

Municipal performance, territorial reform and development during the gaps in Albanian businesses - An overview of ADP principles and financial management

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Abstract

Territorial reforms are the most radical and contested reorganization of the sub national administration. The academic interest for this phenomenon is substantial. However, a cleavage divides the literature dealing with the issue: In a first strand, economists provide primarily quantitative ex-post analysis of such reform ventures. As a matter of research design and method applied, this work more than often focuses on selected financial aspects as reform outputs. Mostly, a narrow focus on economies of scale is chosen, defined as budget cuts or tax reductions. From an economist's perspective, spending per capita (in total or in certain policy fields) seems probably the most salient variable to look at. ¹For most citizens and the administrative 'boots on the ground' this perspective is secondary. Questions of availability and quality of services can easily mobilize considerable shares of a population – the outlook for a smallish tax reduction will not. While the overall findings in this cost-centered debate are still inconclusive a predominantly critical connotation characterizes many of these economies of scale-centered publications ²recently politicians and economists have often talked about structural reforms as the path toward sustainable economic growth.

The implementation of the Competition Policy and Law is the most effective and less costly reform because its daily consistent implementation leads to direct benefits for businesses and citizens. The direct outcome of the implementation of this reform is increased market awareness, which, in turn, leads to increased efficiency in resource use by the society. The European Union has established, in the framework of Enlargement and the Public Internal Financial Control concept (PIFC), a set of principles in relation to sound financial management of public resources, resulting from both national and international financing. This set of principles is suggested to be followed and adhered to by the Republic of Albania in their relevant legislation and implementation. Internal Audit is present in Albania for developing this system.

In the assessment carried out by the EU in July 2008, they identified that the internal audit law needed to be brought up to date in light of the PIFC requirements.

Their main points were we are focus in this paper research are: 1. Over-lapping audit process between the High State Control and Internal Audit; 2.The audit of smaller entities should not be carried out by Albanian business.

However, if the audit work does not represent a considerable workload, the audit could be

¹ See: Ebinger,Kulhmann, Bogumil, LCS 49,2019, Vol 1.

² (See: Allers and Geertsema 2016, 660). (Holzer 2009), Vol 2.

maintained in Albania at least as a temporary solution. The Albania government would be responsible for assessing the training needs, provide training and certification of internal auditors, including developing continuous training programs in Republic of Albania.

Keywords: Municipal performance, Audit and finance system, Albanian territorial reforms, State control, internal municipal role.

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