**STAR project**

**Municipality of (LGU name)**

**Due diligence report**

**Glossary**

|  |  |
| --- | --- |
| A.U | Administrative Unit |
| ACP | Agency of Consumer Protection |
| Agency | Agency on Inventory and Administration of Public Property at the Ministry of Interior |
| ALL | Albanian lek |
| APP | Public Procurement Agency |
| CD | Compact Disc |
| CHUIA | Central Harmonization Unit of Internal Audit |
| Cr | Credit |
| DCM | Decision of the Council of Ministers of the Republic of Albania |
| Dr | Debit |
| Draft Organic Law | Draft Law with amendments to the Organic Law |
| FS | Financial statement |
| FY | Financial year |
| GoA | Government of Albania |
| HR | Human Recources |
| ICG | Instructions of Central Government Institutions |
|  |  |
|  |  |
|  |  |
| IT | Information Technology |
| KKRT | National Council on Territory Regulation |
| LGU | Local government unit, Ura Vajgorore |
| MoF | Ministry of Finance of the Republic of Albania |
| No. | Number |
| N/A | Not Applicable |
| NBV | Net book value |
| NIPT | Fiscal Number |
| OM | Omissions |
| PM | Policy Modification |
| PPE | Property plant and equipment |
| RE | Reclassifications |
| T | Template |
| TAR | Territorial and administrative reform |
| VAT | Value Added Tax |
| VKB | Decision of Municipal Council |
| WIP | Work in proggress |
|  |  |
|  |  |
|  |  |
|  |  |

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# Operational due diligence

# Organisation and structure

## Approach

The analysis of the organisation and structure for the LGU of (The LGU title) (the ‘LGU’) is performed based on the organisational model developed in the ‘Guidelines on Local Government Unit Due Diligence’

The purpose of the model is to facilitate the analysis of the allocation of responsibilities to different roles and administrative structures, and ensure consistency throughout the amalgamation process.

* In the course of our work, a number of internal documents have been reviewed, including:
* Internal regulation on the organisation of the activities of the LGU administration
* Decision of the Municipal Council on ‘Approval of the organic structure, number of employees and salaries of the LGU administration, (for the current year)
* Staff listing (for the current year) containing information on employees such as full names and positions
* Administrative structure classification (directorate vs. lower units) as per the requirements of Decision of the Council of Ministers (DCM) No. 1619, dated 2.7.2008 on “Classification of functions, grouping of LGUs, in relation to salaries and identification of salary ceilings of LGU employees”, as amended.
* Semi-structured interviews with the heads of administrative structures of the LGU and officials were conducted in the period ( Month/Year).
* Based on the above, an organisational structure of (LGU Title) as at (DD/MM/YY) was prepared. It is presented and analysed further below.

## Current organisational model

The results from the analysis of the four elements of the organisational model: roles, functions, orientation and service delivery, are summarised below.

***Roles***

All roles are being performed in (LGU tittle).

* LGU Council
* The LGU Council consists of (number of members)
* Their responsibilities include: adoption of the statute of the LGU and the internal regulations of functioning of the Local Council; approval of the organisational and administrative structure of the commune and municipality and its budgetary institutions, as well as the number of their personnel, the criteria for qualifications, salaries and criteria for their compensation
* Mayor
* The Mayor is in charge of a public administration of (number of employees), excluding the employee dealing with civil status matters, which is a delegated function and is administered by the central government.
* The Mayor exercises all competencies for the carrying out of the functions of the LGU with the exception of those competencies that are exclusive to the Council
* The Mayor also exercises all rights and guarantees meeting all obligations of the local government due to its status of a legal entity.
* Deputy Mayor
* The Mayer has appointed (number of deputy Mayors)
* Secretary of the LGU Council
* The Secretary of the LGU Council is appointed by the LGU Council
* The Secretary’s responsibilities include: maintaining the official documents of the Council; sending notifications for Council meetings; publishing any notices and decisions taken by the Council; preparing the public hearings with the municipality

***Functions***

* The functions performed in the LGU have been analysed against the full list of functions as per Law No. 8652, dated 31.07.2000 on ‘Organisation and Functioning of Local Government’, as amended. A note is made whether they are own, licensed or contracted. Further, the number of people for each function performed with own resources has been identified.

Where people perform more than one function, they have been split proportionally to the time spent, deriving to the equivalent of full time employees. Hence, for some functions the number of allocated people is not round.

* The information for the Public Services, together with the number of people fulfilling these functions, is presented in Table 1 overleaf.
* The information indicates functions for which there are no human resources allocated to execute them, such as:
* (function 1)

The matter should be addressed in designing the organisation of the new municipality.

* The horizontal functions together with the number of people fulfilling these functions are presented in the table below.

Table 2: Horizontal functions and people fulfilling these functions

| **Horizontal Functions** | **No. of people** |
| --- | --- |
| Finance |  |
| Revenue Collection |  |
| Legal |  |
| Procurement |  |
| Institutional Relations |  |
| Human Resources |  |
| Protocol |  |
| Archiving |  |
| Information Technology |  |
| Support Services |  |
| Internal Audit) |  |

Table 1: Public Services Functions and people fulfilling these functions

| **Public Services Functions** | **No. of people** |
| --- | --- |
| **Infrastructure and public services** |  |
| Water supply |  |
| Sewage |  |
| Drainage system and [flood] protection canals in the residential areas |  |
| Construction of local roads, sidewalks and squares |  |
| Rehabilitation and maintenance of local roads, sidewalks and squares |  |
| Public lighting |  |
| Public transport |  |
| Cemeteries and funeral services |  |
| City/village decoration |  |
| Parks and public spaces |  |
| Waste management |  |
| Urban planning |  |
| Land management |  |
| Housing |  |
| **Social cultural and recreational functions** |  |
| Saving and promoting the local cultural and historic values, organisation of activities and management of relevant institutions |  |
| Organization of recreational activities and management of relevant institutions |  |
| Social services: day care |  |
| Social services: orphanages, elderly homes |  |

|  |  |
| --- | --- |
| **Public Services Functions** | **No. of people** |
| **Local economic development** |  |
| Preparation of programs for local economic development |  |
| Setting [regulation] and functioning of public market places and trade network |  |
| Small business development as well as carrying out of promotional activities, such as fairs and advertisement in public places |  |
| Performance of services in support of the local economic development, such as information, necessary structures and infrastructure |  |
| Veterinary service |  |
| The protection and development of local forests, pastures and natural resources of local character |  |
| **Public Order and Protection** |  |
| Preventing administrative violations and enforcing the implementation of commune or municipality acts |  |
| Civil protection |  |
| **Education** |  |
| Maintenance of premises of pre-school and pre-university education |  |
| **Healthcare** |  |
| Priority health service and protection of public health |  |
| **Social assistance** |  |
| Social aid and poverty alleviation and ensuring of the functioning of relevant institutions |  |
| Social services on domestic violence |  |
| Social services on protection of children’s rights |  |
| **Environmental protection** |  |
| Environmental protection |  |
| **Civil Status** |  |
| Civil status matters |  |
| **Business registrations** |  |
| National Registration Centre) |  |

***Orientation***

* Two orientation types are used in the current organisational model in (LGU title):
* Divisional by sectors for the Public Services, and
* Functional for the Horizontal Functions
* However, the analysis reveals some exceptions:
* (list the exceptions in the organisational model)

The matter should be addressed in designing the organisation of the new municipality.

**Service Delivery**

* Own: As seen from the table related to the Public Services, many of the functions in (LGU title) are delivered with own resources.
* Contracted are the following services:
* (list contracted services)

## Organisational structure and responsibilities

* The organisational structure of (LGU title) as at (DD/MM/YY) is presented in Table 3 overleaf.
* The administrative structures with the number of people and their responsibilities are described in Table 4.
* The number of people in the administrative structures does not always match the number allocated to Public Services Functions and Horizontal Functions as noted earlier..

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Table 3: Organisational structure (LGU tittle ) as at (DD/MM/YY).



Table 4: Administrative structures and responsibilities

| **Directorate** | **Administrative structure** | **No. of people** | **Description of responsibilities** |
| --- | --- | --- | --- |
| Directorate of (title of directorate) (put 1 if there is appointed a person covering Head of department role) | Sector Tittle 1 | (number of personnel in the sector) | * (listing of responsibilities) |
| Sector Tittle 2 | (number of personnel in the sector) |  |
| Sector Tittle 3 | (number of personnel in the sector) |  |
| Directorate of (title of directorate) (put 1 if there is appointed a person covering Head of department role) | Sector Title 1 | (number of personnel in the sector) |  |
| Directorate of (title of directorate) (put 1 if there is appointed a person covering Head of department role | Sector Title 1 | (number of personnel in the sector) |  |
| Directorate of (title of directorate) (put 1 if there is appointed a person covering Head of department role | Sector Title 1 | (number of personnel in the sector) |  |

# Personnel matters

## Objectives of the analysis

The analysis on the personnel matters has the following main objectives:

* Compiling an inventory of the existing LGU’s list of personnel as of year-end 2014 which contains information on generalities, job position of each employee, respective function/sector where each employee is assigned, initial date of work in LGU, type of relationship, and education and qualification.
* Provide summarised description of data collected on personnel based on the following relevant legal framework:
* Labour Code – Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
* Law no. 152/2013, dated 30.05.2013, on “Civil Servant”, as amended, Article 50/1/6 and 7
* DCM no. 118, dated 05.03.2014, on “Procedures for appointment, recruitment, management and termination of civil service relationships with high management level civil servants and members of TND”
* DCM no. 143, dated 12.03.2014, on “Procedures of recruitment, selection, probation period, parallel movement and promotion for civil servants of executive, middle and low management categories”
* Observations and recommendations in light of the future organisation of the municipality and its amalgamation with other three communes

## Inventory of personnel

Inventory of personnel containing details with regard to generalities, job position of each employee and respective function/sector where each employee is assigned, education and qualification, initial date of work is provided in the Table X: Inventory of Personnel.

## Summarised description of the collected data

As per the staff listing for the year (Year), the total number of personnel, excluding the Mayor, is (provide no of employess excluding the Mayor and delegated functions). Relationships with the personnel are governed by the Labour Code and/or the Civil Servant Law.

## Observations and recommendations

| Table 5: Personnel matters |  |
| --- | --- |
| **Observations** | **Recommendations** |
| Title of Observation 1   * (Observation description) | * (Recommendation description) |
| Title of Observation 2   * (Observation description) | * (Recommendation description) |

# 

# Information and technology

## Objectives of the analysis

The analysis of the information technology status of the LGU has the following main objectives:

* Inventory of IT business systems, hardware, any license and other agreements and contracts in place including the provision of IT support
* Assessment of IT hardware maintenance
* Assessment of the current status of information security practice, back-up and disaster recovery procedures

Table 6: IT Environment

|  |  |
| --- | --- |
| **Objective** | **Status** |
| Software installed |  |
| License agreement(s) |  |
| Hardware (in use) | |
| computers (desktop) |  |
| printers |  |
| servers |  |
| IT personnel head counts |  |
| Hardware maintenance |  |

## Summarised description of the collected data

|  |  |
| --- | --- |
| Table 7: Information and technology |  |
| **Observation** | **Recommendation** |
| Title of Observation 1 | |
| * (Observation description) | * (Recommendation description) |
| Title of Observation 2 | |
| * (Observation description) | * (Recommendation description) |

## Observations and recommendations

# Communication

## Objectives of the analysis

The assessment of the communication systems status of the LGU has the following main objectives:

* Inventory of the telephony and internet contractual agreements in place
* Understanding of internal communication methods applied at (the LGu’s name)

Table 8: Communication Systems

|  |  |
| --- | --- |
| **Objective** | **Status** |
| Telephony service |  |
| Telephony/service providers for the LGU |  |
| Internet service |  |
| Assess coverage of the telephony service for each LGU |  |
| Internal communication lines |  |

## Summarised description of the collected data

## Observations and recommendations

|  |  |
| --- | --- |
| Table 9: Communication |  |
| **Observation** | **Recommendation** |
| Title of Observation 1 | |
| * (Observation description) | * (Recommendation description) |

# Archiving

## Objectives of the analysis

The analysis on archiving has the following main objectives:

* Analysis on existing status of archiving practices as of year-end 2014, based on the legal and technical requirements provided by the following effective legal framework relevant to archiving:
* Law no. 9154, dated 06.11.2003, on “Archiving” and
* Technical-professional and methodological norms of archiving service in the Republic of Albania (Archiving Methodology)
* Preparation of a checklist on compliance with technical requirements for archiving premises and for documentation methodology requirements

## Summarised description of the collected data

* (description of current archiving practises)
* Details with regard to archiving practices are provided in Table 10: Technical Requirements Checklist.

| Table 10: Technical Requirements Checklist | |
| --- | --- |
| **Technical requirements for the archive premises and document maintenance methodology** | **Availability** |
| **Technical requirements for premises** | |
| Fire protection, shells protection from sun, dust and any other physical and biological agents | (Yes/No) |
| Secured doors and windows with a metallic net and automatic door closure |  |
| Cardboard folders for putting the documents, placed in metallic shells and painted against rust |  |
| Vertically oriented shells to the windows with a distance 40-60 cm from the wall and 80 cm from each other |  |
| Presence of heaters or any other item that can cause fire in the archive premises |  |
| Records on physical control of the archive kept from the secretary of the archive |  |
| Archive keys in 2 copies |  |
| One copy of the key closed in an envelope, preserved from the Head of LGU or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU |  |
| Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable |  |
| **Archiving methodology requirements** | |
| Documents structured as per the organisational structure of the public institution (e.g. when the public institution has a hierarchy of organisational structure) |  |
| According to this scheme, all the documents that are found in the archive:   * First, they are classified (grouped) by year * Then, are classified based on structures (i.e. directorates, departments, branches, etc.)   Note: When the organisation has a two-tier structure (example: directorate and branches), documents are grouped according to the two- tier structure, and then folders are created. Folder creation should also account for documents that contain information that pertains to more than one department. |  |
| Folders that contain information to be saved up to 10 years do not require internal structuring, but the number of the pages contained in the documentation is noted on the face of their cover. |  |

| Table 10: Technical Requirements Checklist |  |
| --- | --- |
| **Technical requirements for the archive premises and document maintenance methodology (continued)** | **Availability** |
| On the face of the folder (Model 6), the following is written or typed clearly and according to Albanian grammar requirements:   * Full official name of the government entity or non-government entity * Department or branch carrying the activity * Level of classification (if the document is of this type) * Folder identifying number * Year * Full title of the folder * Period of document retention (protection) * End date of retention * Quantity of the documents that are retained in the folder * Inventory ID of the folder * Period of use |  |
| **Technical requirements for premises** |  |
| Based on the List of Templates of documents with the retention dates and the List of Templates on documents of historical, national importance, which are published by the General Directorate of Archiving, the Experts Commission of Government and Non-Government Entities designs a concrete list of their documents. The list should reflect documents that are of historical and national importance and the period of retention. In addition, the Experts Commission shall determine the period of retention of these documents (according to Model 11). |  |
| Republic Emblem |  |
| In the document header should be written "Republic of Albania" |  |
| The name of the institution and the belonging structure |  |
| The number of the attached documents |  |
| Document body text |  |
| Name, surname and signature of person signing the document, and stamp |  |
| Signature of the Head of the institution |  |
| Date and protocol number |  |

| Table 10: Technical Requirements Checklist |  |
| --- | --- |
| **Technical requirements for the archive premises and document maintenance methodology (continued)** | **Availability** |
| **Archiving Registers** |  |
| Mod 1. Correspondence register |  |
| Mod 3. Correspondence serial number |  |
| Mod 4. Delivery Book |  |
| Mod 4/1. Documents delivery book from the secretary to the sectors and vice versa |  |
| Mod 5. Glossary Table on Folders for the Year |  |
| Mod 6. Elements of the Folder Cover |  |
| Mod 7. Inventory of Folders |  |
| Mod 8. Internal Inventory of Folder |  |
| Mod 9. Decision of the Experts Commission |  |
| Mod 10. Design of the list of document placed aside |  |
| Mod 11. Determined Period for Retention (Protection) |  |
| Mod 12. Destroying the documentation that does not contain any further value |  |

## Observations and recommendations

| Table 11: Archive |  |
| --- | --- |
| **Observations** | **Recommendations** |
| Title of Observation 1 | |
| * (Observation description) | * (Recommendation description) |
| Title of Observation 1 | |
| * (Observation description) | * (Recommendation description) |

# Asset Management System

## Objectives of the analysis

The analysis of asset management has the following main objectives:

* Analysis on the status of the asset management issues based on the legal and technical requirements provided by the following effective legal framework applicable to asset management:
* Law no. 10296, dated 08.07.2010, on “Financial management and control” and
* Instruction of the Minister of Finance no. 30, dated 27.12.2011, on “Asset Management in the public sector” as amended
* Preparation of a checklist on compliance with the legal framework on asset management.

## Summarised description of the collected data

* (description of current asset management practises)

| **Asset management** | **Availability** |
| --- | --- |
| Adopted rules and procedures on asset management | (Yes/No) |
| Authorizing Officer |  |
| Executing Officer |  |
| Adopted plan, objectives and control mechanisms related to risk management of assets |  |
| Assets Accounting Register |  |
| Leased Properties Register |  |
| Owned Companies Register |  |
| Register of concession/emphyteusis contracts |  |
| Annual Assets Inventory |  |
| Assets Inventory Committee |  |
| Assets Evaluation Committee |  |
| Assets Disposal Committee |  |

Table 12: Asset Management Requirements Checklist

## Observations and recommendations

|  |  |
| --- | --- |
| Table 13: Asset Management systems |  |
| **Observations** | **Recommendations** |
| Title of Observation 1 | |
| * (Observation description) | * (Recommendation description) |
| Title of Observation 2 | |
| * (Observation description) | * (Recommendation description) |

# Investment projects

## Analysis

An inventory of ongoing projects being implemented in the LGU has been performed as shown Table X: Investment Projects below:

Table 14: Investment Projects

|  |  |  |  |
| --- | --- | --- | --- |
| **Project title** | **Current status of project implementation** | **Actual cost incurred up to date** | **Approved total estimated funding required for the investment** |
| (Project title 1) |  |  |  |
| (Project title 2) |  |  |  |

# Legal proceedings

## Public service arrangements

An inventory of the public service arrangements (i.e. contracts of the LGU with third parties to execute public services) has been performed. Refer to the respective table provided on the secured CD.

## Legal proceedings

An inventory of ongoing legal proceedings involving the LGU has been performed. Refer to the respective table provided on the secured CD.

## Third party contracts

An inventory of the ongoing third party contracts of the LGU has been performed. Refer to the respective table provided on the secured CD.