

8th EPSAS WG
Rome, May 13-14, 2019

CEFG
CITY ECONOMIC
& FINANCIAL
GOVERNANCE GROUP

Reports on stakeholders activities

City Economic & Financial Governance (CEFG) Group

*Emanuele Padovani, Ass. Prof. Public Management and
Accounting & CEFG Group Expert, University of Bologna*



Ajuntament
de Barcelona



BORDEAUX
MÉTROPOLE



Hamburg



CITY
OF
LONDON



Milano



TRONDHEIM
MUNICIPALITY



VILNIUS



EIPA
Barcelona



The European City Economic & Financial Governance (CEFG) Group

Mission:

The CEFG unites larger European cities that are committed to **quality management, liquidity and sustainability of public sector finances** as guarantors of Europe's economic competitiveness, its social policies and thus ultimately the wellbeing of their citizens. It is the **first time** that such issues are discussed from a **cross-border perspective at city level**.

Objectives:

- To advocate sound financial management, transparency and sustainability
- To contribute to European capacity building in the economic and financial field at city level
- To maintain a strong link with and support to European policy development and formulation



The path

2014

June 2014, Maastricht

Budget Practices & Integrated Financial Mngt. Systems

November 2014, Barcelona

Financial Accounting Practices & EPSAS

March 2015, Milan

ESA/National Accounts

September 2015, Hamburg

Econ. Development & Governance

October 2017, Bordeaux
EPSAS

June 2017, Barcelona

Budgeting Practices & Policies and Fiscal Competences

November 2016, London

Financial Planning and Oversight

April 2016, Amsterdam
Financing Infrastructure

April 2018, Luxembourg

The role of CEOs and CFOs

November 2018, Hamburg

Good Financial Management Principles and Guidelines

June 2019, Trondheim

Smart cities impact measurement; leadership & mngt. capacity

2020



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The CEFG's successful approach

- **2 meetings per year** of CEOs/CFOs and Finance Directors, with EIPA and external experts
- **Topics** selected **by city** members
- A balanced mix of **external input** and **mutual (internal peer) learning** through presentations, discussions and a challenge-based approach - “Please help sessions”:
 - Asset management
 - Fiscal tools to fight real estate speculation
 - Governance of public enterprises
 - Cost-stable construction
- **Preparatory input** prepared by each city prior to each meeting (“home-work”)
- **Joint lessons learnt** are captured and shared at the end of each meeting



What *really* happens at city level

City	Type of accounting implemented & used*					Perimeter		As of
	Cash	Modified-cash/Modified-accrual	Accrual (domestic principles)	Accrual (IPSAS principles)	Other	No. of relevant subsidiaries	Consolidated report (accrual)	
Amsterdam		●	⊙			n/a	No	2016
Barcelona	●	●		●⊙	● ⁽¹⁾	45	Yes	2017
Bordeaux	●		⊙	●		ca. 20	No	2016
City of London				●⊙ incl. IFRS		n/a	No	2015
Hamburg	●⊙		●⊙		● ⁽²⁾	380	Yes	2015
Milan		●⊙ ⁽⁵⁾	⊙ ⁽⁵⁾			18	Yes	2015
Vilnius	●		●	⊙		339	Yes	2016

- ⊙ Implemented by law
- Implemented and used for decision making



Take-home messages from the last meetings (9th and 10th)

- CFOs implement, explain and forward the new info to politicians (mayors)
- CFOs as “resellers”
- Balancing processes, instruments and people
- Appropriate resourcing of EPSAS implementation
- Ratings may not be good (capped domestic level, not analytical)
- What to do until EPSAS is fully implemented?

1. presence of enablers (politicians)
2. organizational issues (who leads the change, complexity, lack of trained staff, support from within)
3. technical issues (IT, accounting options)



- Within: need for a common language among CFO, ICT, CEO (learning)
- Outside: measuring financial risk by financial institutions

- Accrual acco. promotes better management and financial control and wiser long-term decision-making
- Long-term impacts of current financial decisions
- Need to get politicians (usually short-term) more involved

- City gov. must adapt to the environment faster
- Knowing and managing the uncertainty (risk) as basis for success

- Governance mechanisms
- Blurred responsibilities (with city government)

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emanuele.padovani@unibo.it



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