

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

**CEFG**  
CITY ECONOMIC  
& FINANCIAL  
GOVERNANCE GROUP

# Reports on stakeholders activities

## *City Economic & Financial Governance (CEFG) Group*

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Ajuntament  
de Barcelona



BORDEAUX  
MÉTROPOLE



Hamburg



CITY  
OF  
LONDON



Milano



TRONDHEIM  
MUNICIPALITY



VILNIUS



EIPA  
Barcelona



EUROPEAN  
UNION

# 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



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# 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	●	●		●⊙	● <sup>(1)</sup>	45	Yes	2017
Bordeaux	●		⊙	●		ca. 20	No	2016
City of London				●⊙ incl. IFRS		n/a	No	2015
Hamburg	●⊙		●⊙		● <sup>(2)</sup>	380	Yes	2015
Milan		●⊙ <sup>(5)</sup>	⊙ <sup>(5)</sup>			18	Yes	2015
Vilnius	●		●	⊙		339	Yes	2016

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



# Take-home messages from the last meetings (9<sup>th</sup> and 10<sup>th</sup>)

- 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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[www.CEFG.eu](http://www.CEFG.eu)



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