

STAR Project

Municipality Fushe Arrez Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Fushe Arrez, Blerim, Fierze, Iballe, Qafe mali, 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 municipaloty/administrative units

Roles	Fushe Arrez	Blerim	Fierzë	Iballë	Qafë Mali
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Fushe Arrez budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality Fushe Arrez, 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 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roles					
New Municipality	Fushe Arrez				
Municipality Council			✓		
Mayor			✓		
Deputy Mayor			✓		
Secretary of Municipality Council			✓		
Administrative Unit	Blerim	Fierzë	Iballë	Qafë Mali	Blerim
Administrator	✓	✓	✓	✓	✓

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

Functions

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

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

The total number of people performing public services is 67.9

- 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 98

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

Public Services	Fushë Arrëz	Blerim	Fierzë	Iballë	Qafë Mali	Merged
Infrastructure and public services						
Water Supply Company	Contracted	Contracted	Contracted	Contracted	Contracted	0
Functioning of the sewerage system	Contracted	n/a	n/a	Contracted	Contracted	0
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	n/a	n/a	Contracted	Contracted	0
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	4	0.2	8	2	n/a	14.2
Public lighting	1	0.2	n/a	0.2	n/a	1.4
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	0
Cemeteries administration and guarantee of funeral services	3	0.2	n/a	0.2	n/a	3.4
Decorations Service in town / village	2	0.2	n/a	0.2	n/a	2.4
Administration of parks, gardens and public spaces	9	0.5	1	0.2	n/a	10.7
Collection, disposal and recovery of waste	2	0.2	n/a	0.2	n/a	2.4
Urban planning	1	n/a	n/a	n/a	1	2
Land management	1	n/a	n/a	0.5	0.5	2
Shelter	n/a	n/a	n/a	n/a	n/a	0
Social,cultural and sports Services						0
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	n/a	n/a	n/a	0.6	n/a	0.6
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	n/a	n/a	0
Social services of kindergardens	5	n/a	n/a	n/a	n/a	5
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	0
Local economic development						0
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	0
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	0
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	0
Veterinary services	1	n/a	n/a	1	n/a	2

Public Services	Fushë Arrëz	Blerim	Fierzë	Iballë	Qafë Mali	Merged
Conservation and development of forests and natural resources of local character	1	1	1	1	2	6
The order and civil protection						0
Preservation of public order to prevent administrative violations	1	1	1	1	1	5
Civil protection	1	n/a	n/a	2	n/a	3
Educational institutions						0
Maintenance of facilities in preliminary education	1	n/a	n/a	n/a	n/a	1
Medicine		n/a	n/a			0
Health care system and the protection of public health		n/a	n/a	n/a	0.5	0.5
Social care						0
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0.6	n/a	n/a	0.5	n/a	1.1
Social Care on domestic violence	0.6	n/a	n/a	n/a	n/a	0.6
Social care for the protection of children's Rights	0.6	n/a	n/a	n/a	n/a	0.6
Environmental Protection						0
Environmental Protection	n/a	1	n/a	n/a	n/a	1
Register Office						0
Register Office	1	n/a	1	1	n/a	3
Business Registration						0
National Registration Center	n/a	n/a	n/a	n/a	n/a	0
Total	35.8	4.5	12	10.6	5	67.9

Horizontal Functions	Fushe Arrez	Blerim	Fierzë	Iballë	Qafë Mali	Merged:
Finance	3	1	2	1	2	9
Local taxes and Tariffs	1	0.5	1	0.5	1	4
Legal Issues	0.3	n/a	n/a	n/a	0.3	0.6
Procurement	0.3	n/a	n/a	n/a	n/a	0.3
Institutional Relations	n/a	n/a	n/a	n/a	n/a	0
Human Resources	2	n/a	n/a	0.3	1	3.3
Protocol	1	n/a	0.5	0.3	0.3	2.1
Archiving	0.3	n/a	0.5	0.3	0.3	1.4
Information Technology	n/a	n/a	n/a	n/a	n/a	0
Supporting services	36	3	14	9	3	65
Internal Audit	n/a	n/a	n/a	n/a	n/a	0
Economic Aid	n/a	0.5	n/a	n/a	n/a	0.5
Urbanistic	4	n/a	n/a	n/a	1	5
Social employee	n/a	n/a	n/a	1	n/a	1
Agricultural	n/a	1	n/a	2.5	2	5.5
Total	48	6	18	15	11	98

Orientation

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

The 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

(Iballe)

- Agricultural,
- The Tax directorate.

(Qafe Mali)

- The Finance office
- Education.
- Health
- Agricultural,
- Urbanistic
- Lawyer

(Iballe)

- The Finance office
- Administrator of the social services.

(Fierze) (Blerim)

- The Finance office

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- MaNority of the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Fushe Arrez)
 - Construction of the roads
 -
- Licensed Services:
 - None
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the

answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

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

- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

Qafe Mali

- The Finance office
- Education.
- Health
- Agricultural,
- Urbanistic
- Lawyer

(Iballe)

- The Finance office
- Administrator of the social services.

(Fierze) (Blerim)

- The Finance office

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 28,813 thousand ALL. Overdue municipal obligations are reported at a value 12,354 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 6% 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 Fushe Arrez, 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 Fushe Arrez, LGU Fierze, LGU Blerim, LGU Qafe Mali, LGU Iballe.

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

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	163,045
Tax and non-tax revenue	10,931
Total Expenses	137,835
Total Assets	858,125
Liabilities	28,813

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	858,125	812,789
I	Current Assets	72,271	72,271
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	39,015	39,015
Class 4	2. Receivables	21,362	21,362
Class 3	3. Current Inventory accounts	11,893	11,893
II	Non-current Assets	785,854	740,518
23	1. Investments	79,337	79,337
25,26	2. Finance assets	45,336	-
21,24,28	3. Tangible assets	654,529	654,529
20	4. Intangible assets	6,652	6,652
III	Other assets	-	-
B	Liabilities	28,813	28,813
I	Current liabilities	28,813	28,813
Class 4	1. Accounts payable	28,813	28,813
	Carried forward results	829,312	783,976

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 858,125 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 12% compared to December 31, 2014.

Current assets

- Current assets which have 8% of total assets are increased by 56% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 63% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are increased of 37% .

Accounts Receivable

- Structure of total debtors of municipality Fushe Arrez consists of 33.68% of debtors of LGU Fushe Arrez, , 3.72 % from LGU fierze, 25.68% from LGU Blerim and 28.86% from LGU Qafe Mali.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Fushe Arrez 92%, have increased by 9% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 3% which compose 76% of total assets.

PPE

- 25.17% of PPEs of Municipality Fushe Arrez are composed by the PPEs of LGU Fushe Arrez, 26.17% from LGU Fierze, 26.17% from LGU Fierze, 8.21% from LGU Blerim, 17.85% from LGU Qafe mali, 22.82% from LGU Iballe.

- *Accounts Payable*

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

- 41.07% of the total accounts payable is composed of accounts payable of LGU Fushe Arrez, 9.95% by LGU Fierze, 19.38% by LGU Blerim, 22.92% by LGU Qafe Mali, 6.78% by LGU Iballe

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	173,976	173,976
A	I. REVENUES AND CONTRIBUTES	10,931	10,931
70,750,71	1. Tax revenues upon	7,437	7,437
75	3. Non tax revenues	3,494	3,494
71	II. GENERAL ACTUAL GRANTS	163,045	163,045
B	I. ACTUAL EXPENSES	149,429	149,429
	1. Salaries and employees contribution	137,835	137,835
600 601	2. Goods and Services	32,615	32,615
603	4. Internal actual transfers	19,259	19,259
605	6. Budget transfers for families and individuals	7,658	7,658
66	IV. OTHER EXPENSES	78,302	78,302
67	DETERMINED NET INCOME	11,594	11,594
C	From this: Functioning results	24,547	24,547
	Functioning observed grants	24,547	24,547

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 173,976 thousand lek. 6% of the total municipality income are composed of tax and non-tax revenues, 94% of income is from grants.

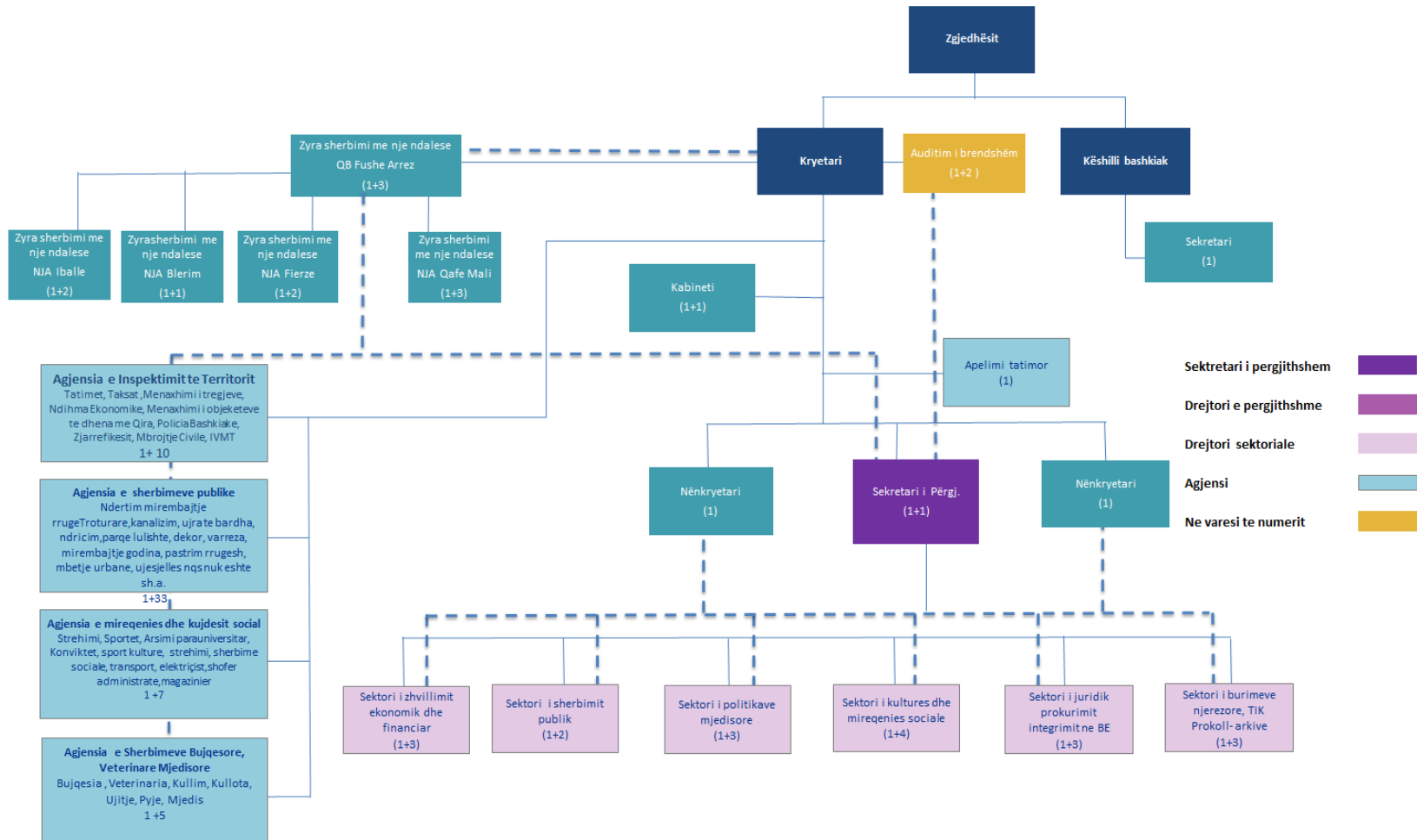
Structure of total revenues is comprised of 44.59% of the revenue generated from LGU Fushe Arrez, 14.66 % LGU Fierez, 7.27% LGU Blerim, 16.81 % LGU Qafe Mali, 16.68 % LGU Iballe.

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 149,429 thousand Lek. 92% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 44.01% from expenses LGU Fushe Arrez, 18.12% from LGU Fierze, 7.9% from LGU Blerim, 16.39% from LGU Qafe Mali and 13.59% from LGU Iballe.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 117 employees. More detailed: no persons working under employment contracts of one year, 37 persons working under labor contracts expired, (N/A) maternity leave, 49 persons have non-specified contracts, 12 have the civil worker status. The latter under the Labour Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- Use of information technology is limited to the use of personal computers, printers and Internet service. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Fushe Arrez. There are no license and maintenance contracts.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Fushe Arrez	Blerim	Fierzë	Iballë	Qafë Mali
Installed Software	2	2	None	None	None
Contracts of licences	None	2	None	None	None
Hardware (in usage)	2	1	None	None	None
Computer (desktop)	4	4	3	3	6
Printers	7	2	2	2	2
Servers	None	None	None	None	None
Other	3	None	2	1	2
IT staff in total	None	None	None	None	None
Hardware and Software maintenance	None	None	None	None	None

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Fushe Arrez has lack of a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Fushe Arrez municipality or Private / Public Cloud.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

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

Communication

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

Observations and recommendations

Objectives	Fushe Arrez	Blerim	Fierzë	Iballë	Qafë Mali	Blerim
Telephony service	ALBTELEKOM	None	None	None	None	ALBTELEKOM
Telephony/service providers	ALBTELEKOM	None	None	None	None	ALBTELEKOM
Internet service	ALBTELEKOM	None	None	None	None	ALBTELEKOM
Assess coverage of the telephony service	Local	None	None	None	None	Local
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- The function of the archive in LGU Fushe Arrez and Qender is performed by archive specialists, in archive function is performed by LGU secretary.
- The documents are partially processed according to the requirements of Archiving Methodology.
- 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	Fushë Arrëz	Blerim	Fierzë	Iballë	Qafë Mali
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, no distance from the wall	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No
Archive keys in two copies	Yes	No	No	No	No
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No	No

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

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

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

Technical requirements for practices in the premises of archives and record-keeping methodology	Fushë Arrëz	Blerim	Fierzë	Iballë	Qafë Mali
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No	No

Observations and Recommendations

Archive

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

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Fushe Arrez, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Fushe Arrez	Blerim	Fierzë	Iballë	Qafë Mali
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Alfred Qafa	Ndoc Marku	Vasil Muslija	Gezim Vata	Hil Kola
Executing Officer	Bardhe Marku	Fatmir Dema	Ismet Ahmetaj	Sokol Kola	Pavlin Marku
Adopted plan, objectives and control mechanisms related Risk	Yes	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	No	No	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	Yes	Yes	Yes
Assets DisYessal Committee	Yes	Yes	Yes	Yes	Yes
Committee of disYessal of assets	Yes	Yes	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
<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. <p>Implementation of the risk management plan</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"> 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. It is recommended to create registries with data as complete and accurate assets. Registers should include a minimum of data on: sale / purchase of assets, depreciation rates, revaluation or not, reviewed by an assessor independent licensed or not, the carrying amount, the cost value, serial number, location, number of property in the case of property, life expectancy, etc. Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New City Municipality, considering the transfer of assets from the existing LGU.

Apendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Fushe Arrez	None	None	None	None

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		785,854	740,518	722,724	
3		I. Intangible Assets		6,652	6,652	6,652	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	6,254	6,254	6,254	
6	203	Concessions, license, other similar licenses		398	398	398	
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		733,866	733,866	716,072	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation	F6, Sh1	3,457	3,457	3,457	
12	212	Building and Constructions	F6, Sh1	297,167	297,167	297,167	
13	213	Roads, networks, water facilities	F6, Sh1	424,942	424,942	400,781	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	3,622	3,622	2,680	
15	215	TransYesrt vehicles	F6, Sh1	8,477	8,477	8,477	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	20,848	20,848	20,848	
19	219	Depreciation of tangible assets	F7, Sh1	(103,984)	(103,984)	(98,185)	
20	231	Expenses in process for increase of current tangible assets	F4	79,337	79,337	80,846	
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		45,336	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		45,336	-	-
27	B	CURRENT ASSETS		72,271	72,271	46,378
28	Class 3	I. Inventory Status		11,893	11,893	6,867
29	31	Materials	Sh2	86	86	86
30	32	Inventory Objects	Sh2	11,790	11,790	6,766
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		18	18	16
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		21,362	21,362	15,545
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	413	413	413
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		4,070	4,070	979
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	16,880	16,880	14,153
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		39,015	39,015	23,966

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	39,015	39,015	23,966
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		858,125	812,789	769,102
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		804,765	759,429	736,578
2	10	I. Own funds		804,765	759,429	736,578
3	101	Base funds	F8	725,118	679,782	655,732
4	105	Capital internal grants		79,647	79,647	80,846
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		28,813	28,813	26,678
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		28,813	28,813	26,678
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	5,439	5,439	184
23	42	Employees and related accounts		4,516	4,516	4,188
24	431	Liabilities to government for taxes		29	29	135
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		8,780	8,780	9,180
28	435	Social Insurance		332	332	818
29	436	Health Insurance		46	46	109
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	2,756	2,756	5,226
36	467	Other creditors		6,915	6,915	6,837
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 exYessure		-	-	-
42	85	Result (credit amount)		24,547	24,547	5,721
43	X	TOTAL LIABILITY		858,125	812,789	768,977
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		137,835	137,835	221,017	
2	60	I. Current expenses		137,835	137,835	220,785	
3	600	Salaries, bonuses		27,854	27,854	40,612	
4	6001	Salaries		27,854	27,854	40,612	
5	6002	TemYesrary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		4,762	4,762	6,817	
9	6010	Insurance contributions		4,246	4,246	6,167	
10	6011	Health insurance		516	516	650	
11	602	Other goods and services		19,259	19,259	30,919	
12	6020	Stationary		781	781	1,253	
13	6021	Special services		620	620	988	
14	6022	Services from third party		4,019	4,019	4,780	
15	6023	TransYesrt expenses		3,711	3,711	4,450	
16	6024	Travel expense		1,873	1,873	3,901	
17	6025	Ordinary maintenance expenses		2,314	2,314	6,062	
18	6026	Rent expenses		99	99	-	
19	6027	Expenses for legal liability for compensation		1,022	1,022	1,010	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		4,819	4,819	8,474	
22	603	Subsidies		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		7,658	7,658	9,833
29	6040	Current transfers to other government levels		7,452	7,452	9,833
30	6041	Current transfers to various government institutions		206	206	-
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		78,302	78,302	132,604
39	6060	Transfers paid from ISS and HII		60	60	-
40	6061	Transfers paid from other institutions and Local government		78,242	78,242	132,604
41	63	II. Change in inventory balances	F1	-	-	232
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		137,835	137,835	221,017
61		D. RESULT CORRECTIONS ACTIVITES		11,594	11,594	16,044
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		9,808	9,808	15,873
64	8420	Revenues deYessited in the budget		-	-	-
65	8421	DeYessit in the budget of unused revenues		-	-	0
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		1,787	1,787	170
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		149,429	149,429	237,060
70	85	RESULTS FROM FUNCTIONING		24,547	24,547	5,721
71	X	TOTAL		173,976	173,976	242,782

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	173,976	173,976	240,224
2	70	I. TAX INCOMES	7,437	7,437	9,314
3	700	a) On revenues, profit, and equity revenue	960	960	81
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	960	960	81
7	7009	Other tax	-	-	-
8	702	b) Property tax	4,862	4,862	7,298
9	7020	On immovable property	4,862	4,862	7,289
10	7021	Sales of immovable property	0	0	-
11	7029	Other on property	-	-	9
12	703	c) Tax uYesn goods and services in the country	1,615	1,615	1,935
13	7030	VAT	33	33	62
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	533	533	140
17	7035	Local tax on goods usage and activity permission	1,049	1,049	1,734
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	3,494	3,494	3,863
35	710	a) From enterprise and ownership	1,863	1,863	1,849
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	940	940	-
38	7109	Others from enterprise and ownership	923	923	1,849
			-	-	-
39	711	b) Administrative service and secondary revenues	1,631	1,631	2,014
40	7110	Administrative tariffs and regulations	966	966	1,328
41	7111	Secondary revenues and payments of services	656	656	655
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	2	2	11
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	8	8	20
		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)	163,045	163,045	227,046
49	720	a) Internal actual grant	163,045	163,045	227,046
50	7200	From same Government level	142,911	142,911	184,794
51	7201	From other Government levels	20,134	20,134	41,124
52	7202	From budget for special payments to Social Institute	-	-	886
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	-	-	93
57	7207	Third party sYesnsorship	-	-	150
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	173,976	173,976	240,224
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	269
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	269
84	Class 7 & 8	TOTAL FROM OPERATIONS	173,976	173,976	240,493
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	173,976	173,976	240,493

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	77,205	38,464	8,539	47,280
2	105	Internal capital grants	69,226	27,256	5,310	47,280
3	1050	From the same government level	27,750	500	-	27,250
4	1051	From other Government levels	41,476	26,756	5,310	20,030
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	7,980	11,208	3,229	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	7,980	11,208	3,229	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	80,846	22,652	24,161	79,337
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	80,846	22,652	24,161	79,337
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	2,121	-	-	2,121
38	2312	Building and Constructions	24,284	19,113	-	43,397
39	2313	Roads, networks, water facilities	50,800	3,539	24,161	30,178
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	3,641	-	-	3,641
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening 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>						
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	158,052	61,116	32,700	126,617

Template 5: Statement of cash flows

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

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	23,966	-	-	-
2	II. RECEIVABLES "CASH"	194,915	-	-	-
3	1. Funds from budget	182,856	-	-	-
4	Actual budget funds (Budget with changes)	146,259	-	-	-
5	Capital budget funds (Budget with changes)	36,598	-	-	-
6	2. Incomes and revenues during the year in "Cash"	12,059	-	-	-
7	Tax revenues in "Cash"	9,590	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	1,341	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	1,128	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	166,637	-	-
15	1. Payment from the budget for actual expenses	-	140,686	-	-
16	2. Payments from the budget for capital expenses	-	19,423	-	-
17	3. Payments from revenues for actual expenses	-	-	-	-
18	4. Payments from revenues from capital expenses	-	3,229	-	-
19	5. Payments from storage	-	3,298	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	(1,827)	11,401	-	-
22	1. DeYessit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	11,401	-	-

24	3. Internal movements and transfers	(1,827)	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	217,053	178,038	-	-
26	VI. CLOSING BALANCE	39,015	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	6,652	-	-	-	-	-	-	-	-	-	6,652
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	6,254	-	-	-	-	-	-	-	-	-	6,254
4	203 Concessions, license, other similar licenses	398	-	-	-	-	-	-	-	-	-	398
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	733,411	25,103	-	-	-	25,103	-	-	-	-	758,513
6	210 Land	-	-	-	-	-	-	-	-	-	-	-
7	211 Forests, Pasture, Plantation	3,457	-	-	-	-	-	-	-	-	-	3,457
8	212 Building and Constructions	297,167	-	-	-	-	-	-	-	-	-	297,167
9	213 Roads, networks, water facilities	400,781	24,161	-	-	-	24,161	-	-	-	-	424,942
10	214 Technical installment, machinery, equipment, working tools	2,680	941	-	-	-	941	-	-	-	-	3,622
11	215 TransYesrt vehicles	8,477	-	-	-	-	-	-	-	-	-	8,477
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-
14	218	Economic Inventory	20,848	-	-	-	-	-	-	-	-	20,848
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + I I)	740,062	25,103	-	-	-	25,103	-	-	-	765,165

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
			Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
	I.									
1	209									
	II.									
2	219	98,185	5,799	-	5,799	-	-	-	-	103,984
	TOTAL (I + II)	98,185	5,799	-	5,799	-	-	-	-	103,984

Template 8: Statement of changes in fund

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

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>		
1	101	BASE FUND	655,731.94	6,274	76,291	725,749	655,732	4,264	30,955	682,423		
2	1010	Status of base fund	655,732	-	45,336	701,068	655,732	-	-	655,732		
3	1011	Additions base fund	-	-	30,955	30,955	-	-	30,955	30,955		
4	1012	Decrease base fund	-	1,262	-	(1,262)	-	1,262	-	(1,262)		
5	1013	Decrease from tangible assets consume	-	5,012	-	(5,012)	-	3,002	-	(3,002)		
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	85,431	29,572	47,704	103,562	85,431	29,572	47,704	103,562		

No.	Acc. No.	Description	Restated								
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements		Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit	
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	
11	105	Capital internal grants	80,846	23,851	22,652	79,647	80,846	23,851	22,652	79,647	
12	107	Current assets in use	-	-	-	-	-	-	-	-	
13	11	Other own funds	-	-	-	-	-	-	-	-	
14	12	Carried result	668	1,804	1,136	-	668	1,804	1,136	-	
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-	
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-	
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-	
18	85	Result	3,917	3,917	23,915	23,915	3,917	3,917	23,915	23,915	
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)	741,163	35,846	123,994	829,312	741,163	33,837	78,659	785,985	

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leave d		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	105	-	-	105	27,854	-	-	7,851	-	826
<i>1</i>	Directors High level education specialist	5	-	-	5	2,311	-	-	612	-	119
<i>2</i>	Technical Ordinary officers	18	-	-	18	5,992	-	-	1,832	-	500
<i>3</i>	Employees TemYesrary employees	13	-	-	13	4,669	-	-	1,354	-	40
<i>4</i>		17	-	-	17	3,650	-	-	974	-	167
<i>5</i>		41	-	-	41	9,308	-	-	2,808	-	-
<i>6</i>		11	-	-	11	1,924	-	-	271	-	-

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	858,125	812,789	769,102
2	I	Current Assets	72,271	72,271	46,378
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	39,015	39,015	23,966
13	Class 4	2. Receivables	21,362	21,362	15,545
29	Class 3	3. Current Inventory accounts	11,893	11,893	6,867
39	II	Non-current Assets	785,854	740,518	722,724
40	23	1. Investments	79,337	79,337	80,846
44	25,26	2. Finance assets	45,336	-	-
47	21,24,28	3. Tangible assets	654,529	654,529	635,226
60	20	4. Intangible assets	6,652	6,652	6,652
65	III	Other assets	-	-	-
69	B	Liabilities	28,813	28,813	26,678
70	I	Current liabilities	28,813	28,813	26,678
71	Class	1. Accounts payable	28,813	28,813	26,678
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)	829,312	783,976	742,425
97		Presented: Consolidated budget	804,765	759,429	736,578
98		Carried forward results	24,547	24,547	5,721

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	173,976	173,976	240,493
2	70,750,71	I. REVENUES AND CONTRIBUTES	10,931	10,931	13,178
3	70	1. Tax revenues uYesn	7,437	7,437	9,314
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	3,494	3,494	3,863
23	72	II. GENERAL ACTUAL GRANTS	163,045	163,045	227,046
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	-	-	269
33	B	TOTAL EXPENSES	149,429	149,429	237,060
34		I. ACTUAL EXPENSES	137,835	137,835	220,785
35	600 601	1. Salaries and employees contribution	32,615	32,615	47,430
38	602	2. Goods and Services	19,259	19,259	30,919
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	7,658	7,658	9,833
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	78,302	78,302	132,604
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	11,594	11,594	16,276
58	C	DETERMINED NET INCOME	24,547	24,547	3,433
59		From this: Functioning results	24,547	24,547	5,721
60		Functioning observed grants	-	-	(2,288)

STAR Project

Municipality Malesi e Madhe Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Koplík, Gruemirë, Kastrat, Kelmend, Qendër, Shkrel 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 municipaloty/administrative units

Roles	Koplík	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
LGU Council	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Malesi e Madhe budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality Malesi e Madhe, 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, 6 units are transformed in 1 Municipality with 5 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roli					
New Municipality					Koplik
Municipality Council					✓
Mayor					✓
Deputy Mayor					✓
Secretary of Municipality Council					✓
Administrative Unit	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Administrator	✓	✓	✓		

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

Functions

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

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

The total number of people performing public services is 83

- 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 151

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

Public Services	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel	Merged
Infrastructure and public services							
Water Supply Company	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Functioning of the sewerage system	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	n/a	n/a	10	Contracted	4	15
Public lighting	1	n/a	n/a	n/a	n/a	n/a	1
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	0
Cemeteries administration and guarantee of funeral services	n/a	n/a	n/a	n/a	n/a	n/a	0
Decorations Service in town / village	n/a	n/a	n/a	n/a	n/a	n/a	0
Administration of parks, gardens and public spaces	1	n/a	1	1	n/a	n/a	3
Collection, disposal and recovery of waste	1	n/a	1	n/a	n/a	1	3
Urban planning	2	2	1	n/a	n/a	2	7
Land management	1	1	1	1	1	1	6
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	0
Social,cultural and sports Services							
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	1	n/a	n/a	n/a	n/a	n/a	1
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	n/a	n/a	n/a	n/a	n/a	1
Social services of kindergardens	0.2	n/a	n/a	n/a	n/a	n/a	0.2
Social services - orphanages, shelters	0.2	n/a	n/a	n/a	n/a	n/a	0.2
Local economic development							
Preparation of local economic development programs	1	n/a	n/a	n/a	n/a	n/a	1
Establishment and function of public markets and trade network	1	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	1	n/a	n/a	n/a	n/a	1	2
Organization of services within the local economic development support and information structures and infrastructure necessary	1	n/a	n/a	n/a	n/a	n/a	1
Veterinary services	1	1	1	1	n/a	1	5
Conservation and development of forests and natural resources of local character	n/a	2	4	3	n/a	4	13
The order and civil protection							
							0

Public Services	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel	Merged
Preservation of public order to prevent administrative violations	3	1	1	1	1	1	8
Civil protection	n/a	1	1	n/a	n/a	n/a	2
Educational institutions							0
Maintenance of facilities in preliminary education	1	2	n/a	n/a	n/a	n/a	3
Medicine							0
Health care system and the protection of public health		n/a	n/a	n/a	n/a	n/a	0
Social care							0
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0.2	n/a	n/a	n/a	n/a	n/a	0.2
Social Care on domestic violence	0.2	n/a	n/a	n/a	n/a	n/a	0.2
Social care for the protection of children's Rights	0.2	n/a	n/a	n/a	n/a	n/a	0.2
Environmental Protection							0
Environmental Protection	1	n/a	n/a	2	n/a	n/a	3
Register Office							0
Register Office	1	1	1	1	1	1	6
Business Registration							0
National Registration Center	n/a	n/a	n/a	n/a	n/a	n/a	0
Total	21	11	12	20	2	15	83

Horizontal Functions	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel	Merged:
Finance	3	2	2	2	1	2	12
Local taxes and Tariffs	3	3	2	2	1	2	13
Legal Issues	0.5	n/a	1	n/a	n/a	0.5	2
Procurement	0.5	n/a	n/a	n/a	n/a	n/a	0.5
Institutional Relations	n/a	n/a	n/a	13	n/a	n/a	13
Human Resources	n/a	1	1	2	n/a	n/a	4
Protocol	0.5	1	0.5	0.5	n/a	0.5	3
Archiving	0.5	1	0.5	0.5	n/a	0.5	3
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	0
Supporting services	11	4	11	7	2	11	46
Internal Audit	3	n/a	n/a	n/a	n/a	n/a	3
Economic Aid	2	2	2	2	1	2	11
Urbanistic	3	2	2	n/a	n/a	2	9
Agricultural	n/a	2	4	5	1	5	
Building Institute	3	n/a	1	n/a	n/a	n/a	4
Civil emergence	1	n/a	n/a	n/a	n/a	n/a	1
Culture	2	n/a	1	n/a	n/a	0.5	3.5
Social employee	1	n/a	n/a	n/a	n/a	n/a	1
Veterinary office	1	n/a	1	n/a	n/a	1	3
Employee for Informing	1	n/a	n/a	1	n/a	n/a	2
Total	36	18	29	35	6	27	151

Orientation

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

The 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

(Shkrel)

- The Finance directorate,
- The Tax directorate.
- The Cadaster

(Kelmend)

- The Finance directorate
- Economic aid office.
- The agricultural office

(Qender)

- The Directory, Finance directorate,
- The economic aid.
-

(Kastrat)

- The Finance office
- Economic aid office.
- The agricultural office

(Gruemire)

- The Finance directorate
- Economic aid office.
- The agricultural office

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- MaNority of the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Malesi e Madhe)
 - Construction of the roads
 -
- Licensed Services:
 - None
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?

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

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	Jo	Yes	Yes
Local taxes and Tariffs	Yes	Jo	Jo
Legal Issues	Jo	Jo	Yes
Procurement	Jo	Jo	Yes
Institutional Relations	Jo	Jo	Yes
Human Resources	Jo	Jo	Yes
Protocol	Yes	Jo	Jo
Archiving	Yes	Yes	Yes
Information Technology	jo	Yes	Yes
Supporting services	Yes	Jo	Jo
Internal Audit	Jo	Yes	Yes

Organizational Structure

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

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

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

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

- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

(Shkrel)

- The Finance directorate,
- The Tax directorate.
- The Cadaster

(Kelmend)

- The Finance directorate
- Economic aid office.
- The agricultural office

(Qender)

- The Directory, Finance directorate,
- The economic aid.
-

(Kastrat)

- The Finance office
- Economic aid office.
- The agricultural office

(Gruemire)

- The Finance directorate
- Economic aid office.
- The agricultural office

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 76,000 thousand ALL. Overdue municipal obligations are reported at a value 50,976 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 Malesi e Madhe, 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 Koplík, LGU Gruemirë, LGU Kastrat, LGU Kelmend, LGU Qender, LGU Shkrel.

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

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	360,251
Tax and non-tax revenue	15,771
Total Expenses	270,749
Total Assets	2,195,512
Liabilities	76,600

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	2,195,512	2,046,875
I	Current Assets	146,378	146,378
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	52,895	52,895
Class 4	2. Receivables	76,600	76,600
Class 3	3. Current Inventory accounts	16,883	16,883
II	Non-current Assets	2,049,135	1,900,497
23	1. Investments	-	-
25,26	2. Finance assets	148,637	-
21,24,28	3. Tangible assets	1,900,497	1,900,497
20	4. Intangible assets	-	-
III	Other assets	-	-
B	Liabilities	76,600	76,600
I	Current liabilities	76,600	76,600
Class 4	1. Accounts payable	76,600	76,600
III	Other liabilities	-	-
	Net assets (A - B)	-	-
	Presented: Consolidated budget	-	-
	Carried forward results	2,118,912	1,970,275

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,195,512 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 20% compared to December 31, 2014.

Current assets

- Current assets which have 7% of total assets are increased by 38% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 208% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts are increased of 10% .

Accounts Receivable

- Structure of total debtors of municipality Malesi e Madhe consists of 62.10% of debtors of LGU Koplík, , 2.04 % from LGU Gruemire, 14.4% from LGU Kastrati and 18.36% from LGU Shkrel

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Malesi e Madhe 93%, have increased by 19% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 10% which compose 87% of total assets.

PPE

- 17.41% of PPEs of Municipality Malesi e Madhe are composed by the PPEs of LGU Koplik, 20.7% from LGU Gruemire, 22.23% from LGU Kastrat, 7.6% from LGU Kelmend, 18.25% from LGU Qender, 13.82% from LGU Shkrel.

- *Accounts Payable*

Accounts payable have increased by 10% during the period ended July 31, 2015 compared with the previous year 2014.

- 62.1% of the total accounts payable is composed of accounts payable of LGU Malesi e Madhe, 2.05% by LGU Gruemire, 14.38% by LGU Kastrat, 1.88% by LGU Kelmend, 1.28% by LGU Qender

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	377,503	376,870
A	I. REVENUES AND CONTRIBUTES	15,771	15,771
70,750,71	1. Tax revenues upon	10,634	10,634
75	3. Non tax revenues	5,136	5,136
71	II. GENERAL ACTUAL GRANTS	360,251	360,251
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	1,480	848
B	I. ACTUAL EXPENSES	324,608	323,975
	1. Salaries and employees contribution	268,139	268,139
600 601	2. Goods and Services	40,910	40,910
603	4. Internal actual transfers	39,782	39,782
605	6. Budget transfers for families and individuals	19,325	19,325
66	IV. OTHER EXPENSES	168,122	168,122
67	DETERMINED NET INCOME	56,469	55,836
C	From this: Functioning results	52,895	52,895
	Functioning observed grants	52,895	52,895

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 377,503 thousand lek. 4% of the total municipality income are composed of tax and non-tax revenues, 96% of income is from grants.

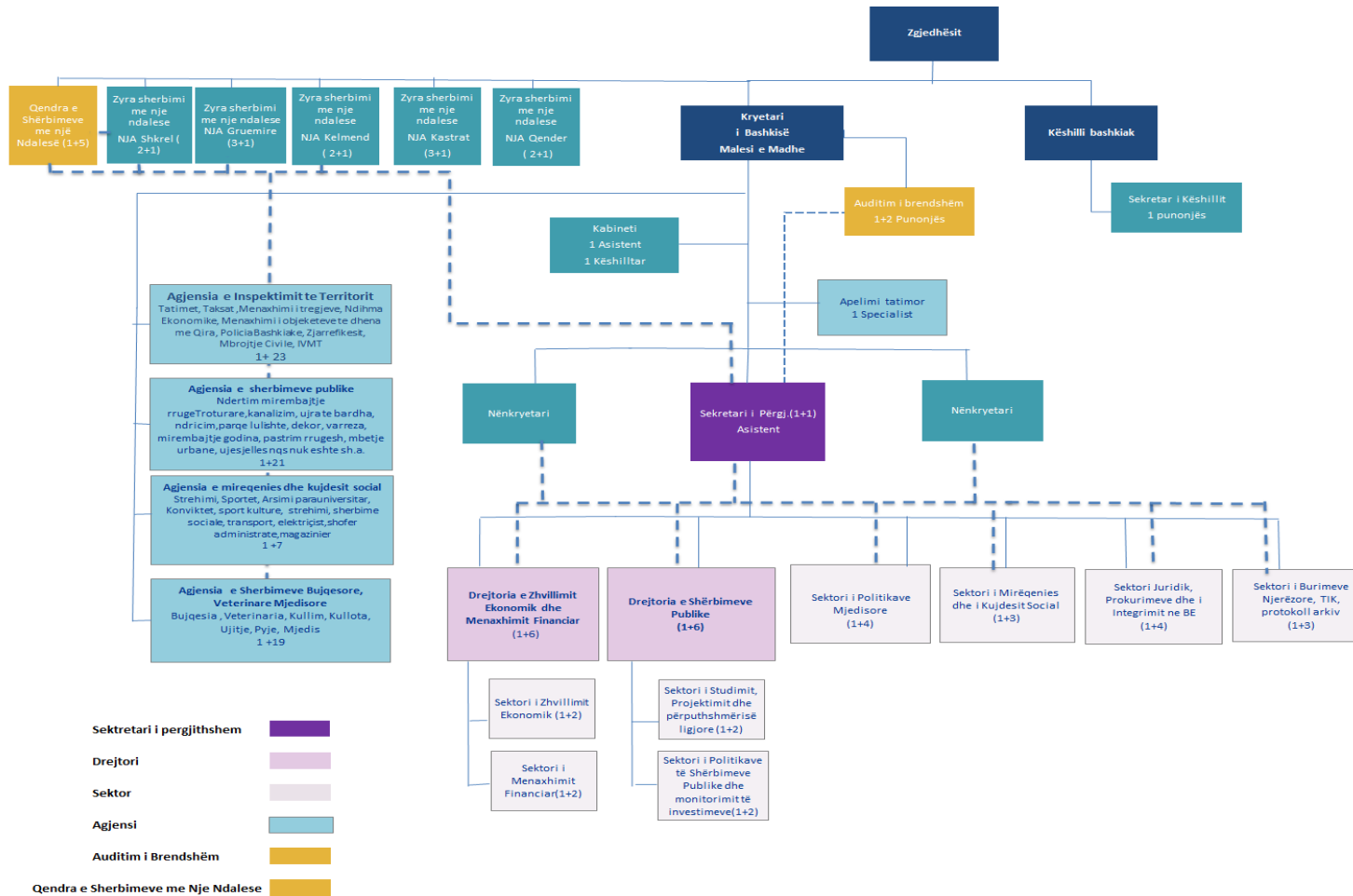
Structure of total revenues is comprised of 27.31% of the revenue generated from LGU Malesi e Madhe, 13.64% PPE by LGU Gruemire, 18.32 % from LGU kastrat, and 7.08% from LGU Qender.

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 324,608 thousand Lek. 83% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 25.94% from expenses LGU Malesi e Madhe, 13.46% from LGU Gruemire, 20.32% from LGU Kastrat, 16.29% from LGU Kelmend and 6.79% from LGU Qender.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 150 employees. More detailed: no persons working under employment contracts of one year, 39 persons working under labor contracts expired, (N/A) maternity leave, 79 persons have non-specified contracts, 17 have the civil worker status. The latest under the Labour Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- Use of information technology is limited to the use of personal computers, printers and Internet service. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Malesi e Madhe.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Installed Software	None	None	None	None	None	None
Contracts of licences	None	None	None	None	None	None
Hardware (in usage)	None	None	None	None	None	None
Computer (desktop)	None	7	5	2	7	8
Printers	None	4	5	None	7	7
Servers	None	None	None	None	None	None
Other	24	2	7	4	5	4
IT staff in total	None	None	None	None	None	None
Hardware and Software maintenance	None	None	None	None	None	None

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Malesi e Madhe has lack of a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Malesi e Madhe municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Softwares 	<ul style="list-style-type: none"> LGU Malesi e Madhe should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

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

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

Observations and recommendations

Objectives	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Telephony service	Nuk ka	None	None	None	None	None
Telephony/service providers	Nuk ka	None	None	None	None	None
Internet service	IBC	None	None	IBC	Abcom	None
Assess coverage of the telephony service	Local	None	None	IBC SHpk	-	None
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- The function of the archive in LGU Koplik and Qender is performed by archive specialists, in archive function is performed by LGU secretary.
- The documents are partially processed according to the requirements of Archiving Methodology.
- 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	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	Yes	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes,	No	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No
Archive keys in two copies	Yes	No	No	No	Yes	No
One copy of th e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	No	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No	No	No
Docunents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchyof organizational structure).	Yes	No	No	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology**Koplik Gruemirë Kastrat Kelmend Qendër Shkrel**

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, branche, etc.)

Yes No No No Yes No

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.

Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.

Yes No No No Yes No

Technical requirements for practices in the premises of archives and record-keeping methodology	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Cover file (Module 6), clearly marked and grammar:						
- Full name of the state entity - no state						
- Department or branch that operates						
- The level of classification (if the document is of this type)						
- The file contains an identification number, year						
- Full title of the file						
- The period that the document should save (protect)	Yes	No	No	No	No	No
- Date of completion of conservation						
- The amount of documents that are stored in files						
- Inventory identification number on file						
- The period of use						
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical Distance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical imYesrtance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	No	No	No	No
The emblem of the Republic	Yes	No	No	No	Yes	No
At the head of the document should be written "Republic of Albania"	Yes	No	No	No	Yes	No

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

Technical requirements for practices in the premises of archives and record-keeping methodology	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	No	No

Observations and Recommendations

Archive

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

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Malesi e Madhe, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Koplik	Gruemirë	Kastrat	Kelmend	Qendër	Shkrel
Adopted rules and procedures on asset management	No	No	No	No	No	No
Authorizing Officer	Ramadan Likaj	Lirim Nehanaj	Viktor Popaj	Gjeto Dukaj	Isa Ramaj	Ferdi Sterkaj
Executing Officer	Elona Zekaj	Altin Rrukaj	Bruno Broqaj	Kozeta Jana	Violeta Zekaj	Sali Hoxhaj
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	No	No	Yes	No	Po	No
Leased Properties Register	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No
Annual Assets Inventory	Yes	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Po	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Po	Yes
Assets DisYessal Committee	Yes	Yes	No	Yes	No	Yes
Committee of disYessal of assets	Yes	Yes	Yes	No	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
<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. <p>Implementation of the risk management plan</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"> 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. It is recommended to create registries with data as complete and accurate assets. Registers should include a minimum of data on: sale / purchase of assets, depreciation rates, revaluation or not, reviewed by an assessor independent licensed or not, the carrying amount, the cost value, serial number, location, number of property in the case of property, life expectancy, etc. Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New City Municipality, considering the transfer of assets from the existing LGU.

Apendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Malësi e Madhe				
Koplik	Rehabilitation of Koplik-Qendër, bypass	Has finished	56.000.000.00	60.000.000.00
Shkrel	Reconstruction	Under process 12.509.431	20.548.818	20.548.818
Shkrel	Supervizor	Finished	234.849	234.849
Shkrel	Street “Cek-Dekaj”	Non-liquidated 214.279	4.046.196	4.046.196
Shkrel	Project	Finished	120,000	120,000

Appendix 8 – Legal Issues

Public Service Arrangements

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

Legal Proceedings

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

Third party contracts

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

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non Current Assets		2,049,135	1,900,497	1,727,765	
3		I. Intangible Assets		-	-	-	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	-	-	-	
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		1,900,497	1,900,497	1,727,765	
10	210	Land		5,381	5,381	5,381	
11	211	Forests, Pasture, Plantation	F6, Sh1	11,959	11,959	11,959	
12	212	Building and Constructions	F6, Sh1	612,479	612,479	596,394	
13	213	Roads, networks, water facilities	F6, Sh1	1,301,262	1,301,262	1,135,297	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	19,481	19,481	20,042	
15	215	TransYesrt vehicles	F6, Sh1	46,659	46,659	46,659	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	82,096	82,096	83,478	
19	219	Depreciation of tangible assets	F7, Sh1	(178,819)	(178,819)	(171,444)	
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		148,637	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		148,637	-	-
27	B	CURRENT ASSETS		146,378	146,378	106,278
28	Class 3	I. Inventory Status		16,883	16,883	19,492
29	31	Materials	Sh2	717	717	717
30	32	Inventory Objects	Sh2	15,174	15,174	17,784
31	33	Production, work and services in process		-	-	-
32	34	Products		991	991	991
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		76,600	76,600	69,604
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	3,673	3,673	3,682
42	431	Rights and taxes to deYessit to government		200	200	200
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)		52,694	52,694	45,688
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	20,033	20,033	20,033
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		52,895	52,895	17,182

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	52,895	52,895	17,182
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		2,195,512	2,046,875	1,834,043
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		2,066,017	1,917,380	1,747,257
2	10	I. Own funds		2,066,017	1,917,380	1,747,257
3	101	Base funds	F8	2,066,017	1,917,380	1,747,257
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		76,600	76,600	69,604
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		76,600	76,600	69,604
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	49,509	49,509	35,453
23	42	Employees and related accounts		1,265	1,265	6,540
24	431	Liabilities to government for taxes		55	55	185
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		23,906	23,906	23,916
28	435	Social Insurance		350	350	1,506
29	436	Health Insurance		49	49	209
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	-	-	-
36	467	Other creditors		1,467	1,467	1,796
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 exYessure		-	-	-
42	85	Result (credit amount)		52,895	52,895	17,182
43	X	TOTAL LIABILITY		2,195,512	2,046,875	1,834,043
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		270,749	270,749	505,709	
2	60	I. Current expenses		268,139	268,139	505,796	
3	600	Salaries, bonuses		35,637	35,637	75,316	
4	6001	Salaries		35,252	35,252	73,261	
5	6002	TemYesrary salaries		385	385	2,055	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		5,273	5,273	12,416	
9	6010	Insurance contributions		4,779	4,779	11,137	
10	6011	Health insurance		494	494	1,279	
11	602	Other goods and services		39,782	39,782	68,170	
12	6020	Stationary		4,393	4,393	7,515	
13	6021	Special services		400	400	1,039	
14	6022	Services from third party		11,805	11,805	18,778	
15	6023	TransYesrt expenses		4,086	4,086	8,655	
16	6024	Travel expense		1,495	1,495	2,315	
17	6025	Ordinary maintenance expenses		4,720	4,720	11,308	
18	6026	Rent expenses		405	405	1,067	
19	6027	Expenses for legal liability for compensation		3,334	3,334	544	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		9,145	9,145	16,949	
22	603	Subsidies		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		19,325	19,325	2,851
29	6040	Current transfers to other government levels		19,151	19,151	2,810
30	6041	Current transfers to various government institutions		173	173	41
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		168,122	168,122	347,043
39	6060	Transfers paid from ISS and HII		3,050	3,050	-
40	6061	Transfers paid from other institutions and Local government		165,072	165,072	347,043
41	63	II. Change in inventory balances	F1	2,610	2,610	(87)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		270,749	270,749	505,709
61		D. RESULT CORRECTIONS ACTIVITES		53,859	53,227	1,954
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		633	-	-
64	8420	Revenues deYessited in the budget		957	957	95
65	8421	DeYessit in the budget of unused revenues		54,854	54,854	1,077
66	8422	Transfers of revenues within the system		159	159	700
67	8423	Transfers for changes in situation		(2,414)	(2,414)	83
68	8424	Transfers for identified debtors and similar items		(330)	(330)	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		324,608	323,975	507,663
70	85	RESULTS FROM FUNCTIONING		52,895	52,895	17,182
71	X	TOTAL		377,503	376,870	524,845

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	376,022	376,022	524,641
2	70	I. TAX INCOMES	10,634	10,634	14,182
3	700	a) On revenues, profit, and equity revenue	1,752	1,752	3,370
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,752	1,752	3,370
7	7009	Other tax	-	-	-
8	702	b) Property tax	4,528	4,528	5,962
9	7020	On immovable property	4,528	4,528	5,962
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
12	703	c) Tax uYesn goods and services in the country	4,354	4,354	4,850
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	3,490	3,490	1,540
17	7035	Local tax on goods usage and activity permission	864	864	3,309
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	5,136	5,136	13,240
35	710	a) From enterprise and ownership	834	834	1,160
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	834	834	1,160
			-	-	-
39	711	b) Administrative service and secondary revenues	4,299	4,299	8,633
40	7110	Administrative tariffs and regulations	4,165	4,165	6,510
41	7111	Secondary revenues and payments of services	119	119	168
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	1,871
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	15	15	85
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	4	4	3,447
48	72	IV. ACTUAL GRANTS (a+b)	360,251	360,251	497,219
49	720	a) Internal actual grant	360,251	360,251	497,219
50	7200	From same Government level	133,128	133,128	453,737
51	7201	From other Government levels	199,970	199,970	-
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	209	209	1,324

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	13,373	13,373	20,043
57	7207	Third party sYesnsorship	-	-	6,913
58	7209	Other internal grants	13,571	13,571	15,202
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	1,285	652	-
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	1,285	652	-
80	Class 7	TOTAL INCOMES	377,307	376,674	524,641
81	83	D. RESULT CORRECTIONS ACTIVITES	196	196	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	196	196	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	377,503	376,870	524,641
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	377,503	376,870	524,641

Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	-	158,967	158,967	-
2	105	Internal capital grants	-	158,967	158,967	-
3	1050	From the same government level	-	-	-	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	158,967	158,967	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	-	24,135	24,135	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	24,135	24,135	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	17,592	17,592	-
39	2313	Roads, networks, water facilities	-	5,491	5,491	-
40	2314	Technical installment, machinery, equipment, working tools	-	943	943	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	109	109	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	-	183,102	183,102	-

Template 5: Statement of cash flows

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

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	14,358	-	-	-
2	II. RECEIVABLES "CASH"	381,061	-	-	-
3	1. Funds from budget	362,504	-	-	-
4	Actual budget funds (Budget with changes)	340,633	-	-	-
5	Capital budget funds (Budget with changes)	21,872	-	-	-
6	2. Incomes and revenues during the year in "Cash"	18,556	-	-	-
7	Tax revenues in "Cash"	5,474	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	10,837	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,246	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	286,948	-	-
15	1. Payment from the budget for actual expenses	-	250,378	-	-
16	2. Payments from the budget for capital expenses	-	20,565	-	-
17	3. Payments from revenues for actual expenses	-	6,345	-	-
18	4. Payments from revenues from capital expenses	-	3,570	-	-
19	5. Payments from storage	-	6,090	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	55,576	-	-
22	1. DeYessit of revenues in the budget	-	537	-	-
23	2. Unused budget (actual and capital)	-	54,854	-	-

24	3. Internal movements and transfers	-	185	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	395,419	342,524	-	-
26	VI. CLOSING BALANCE	52,895	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Transf. Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	-	-	-	-	-	-	-	-	-	-	-
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	-	-	-	-	-	-	-	-	-	-	-
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,899,209	24,135	158,967	-	-	183,102	-	2,995	-	2,995	2,079,317
6	210 Land	5,381	-	-	-	-	-	-	-	-	-	5,381
7	211 Forests, Pasture, Plantation	11,959	-	-	-	-	-	-	-	-	-	11,959
8	212 Building and Constructions	596,394	16,437	-	-	-	16,437	-	-	-	-	612,830
9	213 Roads, networks, water facilities	1,135,297	6,646	158,967	-	-	165,614	-	-	-	-	1,300,910
10	214 Technical installment, machinery, equipment, working tools	20,042	943	-	-	-	943	-	1,505	-	1,505	19,481
11	215 TransYesrt vehicles	46,659	-	-	-	-	-	-	-	-	-	46,659

12	216	Government reserve	-	-	-	-	-	-	-	-	-	-	
13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	83,478	109	-	-	109	-	1,490	-	1,490	82,096	
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	
19		TOTAL (I + II)	1,899,209	24,135	158,967	-	-	183,102	-	2,995	-	2,995	2,079,317

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>
		I.									
		INTANGIBLE									
1	209		-	-	-	-	-	-	-	-	-
		II.									
		TANGIBLE									
2	219		171,444	7,375	-	7,375	-	-	-	-	178,819
		TOTAL (I + II)	171,444	7,375	-	7,375	-	-	-	-	178,819

Template 8: Statement of changes in fund

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

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	Debit	Credit	31 July 2015	1 Jan. 2015	Debit	Credit	31 July 2015		
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit			
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
1	101	BASE FUND	1,747,257.28	12,979	331,739	2,066,017	1,747,257	12,979	183,102	1,917,380		
2	1010	Status of base fund	1,747,257	-	-	1,747,257	1,747,257	-	-	1,747,257		
3	1011	Additions base fund	-	-	331,739	331,739	-	-	183,102	183,102		
4	1012	Decrease base fund	-	196	-	(196)	-	196	-	(196)		
		Decrease from tangible	-	7,375	-	(7,375)	-	7,375	-	(7,375)		
5	1013	assets consume										
		Decrease from selling	-	-	-	-	-	-	-	-		
6	1014	tangible assets										
7	1015	Decrease from	-	5,409	-	(5,409)	-	5,409	-	(5,409)		
		Decrease from transferring	-	-	-	-	-	-	-	-		
8	1016	tangible assets										
		DIFFERENCE IN	-	-	-	-	-	-	-	-		
		TANGIBLE ASSETS										
9	109,	REVALUATION										
	105,107,11,12,		17,182	17,182	52,895	52,895	17,182	17,182	52,895	52,895		
10	13,145,15,85	INTERNAL FUND										
11	105	Capital internal grants	-	-	-	-	-	-	-	-		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit	Credit		
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	2,824	-	-	2,824	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
		Participation of the	-	-	-	-	-	-	-	-		
16	145	institution in investing for third parties										
		Forecasted amounts for	-	-	-	-	-	-	-	-		
17	15	disasters and expenses										
18	85	Result	14,358	17,182	52,895	50,071	17,182	17,182	52,895	52,895		
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
		Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	investing for third parties										
22		CONSOLIDATED FUND (1 up to 4)	1,764,439	30,162	384,634	2,118,912	1,764,439	30,162	235,997	1,970,275		

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	163	5	7	161	35,637	-	-	6,198	-	1,911
<i>1</i>	Directors High level education specialist	6	-	-	6	2,670	-	-	499	-	245
<i>2</i>	Technical Ordinary officers	54	1	-	55	14,841	-	-	2,714	-	925
<i>3</i>	Employees TemYesrary employees	2	-	-	2	365	-	-	61	-	37
<i>4</i>	Employees TemYesrary employees	62	4	2	64	12,129	-	-	1,957	-	577
<i>5</i>	Employees TemYesrary employees	36	-	5	31	5,153	-	-	887	-	114
<i>6</i>	Employees TemYesrary employees	3	-	-	3	480	-	-	80	-	13

Template 10: Summary Consolidated Statement of financial Position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	2,195,512	2,046,875	1,834,043
2	I	Current Assets	146,378	146,378	106,278
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	52,895	52,895	17,182
13	Class 4	2. Receivables	76,600	76,600	69,604
29	Class 3	3. Current Inventory accounts	16,883	16,883	19,492
39	II	Non-current Assets	2,049,135	1,900,497	1,727,765
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	148,637	-	-
47	21,24,28	3. Tangible assets	1,900,497	1,900,497	1,727,765
60	20	4. Intangible assets	-	-	-
65	III	Other assets	-	-	-
69	B	Liabilities	76,600	76,600	69,604
70	I	Current liabilities	76,600	76,600	69,604
71	Class	1. Accounts payable	76,600	76,600	69,604
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	2,118,912	1,970,275	1,764,439
96		Net assets (A - B)	2,066,017	1,917,380	1,747,257
97		Presented: Consolidated budget	52,895	52,895	17,182
98		Carried forward results	2,195,512	2,046,875	1,834,043

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	377,503	376,870	524,641
2	70,750,71	I. REVENUES AND CONTRIBUTES	15,771	15,771	27,422
3	70	1. Tax revenues uYesn	10,634	10,634	14,182
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	5,136	5,136	13,240
23	72	II. GENERAL ACTUAL GRANTS	360,251	360,251	497,219
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	1,480	848	-
33	B	TOTAL EXPENSES	324,608	323,975	507,663
34		I. ACTUAL EXPENSES	268,139	268,139	505,796
35	600 601	1. Salaries and employees contribution	40,910	40,910	87,732
38	602	2. Goods and Services	39,782	39,782	68,170
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	19,325	19,325	2,851
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	168,122	168,122	347,043
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	56,469	55,836	1,867
58	C	DETERMINED NET INCOME	52,895	52,895	16,978
59		From this: Functioning results	52,895	52,895	17,182
60		Functioning observed grants	-	-	(204)

STAR Project

Municipality Puke

Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality , Pukë, Gjegjan, Qelëz, Qerret, Rrapë 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	Puke	Gjegjan	Qelëz	Qerret	Rrapë
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor					
Secretary of the LGU Council	✓	✓	✓	✓	✓

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

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

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

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

Table 2: Roles in the Municipality

Roli				
New Municipality	Puke			
Municipality Council		✓		
Mayor		✓		
Deputy Mayor		✓		
Secretary of Municipality Council		✓		
Administrative Unit	Gjegjan	Qelëz	Qerret	Rrapë
Administrator	✓	✓	✓	✓

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

Functions

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

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

The total number of people performing public services is 81.6

- 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 136

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

Public Services	Pukë	Gjegjan	Qelëz	Qerret	Rrapë	Merged
Infrastructure and public services						
Water Supply Company	Contracted	1	Contracted	Contracted	Contracted	1
Functioning of the sewerage system	Contracted	1	Contracted	Contracted	Contracted	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	2	Contracted	Contracted	Contracted	2
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	3	12	n/a	11	n/a	26
Public lighting	n/a	n/a	n/a	n/a	n/a	0
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	0
Cemeteries administration and guarantee of funeral services	1	2	n/a	1	n/a	4
Decorations Service in town / village	n/a	n/a	n/a		n/a	0
Administration of parks, gardens and public spaces	8	n/a	n/a	n/a	n/a	8
Collection, disposal and recovery of waste	1	n/a	n/a	1	n/a	2
Urban planning		0.5	1	1	1	3.5
Land management		0.5	0.5	0.5	0.5	2
Shelter	n/a	n/a	n/a	n/a	n/a	0
Social,cultural and sports Services						
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	7	0.5	n/a	n/a	n/a	7.5
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	n/a	n/a	n/a	n/a	1
Social services of kindergardens	8	n/a	n/a	n/a	n/a	8
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	0
Local economic development						
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	0
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	0
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	0
Veterinary services	1	n/a	n/a	n/a	n/a	1

Public Services	Pukë	Gjegjan	Qelëz	Qerret	Rrapë	Merged
Conservation and development of forests and natural resources of local character	1	n/a	0.5	0.5	0.5	2.5
The order and civil protection						
Preservation of public order to prevent administrative violations	2	1	1	n/a	n/a	4
Civil protection		n/a	n/a	n/a	n/a	0
Educational institutions				n/a		
Maintenance of facilities in preliminary education	1	n/a	n/a	0.5	n/a	1.5
Medicine		n/a			n/a	0
Health care system and the protection of public health		0.5	n/a	n/a	n/a	0.5
Social care						
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	0.5	n/a	n/a	n/a	0.5
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	0
Social care for the protection of children's Rights	0.6	n/a	n/a	n/a	n/a	0.6
Environmental Protection						
Environmental Protection	1	n/a	n/a	n/a	n/a	1
Register Office		n/a				
Register Office	1	1	n/a	1	n/a	2
Business Registration						
National Registration Center	1	n/a	n/a	n/a	n/a	1
Total	37.6	22.5	3	16.5	2	81.6

Horizontal Functions	Puke	Gruemirë	Kastrat	Kelmend	Qendër	Merged:
Finance	3	1	1	2	0.5	7.5
Local taxes and Tariffs	2	1	1	1	0.5	5.5
Legal Issues	1	n/a	n/a	0.5	n/a	1.5
Procurement	1	n/a	n/a	n/a	n/a	1
Institutional Relations	42	n/a	n/a	n/a	n/a	42
Human Resources	6	1	n/a	n/a	n/a	7
Protocol	0.5	0.5	0.5	0.2	n/a	1.7
Archiving	0.5	0.5	0.5	0.2	n/a	1.7
Information Technology	n/a	n/a	n/a	n/a	n/a	0
Supporting services	7	21	4	16	4	52
Internal Audit	n/a	n/a	n/a	n/a	n/a	0
Economic Aid	n/a	1	1	0.5	n/a	2.5
Urbanistic	3	n/a	n/a	2	1	6
Developement	n/a	n/a	n/a	n/a	n/a	0
Agricultural	n/a	n/a	2	1	2	5
Culture	n/a	1	n/a	0.5	n/a	1.5
Territory protection	n/a	1	n/a	n/a	n/a	1
Total	66	28	10	23.9	8	136

Orientation

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

The 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

(Qerret)

- The Finance directorate,
- Urbanistic
- The lawyer

(Rrape)

- The Finance directorate
- The agricultural office

(Qelez)

- The Finance directorate,
- The responsible for forest.

(Gjegjan)

- The Finance directorate
- Tax office office.
- The agricultural office

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- MaNority of the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Puke)
 - Construction of the roads
 -
- Licensed Services:
 - None
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	Jo	Yes	Yes
Local taxes and Tariffs	Yes	Jo	Jo
Legal Issues	Jo	Jo	Yes
Procurement	Jo	Jo	Yes
Institutional Relations	Jo	Jo	Yes
Human Resources	Jo	Jo	Yes
Protocol	Yes	Jo	Jo
Archiving	Yes	Yes	Yes
Information Technology	jo	Yes	Yes
Supporting services	Yes	Jo	Jo
Internal Audit	Jo	Yes	Yes

Organizational Structure

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

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

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

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

- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

(Qerret)

- The Finance directorate,
- Urbanistic
- The lawyer

(Rrape)

- The Finance directorate
- The agricultural office

(Qelez)

- The Finance directorate,
- The responsible for forest.

(Gjegjan)

- The Finance directorate
- Tax office office.
- The agricultural office

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 126,424 thousand ALL. Overdue municipal obligations are reported at a value 100,223 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

Receivables

During 2015, tax and non-tax revenues were 8% of total revenues, due to the low rate of revenue collection

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

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

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

Lack of unified accounting policies and practices

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

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

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

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 Puke, 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 Puke, LGU Gjegjan, LGU Rrape, LGU Qelez, LGU Qerret.

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

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	199,368
Tax and non-tax revenue	20,479
Total Expenses	184,750
Total Assets	1,418,642
Liabilities	126,424

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	1,418,642	1,338,305
I	Current Assets	159,881	159,881
Class 5	1. Petty - Cash, Banks, and Funds Availability	21,134	21,134
Class 4	2. Receivables	120,052	120,052
Class 3	3. Current Inventory accounts	18,695	18,695
II	Non-current Assets	1,258,761	1,178,425
23	1. Investments	47,240	47,240
25,26	2. Finance assets	80,337	-
21,24,28	3. Tangible assets	1,121,169	1,121,169
20	4. Intangible assets	10,015	10,015
III	Other assets	-	-
B	Liabilities	126,424	126,424
I	Current liabilities	126,424	126,424
Class 4	1. Accounts payable	126,424	126,424
	Net assets (A - B)	-	-
	Carried forward results	-	-

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,418,642 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7% compared to December 31, 2014.

Current assets

- Current assets which have 11% of total assets are decreased by 19% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 36% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts are increased of 18% .

Accounts Receivable

- Structure of total debtors of municipality Puke consists of 76.81% of debtors of LGU Puke, 6.47 % from LGU Gjegjan, 15.34% from LGU rape from LGU Qelez 0.82% and from LGU Qerret 0.56%.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Puke 89%, have increased by 11% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 7% which compose 79% of total assets.

PPE

- 26.29% of PPEs of Municipality Puke are composed by the PPEs of LGU Puke, 21.94% PPE of LGU Gjegjan, 11.61% from LGU Rrape, 11.9% from LGU Qelez, 28.26% from LGU Qerret,

- *Accounts Payable*

Accounts payable are decreased by 19% during the period ended July 31, 2015 compared with the previous year 2014.

- 76.75% of the total accounts payable is composed of accounts payable of LGU Puke, 6.76% from LGU Gjegjan, 14.61% from LGU Rrape, 0.82% from LGU Qelez, 1.05% from LGU Qerret.

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	TOTAL REVENUES	233,211	226,602
A	I. REVENUES AND CONTRIBUTES	20,479	20,479
70,750,71	1. Tax revenues upon	14,877	14,877
75	3. Non tax revenues	5,603	5,603
71	II. GENERAL ACTUAL GRANTS	199,368	199,368
	IV. WORKS FOR INVESTMENTS	6,609	6,609
78	V. OTHER REVENUES	6,755	146
B	I. ACTUAL EXPENSES	219,160	219,160
	1. Salaries and employees contribution	184,241	184,241
600 601	2. Goods and Services	53,549	53,549
603	4. Internal actual transfers	30,062	30,062
605	6. Budget transfers for families and individuals	5,692	5,692
66	IV. OTHER EXPENSES	93,438	93,438
C	From this: Functioning results	34,919	34,919
	Functioning observed grants	14,051	7,443

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 233,211 thousand lek. 8% of the total municipality income are composed of tax and non-tax revenues, 85% of income is from grants.

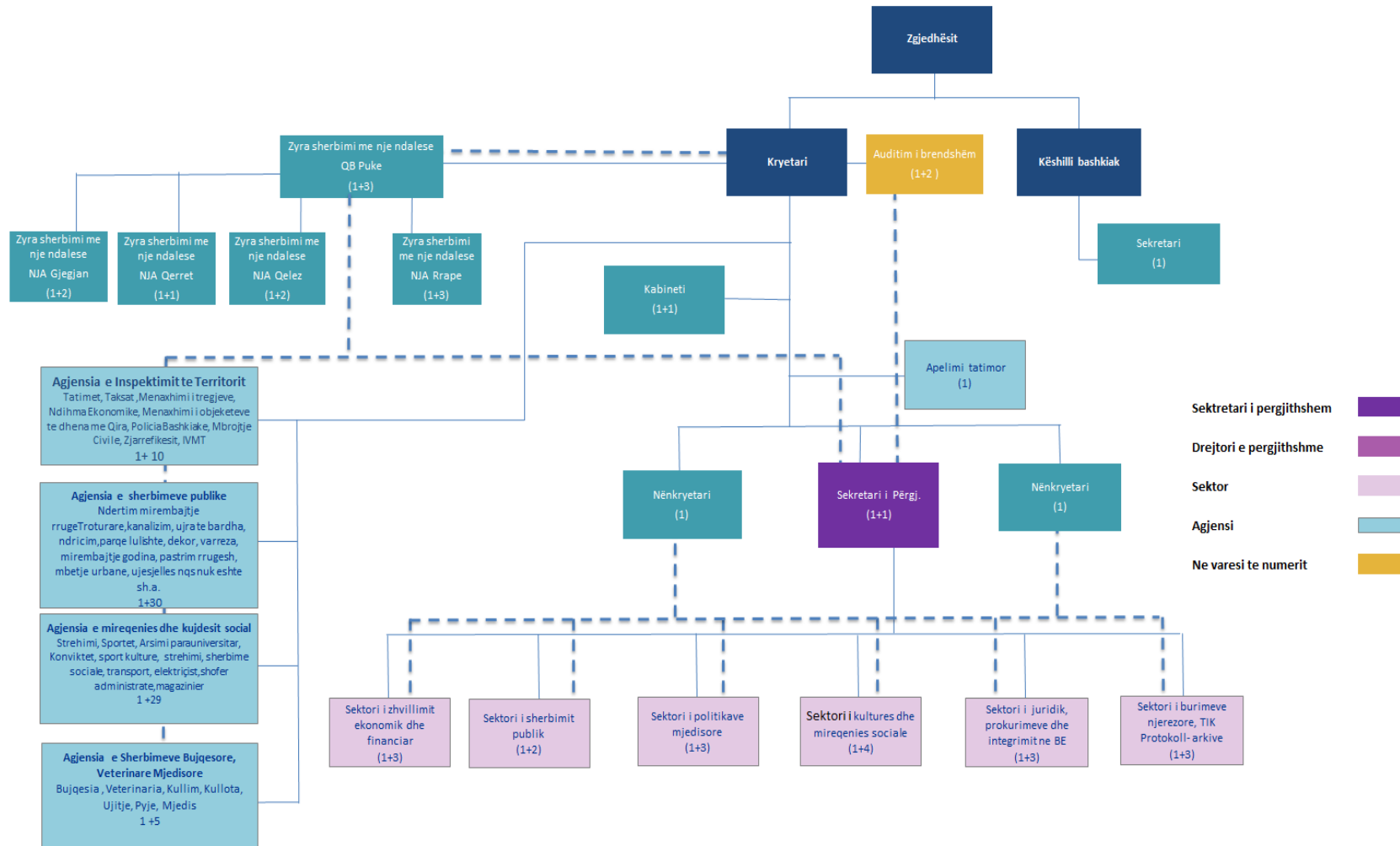
Structure of total revenues is comprised of 51.34% of the revenue generated from LGU Puke, 20.00 % LGU Gjegjan, 7.22% from LGU Rrape, 7.52 % LGU Qelez, 13.92% LGU Qerret.

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 219,160 thousand Lek. 84% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 52.03% from expenses LGU Puke, 13.91 % LGU Gjegjan, 8.73% LGU Rrape, 9.09 % LGU Qelez, 16.24% LGU Qerret.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- Use of information technology is limited to the use of personal computers, printers and Internet service. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Puke.
- In the center of the Municipality of Puka, the use of information technology is limited to the use of personal computers and printers. There is internet service available.
- The IT infrastructure is relatively old. Some of the PC and other devices are out of order, while others continue to be used even though are fully depreciated.
- Operating systems and software are not licensed. The network is working but has difficulty in IT maintenance.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
Installed Software	None	None	None	None	None
Contracts of licences	None	None	None	None	None
Hardware (in usage)	None	None	None	None	None
Computer (desktop)	8	7	11	10	3
Printers	9	8	2	10	3
Servers	None	None	None	None	None
Other	2	None	None	None	1
IT staff in total	None	None	None	None	None
Hardware and Software maintenance	None	None	None	None	None

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Puke has lack of a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Puke municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service)
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Softwares 	<ul style="list-style-type: none"> LGU Puke should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

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

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

Observations and recommendations

Objectives	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
Telephony service	Albtelekom	None	Albtelekom	Albtelekom	None
Telephony/service providers	Albtelekom	None	Albtelekom	Albtelekom	None
Internet service	Albtelekom	None	Albtelekom	Albtelekom	Abcom
Assess coverage of the telephony service	Local	None	Local	Local	Local
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- The function of the archive in LGU Puke and Qender is performed by archive specialists, in archive function is performed by LGU secretary.
- The documents are partially processed according to the requirements of Archiving Methodology.
- 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	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	Yes	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	No automatic closure	No	No	No	Yes
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	Yes	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes, no distance from the wall	Yes, , no distance from the wall	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	No
Archive keys in two copies	Yes	Yes	Yes	No	Yes
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	Yes	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
<p>Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure). According to this scheme, all the documents that are found in the archive: Firstly are classified (grouped) by year</p>	Documents are separated	Yes	Documents are separated	No	No
<p>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.</p>	Yes	No	No	No	Yes
<p>Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.</p>	Yes	Yes	Yes	No	No

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

Technical requirements for practices in the premises of archives and record-keeping methodology	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
Title of the institution and structures belonging to the institution	Yes	No	No	Yes	Yes
Number of documents attached	Yes	Yes	No	Yes	Yes
The content of the document	Yes	Yes	No	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	No	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	No	Yes
Mod 3 - Serial Number of Correspondence		No	No	No	No
Mod 4. -The Book Delivery	Yes	Yes	Yes	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	Yes	No	No
Mode 5 - Table definitions of files for the year	Yes	No	Yes	No	No
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	No	No
Mod 7 - Register of files	Yes	Yes	Yes	Yes	No
Mod 8 - Internal File register	Yes	Yes	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
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 info	Yes	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No info	No	No	Yes
Mod 12 - Destruction of documents containing any further value	No	No info	No	No	No

Observations and Recommendations

Archive

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

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Puke, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Pukë	Gjegjan	Qelëz	Qerret	Rrapë
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Beqir Arifaj	Ndue Cara	Fatmir Balaj	Rrok Dodaj	Ndue Gjoni
Executing Officer	Fiqirete Baci	Marie Frroku	Flora Palushi	Pranvera Filipi	Lula Mema
Adopted plan, objectives and control mechanisms related Risk	No	Yes	Yes	Yes	Yes
Asset Accounting Register	No	No	No	Yes	No
Leased Properties Register	No	No	No	Yes	No
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	Yes	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
<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. <p>Implementation of the risk management plan</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"> 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. It is recommended to create registries with data as complete and accurate assets. Registers should include a minimum of data on: sale / purchase of assets, depreciation rates, revaluation or not, reviewed by an assessor independent licensed or not, the carrying amount, the cost value, serial number, location, number of property in the case of property, life expectancy, etc. Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New City Municipality, considering the transfer of assets from the existing LGU.

Apendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Pukë				
Pukë	Rehabilitation of the street in Puke	Has finished, liquidated 35.405.417	83.596.363	83.596.363
Qelëz	School reconstruction	Has finished, no liquidated 28879	399000	399000
Qelëz	Garbage bins purchases	Has finished, no liquidated	225000	225000
Rrapë	Reconstruction of bridge Kavlin	Ongoing no liquidated	22866215	22866215
Rrapë	Street Lum i Zi	Ongoing no liquidated	95229384	95229384

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		1,258,761	1,178,425	1,131,608	
3		I. Intangible Assets		10,015	10,015	9,713	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	10,015	10,015	9,713	
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		1,168,409	1,168,409	1,121,895	
10	210	Land		1,203	1,203	1,203	
11	211	Forests, Pasture, Plantation	F6, Sh1	15,700	15,700	15,700	
12	212	Building and Constructions	F6, Sh1	515,114	515,114	467,229	
13	213	Roads, networks, water facilities	F6, Sh1	636,496	636,496	611,786	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	14,359	14,359	13,925	
15	215	TransYesrt vehicles	F6, Sh1	13,509	13,509	13,509	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	63,912	63,912	61,521	
19	219	Depreciation of tangible assets	F7, Sh1	(139,123)	(139,123)	(136,221)	
20	231	Expenses in process for increase of current tangible assets	F4	47,240	47,240	73,243	
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		80,337	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		80,337	-	-
27	B	CURRENT ASSETS		159,881	159,881	198,417
28	Class 3	I. Inventory Status		18,695	18,695	18,841
29	31	Materials	Sh2	1,721	1,721	1,868
30	32	Inventory Objects	Sh2	16,507	16,507	16,507
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		467	467	467
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		120,052	120,052	146,549
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	289	289	289
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		102,498	102,498	128,183
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	17,265	17,265	18,077
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		21,134	21,134	33,027

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	21,134	21,134	33,027
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)		-	-	669
69	X	ASSETS TOTAL		1,418,642	1,338,305	1,330,694
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		1,278,167	1,197,831	1,151,161
2	10	I. Own funds		1,278,167	1,197,831	1,151,161
3	101	Base funds	F8	1,230,927	1,150,591	1,077,918
4	105	Capital internal grants		47,240	47,240	73,243
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		126,424	126,424	156,247
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		126,424	126,424	156,247
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	99,550	99,550	125,219
23	42	Employees and related accounts		2,339	2,339	4,741
24	431	Liabilities to government for taxes		99	99	177
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		16,773	16,773	16,773
28	435	Social Insurance		629	629	1,300
29	436	Health Insurance		87	87	129
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		70	70	-
35	466	Creditors for assets under guard	Sh5	6,203	6,203	7,698
36	467	Other creditors		673	673	209
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 exYessure		-	-	-
42	85	Result (credit amount)		14,051	14,051	23,287
43	X	TOTAL LIABILITY		1,418,642	1,338,305	1,330,694
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		184,750	184,750	277,751	
2	60	I. Current expenses		184,241	184,241	277,585	
3	600	Salaries, bonuses		45,886	45,886	59,780	
4	6001	Salaries		45,746	45,746	59,610	
5	6002	TemYesrary salaries		-	-	29	
6	6003	Bonuses		141	141	141	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		7,663	7,663	9,665	
9	6010	Insurance contributions		6,888	6,888	8,647	
10	6011	Health insurance		775	775	1,017	
11	602	Other goods and services		30,062	30,062	50,196	
12	6020	Stationary		1,445	1,445	2,358	
13	6021	Special services		4,878	4,878	7,778	
14	6022	Services from third party		7,858	7,858	12,457	
15	6023	TransYesrt expenses		3,558	3,558	5,368	
16	6024	Travel expense		1,801	1,801	3,001	
17	6025	Ordinary maintenance expenses		3,208	3,208	6,465	
18	6026	Rent expenses		39	39	120	
19	6027	Expenses for legal liability for compensation		1,259	1,259	1,789	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		6,015	6,015	10,858	
22	603	Subsidies		1,500	1,500	1,500	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		1,500	1,500	1,500
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		5,692	5,692	5,351
29	6040	Current transfers to other government levels		3,596	3,596	3,745
30	6041	Current transfers to various government institutions		80	80	80
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		2,016	2,016	1,526
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		93,438	93,438	151,094
39	6060	Transfers paid from ISS and HII		-	-	245
40	6061	Transfers paid from other institutions and Local government		93,438	93,438	150,849
41	63	II. Change in inventory balances	F1	509	509	166
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		184,750	184,750	277,751
61		D. RESULT CORRECTIONS ACTIVITES		34,409	34,409	28,160
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		23,974	23,974	23,668
64	8420	Revenues deYessited in the budget		-	-	-
65	8421	DeYessit in the budget of unused revenues		-	-	468
66	8422	Transfers of revenues within the system		6,609	6,609	-
67	8423	Transfers for changes in situation		(363)	(363)	(166)
68	8424	Transfers for identified debtors and similar items		4,189	4,189	4,189
69	Class 6 & 8	TOTAL FROM OPERATIONS		219,160	219,160	305,911
70	85	RESULTS FROM FUNCTIONING		14,051	14,051	23,287
71	X	TOTAL		233,211	233,211	329,197

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	233,064	226,456	328,528
2	70	I. TAX INCOMES	14,877	14,877	18,796
3	700	a) On revenues, profit, and equity revenue	2,433	2,433	2,714
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,433	2,433	2,714
7	7009	Other tax	-	-	-
8	702	b) Property tax	6,402	6,402	4,945
9	7020	On immovable property	6,402	6,402	4,557
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	387
12	703	c) Tax uYesn goods and services in the country	6,041	6,041	11,137
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	38	38	-
16	7033	Tax uYesn goods usage and activity permission	1,615	1,615	1,699
17	7035	Local tax on goods usage and activity permission	4,389	4,389	9,438
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	5,603	5,603	8,575
35	710	a) From enterprise and ownership	1,461	1,461	2,562
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,461	1,461	2,562
			-	-	-
39	711	b) Administrative service and secondary revenues	4,142	4,142	6,013
40	7110	Administrative tariffs and regulations	2,472	2,472	4,326
41	7111	Secondary revenues and payments of services	1,475	1,475	1,475
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	19	19	36
44	7114	Revenues from tickets	153	153	153
45	7115	Fines and late-fees, sequestration and compensation	23	23	22
		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)	199,368	199,368	294,549
49	720	a) Internal actual grant	199,368	199,368	294,549
50	7200	From same Government level	87,230	87,230	142,798
51	7201	From other Government levels	56,915	56,915	96,429
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	49,863	49,863	49,962
57	7207	Third party sYesnsorship	5,360	5,360	5,360
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	6,609	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	6,609	6,609	6,609
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	6,609	-	-
69	787	Withdraw from investments	-	6,609	6,609
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	233,064	226,456	328,528
81	83	D. RESULT CORRECTIONS ACTIVITES	146	146	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	146	146	-
84	Class 7 & 8	TOTAL FROM OPERATIONS	233,211	226,602	328,528
85	85	RESULTS FROM FUNCTIONING	-	-	669
86	X	TOTAL	233,211	226,602	329,197

Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	73,243	267,863	49,718	(144,902)
2	105	Internal capital grants	73,243	260,841	34,434	(153,164)
3	1050	From the same government level	27,670	39,699	12,029	-
4	1051	From other Government levels	45,573	213,491	14,754	(153,164)
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	7,651	7,651	-
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	-	7,022	15,284	8,262
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	7,022	15,284	8,262
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	73,243	42,067	68,070	47,240
34	230	Expenses for increase of Intangible Assets	-	302	302	-
35	231	Expenses for increase of Tangible Assets	73,243	41,765	67,768	47,240
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	6,303	-	-	6,303
38	2312	Building and Constructions	30,223	14,754	42,424	2,553
39	2313	Roads, networks, water facilities	36,718	26,376	24,709	38,385
40	2314	Technical installment, machinery, equipment, working tools	-	434	434	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	200	200	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	146,486	309,931	117,789	(97,662)

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	33,027	-	-	-
2	II. RECEIVABLES "CASH"	248,961	-	-	-
3	1. Funds from budget	219,869	-	-	-
4	Actual budget funds (Budget with changes)	186,478	-	-	-
5	Capital budget funds (Budget with changes)	33,392	-	-	-
6	2. Incomes and revenues during the year in "Cash"	29,091	-	-	-
7	Tax revenues in "Cash"	13,964	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	6,515	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	5,360	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3,252	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	244,821	-	-
15	1. Payment from the budget for actual expenses	-	176,802	-	-
16	2. Payments from the budget for capital expenses	-	33,030	-	-
17	3. Payments from revenues for actual expenses	-	9,634	-	-
18	4. Payments from revenues from capital expenses	-	21,717	-	-
19	5. Payments from storage	-	3,638	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	16,034	-	-
22	1. DeYessit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	15,058	-	-

24	3. Internal movements and transfers	-	976	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	281,988	260,854	-	-
26	VI. CLOSING BALANCE	21,134	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	9,713	302	-	-	-	302	-	-	-	-	10,015
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	9,713	302	-	-	-	302	-	-	-	-	10,015
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,184,873	67,768	2,191	5,460	-	75,419	-	-	-	-	1,260,292
6	210 Land	1,203	-	-	-	-	-	-	-	-	-	1,203
7	211 Forests, Pasture, Plantation	15,700	-	-	-	-	-	-	-	-	-	15,700
8	212 Building and Constructions	467,229	42,424	-	5,460	-	47,884	-	-	-	-	515,114
9	213 Roads, networks, water facilities	611,786	24,709	-	-	-	24,709	-	-	-	-	636,496
10	214 Technical installment, machinery, equipment, working tools	13,925	434	-	-	-	434	-	-	-	-	14,359
11	215 TransYesrt vehicles	13,509	-	-	-	-	-	-	-	-	-	13,509
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-
14	218	Economic Inventory	61,521	200	2,191	-	-	2,391	-	-	-	63,912
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + I I)	1,194,586	68,070	2,191	5,460	-	75,721	-	-	-	1,270,307

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
N	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<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	136,221	2,902	-	2,902	-	-	-	-	139,123
		TOTAL (I + II)	136,221	2,902	-	2,902	-	-	-	-	139,123

Template 8: Statement of changes in fund

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

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,077,917.70	9,933	156,058	1,224,043	1,077,918	9,933	75,721	1,143,706
2	1010	Status of base fund	1,077,918	-	-	1,077,918	1,077,918	-	29,762	1,107,679
3	1011	Additions base fund	-	-	156,058	156,058	-	-	45,960	45,960
4	1012	Decrease base fund	-	7,031	-	(7,031)	-	7,274	-	(7,274)
5	1013	Decrease from tangible assets consume	-	2,902	-	(2,902)	-	2,659	-	(2,659)
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	103,960	53,298	17,515	68,176	103,960	53,298	21,617	72,278
11	105	Capital internal grants								

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>		
			73,243	34,265	8,262	47,240	73,243	34,265	8,262	47,240		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	22,549	18,446	-	4,102	18,446	18,446	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
18	85	Result	8,168	587	9,253	16,834	12,270	587	13,355	25,038		
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)	1,181,877	63,232	173,573	1,292,218	1,181,877	63,232	97,338	1,215,984		

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leave d		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	153	-	-	153	45,746	-	141	9,879	1,781	1,796
<i>1</i>	Directors High level education specialist	5	-	-	5	2,769	-	-	666	-	187
<i>2</i>	Technical Ordinary officers	46	-	-	46	21,104	-	110	4,245	-	1,358
<i>3</i>	Employees Temporary employees	13	-	-	13	4,824	-	31	843	-	73
<i>4</i>		26	-	-	26	3,978	-	-	1,276	-	-
<i>5</i>		63	-	-	63	13,071	-	-	2,849	-	-
<i>6</i>		-	-	-	-	-	-	-	-	1,781	178

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	1,418,642	1,338,305	1,330,026
2	I	Current Assets	159,881	159,881	198,417
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	21,134	21,134	33,027
13	Class 4	2. Receivables	120,052	120,052	146,549
29	Class 3	3. Current Inventory accounts	18,695	18,695	18,841
39	II	Non-current Assets	1,258,761	1,178,425	1,131,608
40	23	1. Investments	47,240	47,240	73,243
44	25,26	2. Finance assets	80,337	-	-
47	21,24,28	3. Tangible assets	1,121,169	1,121,169	1,048,652
60	20	4. Intangible assets	10,015	10,015	9,713
65	III	Other assets	-	-	-
69	B	Liabilities	126,424	126,424	156,247
70	I	Current liabilities	126,424	126,424	156,247
71	Class	1. Accounts payable	126,424	126,424	156,247
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)	1,292,218	1,211,882	1,173,778
97		Presented: Consolidated budget	1,278,167	1,197,831	1,151,161
98		Carried forward results	14,051	14,051	22,618

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	233,211	226,602	328,528
2	70,750,71	I. REVENUES AND CONTRIBUTES	20,479	20,479	27,371
3	70	1. Tax revenues uYesn	14,877	14,877	18,796
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	5,603	5,603	8,575
23	72	II. GENERAL ACTUAL GRANTS	199,368	199,368	294,549
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	6,609	6,609	6,609
32	77, 83	V. OTHER REVENUES	6,755	146	-
33	B	TOTAL EXPENSES	219,160	219,160	305,911
34		I. ACTUAL EXPENSES	184,241	184,241	277,585
35	600 601	1. Salaries and employees contribution	53,549	53,549	69,445
38	602	2. Goods and Services	30,062	30,062	50,196
49	603	3. Subsidies	1,500	1,500	1,500
50	604	4. Internal actual transfers	5,692	5,692	5,351
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	93,438	93,438	151,094
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	34,919	34,919	28,326
58	C	DETERMINED NET INCOME	14,051	7,443	22,618
59		From this: Functioning results	14,051	14,051	23,287
60		Functioning observed grants	-	(6,609)	(669)

STAR Project

Municipality Shkoder

Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality , Shkodër, Ana Malit, Bërdicë, Dajç , Guri i Zi, Rrethina, Postribë, Pult, Shalë, Shosh, Velipojë, 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	Shko dër	Ana Malit	Bërd ic a	D a j ç i	Guri i Zi	Po str ibë	P u l t	Rre thin a	S h a l ë	S h o s h	Veli pojë
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Shkoder budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality Shkoder, 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, 11 units are transformed in 1 Municipality with 10 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role										
New Municipality					Shkoder					
Municipality Council						✓				
Mayor						✓				
Deputy Mayor						✓				
Secretary of Municipality Council						✓				
Administrative Unit	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Velipojë
Administrator	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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

Functions

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

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

The total number of people performing public services is 317

- 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 604

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

Public Services	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Velipojë	Merged:
Infrastructure and public services												
Water Supply Company	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	0
Functioning of the sewerage system	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	0
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	0
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	n/a	Contracted	1	Contracted	Contracted	Contracted	Contracted	Contracted	1
Rehabilitation and maintenance of local roads, sidewalks and public squares	Contracted	1	n/a	6	n/a	1	n/a	14	n/a	Contracted	Contracted	22
Public lighting	Contracted	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	Contracted	6
The operation of urban public transport	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
Cemeteries administration and guarantee of funeral services	Contracted	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Decorations Service in town / village	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Administration of parks, gardens and public spaces	Contracted	0.5	n/a	1	n/a	13	n/a	2	n/a	n/a	n/a	16.5
Collection, disposal and recovery of waste	Contracted	1	n/a	Contracted	Contracted	Contracted	n/a	n/a	n/a	n/a	Contracted	1
Urban planning	n/a	n/a	1	n/a	2	n/a	n/a	3	n/a	n/a	3	9
Land management	n/a	1	0.5	0.5	1	n/a	1	1	2	1	n/a	8
Shelter	3	n/a	n/a	n/a	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	73	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	73
Organization of sporting, recreational and entertainment activities and management of relevant institutions	21	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	22
Social services of kindergardens	64	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64
Social services - orphanages, shelters	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Local economic development												
Preparation of local economic development programs	1	n/a	n/a	0.2	n/a	3	n/a	n/a	n/a	n/a	n/a	4.2
Establishment and function of public markets and trade network	1	n/a	n/a	n/a	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	1	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	3
Organization of services within the local	1	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	n/a	n/a	3

Public Services	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Velipojë	Merged:
economic development support and information structures and infrastructure necessary												
Veterinary services	2	n/a	0.5	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	3.5
Conservation and development of forests and natural resources of local character	1	n/a	n/a	0.5	n/a	1	1	n/a	1	1	n/a	5.5
The order and civil protection												0
Preservation of public order to prevent administrative violations	17	n/a	0.5	n/a	1	1	1	2	3	1	1	27.5
Civil protection	n/a	n/a	0.5	n/a	1	n/a	n/a	1	1	n/a	n/a	3.5
Educational institutions												0
Maintenance of facilities in preliminary education		n/a	n/a	n/a	n/a	1	n/a	1	n/a	n/a	n/a	2
Medicine												0
Health care system and the protection of public health	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5
Social care												0
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0.6	1	n/a	0.5	n/a	2	n/a	0.6	n/a	n/a	n/a	4.7
Social Care on domestic violence	0.6		n/a	n/a	n/a	1	n/a	0.6	n/a	n/a	n/a	2.2
Social care for the protection of children's Rights	0.6		n/a	n/a	n/a	1	n/a	0.6	n/a	n/a	n/a	2.2
Environmental Protection												0
Environmental Protection	1	n/a	n/a	0.2	n/a	1	n/a	n/a	n/a	n/a	n/a	2.2
Register Office												0
Register Office	10	1	1	1	1	1	1	2	1	n/a	1	20
Business Registration												0
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Total	207.8	7	4	11.4	6	33	4	27.8	8	3	5	317

Horizontal Functions	Shkoder	Ana Malit	B ë r d i c a	D a j ç i	Guri i Zi	Postribë	P u l t	Rrethina	S h a l ë	Shosh	Velipojë	Merged
Finance	7	1	2	1	2	2	3	5	2	1	2	28
Local taxes and Tariffs	12	1	1	1	2	2	1	4	1	n/a	2	27
Legal Issues	4	n/a	0.2	1	0.5	0.5	n/a	0.5	1	n/a	0.5	8-9
Procurement	2	n/a	0.2	0.5	0.5	0.5	n/a	0.5	n/a	n/a	0.5	4-5
Institutional Relations	231	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	231
Human Resources	12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	13
Protocol	1	n/a	0.3	n/a	0.5	0.5	n/a	0.5	0.5	n/a	n/a	3-4
Archiving	1	n/a	0.3	n/a	0.5	0.5	n/a	0.5	0.5	n/a	n/a	3-4
Information Technology	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Supporting services	67	7	3	7	2	15	4	26	5	9	39	184
Internal Audit	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
Economic Aid	9	n/a	1	0.5	2	2	5	3	2	1	n/a	25-26
Assets	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4
Agricultural	n/a	1	1	1	2	4	n/a	n/a	4	2	n/a	15
Social care	7	1	n/a	n/a	n/a	n/a	n/a	2	n/a	n/a	n/a	10
Urbanistic	15	n/a	2	n/a	3	n/a	n/a	4	n/a	n/a	3	27
Development	10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10
One stop shop	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Culture office	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Public relationship	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a	3
Total	387	11	11	14	15	27	13	49	16	13	48	604

Orientation

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

The 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

(Berdice)

- The same person is meanwhile is in charge for the procurement and other legal cases

(Ana Malit)

- The same person is meanwhile is in charge for the collection of the taxes and finance issues and warehouse stock

Responsibilities of following leadership positions / responsibilities that will change:

Ana Mali, Berdica, Dajç, Guri i Zi, Postribe, Pult, Rethina, Shale, Shosh, Velipojë):

- Responsible of the Finance / budget office
- Head of Legal offices.
- Civil Emergencies.

Bërdicë, Guri i Zi, Rrethina, Velipojë:

- Responsible for urban planning office

Dajç

- Responsible for the management and protection of land/livestock
- Responsible for the community center/collaboration / project design development / education / culture / youth / sports

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Shkoder)
 - Construction of the roads
 -
- Licensed Services:
 - None
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?

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

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

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

- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

Ana Mali, Berdica, Dajç, Guri i Zi, Postribe, Pult, Rethina, Shale, Shosh, Velipojë):

- Responsible of the Finance / budget office
- Head of Legal offices.
- Civil Emergencies.

Bërdicë, Guri i Zi, Rrethina, Velipojë:

- Responsible for urban planning office

Dajç

- Responsible for the management and protection of land/livestock
 - Responsible for the community center/collaboration / project design development / education / culture / youth / sports

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 349,818 thousand ALL. Overdue municipal obligations are reported at a value 138,876 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 16% 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 Shkoder, 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 Shkoder, LGU Ana Mali, LGU Berdice, LGU Dajc, LGU Guri i Zi, LGU Postribe, LGU Pult, LGU Rrethinat, LGU Shale LGU Shosh, LGU Velipoje.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	1,417,674
Tax and non-tax revenue	365,055
Total Expenses	1,030,231
Total Assets	8,786,786
Liabilities	349,818

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	8,786,786	8,508,920
I	Current Assets	1,267,336	1,198,958
Class 5	1. Petty - Cash, Banks, and Funds Availability	877,801	877,801
Class 4	2. Receivables	340,011	271,634
Class 3	3. Current Inventory accounts	49,524	49,524
II	Non-current Assets	7,519,450	7,309,962
23	1. Investments	97,854	97,854
25,26	2. Finance assets	906,987	697,498
21,24,28	3. Tangible assets	6,503,503	6,503,503
20	4. Intangible assets	11,106	11,106
III	Other assets	349,818	226,553
B	Liabilities	348,107	224,842
I	Current liabilities	348,107	224,842
Class 4	1. Accounts payable	1,711	1,711
	Carried forward results	8,436,967	8,282,367

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 8,786,786 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 21% compared to December 31, 2014.

Current assets

- Current assets which have 14% of total assets are increased by 68% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 89% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts are increased of 43% .

Accounts Receivable

- Structure of total debtors of municipality Shkoder consists of 77.7% of debtors of LGU Shkoder, 17.7 % from LGU Velipoje, from 1.95% LGU Rrethinat.
- Non-current accounts*
- Non-current assets which occupy the largest share of assets of the municipality Shkoder 86%, have increased by 16% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 3% which compose 74% of total assets.

PPE

- 65.76% of PPEs of Municipality Shkoder are composed by the PPEs of LGU Shkoder, 5.82% from PPE of the LGU Gur I Zi, 4.97% from LGU Berdice, 4.62% from LGU Velipoje, 3.17% from LGU Postribe, 3.33% from LGU Dajc and 2.11% from LGU Shale, 1.28% from LGU Ana Malit and 0.77% from LGU

- *Accounts Payable*

Accounts payable are increased by 20% during the period ended July 31, 2015 compared with the previous year 2014.

- 83.98% of the total accounts payable is composed of accounts payable of LGU Shkoder, 0.39% from LGU Ana Mali, 0.72% from LGU Berdice, 0.14 % from LGU Dajc, 1.05% from LGU Gur I zi, 1.04 % from LGU pult, 5.87 % from LGU Rrethinat, 1.05% from LGU Shale and 4.81% from LGU Velipoje.

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	2,173,145	2,158,830
A	I. REVENUES AND CONTRIBUTES	365,055	365,055
70,750,71	1. Tax revenues upon	269,815	269,815
75	3. Non tax revenues	95,239	95,239
71	II. GENERAL ACTUAL GRANTS	1,417,674	1,417,674
	IV. WORKS FOR INVESTMENTS	373,414	373,414
78	V. OTHER REVENUES	17,002	2,687
B	I. ACTUAL EXPENSES	1,305,258	1,305,258
	1. Salaries and employees contribution	1,025,053	1,025,053
600 601	2. Goods and Services	139,381	139,381
603	4. Internal actual transfers	212,898	212,898
605	6. Budget transfers for families and individuals	81,586	81,586
66	IV. OTHER EXPENSES	583,529	583,529
C	From this: Functioning results	277,978	277,978
	Functioning observed grants	867,887	853,572

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 2,173,145 thousand lek. 17% of the total municipality income is composed of tax and non-tax revenues, 65% of income are from grants.

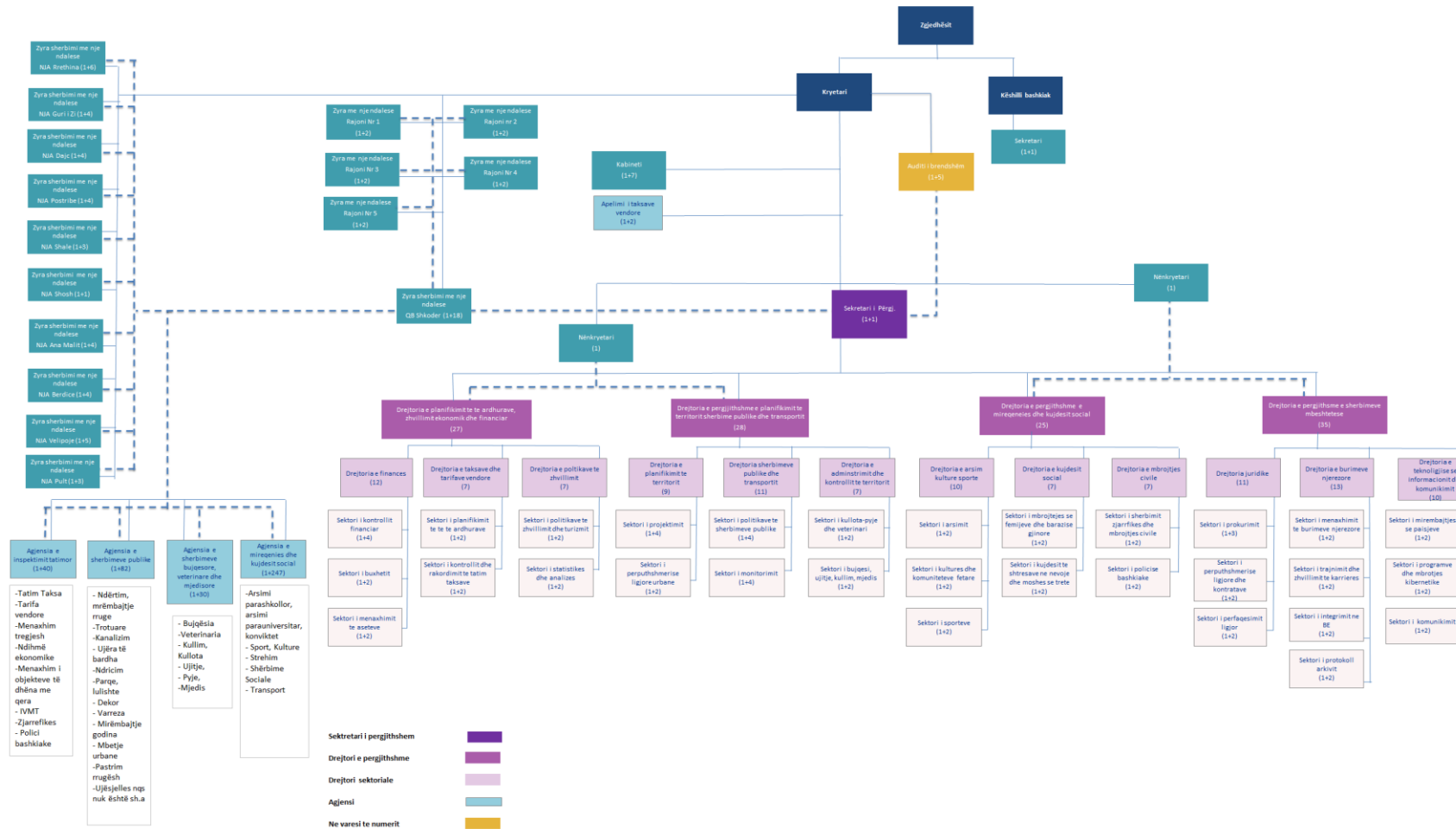
Structure of total revenues is comprised of 71.29% of the revenue generated from LGU Shkoder, 1.14 % from LGU Ana Mali, 1.78% from LGU Berdice, 1.27 % from LGU Dajci, 2.29% from LGU Guri i Zi, 3.71% from LGU Postribe, 1.78% from LGU Pult, 7.14 from LGU Velipoje and 7.93% Rrethinat and 1.09% from LGU Shale.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 1,305,258 thousand Lek. 79% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 61.02% expenses of the LGU Shkoder, 2.26 % from LGU Ana Mali, 3.04% from LGU Berdice, 1.92 % from LGU Dajci, 4.76% from LGU Guri i Zi, 5.96% from LGU Postribe, 3.08% from LGU Pult, 3.64% from LGU Velipoje and 11.39% Rrethinat and 1.81% from LGU Shale.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

- 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.
- 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 349 employees. More detailed: no persons working under employment contracts of one year, 106 persons working under labor contracts expired, (N/A) maternity leave, 71 person have non-specified contracts, 103 have the civil worker status, for 62 persons there is no information available. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- Use of information technology is limited to the use of personal computers, printers and Internet service. The maintenance of the hardware and software is done by the maintenance staff of LGU Shkoder.
- In the center of the Municipality of Shkoder, the use of information technology is fine. There is internet service available.
In some LGU the condition is not satisfactory. Operating systems and software are not licensed. The network is working but has difficulty in IT maintenance.
- The IT infrastructure is relatively old. Some of the PC and other devices are out of order, while others continue to be used even though are fully depreciated.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Shkodër	Ana Malit	Bërdica	Dajçi	Guri Zi	Postribë	Pullt	Rrethina	Shalë	Shosh	Velipojë
Installed Software	13	2	None	4	None	None	None	3	None	None	None
Contracts of licenses	12	None	None	None	1	None	None	1	None	None	None
Hardware (in usage)	2	2	None	3	1	None	None	1	None	None	None
Computer (desktop)	99	6	None	24	46	6	None	5	None	None	26
Printers	36	6	11	2	18	4	1	7	1	None	16
Servers	6	None	None	None	None	None	None	None	None	None	1
Other	256	1	2	25	17	11	1	33	1	None	29
IT staff in total	2	None	None	None	None	None	None	None	None	None	None
Hardware and Software maintenance	Local supplier	None	None	None	None	None	None	Local supplier	None	None	None

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Shkoder is not managed by a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardware's and Software's 	<ul style="list-style-type: none"> LGU Shkoder should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- There are three categories of submission of the situation:
 - In the biggest municipality, where as the completion of equipment, contracting and use, the situation is good,
 - in the LGU, located around the city of Shkodra, the situation is satisfactory, where we see the lack of media, old.
 - in the LGU, near the mountains, is noticed lack of means of information and no contracts.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication

Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none">• Lack of the electronic equipments in the LGU communication• The increasement in the communication• For more detailes please refer to the Appendix 4- Communication	<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.
	<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.• Also it is recommended that the staff should be provided with smartphones.

Observations and recommendations

Objectives	Shkodër	Ana Malit	Bërdica	Dajç	Guri Zi	Postribë	Pull	Rrethina	Shallë	Shosh	Velipojë
Telephony service	Has	Has	No info	No info	Has	Has	No info	None	None	None	None
Telephony/service providers	Shkodra Intel TV sh.p.k	Dovashpk Local service	No info	None	ATN Bushat Shërbim Lokal	Telekom Postriba Local service	No info	None	None	None	None
Internet service	Itcom Local service	Dovashpk Local service	No info	Sajet SHPK Local service	ATN Bushat Local service	Telekom Postriba Local service	No info	ABcom, Local service	None	None	Ej&BI, Local service
Assess coverage of the telephony service	Local	Local	No info	N/a	Local	Local	No info	Local	None	None	Local
Internal communication lines	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email	Verbal/written/email

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- In the biggest municipality, the situation of the archives is good.
- in the LGU, located around the city of Shkodra, the situation is satisfactory, where we notice lack of some registrations.
- in the LGU, near the mountains, is noticed lack of archives and the documents are held in non-appropriated offices.
- 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	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Veli pojë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	Yes	No,only fire exchting uer	Yes	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	Alumin	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	No	No	Yes	Yes	Yes	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes,but no distance from the wall	No	Yes, but no distance from the wall	Yes, but no distance from the wall	Yes,but no distance from the wall	Yes, but no distance from the wall	No	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No	No	No	No	No
Archive keys in two copies	No	No	No	Yes	No(only one copy)	Yes	No	No	No	No	No
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	No	Yes	No	No	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Veli pojë
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	Yes	No	No	No	No	No	No	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	No	No	Yes	Yes (divided as per year)	Yes	No	No	No	No	No
According to this scheme, all the documents that are found in the archive: Firstly are classified (grouped) by year											
Then, are classified based on structures (i.e. directorates, departments, branches, etc.)	Yes	No		No		No	No	No	No	No	No
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.											
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	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Veli pojë
Cover file (Module 6), clearly marked and grammar:											
- Full name of the state entity - no state											
- Department or branch that operates											
- The level of classification (if the document is of this type)											
- The file contains an identification number, year											
- Full title of the file											
- The period that the document should save (protect)	Yes	No	No	Yes(partially)		Yes	No	No	No	No	No
- Date of completion of conservation											
- The amount of documents that are stored in files					Yes(partially)						
- Inventory identification number on file											
- The period of use											
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical Distance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	No	No	No such documents	No	No	No	No	No	No
The emblem of the Republic	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
At the head of the document should be written "Republic of Albania"	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Veli pojë
Title of the institution and structures belonging to the institution	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Number of documents attached	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
The content of the document	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Name, surname and signature of the person who signed the document and stamp	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Signature of the director of the institution	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Date and number of protocol	Yes	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Mod 1 - Correspondence model	Yes	No	No	Yes	No	Yes	No	No	No	No	No
Mod 3 - Serial Number of Correspondence	Yes	No	No	Yes	No	Yes	No	No	No	No	No
Mod 4. -The Book Delivery	Yes	No	No	No	No	Yes	No	No	No	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	No	Yes	No	No	No	No	No
Mode 5 - Table definitions of files for the year	Yes	No	No	Yes	No	Yes	No	No	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	Yes(partially)	No	Yes	No	No	No	No	No
Mod 7 - Register of files	Yes	No	No	No	No	Yes	No	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Shkodër	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Veli pojë
Mod 8 - Internal File register	Yes	No	No	Yes	No	Yes	No	No	No	No	No
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	No	Yes	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	No	Yes	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No	Yes	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No	No	Yes	No	No	No	No	No

Observations and Recommendations

Archive

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

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Aalso, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Shkoder, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Shkoder	Ana Malit	Bërdica	Dajçi	Guri i Zi	Postribë	Pult	Rrethina	Shalë	Shosh	Velipojë
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Lorenc Luka	Xhevat Molca	Besnik Brahimi	Arben Gjuraj	Martin Lazri	Faz Shabaj	Mark Kulla	Luan Harusha	Bale Vuksani	Mark Kulla	Pashko Ujka
Executing Officer	Teuta Haxhi	Isa Mandja	Suzana Hyseni	Filip Kercunga	Ardiana Marku	Agim Bushi	Zef Livadhi	Florinda Ndoja	Leke Shkafja	Zef Livadhi	Zybe Dhima
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	No	No	Yes	Yes	No	Yes	No info	No	No
Asset Accounting Register	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No info	Yes	No
Leased Properties Register	Yes	No	No	No	No	No	No	Yes	No info	No	No
Owned Companies Register	Yes	No	No	No	No	No	No	No	No info	No	No
Annual Assets Inventory	Yes	No	No	No	No	No	No	No	No info	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No info	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No info	No	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No info	No	No
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No info	No	No

Observations and Recommendations

Asset Management

Observations	Recommendations
<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. <p>Implementation of the risk management plan</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"> 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. It is recommended to create registries with data as complete and accurate assets. Registers should include a minimum of data on: sale / purchase of assets, depreciation rates, revaluation or not, reviewed by an assessor independent licensed or not, the carrying amount, the cost value, serial number, location, number of property in the case of property, life expectancy, etc. Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New City Municipality, considering the transfer of assets from the existing LGU.

Appendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Name	Shkodër			
Bërdice	Purchase of Stoves	Finished no liquidated	480 000	480 000
Guri i Zi	Rehabilitation of the streets DOMEN	Finished no liquidated 12801174	33,564,149	33,564,149

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		7,519,450	7,309,962	6,491,579	
3		I. Intangible Assets		30,495	30,495	34,563	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	11,106	11,106	26,295	
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		19,389	19,389	8,268	
9		II. Tangible Assets		6,581,968	6,581,968	6,457,017	
10	210	Land		958,108	958,108	958,108	
11	211	Forests, Pasture, Plantation	F6, Sh1	2,372	2,372	2,372	
12	212	Building and Constructions	F6, Sh1	1,896,075	1,896,075	1,845,300	
13	213	Roads, networks, water facilities	F6, Sh1	3,655,025	3,655,025	3,525,304	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	110,656	110,656	109,675	
15	215	Transport vehicles	F6, Sh1	55,362	55,362	55,362	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	130,459	130,459	127,375	
19	219	Depreciation of tangible assets	F7, Sh1	(304,554)	(304,554)	(291,102)	
20	231	Expenses in process for increase of current tangible assets	F4	78,465	78,465	124,624	
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		906,987	697,498	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		906,987	697,498	-
27	B	CURRENT ASSETS		1,267,336	1,198,958	756,034
28	Class 3	I. Inventory Status		49,524	49,524	52,475
29	31	Materials	Sh2	21,127	21,127	23,315
30	32	Inventory Objects	Sh2	28,397	28,397	29,160
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		340,011	271,634	238,168
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)		124,084	55,612	45,000
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	215,927	216,021	193,168
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		877,801	877,801	465,390

				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	877,159	877,159	464,703
59	531	Petty-cash		-	-	-
60	532	Other amounts		642	642	687
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 debtor)		-	-	-
69	X	ASSETS TOTAL		8,786,786	8,508,920	7,247,613
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		7,564,996	7,425,679	6,703,563
2	10	I. Own funds		7,446,030	7,305,747	6,440,398
3	101	Base funds	F8	7,430,850	7,290,567	6,415,154
4	105	Capital internal grants		15,179	15,179	25,244
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		119,932	119,932	99,764
9	111	Reserve funds		69,205	69,205	-
10	115	Assignments from the year results for investments		50,727	50,727	99,764
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		(966)	-	163,401
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		348,107	224,842	289,563
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		348,107	224,842	289,563
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	5,256	5,256	25,699
23	42	Employees and related accounts		6,719	6,719	19,380
24	431	Liabilities to government for taxes		438	438	769
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		154,525	31,256	31,189
28	435	Social Insurance		1,863	1,863	4,614
29	436	Health Insurance		258	258	641
30	437	Other social organizations		-	-	-
31	44	Other public institutions		137	140	3
32	45	Relationships with institutions in and outside the system		-	-	1
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	45,292	45,292	64,063
36	467	Other creditors		133,620	133,620	143,204
37	C	OTHER ACCOUNTS		1,711	1,711	1,354
38	475	Incomes to register in the coming years		1,711	1,711	1,354
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		871,972	857,655	251,858
43	X	TOTAL LIABILITY		8,786,786	8,509,886	7,246,339
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	Class 6	A. Expenses for exploitation/usage		1,030,231	1,030,231	1,949,345	
2	60	I. Current expenses		1,025,053	1,025,053	1,938,338	
3	600	Salaries, bonuses		120,554	120,554	230,563	
4	6001	Salaries		120,554	120,554	230,563	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		18,827	18,827	33,987	
9	6010	Insurance contributions		16,864	16,864	30,366	
10	6011	Health insurance		1,964	1,964	3,621	
11	602	Other goods and services		212,898	212,898	367,250	
12	6020	Stationary		5,247	5,247	12,893	
13	6021	Special services		10,498	10,498	30,343	
14	6022	Services from third party		141,697	141,697	251,100	
15	6023	Transport expenses		9,170	9,170	17,984	
16	6024	Travel expense		297	297	202	
17	6025	Ordinary maintenance expenses		9,496	9,496	21,743	
18	6026	Rent expenses		602	602	668	
19	6027	Expenses for legal liability for compensation		14,672	14,672	3,719	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		21,218	21,218	28,598	
22	603	Subsidies		7,658	7,658	5,040	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		1,898	1,898	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		5,760	5,760	5,040
28	604	Current internal transfers		81,586	81,586	72,163
29	6040	Current transfers to other government levels		76,032	76,032	66,625
30	6041	Current transfers to various government institutions		2,954	2,954	4,977
31	6042	Current transfers for social and health insurance		4	4	9
32	6044	Current transfers for not for profit organizations		2,596	2,596	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		583,529	583,529	1,229,335
39	6060	Transfers paid from ISS and HII		660	660	165
40	6061	Transfers paid from other institutions and Local government		582,869	582,869	1,229,170
41	63	II. Change in inventory balances	F1	2,951	2,951	11,007
42	68	III. Depreciation rates and expected balances		2,227	2,227	-
43	681	Amortization rates on exploitation		1,014	1,014	-
44	682	Residual value on fixed assets, damaged or disposed		1,213	1,213	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		1,030,231	1,030,231	1,949,345
61		D. RESULT CORRECTIONS ACTIVITES		275,027	275,027	490,627
62	828	Names of cancelled revenues		-	-	540
63	831	Determination of revenues for investments		99,621	99,621	277,531
64	8420	Revenues deposited in the budget		18,815	18,815	3,164
65	8421	Deposit in the budget of unused revenues		45,458	45,458	12,835
66	8422	Transfers of revenues within the system		107,070	107,070	198,004
67	8423	Transfers for changes in situation		1,987	1,987	(1,448)
68	8424	Transfers for identified debtors and similar items		2,075	2,075	0
69	Class 6 & 8	TOTAL FROM OPERATIONS		1,305,258	1,305,258	2,439,971
70	85	RESULTS FROM FUNCTIONING		868,779	854,467	243,035
71	X	TOTAL		2,174,037	2,159,725	2,683,007

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	2,156,143	2,156,143	2,728,703
2	70	I. TAX INCOMES	269,815	269,815	306,549
3	700	a) On revenues, profit, and equity revenue	64,740	64,740	69,978
4	7000	Personal income tax	398	398	548
5	7001	Income tax	-	-	-
6	7002	Small business tax	64,342	64,342	69,357
7	7009	Other tax	-	-	73
8	702	b) Property tax	71,341	71,341	86,471
9	7020	On immovable property	64,080	64,080	77,245
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	7,261	7,261	9,226
12	703	c) Tax goods and services in the country	133,507	133,507	150,100
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax specific services	-	-	-
16	7033	Tax goods usage and activity permission	27,375	27,375	33,935
17	7035	Local tax on goods usage and activity permission	106,133	106,133	116,165
18	704	d) Tax commercial and international transactions	10	10	-
19	7040	Duties on import goods	10	10	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax international commercial trans	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	217	217	-
25	709	g) Penalty interest	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	95,239	95,239	191,157
35	710	a) From enterprise and ownership	903	903	2,871
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	903	903	2,871
			-	-	-
39	711	b) Administrative service and secondary revenues	89,202	89,202	169,904
40	7110	Administrative tariffs and regulations	74,870	74,870	120,854
41	7111	Secondary revenues and payments of services	9,995	9,995	13,672
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	4,337	4,337	34,994
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	385
47	719	c) Other non tax revenues	5,134	5,134	18,381
48	72	IV. ACTUAL GRANTS (a+b)	1,417,674	1,417,674	2,076,958
49	720	a) Internal actual grant	1,417,674	1,417,674	2,076,958
50	7200	From same Government level	545,794	545,794	719,063
51	7201	From other Government levels	856,954	856,954	1,293,204
52	7202	From budget for special payments to Social Institute	14,922	14,922	24,410
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	4

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	5	5	1,169
57	7207	Third party sponsorship	-	-	7,790
58	7209	Other internal grants	-	-	31,319
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	373,414	373,414	154,039
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	373,414	373,414	154,039
70	76	B. FINANCIAL INCOMES	-	-	72
71	760	From internal borrowing interests	-	-	72
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	14,404	90	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	14,314	-	-
78	778	Correction from previous year	90	90	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	2,170,547	2,156,233	2,728,774
81	83	D. RESULT CORRECTIONS ACTIVITES	2,597	2,597	9,564
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	2,597	2,597	9,564
84	Class 7 & 8	TOTAL FROM OPERATIONS	2,173,145	2,158,830	2,738,339
85	85	RESULTS FROM FUNCTIONING	895	895	44,324
86	X	TOTAL	2,174,040	2,159,725	2,782,663

Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	252,119	407,744	295,986	140,360
2	105	Internal capital grants	52,344	66,896	46,860	32,308
3	1050	From the same government level	27,100	41,812	16,590	1,879
4	1051	From other Government levels	25,244	19,914	25,099	30,429
5	1052	Third parties contribution for investments	-	5,170	5,170	-
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	32,080	84,395	88,057	35,742
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	32,080	84,395	88,057	35,742
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	167,694	256,453	161,069	72,310
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	114,229	129,746	146,121	97,854
34	230	Expenses for increase of Intangible Assets	8,268	11,750	629	19,389
35	231	Expenses for increase of Tangible Assets	105,961	117,996	145,492	78,465
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	3,024	3,768	3,024	3,768
38	2312	Building and Constructions	27,104	60,611	49,890	37,826
39	2313	Roads, networks, water facilities	75,833	43,534	82,495	36,871
40	2314	Technical installment, machinery, equipment, working tools	-	10,000	10,000	-
41	2315	Transport vehicles	-	83	83	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending's principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	366,348	537,490	442,106	238,214

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	464,704	-	-	-
2	II. RECEIVABLES "CASH"	1,852,283	-	-	-
3	1. Funds from budget	945,282	-	-	-
4	Actual budget funds (Budget with changes)	902,598	-	-	-
5	Capital budget funds (Budget with changes)	42,685	-	-	-
6	2. Incomes and revenues during the year in "Cash"	907,000	-	-	-
7	Tax revenues in "Cash"	482,757	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	26,079	-	-	-
10	Interact incomes "Cash"	310,335	-	-	-
11	Sponsorships, grants and other revenues "cash"	77,116	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	10,713	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	1,217,409	-	-
15	1. Payment from the budget for actual expenses	-	636,945	-	-
16	2. Payments from the budget for capital expenses	-	39,091	-	-
17	3. Payments from revenues for actual expenses	-	398,970	-	-
18	4. Payments from revenues from capital expenses	-	97,996	-	-
19	5. Payments from storage	-	29,254	-	-
20	6. Other payments	-	15,152	-	-
21	IV. TRANSFERS	-	222,419	-	-
22	1. Deposit of revenues in the budget	-	7,684	-	-
23	2. Unused budget (actual and capital)	-	107,173	-	-

24	3. Internal movements and transfers	-	107,562	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	2,316,986	1,439,827	-	-
26	VI. CLOSING BALANCE	877,159	-	-	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	26,295	629	-	-	-	629	-	-	15,818	15,818	11,106
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	26,295	629	-	-	-	629	-	-	15,818	15,818	11,106
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	6,642,248	164,155	911	5,170	21,497	191,733	-	19,876	6,048	25,924	6,808,057
6	210 Land	958,108	-	-	-	-	-	-	-	-	-	958,108
7	211 Forests, Pasture, Plantation	2,372	-	-	-	-	-	-	-	-	-	2,372
8	212 Building and Constructions	1,845,300	49,890	-	-	886	50,776	-	-	-	-	1,896,075
9	213 Roads, networks, water facilities	3,525,304	107,129	90	5,170	17,332	129,722	-	-	-	-	3,655,025
10	214 Technical installment, machinery, equipment, working tools	109,675	7,053	821	-	-	7,873	-	1,213	5,680	6,892	110,656
11	215 Transport vehicles	55,362	-	-	-	-	-	-	-	-	-	55,362
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	127,375	83	-	-	3,280	3,363	-	-	278	278	130,459
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	18,753	-	-	-	-	-	-	18,663	90	18,753	-
19		T O T A L (I + II)	6,668,543	164,784	911	5,170	21,497	192,362	-	19,876	21,866	41,742	6,819,163

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
N	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	291,102	13,731	-	13,731	-	278	-	278	304,554
		TOTAL (I + II)	291,102	13,731	-	13,731	-	278	-	278	304,554

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements	
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	6,456,002.10	89,728	1,061,856	7,428,133	6,456,002	18,687	154,869	6,592,184
2	1010	Status of base fund	6,456,002	70,046	790,699	7,176,655	6,456,002	841	30,625	6,485,786
3	1011	Additions base fund	-	5,006	271,157	266,151	-	79	124,245	124,165
4	1012	Decrease base fund	-	5,722	-	(5,719)	-	5,722	-	(5,722)
5	1013	Decrease from tangible assets consume	-	7,741	-	(7,741)	-	10,832	-	(10,832)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	1,213	-	(1,213)	-	1,213	-	(1,213)
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	396,737	341,930	954,027	1,008,834	397,632	359,579	917,137	955,190
11	105	Capital internal grants								

No.	Acc. No.	Description	Restated									
			Opening Balance	Movements			Closing Balances	Opening Balance	Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
<i>a</i>	<i>b</i>	Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit			
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>			
			37,094	72,275	50,360	15,179	37,094	87,454	35,181	(15,179)		
12	107	Current assets in use	-	-	2,470	2,470	-	2,470	-	(2,470)		
13	11	Other own funds	16,441	258	32,074	48,257	16,441	258	32,074	48,257		
14	12	Carried result	168,235	96,209	284	72,311	168,235	96,209	284	72,311		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
		Participation of the										
16	145	institution in investing for	-	-	-	-	-	-	-	-		
		third parties										
17	15	Forecasted amounts for	-	-	-	-	-	-	-	-		
		disasters and expenses										
18	85	Result	174,967	173,188	868,838	870,617	175,862	173,188	849,597	852,271		
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	Capital foreigner grants	-	-	-	-	-	-	-	-		
		investing for third parties										
22		CONSOLIDATED										
		FUND (1 up to 4)	6,852,739	431,658	2,015,883	8,436,967	6,853,634	378,266	1,072,006	7,547,374		

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	444	12	73	383	123,021	-	-	21,185	1,046	4,307
<i>1</i>	Directors High level education specialist	15	-	2	13	8,056	-	-	1,494	255	650
<i>2</i>	Technical Ordinary officers	185	3	6	182	68,565	-	-	11,586	472	3,117
<i>3</i>	Employees Temporary employees	13	-	1	12	3,230	-	-	632	-	4
<i>4</i>		109	4	16	97	25,623	-	-	4,140	92	531
<i>5</i>		98	5	28	75	16,764	-	-	3,041	226	4
<i>6</i>		24	-	20	4	783	-	-	292	-	-

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	8,786,786	8,508,920	7,247,613
2	I	Current Assets	1,267,336	1,198,958	756,034
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	877,801	877,801	465,390
13	Class 4	2. Receivables	340,011	271,634	238,168
29	Class 3	3. Current Inventory accounts	49,524	49,524	52,475
39	II	Non-current Assets	7,519,450	7,309,962	6,491,579
40	23	1. Investments	97,854	97,854	132,892
44	25,26	2. Finance assets	906,987	697,498	-
47	21,24,28	3. Tangible assets	6,503,503	6,503,503	6,332,393
60	20	4. Intangible assets	11,106	11,106	26,295
65	III	Other assets	-	-	-
69	B	Liabilities	349,818	226,553	290,918
70	I	Current liabilities	348,107	224,842	289,563
71	Class	1. Accounts payable	348,107	224,842	289,563
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	1,711	1,711	1,354
96		Net assets (A - B)	8,436,967	8,282,367	6,956,696
97		Presented: Consolidated budget	7,564,996	7,425,679	6,703,563
98		Carried forward results	871,972	857,655	251,858

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	2,173,145	2,158,830	2,738,339
2	70,750,71	I. REVENUES AND CONTRIBUTES	365,055	365,055	497,705
3	70	1. Tax revenues	269,815	269,815	306,549
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	95,239	95,239	191,157
23	72	II. GENERAL ACTUAL GRANTS	1,417,674	1,417,674	2,076,958
26		III. FINANCIAL REVENUES	-	-	72
31	78	IV. WORKS FOR INVESTMENTS	373,414	373,414	154,039
32	77, 83	V. OTHER REVENUES	17,002	2,687	9,564
33	B	TOTAL EXPENSES	1,305,258	1,305,258	2,439,971
34		I. ACTUAL EXPENSES	1,025,053	1,025,053	1,938,338
35	600 601	1. Salaries and employees contribution	139,381	139,381	264,550
38	602	2. Goods and Services	212,898	212,898	367,250
49	603	3. Subsidies	7,658	7,658	5,040
50	604	4. Internal actual transfers	81,586	81,586	72,163
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	583,529	583,529	1,229,335
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	2,227	2,227	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	277,978	277,978	501,634
58	C	DETERMINED NET INCOME	867,887	853,572	298,367
59		From this: Functioning results	868,779	854,467	243,035
60		Functioning observed grants	(892)	(895)	55,332

STAR Project

Municipality Vau i Dejes Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Vau i Dejës, Bushat, Hajmel, Shllak, Temal, Vig-Mnelë, 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 municipaloty/administrative units

Roles	Vau i Dejës	Bushat	Hajmel	Shllak	Te mal	Vig-Mnelë
LGU Council	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Vau i Dejës budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality Vau i Dejës, 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, 6 units are transformed in 1 Municipality with 5 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Roles						
New Municipality		Vau i Dejes				
Municipality Council						✓
Mayor						✓
Deputy Mayor						✓
Secretary of Municipality Council						✓
Administrative Unit	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë	Bushat
Administrator	✓	✓	✓	✓	✓	✓

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

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

Functions

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

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

The total number of people performing public services is 97

- 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 170

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

Public Services	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë	Merged
Infrastructure and public services							
Water Supply Company	Contracted	2	Contracted	Contracted	Contracted	Contracted	2
Functioning of the sewerage system	Contracted	2	Contracted	Contracted	Contracted	Contracted	2
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	2	Contracted	Contracted	Contracted	Contracted	2
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	6	20	n/a	n/a	4	Contracted	30
Public lighting	3	Contracted	n/a	n/a	n/a	n/a	3
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	0
Cemeteries administration and guarantee of funeral services	n/a	3	n/a	n/a	n/a	n/a	3
Decorations Service in town / village	Contracted	n/a	n/a	n/a	n/a	n/a	0
Administration of parks, gardens and public spaces	2	5	1	1	n/a	n/a	9
Collection, disposal and recovery of waste	Contracted	Contracted	2	2	n/a	n/a	4
Urban planning	n/a	2	n/a	n/a	1	n/a	3
Land management	n/a	1	2	1	0.5	0.5	5
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	0
Social,cultural and sports Services							0
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	1	1
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	n/a	0.5	n/a	0.5
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a	0
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	0
Local economic development							0
Preparation of local economic development programs	1	n/a	n/a	n/a	n/a	1	2
Establishment and function of public markets and trade network	1	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	1	n/a	n/a	n/a	n/a	n/a	1
Organization of services within the local economic development support and information structures and infrastructure necessary	1	n/a	n/a	n/a	n/a	n/a	1

Public Services	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë	Merged
Veterinary services	1	1	1	1	1	n/a	5
Conservation and development of forests and natural resources of local character	1	1	n/a	1	0.5	n/a	3.5
The order and civil protection							0
Preservation of public order to prevent administrative violations	3	2	1	n/a	n/a	1	7
Civil protection	2	1	n/a	n/a	n/a	1	4
Educational institutions							0
Maintenance of facilities in preliminary education	1	2	n/a	n/a	n/a	0.5	3.5
Medicine							0
Health care system and the protection of public health	n/a	n/a	n/a	n/a	0.5	n/a	0.5
Social care							0
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	n/a	n/a	n/a	n/a	1	1
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	0
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a	n/a	n/a	0
Environmental Protection							0
Environmental Protection	n/a	1	n/a	1	n/a	n/a	2
Register Office							0
Register Office	1	2	1	1	n/a	n/a	5
Business Registration							0
National Registration Center	n/a	2	n/a	n/a	n/a	n/a	2
Total	24	49	8	8	8	6	97

Horizontal Functions	Vau Dejes	Bushat	Hajmel	Shllak	Temal	VigMnele	Merged:
Finance	1	5	3	1.5	1	1	12.5
Local taxes and Tariffs	3	4	1	1	1	0.3	10.3
Legal Issues	0.5	1	0.5	n/a	n/a	n/a	2
Procurement	0.5	2	0.5	n/a	n/a	n/a	3
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	0
Human Resources	n/a	1	n/a	n/a	1	n/a	2
Protocol	1	0.5	n/a	n/a	0.5	0.3	2.3
Archiving	1	0.5	n/a	0.5	0.5	0.3	2.8
Information Technology	n/a	n/a	n/a	n/a	n/a	n/a	0
Supporting services	27	47	4	5	5	6	94
Internal Audit	n/a	n/a	n/a	n/a	n/a	n/a	0
Economic Aid	3	2	n/a	1	2	n/a	8
Urbanistic	4	5	n/a	n/a	1	n/a	10
Social employee	1	n/a	n/a	n/a	n/a	n/a	1
Agricultural	3	4	3	3	2	1	16
Total	2	n/a	n/a	n/a	1	1	4

Orientation

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

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

(Vig-Mnele)

- The inspectorate of Tax directorate cover also the
- Warehouse stock
- Petty cash
- Secretary
- Archive

(Temal)

- Education.
- Urbanistic

(Hajmel)

- The Finance and budget office
- Responsible for cadaster.

(Bushat)

- The Finance office
- The legal office
- The economic office
- Territory planification office
- Social services

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- MaNority of the functions are provided with its own resources
- The below services are contracted:
 - Water Supply Company (Vau i Dejes)
 - Construction of the roads
 -
- Licensed Services:
 - None
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?

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

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

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

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

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

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

- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

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

(Vig-Mnele)

- The inspectorate of Tax directorate cover also the
- Warehouse stock
- Petty cash
- Secretary
- Archive

(Temal)

- Education.
- Urbanistic

(Hajmel)

- The Finance and budget office
- Responsible for cadaster.

(Bushat)

- The Finance office

- The legal office
 - The economic office
 - Territory planification office
- Social services

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 37,211 thousand ALL. Overdue municipal obligations are reported at a value 6,577 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 15% 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 Vau i Dejes, 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 Vau i Dejes, LGU Bushat, LGU Vig Mnale, LGU Hajmal, LGU Temal, LGU Shllak.

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

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	254,873
Tax and non-tax revenue	45,027
Total Expenses	275,760
Total Assets	3,089,554
Liabilities	37,211

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

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	3,089,554	3,076,192
I	Current Assets	86,426	85,176
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	51,243	51,243
Class 4	2. Receivables	22,134	20,884
Class 3	3. Current Inventory accounts	13,049	13,049
II	Non-current Assets	3,003,129	2,991,016
23	1. Investments	82,250	82,250
25,26	2. Finance assets	29,399	-
21,24,28	3. Tangible assets	2,874,685	2,891,972
20	4. Intangible assets	16,794	16,794
III	Other assets	37,211	35,961
B	Liabilities	25,834	24,584
I	Current liabilities		
Class 4	1. Accounts payable	25,834	24,584
	Carried forward results	11,377	11,377

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 3,089,554 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 4% of total assets are decreased by 25% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 33% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts are increased of 23% .

Accounts Receivable

- Structure of total debtors of municipality Vau i Dejes consists of 56.12% of debtors of LGU Vau i dejes, 14.65 % of debtors of LGU Bushat, 11.3% of debtors of LGU Hajmel .

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Vau i Dejes 97%, have increased by 3% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 2% which compose 93% of total assets.

PPE

- 16,91% % of PPEs of Municipality Vau i Dejes are composed by the PPEs of LGU Vau i Dejes, 67.77% PPE of the LGU Bushat, 5.77% PPE of the LGU Vig Mnele, 7.13% PPE of the LGU Hajmel, 0.92% PPE of the LGU Temal, 1.05% PPE of the LGU Shllak

- *Accounts Payable*

Accounts payable are decreased by 52% during the period ended July 31, 2015 compared with the previous year 2014.

- 13.79% of the total accounts payable is composed of accounts payable of LGU Vau i Dejes, 52.45% from LGU Bushat, 13.26% from LGU Vig Mnele, 15.35% from LGU Hajmel, 4.38% from LGU Temal, 0.77% from LGU Shllak.

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	317,939	317,939
A	I. REVENUES AND CONTRIBUTES	45,027	45,027
70,750,71	1. Tax revenues upon	30,460	30,460
75	3. Non tax revenues	14,567	14,567
71	II. GENERAL ACTUAL GRANTS	254,873	254,873
	IV Investments	17,927	17,927
	V. Other revenues	112	112
	TOTAL EXPENSES		
B	I. ACTUAL EXPENSES	307,216	307,216
	1. Salaries and employees contribution	276,649	276,649
600 601	2. Goods and Services	62,947	62,947
603	4. Internal actual transfers	51,642	51,642
605	6. Budget transfers for families and individuals	17,212	17,212
66	IV. OTHER EXPENSES	144,848	144,848
67	DETERMINED NET INCOME	30,349	30,349
C	From this: Functioning results	10,723	10,723
	Functioning observed grants	13,055	13,055

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 317,939 thousand lek. 15% of the total municipality income are composed of tax and non-tax revenues, 80% of income is from grants.

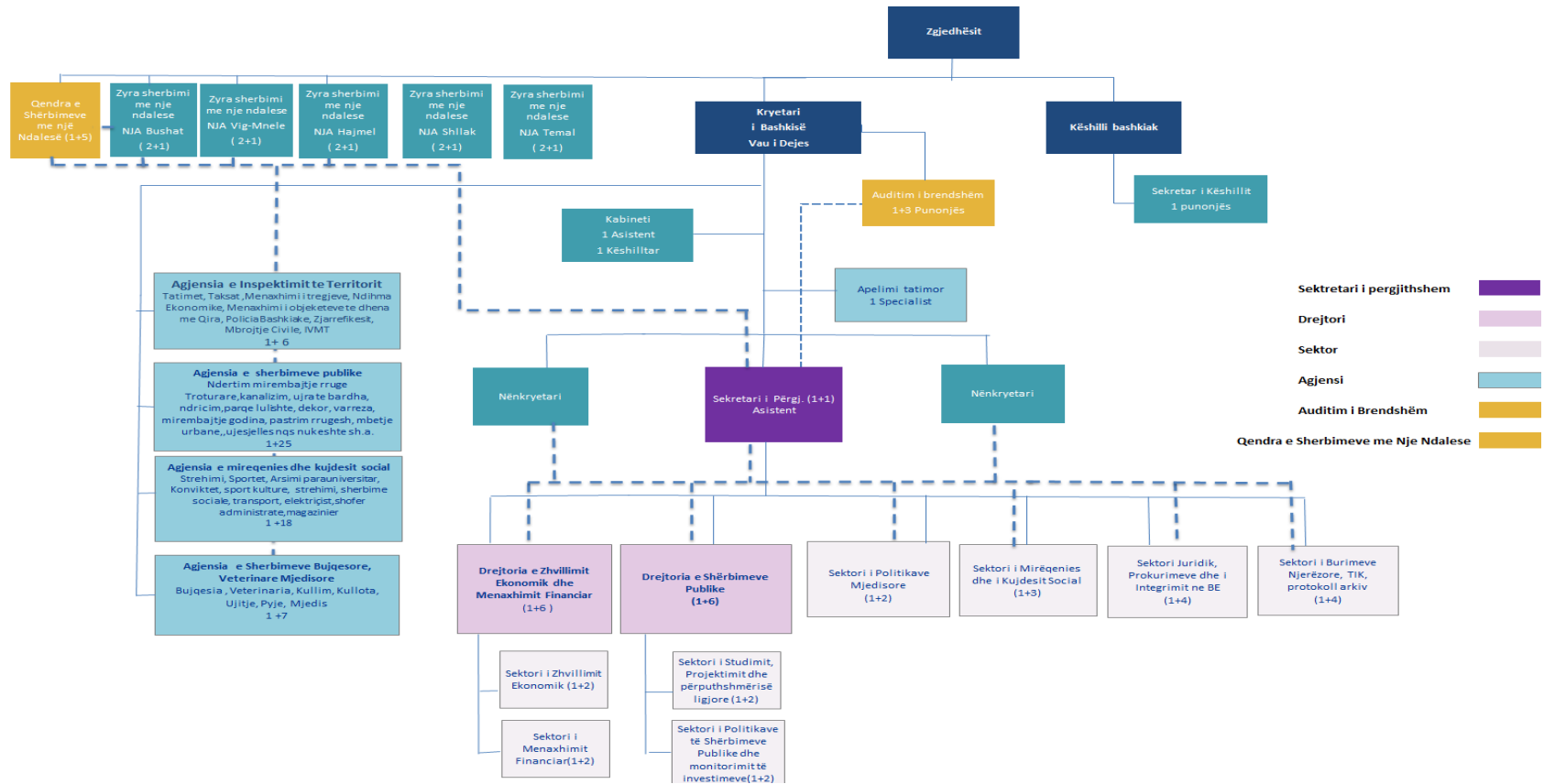
Structure of total revenues is comprised of 31.63% of the revenue generated from LGU Vau i Dejes, 39.69 % from LGU Bushat, 7.54% from LGU Vig Mnele, 7.73% from LGU Hajmel, 7.42% from LGU Temal, 5.99% from LGU Shllak

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 307,216 thousand Lek. 90% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 32.75% from expenses LGU Vau i Dejes, 39.19 % from LGU Bushat, 8.18% from LGU Vig Mnele, 9.27% from LGU Hajmel, 6.92% from LGU Temal, 6.69% from LGU Shllak.

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

Appendix 1 –Possible organization structure



- Sekretari i përgjithshëm
- Drejtori
- Sektor
- Agjensi
- Auditim i Brendshëm
- Qendra e Shërbimeve me Një Ndalesë

Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 154 employees. More detailed: no persons working under employment contracts of one year, 128 persons working under labor contracts expired, (N/A) maternity leave, 11 have the civil worker status. The latter under the Labour Code are considered a protected class.
- Personnel register is presented in Annex 2 –Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- Use of information technology is limited to the use of personal computers, printers and Internet service. The maintenance of the hardwares and softwares is done by the maintenance staff of LGU Vau i Dejes. There are no license and maintenance contracts.
- Only in the LGU Bushat are licensed programmes
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Vau Dejes	Bushat	Hajmel	Shllak	Temal	VigMnele
Installed Software	None	4	None	None	None	None
Contracts of licences	Nuk ka	5	None	None	None	None
Hardware (in usage)	Nuk ka	1	None	None	None	None
Computer (desktop)	15	44	6	13	5	6
Printers	14	None	5	12	6	5
Servers	None	None	None	None	None	None
Other	1	69	2	2	5	None
IT staff in total	None	None	None	None	None	None
Hardware and Software maintenance	None	None	None	None	None	None

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU Vau i Dejes has lack of a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Vau i Dejes municipality or Private / Public Cloud.

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 departameneteve and communication between different sectors;

Summarized description of the information received

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

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

Observations and recommendations

Objectives	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë	Vau i Dejës
Telephony service	Albtelekom	Itom (Local)	None	None	None	None	Albtelekom
Telephony/service providers	Albtelekom	Itom (Local)	None	None	None	None	Albtelekom
Internet service	Albtelekom	Satlink (Local)	Sajet shpk (Lokal)	None	None	None	Albtelekom
Assess coverage of the telephony service	Local	Local	None	None	None	None	Local
Internal communication lines	Verbal/written	Verbal/written	None	None	None	None	Verbal/written

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

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

Summarized description of the information received

- The function of the archive in LGU Vau i Dejes and Bushat is performed by archive specialists.
- In the other LGU we have found no appropriate environments for the archives.

- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	Yes	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	Yes	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes,no distance from the wall	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	Yes	No	No	No	No
Archive keys in two copies	No	No	No	No	No	No
One copy of the key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	Yes	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	Yes	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë
<p>Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure). According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p>	No	Yes	No	No	No	No
<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>	No	Yes	No	No	No	No
<p>Files containing information to be stored up to 10 years, have no need for internal restructuring, but the number of pages contained in documents written in their cap.</p>	No	Yes	No	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	No	Yes	No	No	No	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical Distance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical imYesrtance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	No	No	No	No
The emblem of the Republic		Yes	No	No	No	No
At the head of the document should be written "Republic of Albania"	Yes	Yes	No	No	No	No

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

Technical requirements for practices in the premises of archives and record-keeping methodology	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	Yes	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	Yes	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No	No	No

Observations and Recommendations

Archive

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

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- In all existing LGUs and in LGU Vau I Dejes, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- Also the register for leased properties is held in LGUs Vau i Dejes, while the register for owned entities is not being held by any of the LGUs.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Vau i Dejës	Bushat	Hajmel	Shllak	Temal	Vig-Mnelë
Adopted rules and procedures on asset management	No	No	No	No	No	No
Authorizing Officer	Gjon Marku	Zef Hila	Leke Bibaj	Hile Kodra	Mark Zhuri	Pjeter Lleshi
Executing Officer	Marie Gjerci	Nolanda Mema	Aleksander Zeka	Klotilda Shllaku	Gjelosh Guri	Nikoll Doda
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	No	Yes	No
Leased Properties Register	Yes	Yes	No	No	No	Yes
Owned Companies Register	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	No	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	No	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	No	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
<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. <p>Implementation of the risk management plan</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"> 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. It is recommended to create registries with data as complete and accurate assets. Registers should include a minimum of data on: sale / purchase of assets, depreciation rates, revaluation or not, reviewed by an assessor independent licensed or not, the carrying amount, the cost value, serial number, location, number of property in the case of property, life expectancy, etc. Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New City Municipality, considering the transfer of assets from the existing LGU.

Apendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Vau i Dejës				
Bushat	Reconstruction of the water company in the village Melgushë	No liquidated 36109159	58426329	71626359
Bushat	Reconstruction of the street Barbullush-Qender-Dedaj-Karrametaj-Varreza-Kelmend-Bardhanjor	Under process	4500000	4500000
Vig-Mnelë	Reconstruction of the street	Finished, not liquidated 3180000	4500000	4500000

Appendix 8 – Legal Issues

Public Service Arrangements

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

Legal Proceedings

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

Third party contracts

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

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non Current Assets		3,003,129	2,991,016	2,923,773	
3		I. Intangible Assets		50,019	50,019	33,861	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	16,794	16,794	16,014	
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		33,225	33,225	17,847	
9		II. Tangible Assets		2,923,711	2,940,997	2,889,911	
10	210	Land		6,208	6,208	6,208	
11	211	Forests, Pasture, Plantation	F6, Sh1	3,691	3,691	3,691	
12	212	Building and Constructions	F6, Sh1	1,210,098	1,227,384	1,224,451	
13	213	Roads, networks, water facilities	F6, Sh1	1,683,831	1,683,831	1,601,064	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	127,648	127,648	126,271	
15	215	TransYesrt vehicles	F6, Sh1	44,580	44,580	44,580	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	104,933	104,933	103,909	
19	219	Depreciation of tangible assets	F7, Sh1	(306,304)	(306,304)	(302,607)	
20	231	Expenses in process for increase of current tangible assets	F4	49,025	49,025	82,343	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	25	III. Financial Assets		29,399	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		29,399	-	-
27	B	CURRENT ASSETS		86,426	85,176	115,975
28	Class 3	I. Inventory Status		13,049	13,049	11,018
29	31	Materials	Sh2	1,316	1,316	1,021
30	32	Inventory Objects	Sh2	11,733	11,733	9,996
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		22,134	20,884	28,784
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		3	3	3
41	423	Employees, prepayment, deficits and penalties	Sh3	1,250	-	20
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		3,303	3,303	12,434
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	17,578	17,578	16,328
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		51,243	51,243	76,173

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		5	5	8,695
57	512	Bank		11,354	11,354	14,656
58	520	Treasury funds	Sh5	39,763	39,763	51,329
59	531	Petty-cash		-	-	1,362
60	532	Other amounts		121	121	131
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,089,554	3,076,192	3,039,748
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

						In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014		
1	A	OWN FUNDS		3,041,620	3,029,507	2,938,072		
2	10	I. Own funds		2,985,655	2,973,542	2,891,714		
3	101	Base funds	F8	2,934,800	2,922,687	2,836,007		
4	105	Capital internal grants		3,824	3,824	22,594		
5	106	Capital foreigner grants		47,031	47,031	33,113		
6	107	Current assets in use		-	-	-		
7	109	Reserves from revaluation of current assets		-	-	-		
8	11	II. Other own funds		55,469	55,469	46,358		
9	111	Reserve funds		-	-	-		
10	115	Assignments from the year results for investments		50,066	50,066	43,674		
11	116	Revenues from selling of current assets		5,403	5,403	2,684		
12	12	III. Carried result		495	495	-		
13	13	IV. Exceptional subsidiaries (-)		-	-	-		
14	14	V. Participation of the institution in investing for third parties		-	-	-		
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-		
16	B	LIABILITIES		25,834	24,584	54,268		
17		I. Long-term debts		-	-	-		
18	16	Internal borrowing and similar		-	-	-		
19	17	Borrowing out of the country		-	-	-		
20	Class 4	II. Short term liabilities		25,834	24,584	54,268		
21	419	Clients (Creditors), partial prepayment		-	-	-		
22	401-408	Suppliers and related accounts	Sh6	4,848	3,716	18,029		
23	42	Employees and related accounts		1,696	1,696	8,188		
24	431	Liabilities to government for taxes		65	65	281		
25	432	Taxes collected from government for the local government		-	-	6		

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		4,490	3,240	7,210
28	435	Social Insurance		489	489	1,815
29	436	Health Insurance		67	67	251
30	437	Other social organizations		-	-	-
31	44	Other public institutions		31	31	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	11,864	11,887	11,047
36	467	Other creditors		2,284	3,393	7,442
37	C	OTHER ACCOUNTS		11,377	11,377	21,133
38	475	Incomes to register in the coming years		11,377	11,377	21,133
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exYessure		-	-	-
42	85	Result (credit amount)		10,723	10,723	25,638
43	X	TOTAL LIABILITY		3,089,554	3,076,192	3,039,110
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		275,760	275,760	517,850	
2	60	I. Current expenses		276,649	276,649	517,452	
3	600	Salaries, bonuses		54,750	54,750	92,400	
4	6001	Salaries		52,007	52,007	90,107	
5	6002	TemYesrary salaries		1,023	1,023	2,294	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		1,721	1,721	-	
8	601	Health and social insurance contributions		8,197	8,197	16,595	
9	6010	Insurance contributions		7,523	7,523	14,550	
10	6011	Health insurance		674	674	2,045	
11	602	Other goods and services		51,642	51,642	70,479	
12	6020	Stationary		1,565	1,565	7,073	
13	6021	Special services		15,714	15,714	4,054	
14	6022	Services from third party		9,334	9,334	20,117	
15	6023	TransYesrt expenses		5,829	5,829	11,114	
16	6024	Travel expense		2,025	2,025	283	
17	6025	Ordinary maintenance expenses		3,815	3,815	3,677	
18	6026	Rent expenses		303	303	150	
19	6027	Expenses for legal liability for compensation		2,513	2,513	537	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		10,544	10,544	23,474	
22	603	Subsidies		-	-	3,041	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	3,041
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		17,212	17,212	7,486
29	6040	Current transfers to other government levels		4,617	4,617	1,572
30	6041	Current transfers to various government institutions		200	200	945
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		12,394	12,394	4,968
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		144,848	144,848	327,451
39	6060	Transfers paid from ISS and HII		16,087	16,087	36,073
40	6061	Transfers paid from other institutions and Local government		128,761	128,761	291,378
41	63	II. Change in inventory balances	F1	(1,107)	(1,107)	398
42	68	III. Depreciation rates and expected balances		218	218	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		218	218	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	204
58	677	Losses from allowed errors from previous years		-	-	204
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		275,760	275,760	518,054
61		D. RESULT CORRECTIONS ACTIVITES		31,456	31,456	52,054
62	828	Names of cancelled revenues		1,362	1,362	-
63	831	Determination of revenues for investments		32,927	32,927	45,240
64	8420	Revenues deYessited in the budget		1	1	171
65	8421	DeYessit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	6,536
67	8423	Transfers for changes in situation		1,334	1,334	107
68	8424	Transfers for identified debtors and similar items		(4,169)	(4,169)	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		307,216	307,216	570,107
70	85	RESULTS FROM FUNCTIONING		13,055	13,055	24,221
71	X	TOTAL		320,270	320,271	594,328

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	317,827	317,827	593,001
2	70	I. TAX INCOMES	30,460	30,460	43,828
3	700	a) On revenues, profit, and equity revenue	2,125	2,125	6,283
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	2,096	2,096	6,283
7	7009	Other tax	29	29	-
8	702	b) Property tax	14,338	14,338	20,762
9	7020	On immovable property	14,098	14,098	20,235
10	7021	Sales of immovable property	218	218	-
11	7029	Other on property	21	21	527
12	703	c) Tax uYesn goods and services in the country	13,971	13,971	16,783
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	4,756	4,756	5,709
17	7035	Local tax on goods usage and activity permission	9,214	9,214	11,073
18	704	d) Tax uYesn commercial and international transactions	-	-	-
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	27	27	-
25	709	g) Penalty interest	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	14,567	14,567	25,833
35	710	a) From enterprise and ownership	2,064	2,064	8,860
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	2,064	2,064	8,860
			-	-	-
39	711	b) Administrative service and secondary revenues	12,502	12,502	16,973
40	7110	Administrative tariffs and regulations	12,420	12,420	16,728
41	7111	Secondary revenues and payments of services	-	-	122
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	50	50	8
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	32	32	115
		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)	254,873	254,873	492,961
49	720	a) Internal actual grant	254,873	254,873	492,961
50	7200	From same Government level	69,921	69,921	153,867
51	7201	From other Government levels	170,061	170,061	303,981
52	7202	From budget for special payments to Social Institute	14,850	14,850	34,674
		From budget to cover the deficit of Social Institute and	-	-	-
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	-	-	439
57	7207	Third party sYesnsorship	40	40	-
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	17,927	17,927	30,380
64	781	Works, investments in economy	15,378	15,378	13,649
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	2,550	2,550	16,731
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	317,827	317,827	593,001
81	83	D. RESULT CORRECTIONS ACTIVITES	112	112	504
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	112	112	504
84	Class 7 & 8	TOTAL FROM OPERATIONS	317,939	317,939	593,505
85	85	RESULTS FROM FUNCTIONING	2,332	2,332	2,565
86	X	TOTAL	320,271	320,271	596,071

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	107,634	117,004	115,720	106,350	
2	105	Internal capital grants	23,751	53,817	33,891	3,824	
3	1050	From the same government level	-	-	-	-	
4	1051	From other Government levels	23,751	53,817	33,891	3,824	
5	1052	Third parties contribution for investments	-	-	-	-	
6	1059	Internal grants in nature	-	-	-	-	
7	106	Foreigner Capital grants	33,113	7,797	21,715	47,031	
8	1060	From foreigner governments	33,113	7,797	21,715	47,031	
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	52,039	33,027	36,470	55,482	
15	111	Reserve funds	-	-	-	-	
16	115	Fund allocation for investments from result of the year	49,355	33,027	33,751	50,079	
17	116	Revenues from tangible assets sales	2,684	-	2,719	5,403	
18	12	Carried result	(1,268)	22,363	23,644	12	
19	16	Internal borrowing and similar	-	-	-	-	
20	160	Bonds and direct credit (entry)	-	-	-	-	

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	81,745	55,045	87,366	49,424
34	230	Expenses for increase of Intangible Assets	399	480	480	399
35	231	Expenses for increase of Tangible Assets	81,346	54,565	86,886	49,025
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	5,950	2,644	2,644	5,950
39	2313	Roads, networks, water facilities	60,396	49,747	82,068	28,075
40	2314	Technical installment, machinery, equipment, working tools	-	1,377	1,377	-
41	2315	TransYesrt vehicles	15,000	-	-	15,000
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	798	798	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	189,379	172,049	203,085	155,774

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	51,329	-	-	-
2	II. RECEIVABLES "CASH"	394,591	-	13,015	-
3	1. Funds from budget	252,836	-	-	-
4	Actual budget funds (Budget with changes)	230,932	-	-	-
5	Capital budget funds (Budget with changes)	21,904	-	-	-
6	2. Incomes and revenues during the year in "Cash"	141,755	-	13,015	-
7	Tax revenues in "Cash"	38,430	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	17,582	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	82,162	-	13,015	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3,581	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	342,684	-	-
15	1. Payment from the budget for actual expenses	-	166,819	-	-
16	2. Payments from the budget for capital expenses	-	22,546	-	-
17	3. Payments from revenues for actual expenses	-	104,779	-	-
18	4. Payments from revenues from capital expenses	-	45,832	-	-
19	5. Payments from storage	-	2,708	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	63,472	-	-
22	1. DeYessit of revenues in the budget	-	4,293	-	-
23	2. Unused budget (actual and capital)	-	59,179	-	-

24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	445,919	406,156	13,015	-
26	VI. CLOSING BALANCE	39,763	-	13,015	-

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

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

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	33,463	480	15,678	-	-	16,158	-	-	-	-	49,620
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	16,014	480	300	-	-	780	-	-	-	-	16,794
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	17,448	-	15,378	-	-	15,378	-	-	-	-	32,826
5	II. TANGIBLE	3,110,175	86,886	1,525	-	-	88,411	-	311	-	311	3,198,275
6	210	6,208	-	-	-	-	-	-	-	-	-	6,208
7	211	3,691	-	-	-	-	-	-	-	-	-	3,691
8	212	1,224,451	2,644	289	-	-	2,933	-	-	-	-	1,227,384
9	213	1,601,064	82,068	699	-	-	82,767	-	-	-	-	1,683,831
10	214	126,271	1,377	-	-	-	1,377	-	-	-	-	127,648
11	215	44,580	-	-	-	-	-	-	-	-	-	44,580
12	216	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	103,909	798	537	-	-	1,335	-	311	-	311	104,933
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		T O T A L (I + I I)	3,143,638	87,366	17,203	-	-	104,569	-	311	-	311	3,247,895

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
			Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	-	-	-	-	-	-	-	-	-
2	219	302,607	4,008	-	4,008	-	311	-	311	306,304
	TOTAL (I + II)	302,607	4,008	-	4,008	-	311	-	311	306,304

Template 8: Statement of changes in fund

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

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	Debit	Credit	31 July 2015	1 Jan. 2015	Debit	Credit	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>		
1	101	BASE FUND	2,836,006.59	4,677	119,030	2,933,073	2,807,232	1,047	90,442	2,896,627		
2	1010	Status of base fund	2,836,007	-	-	2,836,007	2,807,232	-	-	2,807,232		
3	1011	Additions base fund	-	-	70,662	53,376	-	10	90,442	90,432		
4	1012	Decrease base fund	-	3,505	49,179	45,674	-	791	-	(791)		
5	1013	Decrease from tangible assets consume	-	247	-	(247)	-	247	-	(247)		
6	1014	Decrease from selling tangible assets	-	925	(811)	(1,736)	-	-	-	-		
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	98,756	89,858	72,041	80,939	99,412	61,800	86,069	123,681		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
11	105	Capital internal grants	22,607	53,817	33,891	2,681	22,607	31,913	15,824	6,517		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	46,358	32,090	29,706	43,973	45,547	4,145	59,022	100,424		
14	12	Carried result	21,989	3,408	1,025	19,606	24,657	25,199	1,025	483		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	3,957	3,957	-	-	3,957	3,957		
18	85	Result	7,803	543	3,462	10,723	6,602	543	6,241	12,300		
19	106	EXTERNAL FUND	33,113	-	5,218	38,331	33,113	2,299	21,717	52,531		
20	106	Capital foreigner grants	33,113	-	-	33,113	33,113	2,299	21,717	52,531		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		CONSOLIDATED FUND (1 up to 4)	2,967,876	94,535	196,289	3,052,343	2,939,758	65,146	198,227	3,072,839		

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	Total number of employees (1+2+3+4+5+6)	225	1	25	201	53,030	-	-	9,787	1,721	1,703
<i>1</i>	Directors High level education specialist	9	-	1	8	3,729	-	-	807	-	379
<i>2</i>	Technical Ordinary officers	63	-	5	58	21,205	-	-	3,377	-	937
<i>3</i>	Employees Temporary employees	11	-	2	9	1,968	-	-	549	-	89
<i>4</i>	Employees Temporary employees	62	1	9	54	11,152	-	-	1,989	-	77
<i>5</i>	Employees Temporary employees	80	-	8	72	13,953	-	-	2,779	-	9
<i>6</i>	Employees Temporary employees	-	-	-	-	1,023	-	-	285	1,721	212

Template 10: Summary Consolidated Statement of financial Position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,089,554	3,076,192	3,039,748
2	I	Current Assets	86,426	85,176	115,975
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	51,243	51,243	76,173
13	Class 4	2. Receivables	22,134	20,884	28,784
29	Class 3	3. Current Inventory accounts	13,049	13,049	11,018
39	II	Non-current Assets	3,003,129	2,991,016	2,923,773
40	23	1. Investments	82,250	82,250	100,190
44	25,26	2. Finance assets	29,399	-	-
47	21,24,28	3. Tangible assets	2,874,685	2,891,972	2,807,568
60	20	4. Intangible assets	16,794	16,794	16,014
65	III	Other assets	-	-	-
69	B	Liabilities	37,211	35,961	75,400
70	I	Current liabilities	25,834	24,584	54,268
71	Class	1. Accounts payable	25,834	24,584	54,268
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	11,377	11,377	21,133
96		Net assets (A - B)	3,052,343	3,040,230	2,964,348
97		Presented: Consolidated budget	3,041,620	3,029,507	2,938,072
98		Carried forward results	10,723	10,723	25,638

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	317,939	317,939	593,505
2	70,750,71	I. REVENUES AND CONTRIBUTES	45,027	45,027	69,661
3	70	1. Tax revenues	30,460	30,460	43,828
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	14,567	14,567	25,833
23	72	II. GENERAL ACTUAL GRANTS	254,873	254,873	492,961
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	17,927	17,927	30,380
32	77, 83	V. OTHER REVENUES	112	112	504
33	B	TOTAL EXPENSES	307,216	307,216	570,107
34		I. ACTUAL EXPENSES	276,649	276,649	517,452
35	600 601	1. Salaries and employees contribution	62,947	62,947	108,995
38	602	2. Goods and Services	51,642	51,642	70,479
49	603	3. Subsidies	-	-	3,041
50	604	4. Internal actual transfers	17,212	17,212	7,486
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	144,848	144,848	327,451
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	218	218	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	30,349	30,349	52,655
58	C	DETERMINED NET INCOME	10,723	10,723	23,398
59		From this: Functioning results	13,055	13,055	24,221
60		Functioning observed grants	(2,332)	(2,332)	(823)