



CÁMARA DE COMPTOS
DE NAVARRA

EUROPEAN ORGANIZATION OF REGIONAL AUDIT INSTITUTIONS (EURORAI)

*7th EURORAI CONGRESS
London, 4 October 2010*

WORKSHOP 2:

***“The Spanish experience in introducing New Public
Management in Public Administration”***

Helio Robleda

President of the Audit Office of Navarre

I) IMPLEMENTATION OF AN INTEGRATED SYSTEM OF COSTS AND MANAGEMENT INDICATORS IN LOCAL GOVERNMENT IN SPAIN

Framework

Sponsored by the [Spanish Federation of Municipalities and Provinces \(FEMP\)](#) a new empirical experience is being undertaken to implement cost information systems and management indicators useful to improving the management of public sector services. It's a relevant success under good practices framework and governance for public sector management.

This way, in a first phase of the project the proposed cost information system and management indicators have been implemented in three public sector services in municipalities which are involved in the project to achieve the comparability of the public sector management systems. Management indicators of the 2004, 2005 and 2006 fiscal periods have been calculated for:

- Social services.
- Sports services.
- Organic waste process service.

Taking into account the success of the first phase of the project, in a second phase the implementation of the cost information system and management indicators has been expanded to other different municipal services to promote a more efficient decision taking process and, therefore, a more efficient management in Spanish municipalities. Concretely, the cost information system and management indicators have been implemented to:

- Service of Culture.
- Service of Education.
- Police.
- Process of building licenses.

Objectives

The main objective of this project is to implement a cost information system and management indicators in the Spanish municipalities to improve the public sector management at municipal context. Therefore, this project seeks to promote the creation of an information system for public managers and other stakeholders (public managers, citizen and other bodies such as oversight bodies) improving the decision-taking process and promoting the accountability. This project has designed a table of management indicators to undertake benchmarking analysis in the local administration context, similar to that designed by the Audit Commission because it is the first time in Spain that there is consensus between public managers and university teachers that participate in the project.

Firstly, to achieve this objective, the improvement of the methodology of research to implement a cost information system has been necessary. The conceptual framework of this methodology is based on the usefulness paradigm of the information that is applied to the design of a cost information system. The methodology proposed in this project has advantages from the traditional cost information system since the methodology proposed avoids the calculation of full costs which are not representative of the true structure of costs of the public sector services. In fact, the new methodology proposed gathers useful cost information for decision-taking processes.

Implementing the methodology proposed in this project and calculating the unitary cost of the public sector services another goal has been achieved: to compare objectively the costs of the public sector services regardless the organizational structures of the municipalities that have participated in the project.

Finally, the implementation of the cost information system has been complemented with a catalogue of management indicators (operating, budgeting and contextual indicators) that represents a relevant added value of the project. It is relevant additional information for public managers to understand the complex truth of public sector management and to complete the accounting information system at municipal context. The process to design the management indicators is based on a methodology that assures the verifiability and reliability of the definitions, contents and calculations of each one of the consensual management indicators to avoid the misunderstandings of the values of the management indicators which are obtained when the cost information system is applied.

Main user groups

The main stakeholders of the cost information system and management indicators proposed in this project are the local public managers because the project is based on the development of a management tool for them to improve the management and to rationalize the consumption of financial resources to render public sector services. On the whole, the project seeks to improve the allocation and use of financial resources to render public sector services.

Therefore, the project is driven to local public managers in a broad sense. This way, it is driven not only to the direct responsible manager for the public sector service but to institutional managers –councillors- whose strategic-politic decisions need to be supported on cost information and management indicators about the municipal management. In addition, other different managers of the local administration could be interested in the cost information system proposed in this project in order to improve the transparency in their decision-taking processes and to provide information about their management.

To this end, the understandability of the cost information system proposed is an objective that has been achieved using the graphic design of the cost process to represent the route of the consumption of the assets involved in the rendering of public sector services that are being analysed. The methodology proposed in this project is simple and it is not difficult to understand because it is focused on the information needs of the public manager who participates in the design of the cost process and in the process of gathering information to implement the cost information system. In addition, the methodology proposed is thought to be promoted by the councillor who has been elected to govern a local administration. The contribution of the public manager to implement the cost information system enhances its participation and motivation to update it in future periods. Therefore, multipurpose information is issued that allows:

- The improvement of the unitary cost calculation of public sector services because it is a methodology which is thought to focus on the unitary rendering of public sector services.
- The representation, through the design of the cost process and the map of operations involved, of the volume of operations of the local administration which is relevant to improve the efficiency of public sector services. Besides, it contributes to implement quality programmes and balanced scorecards to put strategic tasks into practice.

The knowledge of the unitary costs and the operating activities, which is shown in the map of activities that identifies each one of the processes of the local management structure, is a main pillar to undertake improved programmes in

the municipal entity whose result is a more efficient management of the public sector services.

Research team

This experience is being undertaken jointly by three institutions: the Spanish Federation of Municipalities and Provinces (SFMP), the municipalities which are involved in the project and some Spanish universities that collaborate in the implementation of the cost information system and management indicators in accordance with a protocol of collaboration.

On May 2003, the project was created and it has been coordinated by D. Carlos Prieto Martín (Spanish Federation of Municipalities and Provinces) and D. Helio Robleda Cabezas (University of Navarre). From that date, eleven municipalities and nine universities have been involved in the project which are shown in the following table:

MUNICIPALITY	UNIVERSITY
Albacete Coordinator: D. Miguel ESCRIBANO	Castilla La Mancha <i>Head of the research team: José ROJAS</i> <i>Research team:</i> Angel TEJADA Rosario PEREZ Raimundo GONZÁLEZ
AVILÉS Coordinator: D ^a . Pilar GONZÁLEZ	Oviedo <i>Head of the research team: Antonio LÓPEZ</i> <i>Research team:</i> Belén GONZÁLEZ
BARCELONA Coordinator: D. Guillem SÁNCHEZ	Barcelona Faculty of Economics <i>Head of the research team: Nuria BOSCH</i> <i>Research team:</i> Daniel MAS FONT Marta MAS HERRANZ
Gijón Coordinator: D. Jose Luis PABLOS	Oviedo <i>Head of the research team: Antonio LÓPEZ</i> <i>Research team:</i> José Luis PABLOS Beatriz RODRÍGUEZ

MUNICIPALITY	UNIVERSITY
<p>Girona Coordinator: D. Carlos MERINO</p>	<p>Girona <i>Head of the research team:</i> Josep VIÑAS</p>
<p>Málaga Coordinator: D. Rafael SEQUEIRA</p>	<p>Málaga <i>Head of the research team:</i> Daniel CARRASCO <i>Research team:</i> Dionisio BUENDÍA (Universidad de Granada) Andrés NAVARRO (Universidad de Granada) Virginia LLORENTE María José VALENCIA Joaquín SÁNCHEZ</p>
<p>Madrid Coordinator: D^a. Rosana NAVARRO</p>	<p>Complutense University <i>Head of the research team:</i> Clara Isabel MUÑOZ <i>Research team:</i> María CAMPOS Elena URQUÍA Polytechnic University of Madrid <i>Head of the research team:</i> José María de MIGUEL <i>Research team:</i> Javier RODRÍGUEZ Elisa CANO</p>
<p>Pamplona Coordinator: D. Iñigo HUARTE</p>	<p>University of Navarre <i>Head of the research team:</i> Helio ROBLEDA <i>Research team:</i> Karen MORENO Belén SOLA</p>
<p>San Cugat del Vallés Coordinator: D. Francesc CARULLA</p>	<p>Barcelona Business School <i>Head of the research team:</i> Xavier GARCIA</p>
<p>Valencia Coordinator: D. Jesús GORDILLO</p>	<p>Valencia <i>Head of the research team:</i> Vicente RIPOLL <i>Research team:</i> Carmen TAMARIT Mercedes BARRACHINA</p>
<p>Vitoria-Gasteiz Coordinator: D. Ignacio DÍEZ</p>	<p>University of Navarre <i>Head of the research team:</i> Helio ROBLEDA <i>Research team:</i> Karen MORENO</p>

On each university a research team of university teachers develop the model to be implemented in the municipality which is associated to that university. To develop the model, a common methodology is used based on the analysis of the management process of the public sector services and the allocation of consumption of the assets and financial resources, taking into account the incidence of the organizational structure of each municipality on the rendering of public sector services.

The conclusion which I have reached in this collaboration with public institutions can be seen on the web page: www.femp.es.

II) OTHER EXPERIENCES IN SPAIN IN IMPLEMENTING NEW PUBLIC MANAGEMENT AND COURSES OF ACTION FOLLOWED BY SPANISH AUDIT OFFICES AS REGARDS PERFORMANCE AUDIT

The urgent need to contain public expenditure and rationalize the use of resources makes it necessary to implement management tools which allow to rationalize the management of public services.

Recently the Audit Office of Navarre has issued an extensive report on management performed by the Public University of Navarre. This report recommends the dire necessity to implement cost accounting and management indicators on the basis of a formalized methodology which guarantees the soundness of the contributed information to improve management. The report can be found on the Audit Office's website: www.camaradecomptos.org.

Public sector audit institutions in Spain have taken the initiative to start up partnerships with a view to assist public bodies in implementing management tools. These partnerships would also make it possible to compare the results achieved between the different Autonomous Communities.