



**Parliament of Montenegro
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**Local Self-Government Authorities: Competencies and Role in
Terms of Planning, Execution and Controlling of the Municipal
Assembly Budget**

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FOREWORD

Nowadays, local self-government plays a key role in boosting development and improving living standards across the globe. Therefore, central administrative authorities in many countries consider local self-government a very important partner in solving a series of public policy issues, including the establishment of a more efficient social system, provision of infrastructure, as a basis of economic development and improvement of the quality of life.¹ In addition, local self-government has developed a model dedicated to provision of public services in specific areas, which represents one of the most feasible local self-government functions.²

According to the European Charter of Local Self-Government, local government is acknowledged as one of the fundamental bases of each democratic system. In addition, the Charter is based on the belief that local authorities with real responsibilities are precisely the ones that can provide for an efficient government, closer to its citizens, and that fostering and strengthening of local self-government in various European countries is a significant contribution to building a Europe based on the principles of democracy and decentralisation of power. This indicates the existence of local authorities with democratically elected decision-making bodies and a high-level autonomy with regard to their responsibilities, manner and means by which the said responsibilities are executed, as well as the resources needed for their execution.³ In most countries, local authorities are composed of the legislative authority, i.e. Municipal Assembly, and the authority of the executive power, i.e. President. The relation between the legislative and executive organ is based on the principle of checks and balances, therefore in that sense, the Municipal Assembly, as the representative body of citizens is in charge of making decisions and monitoring their execution, whereas the executive power, elected directly by the people or indirectly by the representative body, is in charge of implementing the decisions of the Municipal Assembly.

Local self-government units may raise revenues from their own sources, and manage them within their jurisdiction and in accordance with the Constitution and laws. The process of planning, preparation, adoption, execution and monitoring of municipal budget involves all local self-government authorities, whose roles are defined by laws and other acts.

The aim of this research is to present legal solutions of certain EU member states and regional countries in regards to the type, competencies and role of local authorities in planning, execution and monitoring of the budget. For the purpose of collecting data, the Research Centre of the Parliament of Montenegro submitted a questionnaire⁴ through the European Centre for Parliamentary Research

¹ Local Government Finance: The Challenges of the 21st Century, Second Global Report on Decentralization and Local Democracy, United Cities and Local Governments, GOLD 2010 http://www.cities-localgovernments.org/gold/Upload/gold_report_2/2010%20EXECUTIVE%20SUMMARY%20baixa.pdf (24 December 2013)

² Financing Local Government Oireachtas Library & Research Service, 2010

<http://www.oireachtas.ie/parliament/media/housesoftheoireachtas/libraryresearch/spotlights/Financing-Local-Government-print.pdf> (24.12.2013)

³ European Charter of Local Self-Government, Strasbourg, 15 October 1985, <http://www.uom.co.me/wp-content/uploads/2010/05/Evropska-povelja-o-lokalnojsamoupravi.pdf> (10 December 2013)

⁴ ECPRD Request 2429 *Financial Autonomy of Municipal Assembly/Council*, November 2013

and Documentation (ECPRD) network, which included questions concerning the competencies of local self-government bodies, and their autonomy in managing financial resources, respectively their role in the process of planning, execution and monitoring of the budget.

The Research Centre systematised and presented the legislation regarding the aforementioned, including the following countries: Bosnia and Herzegovina, Estonia, Finland, Croatia, Greece, Lithuania, Hungary, Portugal, Slovenia, Serbia and the United Kingdom.

In the follow-up of the document, there is a graphical representation of research results, i.e. legal basis, type of local self-government body and the mutual relations between the local authorities when it comes to preparation, adoption and execution of budget. In addition, the second part of the document contains a comparative analysis of the collected data.

Legal framework of rights and duties of the **local self-government in Montenegro** is within the Constitution of Montenegro, Law on Local Self-Government of Montenegro and the Law on Local Self-Government Financing. In accordance with the Law on Local Self-Government, local self-government authorities are the Municipal Assembly and the President. The role of local self-government authorities in planning, execution and monitoring of the budget is defined by the Law on Local Self-Government Financing. Proposal for a Law on Budget is defined by the President of the Municipality and submitted to the Assembly by the end of November of the current year. The Assembly shall adopt the decision on budget by a simple majority, and if the budget is not adopted by the end of the current year, a decision on temporary financing shall be passed for the period of three months maximum. President of the Municipality shall be accountable for execution of the budget, whereas the budget executor shall be responsible for use of budget funds for intended purposes. Spending unit shall use the appropriated funds in accordance with the dynamics approved by the President of the Municipality. In the case of unforeseen circumstances that were unfamiliar at the moment of passing the budget, the President of the Municipality may, on the basis of a spending unit's justified request, reallocate spending units' funds for specific purposes, (by increasing or decreasing the funds) and up to 10% of the funds allocated to the spending unit. Spending units may, if approved by the President of the Municipality, reallocate granted funds for particular purposes up to the amount of 10% of funds provided for purposes whose amount is about to change. The Municipal Assembly, in a manner defined by municipal charter, shall perform monitoring of budget execution and purposeful use of the funds that are appropriated from the budget for particular purposes. The President of Municipality, in a manner defined by municipal charter, shall perform monitoring of financial, material and accountancy operations of budget beneficiaries regarding the purpose, volume and dynamics of funds use. The Ministry of Finance may require the state body in charge of auditing to perform an audit of financial operations of a municipality regarding security, reliability, cost efficiency, effectiveness and purposefulness of use of municipal budget funds related to the municipality's devolved or delegated affairs.

Source of information: *Law on Local Self-Government*, <http://www.uom.co.me/?p=374>
Law on Local Self-Government Financing, <http://www.uom.co.me/?p=261>

The complete document in Montenegrin language can be found at: <http://www.skupstina.me/images/dokumenti/biblioteka-istrzivanja/1.pdf>