



7th Annual Conference

“Financial Management of Local Governments”

Abidjan, November 28th-29th 2013

Despite the fact that the administrative organization and the role of local authorities differ largely from one country to another, the debate around decentralization constantly underpins the interest for the policy of local governments. A major trend is undeniable: local governments have become a key link for public policies and actions, with an increasing autonomy especially in the field of economic and regional development and community services.

Thus, the different decentralization policies have continuously increased the scope of local governments and their importance in public action. The management autonomy granted to them makes their financing a major issue for them.

The implementation of such models cannot be carried out without providing the tools that would ensure the sustainability of local finances. The current context, marked by the crisis of public finances, has highlighted new risks related to the financial management of local finances whose aftermath cannot be ignored.

Then, the financing of local governments' activities must meet three major requirements in order to support the running of local democracy and to ensure real management autonomy of local authorities. The first requirement relates to citizens who consider the local level as the major link with Public Service. The second one relates to local elected officials who need fiscal and budgetary supports in order to carry out their missions. Finally, regarding the lenders and funders for whom reliability and transparency of the accounting data regarding the implementation of local policies is essential.

The role of the Treasury services appears to be crucial in the financial assistance of local. Budgetary policies, the good command of local public finances and the nature of the financial links with central governments are key indicators for the government's capacity to provide local authorities with a framework matching both their role and their autonomy.

Given these new requirements, the AIST offers its members to meet during a conference on the topic of the financial management of local governments.

This topic will be studied through presentations followed by debates.

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► The financial stakes of decentralization

By reorganizing the relationship between the central government and local authorities, decentralization sets a new scope for local development and new objectives in terms of quality of public services. The effectiveness of local competencies relies on the capacity of local governments to ensure their financing. Indeed, local decisions need to take into account local economic realities, the expectations of the population and the objectives set in terms of development.

Nevertheless, discrepancies between local governments entail regional equality issues. Local administration systems need to coordinate actions carried out by local governments so that they ensure national cohesion and facilitate local initiatives at the same time.

Debates will tackle these stakes and will try to identify possible remedies.

▷ Financing of local governments

The importance of financial stakes related to the action of local governments prompts tax administrations to support decentralization measures in so far as, despite a displayed administrative autonomy, local governments are not in full control of their resources that rely most of the time on government allocations.

The means and mechanisms implemented will be discussed through presentations and debates so as to allow comparisons between various approaches and to share best practice.

▷ The role of Public Sector Accountants

There are numerous issues revolving around public sector accountants: the counseling role that the Treasury services towards the elected representatives of the local governments regarding the management of their resources, risks analysis related to financial and budgetary situations of local governments, budget implementation and monitoring.

Presentations will study these various issues related to the role and means of Public Sector Accountants.

▷ Information systems dealing with the financial management of local governments

The changes in the framework and the activities of local administration require an information system capable to keep pace with the upgrading of financial management.

Discrepancies between local governments result in different needs to which the Treasury services need to adapt. At the crossroads of the needs of the authorizing officer and the support provided by the Public Sector Accountant, information systems are a key element whose reliability is essential for the trust-based relationship required for the sound management of local finances.

Information systems not only connect Public Administrators and Public Sector Accountants, but they also supply relevant information to the central level so as to allow an effective coordination in terms of monitoring and allocation of funds.

The design stage of the development of an information system is thus fundamental. Indeed, on the one hand if it allows to design the framework to standardize practices, on the other hand it has to offer settings flexible enough to adapt functionalities and reporting capabilities to various local contexts and their changes.

Talks will focus on these issues with reference to the whole budgetary chain from forecasting to accounting reports, including the management of local finances, the support to the control of expenditure by next in rank, the risks management related to these processes and the needs in terms of financial analysis.