

PEMPAL - TCOP Plenary Meeting



REPUBLIC OF ALBANIA
MINISTRY OF FINANCE



Tirana
Municipality

Logo:



**COVERAGE
BY TREASURY TO
LOCAL GOVERNMENT UNITS**

**Belgrade
June 3-6, 2024**

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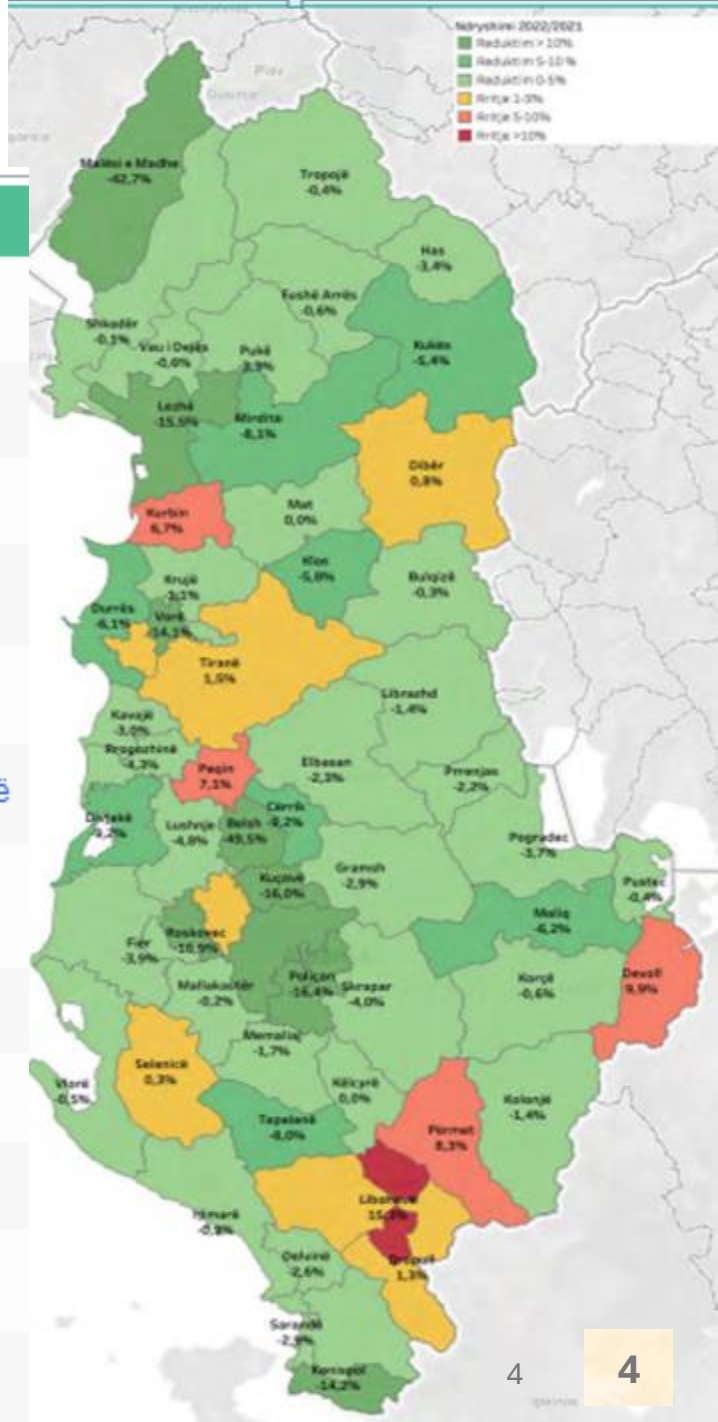
Introductory

Composition of Local Government



61 Municipalities by 12 Regions in Albania

V · T · E		Bashkitë e Shqipërisë	
	Qarku i Beratit	Berat · Dimal · Kuçovë · Poliçan · Skrapar	
	Qarku i Dibrës	Bulqizë · Dibër · Klos · Mat	
	Qarku i Durrësit	Durrës · Krujë · Shijak	
	Qarku i Elbasanit	Belsh · Cërrik · Elbasan · Gramsh · Librazhd · Peqin · Prenjas	
	Qarku i Fierit	Divjakë · Fier · Lushnjë · Mallakastër · Patos · Roskovec	
	Qarku i Gjirokastrës	Dropull · Gjirokastrë · Këlcyrë · Libohovë · Memaliaj · Përmet · Tepelenë	
	Qarku i Korçës	Devoll · Kolonjë · Korçë · Maliq · Pogradec · Pustec	
	Qarku i Kukësit	Has · Kukës · Tropojë	
	Qarku i Lezhës	Kurbini · Lezhë · Mirditë	
	Qarku i Shkodrës	Fushë-Arrëz · Malësi e Madhe · Pukë · Shkodër · Vau i Dejës	
	Qarku i Tiranës	Kamëz · Kavajë · Rrogozhinë · Tiranë · Vorë	
	Qarku i Vlorës	Delvinë · Finiq · Himarë · Konispol · Sarandë · Selenicë · Vlorë	





Legal Basis



<https://financa.gov.al/buxheti-6/>

- Law No. 9936, dated June 26, 2008 "On the management of the **budget system** in the Republic of Albania", amended by Law No. 57, dated 02.06.2016, full version.
- Law No. 139, dated December 17, 2015 "On Local **Self-Government**"
- Law No. 68, dated April 27, 2017 "On the **finances** of local self-government", amended by Law No. 40/2023.
- Law No. 10296, dated July 08, 2010, as amended by Law No. 110/2015, dated October 15, 2015 "On Financial Management and **Control**".
- Law 48/2014 "On **late payments** of commercial and contractual obligations".
- Law No. 9869, dated February 04, 2008 "On Local Government **Borrowing**".

User **manual** of the local government management system, revised on March 04, 2024.

- Instruction No. 35, dated December 29, 2023 "Procedure for managing **financial difficulties** for general government units".
- Joint instruction between Ministry of Finance and Ministry of Interior No. 17, dated June 20, 2022 "On determining the minimum uniformity of procedural obligations or the **collection of local taxes and fees** obligations".
- Instruction No. 3, dated February 28, 2024 "For the preparation of the **medium-term local budget** program 2025-2027".
- Instruction No. 22, dated July 30, 2018 "On the standard procedures for **monitoring the budget** of local self-government units".
- Instruction No. 9, dated March 20, 2018 "On standard procedures for **the budget implementation**".
- Instruction No. 9/1, dated March 20, 2018 "On **budget execution** procedures for central and local government that use Government financial information system".
- Instruction No. 8, dated March 09, 2018 "On the procedures for the preparation, presentation and reporting of the annual **financial statements** in the general government units", amended by Instruction No. 5, dated February 21, 2022.
- Instruction No. 24, dated on August 29, 2019 "On **Web Portal and Electronic Archive** implementation by all general government units for sending and archiving the supportive documentation on financial transactions executed through AGFIS", amended by Instruction No.17, dated on July 06, 2021.

● Phases of local government's budget execution Through AGFIS



Saranda - Albania

3 Municipalities have full access to AGFIS:
 Tirana
 Durres
 Elbasan

Requisition Procurement

Pre-commitment (request to purchase) is recorded in AGFIS against multiyear budget:

Not By TDOs for spending units **offline** Only By Spending Units **online** to frozen funds

Legal obligation is recorded in AGFIS:

By TDOs for spending units **offline** against multiyear budget And By spending units **online** from releasing of pre-commitment

Liability

Suppliers Invoice
 Good or services are delivered

Commitment

Financial obligation - Expenditures order is recorded in AGFIS: Account Payable/Accrual:

By TDOs for spending units **offline** from releasing of commitment And By spending units **online** from releasing of commitment

Payment

Confirming of payments batches in AGFIS against monthly cash plans
 By TDOs for both: spending units **offline** and **online** (centralized payment system to TSA)
FIFO based on creation date in AGFIS

Liability

Law 48/2014 “On late payment of commercial and contractual relationship”
 Definition: over 60 days (30 days spending units/30 days Treasury liquidity)
 Reasons of arrears: There is not annual budget plan and/or monthly cash plans.
 There are not realized own revenues/Central Government Transfers

Arrears

TDOs – Treasury Districts Office
 FIFO – First in, first out

HRMIS Integration with Oracle Treasury AGFIS for implementation of the Employees' Salary Payment Service Workflow in the process of execution for each transaction

Council of Ministers' Decision No. 833, dated 28.10.2020 "On detailed rules for the content, procedure and administration of personnel files and the central personnel register"

-Creates and administers the CPR-Central Personnel Register (including Salary Module)
 -Creates and administers the cooperation platform "administrata.al" to manage the human resources of spending units
 -Approves instructions/regulations of operation, use, interaction and user manuals
 -Determines Personnel file's form/electronic elements

-Corrects and updates data related to the codification of the budget and accounting classification sourced in AGFIS
 -Provides assistance to spending units for completing the elements of the spending order (codification of the budget structure and references of the transitory bank account of salaries)

-Creates, administers and reflects the data in CPR
 -Use the collaboration platform "administrata.al" for reporting and development/management of human resources processes
 -Maintains, completes, organizes and administers personnel files for each employee that affect the salary calculation
 -Prepares the payroll based on the processing of information in HRMIS and the attendance list

HRMIS

DoPA

MoFE

Spending Unit

Spending Unit

Payroll Invoice Interface-AFMIS uploads the file sent by HRMIS

-Supervises the status of the spending order to ensure the successful completion of automatic checks, evaluation and approval by AGFIS
 -Sends the necessary information for the realization of the transfer of the salary to the individual account of the employees in the commercial banks, after the confirmation by the SIFQ for the execution of the payment of the expenses of the salaries of the employees.

-Payroll Invoice Interface Upload/Validate/Import
 -Creates a new batch for salary invoices "Code of Spending unit:1010001"
 -Payables Open Interface Import "1010001 DoPA Payroll 2023"
 -Invoices by the HRMIS system will appear in the batch "HRMIS"
 -Complete the missing elements in the liability account combination
 -Validates the invoice, creates the accounting and initiates approval.

AGFIS

Spending Unit

TDO

TDO






GDT

Web Portal - Electronic Archive

There is an electronic archive of documentation fostering the internal financial control in budget execution process.

It has a wider base of access from spending units of local government as users of the electronic archive (as audit trail for justified documentation of payments data in AGFIS).

Through the Web Portal the spending units can submit financial requests, upload related documents and track their execution in AGFIS such as:

-  Procurement order - Requisition
-  Contract- PO (Standard PO/Planned PO)
-  Payment Requests - Invoices
-  General Ledger entries - **Protocol financial statements**
-  Other justified documents for expenditures transactions



Information generated by AGFIS



Durrës - Albania



AGFIS Reporting (standard and financial)



- Monitoring performance, products (outputs), expenditures and cash flows
- Providing tools to help analyzing local government data, such as:
 - (i) Indicator of the efficiency of the financial management that, through its own income and central budget transfers, finance more **investment expenses**, which have a direct impact on the lives of citizens;
 - (ii) The high ratio of **sectoral transfers** to total local income, which shows the fiscal impossibility that these units must exercise decentralized functions without budget support; the low ratio of the unconditional sectoral transfer to its own income is a challenge in small municipalities, in terms of promoting the growth of their own local income and the fiscal capacity that these units have in relation to the autonomy to exercise the functions they have based on legal provisions;
 - (iii) Stock of **arrears** against total liabilities, by categories (mainly investments);
 - (iv) **Inherited** funds from previous year, etc.
 - (v) Data for the **evaluation** of the fiscal capacity of the local government, the quality of the planning and realization of expenses, which have an important role in financial sustainability.
- Creating of consolidated data reports for the fiscal indicators and financial statements (cash and accrual basis);
- KPIs assessment.



Objective: Harmonization and unification of procedures for budget execution, reporting, monitoring performance of local self-government units in accordance with international standards.

	A	B	C	D	E	F	G	H	I	J	K
1	TDO	INVOICE_NUM	INVOICE_DATE	CREATION_DAT	GL_DATE	INVOICE_AMOUNT	TERMS	VENDOR_NAME	VENDORS_DAT	Expenses Order_DA	DIFF. IN DAY
2	GoA 0202	62421670012018	16-OCT-2018	16-OCT-2018	16-OCT-18	1,248,408	Immediate	GAZYKA	02-AUG-18	16-OCT-18	75
3	GoA 0202	56521670012018	16-OCT-2018	16-OCT-2018	16-OCT-18	1,256,472	Immediate	GAZYKA	10-JUL-18	16-OCT-18	98
4	GoA 0202	38210160232018	17-OCT-2018	17-OCT-2018	17-OCT-18	1,982	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	28-SEP-18	17-OCT-18	19
5	GoA 0202	38110160232018	17-OCT-2018	17-OCT-2018	17-OCT-18	24,913	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	30-SEP-18	17-OCT-18	17
6	GoA 0202	42210110022018	17-OCT-2018	17-OCT-2018	17-OCT-18	10,680	Immediate	RAIFFEISEN BANK SH.A	17-OCT-18	17-OCT-18	0
7	GoA 0202	7610131112018	17-OCT-2018	17-OCT-2018	17-OCT-18	3,000	Immediate	ALBTELEKOM SH.A.	30-SEP-18	17-OCT-18	17
8	GoA 0202	21610100422018	17-OCT-2018	17-OCT-2018	17-OCT-18	48,602	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	24-SEP-18	17-OCT-18	23
9	GoA 0202	21710100422018	17-OCT-2018	17-OCT-2018	17-OCT-18	340	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	28-SEP-18	17-OCT-18	19
10	GoA 0202	21810100422018	17-OCT-2018	17-OCT-2018	17-OCT-18	604	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	30-SEP-18	17-OCT-18	17
11	GoA 0202	69221020012018	17-OCT-2018	17-OCT-2018	17-OCT-18	10,687	Immediate	BANKA KOMBETARE E GREQISE	17-OCT-18	17-OCT-18	0
12	GoA 0202	7710131112018	17-OCT-2018	17-OCT-2018	17-OCT-18	14,060	Immediate	BANKA CREDINS	17-OCT-18	17-OCT-18	0
13	GoA 0202	21510100422018	17-OCT-2018	17-OCT-2018	17-OCT-18	99,800	Immediate	LUAN XHAFKOLLARI	09-OCT-18	17-OCT-18	8
14	GoA 0202	17710120022018	17-OCT-2018	17-OCT-2018	17-OCT-18	115,560	Immediate	ALFA 2 Sh.p.k	05-OCT-18	17-OCT-18	12
15	GoA 0202	17510120022018	17-OCT-2018	17-OCT-2018	17-OCT-18	100,000	Immediate	T&T BETON	09-OCT-18	17-OCT-18	8
16	GoA 0202	65021670012018	17-OCT-2018	17-OCT-2018	17-OCT-18	1,500	Immediate	DREJT. PERGJ. E SHERB. TRANS. RRUG.	11-OCT-18	17-OCT-18	6
17	GoA 0202	64921670012018	17-OCT-2018	17-OCT-2018	17-OCT-18	580	Immediate	TELEKOM ALBANIA	17-OCT-18	17-OCT-18	0
18	GoA 0202	63210130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	19,315	Immediate	T R I M E D	03-OCT-18	17-OCT-18	14
19	GoA 0202	23110290122018	17-OCT-2018	17-OCT-2018	17-OCT-18	23,000	Immediate	RAIFFEISEN BANK SH.A	17-OCT-18	17-OCT-18	0
20	GoA 0202	23410290122018	17-OCT-2018	17-OCT-2018	17-OCT-18	39,597	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	23-SEP-18	17-OCT-18	24
21	GoA 0202	63410130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	54,000	Immediate	T R I M E D	03-OCT-18	17-OCT-18	14
22	GoA 0202	23510290122018	17-OCT-2018	17-OCT-2018	17-OCT-18	340	Immediate	OPERATORI I SHPERNDARJES SE ENERGIJE ELEKTRIKE	30-SEP-18	17-OCT-18	17
23	GoA 0202	63810130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	6,120	Immediate	M E D I C A M E N T A	08-OCT-18	17-OCT-18	9
24	GoA 0202	62910130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	38,500	Immediate	RAIFFEISEN BANK SH.A	17-OCT-18	17-OCT-18	0
25	GoA 0202	63610130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	158,284	Immediate	M E D I C A M E N T A	08-OCT-18	17-OCT-18	9
26	GoA 0202	63010130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	59	Immediate	RAIFFEISEN BANK SH.A	17-OCT-18	17-OCT-18	0
27	GoA 0202	63310130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	14,992	Immediate	T R I M E D	03-OCT-18	17-OCT-18	14
28	GoA 0202	63510130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	666,697	Immediate	M E D I C A M E N T A	29-AUG-18	17-OCT-18	49
29	GoA 0202	63710130642018	17-OCT-2018	17-OCT-2018	17-OCT-18	63,725	Immediate	M E D I C A M E N T A	08-OCT-18	17-OCT-18	9
30	GoA 0202	69421020012018	17-OCT-2018	17-OCT-2018	17-OCT-18	10,687	Immediate	BANKA E TIRANES	17-OCT-18	17-OCT-18	0

	B	C	G	J	N	O	Q	S	V	W
1	PO_NUMBER_Instit. online	TYPE_LO	STATUS_AUTHORIZA	ITEM_DESCRIPTION	NEED_BY	PROMISED	CLOSED	AMOUNT	DISTRIBUTION_TYPE	GL_DATE
8	33597	PLANNED	APPROVED	Shpenzime per mirembajtjen e mjeteve te transportit	31-AUG-18	01-AUG-18	OPEN	1,000,000	PLANNED	01-AUG-18
65	1006001-1800005	PLANNED	APPROVED	Projekt koncesioni te Autostrades Milot-Morine ,sherbime inxhinj	-		OPEN	14,524,800	SCHEDULED	01-AUG-18
111	7138	STANDARD	APPROVED	Furnizime dhe sherbime me ushqim per mencent			OPEN	889,884	STANDARD	01-AUG-18
112	7137	STANDARD	APPROVED	Furnizime dhe sherbime me ushqim per mencent			OPEN	798,000	STANDARD	01-AUG-18
113	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
114	1006054-1400076	PLANNED	APPROVED	Migrim te dhenash Supervizion Rikonstruksion Segmenti Koder - K	31-AUG-18	02-AUG-18	OPEN	644,850	PLANNED	02-AUG-18
115	12323	PLANNED	APPROVED	Sherbime te pastrimit dhe gjelberimit			OPEN	1,418,118	PLANNED	02-AUG-18
179	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
311	6952	PLANNED	REQUIRES REAPPROVAL	Pjese kembimi, goma dhe bateri	31-AUG-18	08-AUG-18	OPEN	80,000	PLANNED	08-AUG-18
748	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
753	1026001-1800028	STANDARD	IN PROCESS	Sherbim karotrec U-P Nr 273 dt 24.07.2018, Ftese per oferte dt 2	-		OPEN	164,000	STANDARD	28-AUG-18
754	17806	PLANNED	APPROVED	Ilaçe dhe materiale mjeksore			OPEN	15,675	PLANNED	28-AUG-18
772	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
775	1010001-1500055	PLANNED	APPROVED	Mirembajtja e sistemit te demshperblimeve			OPEN	216,400	SCHEDULED	29-AUG-18
786	17820	STANDARD	APPROVED	Ilaçe dhe materiale mjeksore			OPEN	98,081	STANDARD	29-AUG-18
787	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
837	4032	PLANNED	APPROVED	Shpenz. per rritjen e AQT - konstruksione te rrugeve			OPEN	2,742,553	PLANNED	30-AUG-18
838	25397	PLANNED	APPROVED	Shpenz. per rritjen e AQT - ndertesa shkollore			OPEN	118,322	PLANNED	30-AUG-18
840	52351	PLANNED	APPROVED	Shpenz. per rritjen e te tjera AQT			OPEN	9,000,000	PLANNED	30-AUG-18
841	1087006-1700030	PLANNED	APPROVED	AKSHI-Arkiva elektronike per sistemin e dokumentit elektronik pe	-		OPEN	1,722,000	SCHEDULED	30-AUG-18
843	1087006-1700015	PLANNED	APPROVED	AKSHI-Mirembajtje e pajisjeve ekzistuese te sigurise mirembajtje	-		OPEN	705,300	SCHEDULED	30-AUG-18
844	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....



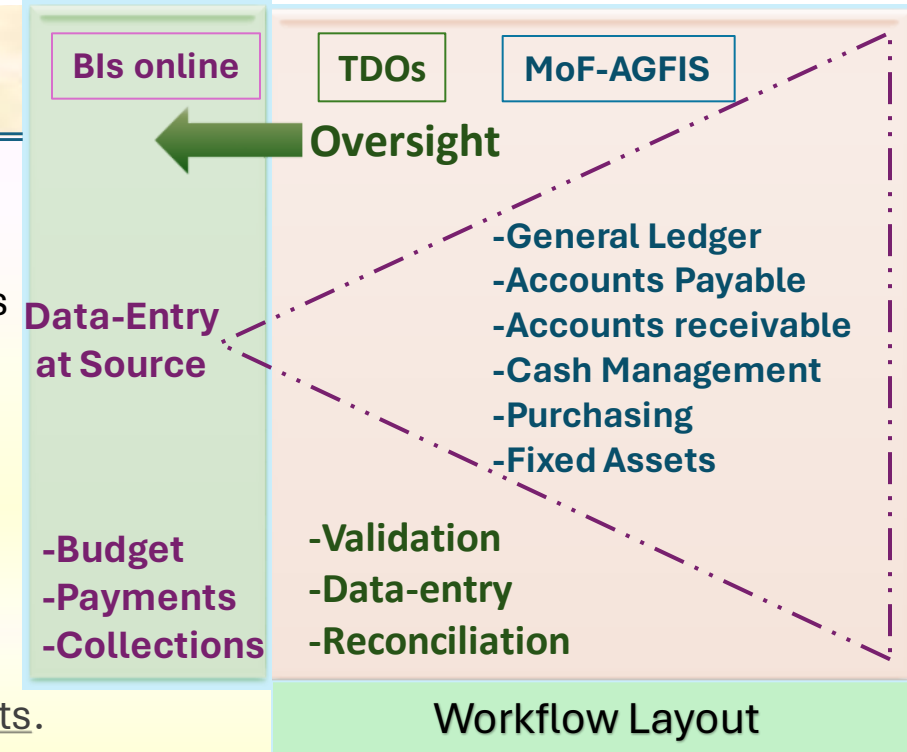
The benefits & challenges of

Expanding coverage by Treasury to spending units



Benefits

- Public financial management's rules are technically translated into AGFIS
- Common Internal Financial Control Framework
- Transactions' execution/accounting can only be made in line with the applicable rules
- Transparency throughout budget execution (what, by whom, when).
- Accurate accounting of all transactions (electronic audit track),
- Real time information on budget execution / accounting is done in one single system.
- Municipalities online have direct access to consolidated financial reports.
- Monitoring and managing of the government liquidities/cash flows of TSA.
- Municipalities monitor in real-time the budget execution process of subordinated units.



- Possibility for unification and digitalization of business processes:

Aiming of strengthening / improving the work processes for budget execution, its monitoring and the increasing the quality of **decision-making**, AGFIS has already been integrated with several systems in public finance and beyond, specifically:

- The banking system,
- C@T's System "e-payments" of General Directorate of Taxes,
- HRMIS of Department of Public Administration (AFMIS),
- Public Procurement Agency's System.

- The documentation of expenditures transactions are scanned and electronically signed from authorizing / executive officers of spending units of local government, to be approved from responsible structure of TDOs into AGFIS.
- Time saved on financial consolidation process and financial reporting preparation (pre-build consolidation formulas and FSG reports in AGFIS).
- Centralization of processes across AGFIS provides better control for the consolidated financial position of local government as whole.

IT System/Consolidated Reporting

General Directorate of Treasury builds the control rules, features and processes

Steering controls	<ul style="list-style-type: none">1-Clear definition of policies2-Setting objectives (plans)3-Laws and regulations	<ul style="list-style-type: none">4-Procedures (written procedures)5-Appropriate training of staff etc.
Preventive Controls	<ul style="list-style-type: none">1-Separation of duties2-Check for arithmetic accuracy before payment	<ul style="list-style-type: none">3-Existence of authorization and approval procedures4-Access control in applications
Detective Controls	<ul style="list-style-type: none">1-Direct controls on the structures where it is performed2-Matching invoices with the bank statements	<ul style="list-style-type: none">3-Checking returned payment errors from the banks4-Checking the differences between cash-accrual data & budget-cash plan
Corrective Controls	<ul style="list-style-type: none">1- Correction of incorrect accounting entries in AGFIS by monthly reconciliation2- Checking the unaccounted data of modules to General Ledger of AGFIS for accuracy of reporting data	



Challenges



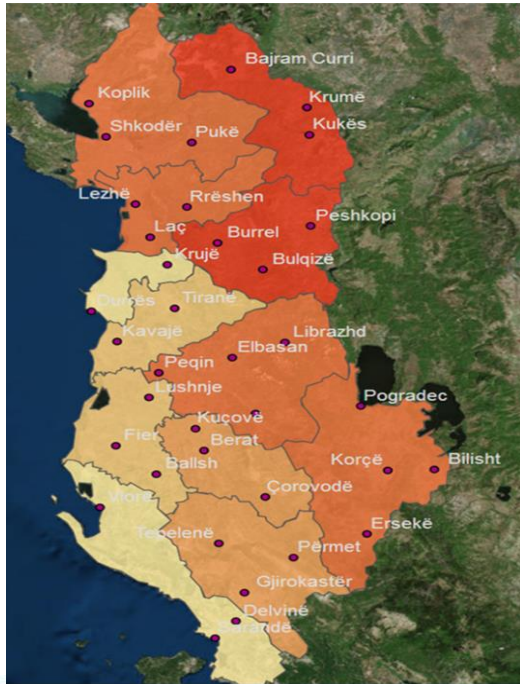
- Delays on data exchange between systems
- Human mistakes/errors
- Coherences on data exchange between systems
- Professional skills at the appropriate level to adapt to the capacity of digitization processes.
- Lack of training of existing staff to adapt to new developments

Challenges ahead in line with Albanian PFM Strategy and evolution of the treasury system's role.
AGFIS further extension to other local government units.



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Treasury Operations' Department
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Auxiliary information



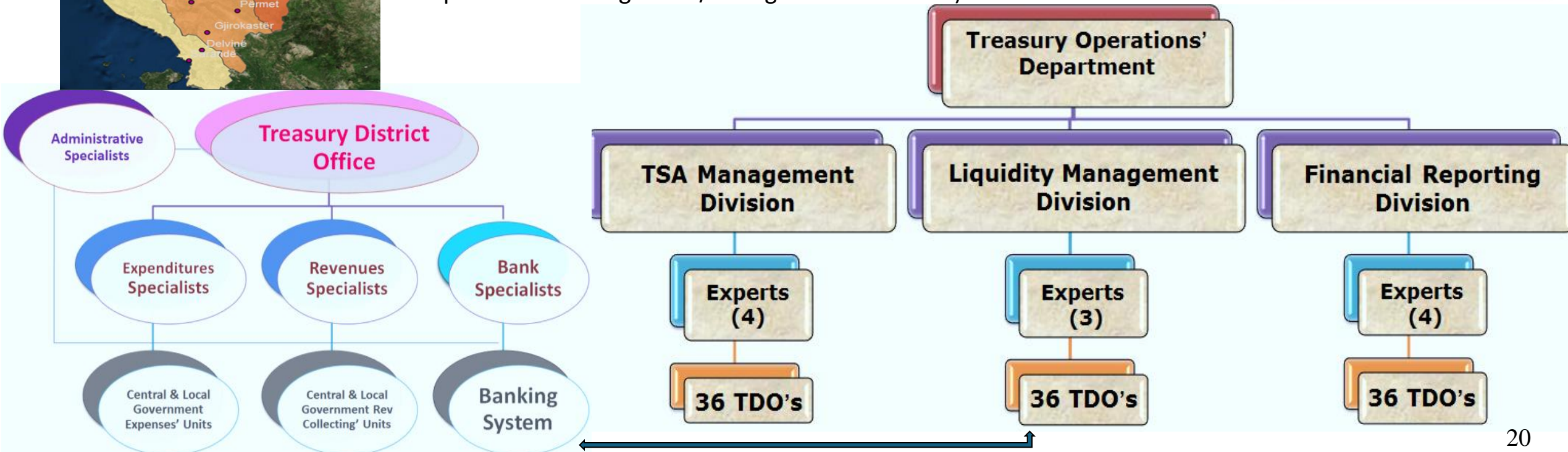
Albanian Treasury System

It consists in 36th Treasury Districts Offices (**219** employees) and a General Directorate under Ministry of Finance and Economy, composed up as follows:

1. Treasury Operations' Department (**15** employees),
2. Business Processing's Department (**8** employees),
3. Department of Indemnity's Payments (**8** employees),

which communicate with **1,300** budgetary units (MDAs-line ministries, departments and agencies/local government units).

Separated General Directorates of Debt/ Budget/Tax & Customs Authority



Payment - Albanian Centralized Model

General Government Units

