

First European standardised financial report and 10 financial health KPIs for City Governments published – A unique achievement reached by six major European cities

The [European City Economic and Financial Governance \(CEFG\) Group](http://www.cefg.eu) (www.cefg.eu), which is a strategic partnership between the CFOs and Directors of Finance of the cities of **Barcelona (ES), Dublin (IE), Hamburg (DE), the City of London (UK), Milan (IT) and Vienna (AT)**, established and managed by the European Institute of Public Administration (EIPA), published its [Standardised financial report and 10 financial health KPIs for City Governments in Europe](#) as first tangible output of their cooperation. This group is also actively supported by the **European Commission** through **Eurostat**. It is the first time in Europe that cities have embarked on the challenging undertaking to produce a joint financial balance sheet in view of harmonising their accounting practices and reliably comparing their financial performance. This is a timely initiative against the background of sometimes highly fragmented public sector financial and accounting practices within the European Union and even within the individual Member States.

This jointly developed financial report is based on official frameworks such as the ESA, IPSAS, IMF and World Bank approaches. It contains a set of agreed financial indicators based on accrual accounting, including items such as the statement of operating performance, capital operations, financial flows, cash statements and debt as well as data



The CEFG Group members; Milan, 5-6 March 2015

of the six cities on ten financial health KPIs. Thus, it is in line with the European Commission's efforts to define the European Public Sector Accounting Standards (EPSAS) in order to harmonise public sector accounting data across the EU and increase its reliability.

The uniqueness of the CEFG Group consists in the fact that it is the first time that fiscal and financial management issues are discussed from a cross-border perspective at city level. Uniting six major European cities which represent approximately 30 million inhabitants in their metropolitan areas, this group is considered an ideal place to bring local financial and economic realities and issues to the attention of the European Commission (Eurostat) in matters that are usually (only) debated at national level.

Over the course of four meetings critical issues such as budget methods and practices, integrated financial management systems, their financial accounting practices in relation to the European Public Sector Accounting Standards (EPSAS) as well as national and European accounting systems were examined and discussed, and their effects on economic development and growth analysed.

Based on the success of the initiative and its work, an agreement has been reached in Hamburg in September 2015 to continue the CEFG Group by EIPA. Initially, it is planned to deepen the cooperation for another two years (starting in 2016) in order to ensure stability of the initiative.

The overall ambitious strategic orientation remain unchanged, i.e.

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

In addition, the group has initiated the discussion on topical thematic areas such as financing of infrastructure, financial planning and oversight, budgeting practices and policies as well as the EPSAS for the extension period and has attracted interest from other European cities. EIPA is currently exploring with other potential local candidates the possibility to enlarge the group by accepting two new member cities.

Note for the editors

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