



Title of the good practice:

Cooperation activities carried out by ACoR through its county branches - a solution for an efficient local public administration/
Public internal audit through cooperation, within ACoR

Organization in charge of good practice:

Association of Communes of Romania - **ACoR**

<https://www.acor.ro/>



ABOUT ACoR:

- It was set up in October 1997, initiated by 39 mayors of communes;
- Around 2200 communes out of 2.862 are members of ACoR, covers 87% of the country's territory and 48% of the population;
- 41 county branches are juridical persons out of 41;
- ACoR was declared as being of public utility through Governmental Decision no.156 from 13 February 2008.



WHAT IS DOING ACoR?

- Intends to represent the interests of all members in relation to the central administration and European and international institutions;
- Actively participates to the legislative framework modification process in order to increase local autonomy, decentralize the competencies and the public administration modernization process;
- Informs the members about any aspect affecting local public administration;
- Intends to develop the professionalization of all personal categories from local public administration through training;
- **Provide other services:** projects, consultancy, **services through cooperation – audit, control, inspection, urban planning and landscaping and others.**

Public internal audit through coopera within ACoR

Background:

- ▶ Organizing internal audit activity in Romania is a legal obligation for any public institution, regardless of its size or financial resources;
- ▶ Each territorial-administrative unit was obliged by law to set up a public internal audit department with at least 2 employees;
- ▶ In the context of the financial constraints in the public sector, salary caps and the reduction in the number of posts, most local authorities, especially the communes, have been unable to carry out this activity due to the lack of financial or human resources available;

► ACoR purpose:

The Association of Communes in Romania, in its capacity as a representative entity for the member communes in Romania, has constantly sought to identify new ways for them to provide services to the population at the highest possible quality.

► Main objective regarding the internal audit:

The objective of the ACoR initiative was to increase efficiency of work at the local level, through the cooperation of a certain number of communes (recommended minimum 5), up to the total number of communes in the county (which can reach more than 100), **in order to benefit from a number of scale advantages** allowed by the legislation.

- E.g. for a cooperation of 6-9 communes only 2 auditors are needed and then the number increases based on a formula;
- In any case, the number of auditors needed in cooperation is much lower than if each commune would have its own auditors;

⇒ **lower costs, higher quality of internal auditing.**

► How things came together:

- ✓ Collaboration with the **Ministry of Finance**, through the Central Unit for Harmonization of Public Internal Audit - **UCAAPI**, which, in partnership with the **ministries of finance in France and Austria**, carried out a project designed to contribute to local government reform.
- ✓ This project was an **absolute novelty** in addressing the problems that exist in local public administration, especially in terms of the proposed solution.
- ✓ The project ***"Strengthening internal audit capacity by developing the process of association of small public entities and the system of certification of internal auditors"***, funded by the ESF under the Operational Program "Administrative Capacity Development" 2007-2013, led to the identification and implementation in 8 pilot centers of a system of providing the internal public audit service through cooperation.

► Implementation:

- ✓ The **41 ACoR county branches** (with legal personality) act as the **entities organizing the public internal audit** for the signatory communes of the **Cooperation Agreement** and **as the employers of the internal auditors**.
- ✓ **The signatory parties lay down the principles underlying the implementation of the Agreement and undertake to act consistently for their realization in the form of:**
 - maintaining the legal, decision-making and financial autonomy of each signatory commune;
 - a fair matching of internal public audit needs and available resources among the signatory communes;
 - the unilateral irrevocability of this agreement;
 - the reciprocal respect for confidentiality in carrying out public internal audit activities and reporting their results;
 - compliance with the legal, methodological and procedural framework specific to public internal audit activity.
- ✓ **The willing communes sign the Cooperation Agreement** on the organization and exercise of public internal audit activity.

► Implementation:

- ✓ **The cooperation agreement is endorsed by resolution of the interested local councils;**
- ✓ **The ACoR county branches** that have set up public internal audit departments **recruit and train public internal auditors.** At the same time, cooperation agreements are signed with several interested communes, **the optimal number of auditors** (to cover all the signatories of these agreements) is determined on a county-by-county basis and the **financial obligation to be paid by the commune to the county branch is established;**
- ✓ The expenses incurred for the organization and functioning of the internal public audit department shall be settled on the basis of shares agreed upon by the signatories of the Cooperation Agreement, following the determination of an average monthly cost;
- ✓ **The Cooperation Agreement shall be concluded for an indefinite period;** a commune may withdraw only after a period of 5 years from January 1 of the year following the year in which the Agreement was concluded, according to the provisions of the ACoR Statute.



Innovative elements:

- ✓ **amending legislation to allow such activities through cooperation; to be implemented;**
 - ⇒ certain tasks set by law for local authorities can be carried out by ACoR county branches to communes, instead of being implemented by each commune itself;
- ! ***these are not outsourced services, there are activities through cooperation organized by associative structures of local authorities, with legal personality***
 - ***and recognized as having public utility quality in accordance with the law;***
- ✓ **employment of staff by an NGO** – the internal public auditors employed by ACoR **are not civil servants**, they are subject to an employment relationship governed by private law and their **salary is determined by negotiation and depends on the performance achieved;**

► In the past:

The initiative - which effectively started in 2008, is producing effects and is continuously being improved and adapted to the real needs of the communes;

- ✓ *But the idea did not appear overnight, the seeds were planted as early as 2006, when in **the law on local public finances** was introduced, at the proposal of the ACoR, the possibility that the a.t.units, which do not have the necessary resources, could carry out some tasks established by law for local authorities (mainly in the areas of control, audit, inspection), through the associative structures of local public administration authorities recognized as being of public utility.*

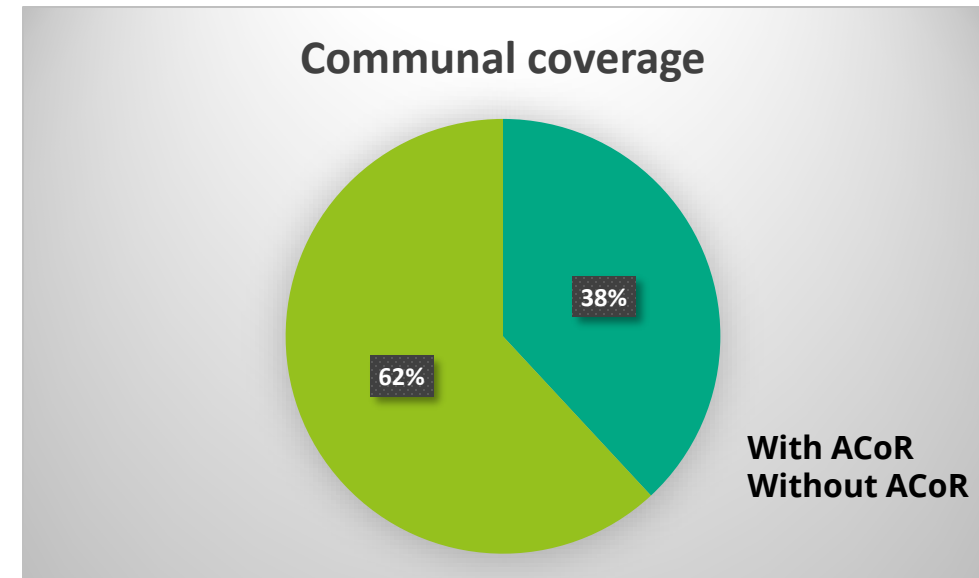
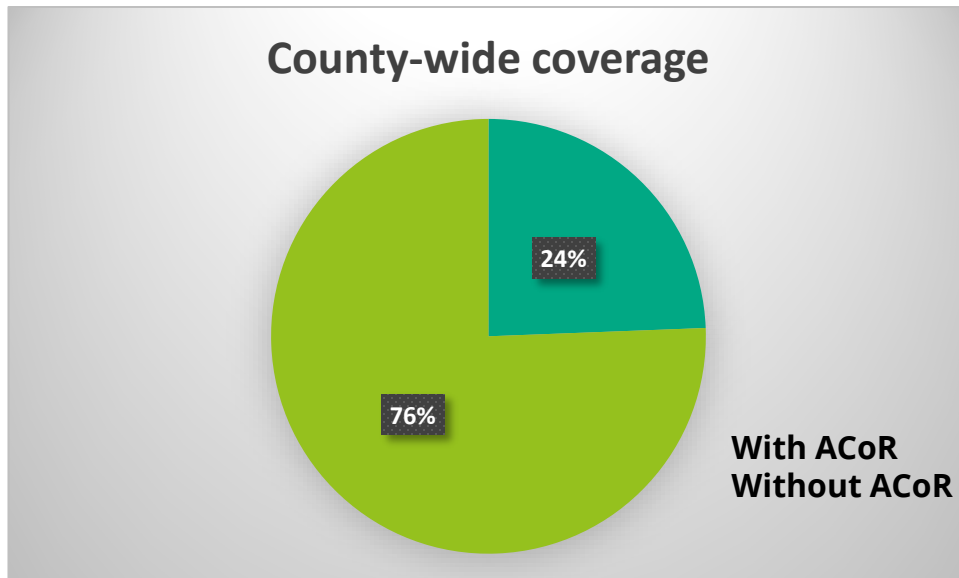
The 3E principle: efficiency, effectiveness and economy

- ✓ *The **ACoR** then acquired the status of public utility in 2008 and created **county structures**, respectively county branches, being able to implement this legal provision and thus support local authorities;*
- ✓ *And later on, the provision in the law on local public finances was **strengthened and extended by the Administrative Code (July 2019)**, so that it now covers control, audit, inspection, urban and spatial planning, cadastre, and any other areas where the respective local councils decide;*

► Currently

The ACoR exercises, through its county branches, the public internal audit activity through cooperation in:

- 31 of Romania's 41 counties;
- 1,772 out of 2,862 communes throughout the country are beneficiaries of this innovative system;
- Over 300 motivated and well-trained internal auditors;



► For the future

- through the exchange of experience of internal public auditors employed by the county branches of the ACoR, which are also constituted in a professional Association at the ACoR level, **the standardization of documents in local public administration is being attempted;**
- an attempt is also being made to draw up **a list of existing problems in communes in Romania, together with solutions for resolving them,** a list to be brought to the attention of all public auditors, thus eliminating these situations from the day-to-day work of local administration at communes level;

► Resources used

- Following the completion of the project "Strengthening internal audit capacity by developing the process of association of small public entities and the system of certification of internal auditors" implemented by the Ministry of Finance, the resources used to continue the initiative and to implement the results obtained came from the Central Unit for Harmonization of Public Internal Audit - UCAAPI and the ACoR;
- With the legislative change achieved, public internal auditing through cooperation was taken over by ACoR in about 75% of its county branches;

► Resources used

- The financial resources used for the establishment of Public Internal Audit Departments through cooperation at the level of the county branches of the ACoR are their own resources and come from the amounts paid by the communes signatories of the Cooperation Agreement;
- The human resources are hired by the county branches of the ACoR, through competition, and are trained by them in cooperation with UCAAPI;
- The ACoR - UCAAPI partnership continues to this day, both organizations being constantly interested in establishing the most coherent legislative framework possible;

► Results achieved

- **Lower costs in local public administration** (ACoR membership fee is at least 4 - 5 times lower than the cost of hiring the minimum number of auditors required by law);
- **Reduction in budgetary expenditure**, as a result of the reduction in the number of budgetary staff allocated, also in line with the Government's measures (in Romania, part of the a.t.unit's income comes from the state budget);
- **Internal auditors motivated to carry out their work (negotiated salary, professional training etc.)**
- **Decrease the number of sanctions imposed by the Court of Accounts of Romania** as a result of checks carried out in the communes where public internal auditing is carried out in cooperation by the auditors of the county branches of the ACoR;
- **Satisfaction of the beneficiary communes** - they are provided with the assurance of well prepared documents, well spent public money;
- **The willingness of some small towns to conclude Cooperation Agreements with the ACoR** (e.g. the town of Răcari in Dâmbovița County or the town of Lehliu-Gară in Călărași County);

► Lessons learned

- **Such innovative ideas can only be implemented on the basis of a well-established, clear, coherent and permissive legislative framework**

More than 10 years after the implementation of this system, there are still situations where the ambiguous but restrictive legislative framework leads to different interpretations by the state authorities carrying out checks in local public administration, which cause material damage to local authorities, even leading to court cases.

- **There is a need for closer cooperation with control bodies**, in order to explain to them what it means to exercise local public administration competences through cooperation and how it works, as well as the benefits it brings.

► Lessons learned

- **Such initiatives should be based on pilot** projects leading to the identification of any problems that may arise in implementation and the introduction of solutions in legislation;
- Internally, **there is a need to standardize** the organization of the Internal Public Audit Department in all county branches of the ACoR in the country, in order to ensure a unified approach at national level;

► **Extension possibilities**

- **The Association of Communes in Romania has already extended this practice to other public services provided by local public administration in Romania:**
 - **Accounting;**
 - **Administrative activity: human resources, archiving etc.;**
 - **Urban and spatial planning;**
 - **Debt enforcement.**
- The current legislation allows, in theory, for extension to any other areas where local councils decide.

► Proof of success

EPSA Award 2013

The Ministry of Finance showcased this example by winning the 2013 EPSA award from the European Institute for Public Administration - EIPA.

► Mai multe informații:

[**https://www.acor.ro/activitati-prin-cooperare/**](https://www.acor.ro/activitati-prin-cooperare/)

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