
6	2. Incomes and revenues during the year in "Cash"	1,853	-	-	-
7	Tax revenues in "Cash"	1,183	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	196	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	474	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	35,339	-	-
15	1. Payment from the budget for actual expenses	-	16,440	-	-
16	2. Payments from the budget for capital expenses	-	9,771	-	-
17	3. Payments from revenues for actual expenses	-	536	-	-
18	4. Payments from revenues from capital expenses	-	765	-	-
19	5. Payments from storage	-	7,827	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	-	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	-	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	57,562	35,339	-	-
26	VI. CLOSING BALANCE	22,223	-	-	-

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

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

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			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	2,929	460	-	-	-	460	-	-	-	-	3,389
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
2	201											
3	202	2,929	460	-	-	-	460	-	-	-	-	3,389
	Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4	203											
	Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
4/1	230											
5	II. TANGIBLE	158,068	10,077	15,774	-	-	25,851	-	-	-	-	183,919
6	210	-	-	-	-	-	-	-	-	-	-	-
7	211	1,727	-	-	-	-	-	-	-	-	-	1,727
8	212	22,273	240	-	-	-	240	-	-	-	-	22,513
9	213	118,499	9,657	-	-	-	9,657	-	-	-	-	128,156
	Technical installment, machinery, equipment, working tools	2,080	180	-	-	-	180	-	-	-	-	2,260
10	214											
11	215	8,578	-	15,774	-	-	15,774	-	-	-	-	24,352
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	4,911	-	-	-	-	-	-	-	-	-	4,911
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	160,997	10,537	15,774	-	-	26,311	-	-	-	-	187,308

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL'000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	16,910	-	-	-	-	-	-	-	16,910
2	219	II. TANGIBLE	-	-	-	-	-	-	-	-	-
		TOTAL (I + II)	16,910	-	-	-	-	-	-	-	16,910

Template 8: Statement of changes in fund

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

(Amount in ALL'00, Unless otherwise stated)

No.	Acc. No.	Description	Restated								
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	
1	101	BASE FUND	151,253.28	-	26,588	177,841	151,253	-	26,555	177,808	
2	1010	Status of base fund	-	-	-	-	-	-	-	-	
3	1011	Additions base fund	151,253	-	33	151,286	151,253	-	-	151,253	
4	1012	Decrease base fund	-	-	26,555	26,555	-	-	26,555	26,555	
5	1013	Decrease from tangible assets consume	-	-	-	-	-	-	-	-	
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-	
7	1015	Decrease from	-	-	-	-	-	-	-	-	
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	15,854	15,854	20,761	20,761	15,854	15,854	20,834	20,834	
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	-	-	-	-	-	-	-	-	

No.	Acc. No.	Description	Restated							Closing Balances 31 July 2015	
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>		Credit <i>4=1+3-2</i>
<i>a</i>	<i>b</i>	disasters and expenses									
18	85	Result	15,854	15,854	20,761	20,761	15,854	15,854	20,834	20,834	
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)	167,107	15,854	47,349	198,603	167,107	15,854	47,389	198,642	

Template 9: Statement of number of employees and personnel expenses

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

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	36	-	-	36	7,349	-	-	1,268	-	188
<i>1</i>	Directors High level education	1	-	-	1	588	-	-	101	-	34
<i>2</i>	specialist	9	-	-	9	2,499	-	-	431	-	107
<i>3</i>	Technical	1	-	-	1	220	-	-	38	-	6
<i>4</i>	Ordinary officers	5	-	-	5	1,617	-	-	279	-	41
<i>5</i>	Employees	20	-	-	20	2,425	-	-	418	-	-
<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	212,773	212,525	180,275
2	I	Current Assets	42,343	42,128	36,188
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	22,223	22,223	16,769
13	Class 4	2. Receivables	12,709	12,494	12,253
29	Class 3	3. Current Inventory accounts	7,411	7,411	7,166
39	II	Non-current Assets	170,431	170,398	144,087
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	33	-	-
47	21,24,28	3. Tangible assets	167,009	167,009	141,158
60	20	4. Intangible assets	3,389	3,389	2,929
65	III	Other assets	-	-	-
69	B	Liabilities	14,171	13,883	13,168
70	I	Current liabilities	14,171	13,883	13,168
71	Class	1. Accounts payable	14,171	13,883	13,168
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)	198,603	198,642	167,107
97		Presented: Consolidated budget	177,841	177,808	151,253
98		Carried forward results	20,761	20,834	15,854

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	39,113	38,941	49,018
2	70,750,71	I. REVENUES AND CONTRIBUTES	1,379	1,379	2,397
3	70	1. Tax revenues upon	1,183	1,183	1,376
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	196	196	1,021
23	72	II. GENERAL ACTUAL GRANTS	36,969	36,796	46,133
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	765	765	487
32	77, 83	V. OTHER REVENUES	-	-	-
33	B	TOTAL EXPENSES	18,352	18,107	33,164
34		I. ACTUAL EXPENSES	17,586	17,341	32,644
35	600 601	1. Salaries and employees contribution	8,617	8,617	13,755
38	602	2. Goods and Services	3,073	3,073	7,949
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	-	-	26
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	5,897	5,652	10,915
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	765	765	520
58	C	DETERMINED NET INCOME	20,761	20,834	15,854
59		From this: Functioning results	20,761	20,834	15,854
60		Functioning observed grants	-	-	-