

→ Establishing a multi-annual financial planning system

Country Romania

Project title Master class financial planning & control

Twinning Municipality of Putten (the Netherlands)
Municipality of Turda (Romania)

Project period 1 January 2008 to 30 June 2009

Project budget € 68.826,03

Project objective

An enhanced system for financial planning and control for the municipalities Câmpia Turzii and Turda is established.

Project summary

The financial staff of Turda and Câmpia Turzii were provided with trainings on financial planning and control. Based on these trainings the trainees developed a draft financial plan for their municipalities. The whole training curriculum was written down in a manual on financial planning & control to be used for new staff members of the financial department.

Core information

Turda (60,000 inhabitants) and Câmpia Turzii (30,000 inhabitants) are two neighbour municipalities situated in the centre of the Romanian province of Transilvania, nearby Cluj Napoca. For several municipal services the municipalities work closely together. The economy is based on industrial activities but has some tourist interest thanks to the mountains, salt mines, and the old centre of the city of Turda. The cities are very close to the future high-way connecting Budapest and Bucharest.

Problem analysis

The quality of the financial management of both municipalities was not consistent. Transparency between the budget planning and the annual account was lacking. The financial management was not able to provide information about long term structural policies. They were ad-hoc, slow-working, and old-fashioned instead of accurate, fast available, and trustworthy.

Project implementation

As a first step a detailed base line analysis of the current situation in the two municipalities was made. As part of this an inventory of the financial & control tools was made. Based on this information a kick-off meeting and two series of

trainings for the financial staff, as well as politicians and top management were provided. At the end of the project a manual on Financial Planning and Control was developed. This manual is available for all interested municipalities at the website of the Romanian Federation of Local Authorities (FALR). (www.falr.ro)

Process management

The main challenge of the project was to introduce a multi-annual financial planning system for the two municipalities. Such a system is not common for Romanian municipalities as it is not sustained by the financial planning system of the state. Another obstacle was that a new financial control system made changes in the management necessary that was not easily accepted by the staff. The project solved these problems to involve all staff very closely in the process and assure continues political support of the mayors.

Recommendations: do's and don'ts

- Involve the local leaders in all activities, which means the mayor and deputy mayors together with the local councillors. They are the persons able to make the project results enduring.
- Use the experience of a city hall which implemented these kind of initiatives before. There is no need to re-invent the wheel, so it is very important to share experiences.
- Try to make the system official by a local council decision on multi-annual financial planning and control.
- In this field, training is good but learning by doing is even better!