

THE CONTROL OVER LOCAL PUBLIC FINANCES IN ROMANIA AND IN OTHER RELEVANT COUNTRIES OF EU

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Abstract

Local public finances are an essential component of public finances together with the public finances of the central state administration. Because, besides the right of local representative bodies to decide on issues of local interest, local autonomy implies the right of communities to constitute and manage their own budgets in order to create an accurate and integrated image of the functionality of various systems of territorial administrative organization, we considered opportune an analysis on the way the control over finances of the administrative territorial units is realized. Therefore the purpose of this article is to compare the control of local public finances in Romania and other relevant countries of Europe.

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1. Introduction

Local public finances expresses economic relations which mobilize and use financial resources of territorial administrative units to meet collective requirements posed by culture, public services, education, social welfare and development.

Local public finances are different from those of the central state administration by certain features:

- the funds are established and used at local public administration level;
- the participation through taxes for the establishment of local funds differ from the objects on which taxes apply and from the taxable matter;
- funds depend on the administrative-territorial division of a country, so, depending on the territorial administrative structure of a state can be created, distributed and used funds at two or three levels of administrative-territorial organization;
- the funds that are established and used at administrative territorial units level is administered by the administrative territorial units authorities;
- taxpayers may be represented by legal and individual persons referred to general laws or decrees of administrative territorial units authorities;
- financial resources that are mobilized and used at the level of administrative territorial units depend on duties and competences of the administrative territorial units.

Local public finances are individualized in the public finances through a certain complexity due to the number of administrative territorial units of one country, due to their level of socio-economic development and local particularities.

As a result of the need to maintain unity, state individuality and the role of guidance, direction and coordination of central government, in the context of the subdivision of the territory in provinces, regions, municipalities and communities and in the context of increasing the local autonomy offered to these structures, most EU member states created mechanisms and ways to correct the functioning deficiencies of the administration generated by this type of territorial division, focusing for this purpose on three directions: creation of coordination bodies between local autonomous communities and state; the establishment of mechanisms and organs of control over

the legality of elective local authorities; and the establishment of methods to control the finances of these administrative subdivisions.

2. The control of public finances in Romania

In Romania, the control function of local public finances follows the way the financial resources shall be mobilized at the level of administrative territorial units, the management of public and private patrimony and the use of monetary resources in accordance with the law.

Local control of public finances is a monetary control that aims the processes of forming and allocation of funds from the level of administrative territorial units.

Depending on the moment of financial control exertion, are identified the following forms: preventive financial control, simultaneous financial control and further financial control.

Preventive financial control is exercised before achieving financial and economic actions, aimed to prevent undue and illegal operations. Simultaneous control is performed in the same time with the financial and economic operations, in order to be identified some inconsistencies between objectives of authorities of administrative territorial units and public institutions and the use of monetary resources. Further financial control is exercised after the realization of financial and economic actions and the ordered measures aimed to improve financial and economic activity in times to come.

After the organization and the membership of supervisory bodies, financial control can be internal or external. Internal control is exercised by people in the functioning structures of authorities of administrative territorial units. External audit is carried out by the Court of Auditors and by the bodies from the structure apparatus of the Ministry of Finance.

According to art. 140 para. 1 of the Constitution are set the functions of the Court of Auditors, namely that "exercise control over the formation, administration and use of financial resources of the state and public sector". Its control aims to follow the laws on the management of material and financial means. It analyzes in terms of efficiency, economy and effectiveness of spending. One of the tasks of the Court of Auditors is to prevent and detect fraud and corruption.

Audit advisers are members of the Court of Auditors with the status of officials, which form the Plenum Court. According to art. 1 para. 4 of the Constitution, "the audit advisers are appointed by the Parliament for a term of 9 years, which cannot be extended or renewed. Members of the Court shall be independent in the exercise of their mandate and irremovable throughout its duration. They are subject to the incompatibilities stipulated by the law for judges." Also, according to art. 1 para. 6 of the Constitution, "the revocation of the members of the Court of Auditors is made by Parliament".

The financial controllers are named by the President of the Court of Auditors. The staff with leadership positions is called the Steering Committee and staff specialist is named by the President of the Court of Auditors. The two staff categories are subject to the incompatibilities provided by the Civil Service Regulations and the Code of Ethics of the profession.

3. The control over local public finances in other relevant countries of EU

The UK public services are performed by central authorities or institutions or in decentralized system by medium or lower hierarchical institutions, these institutions benefiting of the managerial and economic-financial autonomy.

The organization of local collectivity was elaborated by the Local Government Act from 1972, further amended such that, at the moment, half of the territory, especially in large important agglomerations, to have a single level of local collectivities, while on the other half to exist senior level collectivities (counties) and lower-level collectivities (districts). London benefits from special treatment.

National Audit Office is the independent authority from the government which examines public accounts from Great Britain for the Parliament, but also those of local authorities, except England.

Audit Commission names the auditors that seek local finances and those of their public services after the consultation with those communities. 70% of audits are conducted by staff of this commission and 30% of large private audit firms under contract. These audits presents conclusions on the best quality-price report, after they perform a broad control of local management, including personnel management, administration quality and the review of measures to guarantee the obtaining of the best quality-price report. The Commission publish and regularly updates a code of audit practice over the local collectivities, approved by Parliament.

In the Netherlands, concerning regional authorities which have legislative powers, external control of central authorities is limited or non-existent and such checks are carried out by non-state independent bodies. As regards the local authorities, the external control is mostly carried out by judicial bodies. Administrative controls exist only in special cases and internal control is performed most often by independent entities.

The general provisions applicable to the provinces and municipalities finances results from the Law of 14 February 1992 on the new provisions concerning municipalities, with subsequent amendments and from the Law of 10 September 1992 on the new provisions relating to the provinces, with subsequent amendments.

The relevant provisions of provinces are similar to those on municipalities. The only notable difference is that the Interior Ministry has the role of permanent deputies, provincial executive, regarding authorization necessary for a province to deviate from the principle of budgetary balance in its multiannual budget. Decisions of the Minister in this matter, based on legal or financial general interest are published in the Official Journal.

Regarding the control of the finances of municipalities, the two texts provide, without an a priori budgetary control, intended to balance collectivities finances and different ways of verification.

As regards the internal control, fixes regarding regulations the principles applicable to the organization and financial management in order to ensure compliance with the requirements of accountability and control.

The municipality executive, respectively the college deputies (elected) and the mayor (named by the crown) conduct regular checks on the effectiveness of management within the rules set by the municipal assembly (local council) which shall report in writing. The executive may decide to create a room or a committee of accounts or in lack of those may appoint persons to exercise these powers and to whom to give a copy of the report that is preparing to present the municipal assembly.

The law requires municipalities to provide a local entity to conduct the control of the accounts. The deliberative assembly has to decide whether to create a chamber of accounts whose members have a greater independence and whose operational details are determined by the law or accounts committee whose members do not enjoy the same guarantees.

The choice is made depending on the degree of involvement of the assembly has in this verifications. In practice, the activity of these bodies increases the control of the deliberative assembly over the management of the collectivity with who is collaborating frequently.

The boards and the committees have no judicial powers. They are totally independent from the Court of Auditors of the kingdom which controls the state accounts, but very much inspired by the procedure of the Court.

Members of the boards of accounts, whose number is fixed by the municipal assembly, are appointed, as their chairmen, by this assembly for a period of 6 years. They swear an oath in which they undertake to fulfill the function with integrity. They can be reappointed in those functions that are incompatible with the main public functions (from the membership of the first rooms of the kingdom, to the local municipal council member in question). They can be dismissed only in limited cases (criminal conviction, bankruptcy, judicial interdiction). At the initiative of several municipalities or provinces can be created municipal or interprovincial rooms.

The board verifies the usefulness, effectiveness and legitimacy of the local government management without being able to control annual accounts. It can conduct an investigation at the request of the adjunct college or of the mayor. To this scope it has the right to examine any relevant document held by the local government and is assisted by local officials named by agreement with the respective college. Prior to the public presentation of the conclusions, the board informs the public services about the objective of the control and receives their explanations.

The board has the jurisdiction over public entities and organs of cooperation in which the municipality is a part, over the companies in which community holds more than 50% of the capital and over private entities whose the collectivity has awarded a grant, a loan or a guarantee of an amount representing more than 25% of the assets.

The board creates reports that do not contain confidential data and it communicates the report to the municipal executive and deliberative to which may address proposals and also to other institutions involved.

The permanent deputy, the provincial executive may, at any time, to initiate an investigation on the management or financial organization of a municipality.

The local budget must be balanced. If a municipality wants to exceed the applicable multi-annual framework applicable to its budget it is necessary to have the authorization of the permanent deputy.

For certifying the veracity of local accounts the local council shall appoint one or more certified accountants experts.

According to art. 109 of the Constitution, in Germany "The Federation and the Länder are autonomous and independent of each other in their management of the budget". The central authorities do not control, so the Länder accounts organizes their own financial control through the court of auditors, whose organization and competence are laid by the Länder constitution. The procedure rules of the checks, carried out by the court, are fixed by Länder ordinances and they are complemented by the internal regulations of the court of auditors and other internal documents. Each regional court of accounts is totally independent by the government and parliament of that Land and also by the federal court of auditors. The regional court of auditors is not controlling only the spendings, the fiscal accounts and the Länder heritage in relation to legal rules and accounting regulations, but also the quality of management, according to criteria of economic profitability. These courts write an annual report on which the Länder parliaments give their discharge to their governments.

The control over the finances of municipalities and of Kreise is about the legislative competence of the Länder, being different from a Länder to another, both as regards the objective of the control and the authority carried

out. Local and district codes from the inside Länders generally distinguish between an internal or local control realized by control bodies of the community and an external or over-local control exerted by an independent body of the local community concerned.

The internal financial control of the municipalities bear on all elements and figures to allow local council to appreciate how the local executive exercises the management and how it gives its discharge. Mainly, are checked the annually balance sheet, the budget execution and the local accounting firms that have not legal personality.

This annual control which allows, essentially, the verification of the compliance with the legislative rules and the regulations applicable to accounting, tends to expand over time, also to the quality of the management, checking aspects of economics and profitability.

In Germany there are two models for organizing internal control: either the city council shall appoint an ad hoc committee or it is established an administrative department of control at the municipality level.

In municipalities with large population from some provinces, such as Bavaria, Mecklemburg-Pomerania, Renania-Palatinat, etc., there is also a local committee and a local administrative department of control. In such cases, the administrative control department is the one that is running the checks.

In the lands of Bavaria, Mecklemburg-Pomerania, Renania-Palatinat, Renania de Nord-Westfalia și Sarra is mandatory the creation, by the local council, within it, of a local checking accounts committee.

In Bavaria, for example, this committee comprises between 3 and 7 members of the council for municipalities with more than 5,000 inhabitants and the accounts are audited directly by the local council for localities with a population below this figure.

They also have a legal obligation to establish its administrative checking accounts: big cities and medium-sized cities in the federal states of Bavaria, Bade-Wurtemberg, Lower Saxa, Brandenburg, Renania-Palatinat și Turingia, cities of more than 50,000 inhabitants in Hesse, more than 25,000 inhabitants in Upper Saxa and more than 20,000 inhabitants in Mecklenburg-Pomerania, Sarra, Saxa and Schleswig-Holstein.

The municipalities of less importance or with population below the thresholds cited above have the right to establish an administrative department of financial control; in the federal states of Baden-Württemberg and Hesse and in the lands of Bavaria, Lower Saxa, Upper Saxa, Brandenburg, Renania-Palatinat, Mecklemburg-Pomerania, Sarra, Schleswig-Holstein and Turingia the legislation provides, if is required, that such services may be set up and their operational costs are reasonable.

The municipalities that do not have such a service can, on their own expenses, to use the checking district services of accounts in the Länder of Lower Saxa, Upper Saxa, Brandenburg, Hesse and Turingia, an administrative agent named by them or the administrative services for verification of other collectivities from Länder of Baden-Württemberg, Sarra and Upper Saxa or other accounting experts or auditing firms in the Land of Saxa.

The independence principle of the control bodies exists in the legislation of all the provinces. Director of the executive office of control is named by the local council in Bade-Württemberg, Lower Saxa, Bavaria, Brandenburg, Mecklemburg-Pomerania, North Renania-Westfalia, Saxa and Schleswig-Holstein or with his consent in Hesse, Renania-Palatinat and Turingia. In most provinces this director has a career as civil servant and neither he nor other employees of that service can not hold other locally positions capable of undermining the independence of the service or to order or execute expenditure in the name and for the account of that collectivity. In some provinces, to these criteria of incompatibility is also added the requirement that the director not to be relative, at a certain degree, with any of the local executive members.

This office is under the authority of the local council regarding the checking of the accounts or, more rarely, under the authority of the mayor. In Bavaria we meet as particularity, the dissociation of financial cash control and internal administrative control, the treasury accounts being placed under the authority and the responsibility of the mayor, while the other accounts are supervised by the municipal council.

The external control is "designed to control internal control" but has as particularity that can not be completed by sanctions or measure impositions of controlled local community. This control aims to verify compliance with legal and accounting rules and, at the request of the controlled local community, the control bodies may offer consulting on management and financial organization. In some provinces this external control is not only to verify compliance with applicable laws and accounting, but also extends to the quality of the controlled local community management on economic and profitability criteria.

All local authorities, by turn, are subject to such a control, at variable durations of time, depending on the legislation of that province (eg. in the Land of Hesse the external control occurs to each community at least every 5 years).

In the provinces, the external control is principally entrusted to courts of auditors of the Länder or to the president of this courts (Lower Saxony, Hesse and Turingia). In some provinces, the regional court of auditors is controlling only the:

- local authorities placed under its direct guardianship (Mecklemburg-Pomerania),
- the major cities and the municipalities with more than 25,000 inhabitants (Upper Saxa),

- the districts or arrondissements, cities with more than 20,000 inhabitants and the associations of collectivities placed directly under the interior ministry of the Land (Schleswig-Holstein).

In the land of Renania-Palatinat the court may delegate all or partially its competencies to the auditing services of accounts belonging to the administrative authorities of the districts or arrondissements. In Hesse and Thuringia the president of the court may delegate its external control duties to audit experts, to expertise companies publicly named or to other third parties competent in this matter, such as the enterprise consulting companies.

In other provinces, the external control body can be:

- the guardianship authority and, in municipalities with more than 4,000 inhabitants, a specific public institution, acting by delegation of guardianship authority but under its own responsibility (Bade-Wurtemberg),
- the association of Bavarian municipalities of accounts control for the collectivities that are members of this association (Bavaria),
- the accounts verification services from the administrative authorities of the districts or arrondissements for municipalities belonging to that district or arrondissement in the Länder of Brandenburg, Mecklemburg-Pomerania, Upper Saxa and Schleswig-Holstein or association of Bavarian municipalities, aforementioned, in Bavaria – the accounts service checking of the Ministry of the Interior of the Land for major cities and associations of municipalities in the Land of Brandenburg - an administrative authority of the Land (Landesverwaltungsamt) that can proceed, for this purpose, also to the services of third parties in the Land of Sarra.

The main advantages of the German administrative system consist of the attribution of the own responsibility, distinct, to each level of administration, that leads to an awareness of the place and role of each authority in the administrative structure of the state, while the increased autonomy of each administrative level enables better knowledge of local problems and a greater speed and efficiency in managing these problems. The central administrative authorities, of province or of local, cooperates and coordinates, according to the tradition and current legislation, by existing certain permanently central public services, which are limited expression of the principle of centralization and which helps to the unified functioning of the whole system.

Under Portuguese judiciary operates Supreme Administrative Court which controls the activities of state institutions in the administrative and fiscal areas, having a section specialized on tax litigation. There are, also in the fiscal domain, the Court of Audit in the component of Ministry of Finance.

Under art. 47 of Law no. 2/2007 on local finances, accounts of municipalities and associations of municipalities are evaluated by their deliberative bodies in the regular session from April of the following year for the budget year that ended. They are accompanied, where appropriate, by documents that attests controls is exercised by the accounts commissioners over the veracity of accounts of the corporate entities in which the collectivities own stakes.

According to art. 5 and 44 - 54 from Law no. 98/1997 on the organization and procedure of the Court of Auditors, this controls the finances of municipalities and associations of municipalities either in advance or concomitant or retrospectively.

Prior checking is performed to ensure that acts and contracts which involve direct or indirect expenditure are under current legislation and allows to verify if the documents comply with the limits in force. A positive control involves affixing a visa that allows the enforcement of court.

Concomitant control consists in checking the legality and regularity of financial and accountable activities of local communities and is performed under the form of audits whose results are submitted to the deliberative bodies of the respective communities.

Subsequent or retrospectively verification consists in checking the accountable accounts accompanied by an assessment of the internal control systems and an assessment of the legality, profitability, efficiency and effectiveness of local financial management.

As regards the control of local and regional finances, in Spain there is the matter of internal control and external control, both forms applicable to all levels of territorial administration. Therefore, for the autonomous communities are established, by these, internal mechanisms and procedures, that are developed by them. Some of these autonomous communities have created an institution called "general intervention" which is responsible for controlling the management and public accounting.

External control over the finances of the autonomous communities is carried out by the Court of Accounts (Tribunal de Cuentas), equivalent to a Court of Auditors, which is charged with exercising economic and budgetary control on the public sector, which includes the autonomous communities and local authorities, under art. 153-d of the Spanish Constitution, art. 4 of the Organic Law no. 2/1982 governing the status of Court of Auditors and art. 115 of Law no. 7/1982 governing the organization of local communities and collectivities.

Art. 29 of Law no. 7/1988 on the functioning of this tribunal provides that "external control bodies of the autonomous communities shall coordinate their activity with the Court of Auditors by establishing certain common criteria and techniques of control to guarantee the highest efficiency results and avoid duplication of control procedures". In addition, external control bodies of the autonomous communities must remit to the Court the results of

their investigations and, in turn, the Court communicates to the legislative assemblies of the autonomous communities the compiled reports.

Most communities have created autonomous external bodies, independent statutory, with the purpose to control the accounts and to manage their services and of those of local collectivities within them. For example, in Andalusia exists "Camara de Cuentas" which, according to art. 130 of the statute of the autonomous communities this is "an organ of external control of economic and budget activity of the Junta Andalusia, of the local authorities and of the entire public sector in Andalusia". The status of this institution is determined by the Law no. 1/1988 of the parliament of Andalusia.

Court of Accounts delegate its jurisdiction to the external control bodies created by the autonomous communities. But the Court will exercise its powers directly and immediately in those autonomous communities which have their own external control bodies.

If an autonomous community risks not to achieve budgetary balance required by art. 3 and 7 of royal Decree - Law no. 2/2007, the Spanish central government may address a warning to them and also communicates to the Council of Fiscal and financial policy of the autonomous communities, composed of economic and finance ministers of the central government and those members of the executive of autonomous communities in charge with their finances. Any community that does not respect the principle of budgetary balance should, under art. 10 of the same decree, carry out an economic-financial re - balancing plan that communicates to the same council.

Regarding internal control at provincial level and at the level of cities and municipalities, art. 22 and 33 of Law. 7/1985 provides that the Deliberative Assembly of the city / community and the one of the province are those responsible for exercising control over the direction of each of these communities. Art. 136 of the same law provides that municipalities with a significant population establishes a body (Intervencion general municipal) tasked to achieve financial and effective control and that it exercise its powers independently of the steering bodies they control.

External control at this level is ensured by the Court of Auditors which may delegate its jurisdiction to the external control bodies created by the autonomous communities. The Court will exercise these powers directly and immediately in those autonomous communities which have their own external control bodies.

Control of budgetary balance over the provinces, cities, municipalities and entities that depend on it are exercised under similar conditions to that in the autonomous communities except that when they address a warning in case of risk of budgetary imbalance, the government communicates a copy to the National Commission of local government composed of representatives of local and state officials, according to art. 7 of the Organic Law. 5/2001. Then, under art. 22 of Royal Decree-Law no. 2/2007, if a budgetary deficit occurs, the local community must send the economic and financial re-balancing plan to the Ministry of Economy and Finance for approval and monitoring.

Regarding the control of local finances, also in Italy there are internal control and external control at all 3 levels, regions, provinces and cities and municipalities. Each region organizes its internal control over accounts in the manner they consider most effective. For example, the Piedmont region, by Law no. 7/2001 on public accounts accounting, states that control procedures established at regional level must guarantee the legitimacy, regularity and accuracy of administrative action to verify the effectiveness, efficiency and profitability of the administrative action to optimize it to assess the performance of officials in leadership positions and assess the appropriateness of the means employed to the objectives pursued in regional plans and programs.

Italian Court of Auditors exercises financial external control over regional governments by reporting to the laws, programs and strategies adopted by these communities. According to art. 3-6 of Law. 20/1994 containing provisions on the jurisdiction and competence of this court control, it shall communicate at least once a year to the Deliberative assemblies of the regions the results of its controls.

According to art. 7 of Law no. 131/2003 on the coordination of public finances, the Court is competent to verify compliance with budgetary balance for all municipalities, cities, provinces, metropolitan cities and regions in relation to the internal stability pact and obligations arising from EU membership. To this end, the Court, each year, publishes a first report on the general characteristics of the financial management of the regions and a second one on financial management of local authorities (provinces and cities and municipalities).

The same art. 7 allow regions with special status to adopt specific provisions as regards the control of their finances. Val d'Aoste region created a supervisor authority for control of financial management, this decision of the region being assessed as constitutional by the Constitutional Court which highlighted that this entity "acts as an internal control in the region for purposes of cooperation with the Regional Council "and not leads to questioning the particular control by the Court of Auditors.

Art. 234 of TUEL sets the regime of the economic and financial accounting body controls - College of accounting auditors.

In municipalities with less than 15,000 inhabitants is elected only one accounting auditor. This position is incompatible with the membership of an organ of the community, or an employee of the municipal structures of the territory. The auditors cannot perform tasks for the benefit of the community or the bodies they control. They can be removed only in case of default of their duties.

Accounting review body has access to the documents and acts of the community and can participate in the deliberations on approving the draft budget or budget execution report.

In application of Decree-Law no. 150/2009, provinces and cities and municipalities can create an independent organism of performance evaluation that substitutes for internal control services.

It aims the functioning of the actions evaluation system by the community, communicates complaints addressed to it by citizens, validates the performance report and assure its publication, verifies the accuracy of the measurement and evaluation, proposes the annual evaluation of officials in leadership positions and ensures that the administration respects the rules of transparency.

According to art. 148 of TUEL, the Court of Auditors exercises external control over the management of provinces and cities and municipalities.

Art. 7 of Law no. 131/2003 entrusts to the regional sections of the Court of Auditors “in compliance of its collaborative nature, the management control, the tracking of the targets imposed by state laws or regions whether they are mandatory or programmatic and also the proper financial management of local collectivities and the functioning of internal controls”. These sections communicate the results of their checks solely to the deliberative bodies of the communities concerned.

4. Conclusions

Depending on how the collectivities are endowed by the law with duties of lawmaking, the control over local finances is different, as is the case of Italian regions, of the Spanish autonomous communities and provinces of the United Kingdom or they are local collectivities like districts or counties from Romania that do not have legislative powers.

In case of the communities endowed with legislative powers, the central control central is limited or even absent and the financial controls are carried out by independent non-state entities.

Regarding local collectivities, the administrative control arises only in particular cases, the external control is attributed especially to judicial bodies and the internal control is assured by a determined entity, with varying degrees of independence.

The bodies of the federal states or the central states does not exercise financial control over local communities that have their own legislative powers according to the law. For example, in Italy, this control is limited to a “collaborative control” of the Court of Auditors examining the work of local government authorities in relation to regional programs and legislation, the examination results being communicated to the deliberative assembly of the region. In such states, such control is accompanied by an annual report on the finances of regional macroeconomic developments.

In Spain, the control of the entity that is equivalent to the Court of Auditors, only intervenes if the autonomous community does not have its own specific control bodies. The control exercised by the central government occurs only where it is necessary to call to order an autonomous community in the event of budgetary imbalance. Each autonomous community can create a board of auditors that receives a delegation of judicial powers from the central institution equivalent with the Court of Auditors.

In Germany, the financial control is conducted by chambers of accounts created by every land. This is required to ensure that are respected the quality of public financial management and the accounting regulations, in this way achieving an annual report submitted to the Parliament of the Federation.

In England, the National Audit Office, the controlling authority distinct from the one that controls the other local authorities, is an independent authority empowered by Parliament to scrutinize and examine public finances.

Also, the Italian regions have the right to create regional non-judicial entities to achieve financial control management, this working with the regional executive. Local collectivities such as districts or communes, not having legislative powers, are subject to a judicial control doubled by an external administrative control limited to specific cases, as well to internal controls.

In Germany, for example, all municipalities with significant populations, the financial control is carried out by the Court of the Land which is verifying the compliance with the legal provisions and performs, in some cases, a management control, but can not change the measures taken by authorities from the commune level or can not impose sanctions. In some provinces, the regional court of auditors may delegate, partially or totally, their powers, to the administrative control services that exist in the districts or to the qualified third parties such as auditors.

In Spain, the equivalent of Court of Auditors exercises the control over municipalities, only where this power was not delegated to chambers of accounts of the autonomous communities. Similarly, in Italy, regional sections of Court of Auditors achieve the control over municipal finances, the results being communicated to their community assembly.

In Portugal, the institution equivalent to Court of Audit exercises the control at all stages of taking the

decision: by a visa which gives legal force to that decision or to contracts that involves an expenditure for the community, through an examination of legality and an audit of procedures, during the execution of the decision and, subsequently, by an assessment of the internal control system, by verifying compliance with financial and tax regulations and through an appreciation of the work performed under the aspects of efficiency, legality and effectiveness.

The only country where the Court of Auditors is not exerted on local collectivities is Netherlands.

Regarding the external administrative control exerted, in some cases, on the municipalities of Germany, it appears, in the smallest collectivities, achieved through an accounting service district, through a specialized institution of the Land or through the Interior Ministry of that province.

In Netherlands, where local authorities are required to have accounts certified by a certified accountant, the accounting control of the provinces is conducted by the state and the external control over the municipality's finances is entrusted to the provinces. Being inherently to the congestive system that characterizes many of the local government sectors, this control can occur at any time and aims the management and the financial organization. Moreover, the authorization of state and of the Permanent Deputy (provincial executive) are necessary for a province or a municipality to adopt a budget that is not in financial balance.

There is an internal control conducted by specific entities, with varying degrees of operational independence. In Germany and in the majority of municipalities in the Netherlands, this control is carried out by an ad hoc committee of the municipal council. In these countries, the law obliges local authorities to have such an organ or a "Chamber of Accounts" communal or inter-communal, which are non-judicial bodies with a high degree of independence, because of the incompatibilities regime applicable to their members.

In large municipalities of Spain, a similar control is entrusted to specific services, these services controlling the efficiency of public expenditure and financial regularity.

In Italy, such control is carried out by several entities because, in this country, intervene, successively, the financial services visas of the collectivities, next the visas of a college of auditors appointed by the municipality, who benefit of some statutory independence and, where appropriate, intervening also a retrospective control of an independent evaluation organism charged to evaluate the local finances and to control the regularity of the accounting activity.

In England, this control is carried out by an independent audit committee responsible with the investigation of the use of "efficient, economic and effective" of the public funds and with the promotion of the best quality-price report in achieving public spending.

The control is exercised directly by the deliberative body of the community, in Portugal and Spain, where large local authorities are required to have a specific control service.

In all states, the applicable control, at department or district level or equivalent structure, is analogous, like the ways of achieving and principles, to that exercised over municipalities.

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15. Law no. 131/2003 on the coordination of public finances (Italy)
16. Decree-law no. 267/2000 containing the local unified text (testo unico delle leggi sull'ordinamento degli enti locali, TUEL) (Italy)
17. Decree-law no. 150/2009 (Italy)
18. Law no. 131/2003 (Italy)
19. Law no. 266/2005 on finance on 2006 (Italy)
20. Legea din 14 februarie 1992 privind noile dispoziții referitoare la municipalități, cu modificările ulterioare (Olanda)
21. Legea din 10 septembrie 1992 privind noile dispoziții referitoare la provincii, cu modificările ulterioare (Olanda)
22. Constituția Germania

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