

SUMMARY

Summary of Report 18/2019, relating to Vilassar de Dalt Town Council, budgetary year-end net working capital, year 2017

Barcelona, 18 December 2019

The Public Audit Office for Catalonia has issued Report 18/2019, relating to Vilassar de Dalt Town Council's budgetary year-end net working capital (*romanent de tresoreria*) for financial year 2017, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Joan-Ignasi Puigdollers, was approved by the Audit Office Board at its meeting on 20 November 2019.

The aim of the assignment was to audit the financial activity of Vilassar de Dalt Town Council (not including its subsidiary entities) corresponding to the 2017 financial year but limited to a review of its budgetary Year-End Net Working Capital Statement.

The Audit Office considers that the Town Council presented budget figures €171,769 more favourable than those that actually existed, this being the difference between the budgetary year-end net working capital for general expenditures calculated by the Council and that calculated by Public Audit Office.

The most significant findings arising from the work carried out, as explained in section 3.1 of the report, can be summarised as follows:

- The audit work was hampered by a certain lack of information, basically relating to the amounts arising from management of street layout under the Limited Plan for Sector 12, Vilassar Dry River Bed, being transferred from the municipal enterprise to the town council itself; these amounts affect the account headings of Revenues Pending Collection and Surplus Earmarked Funding. Information was also lacking on the reconciliation of amounts pending collection which were transferred to Barcelona Provincial Council's Tax Administration Agency (*Organisme de Gestió Tributària de la Diputació de Barcelona*), and on how rescheduled or subdivided revenues due were allocated in the budgetary accounts.
- The audit uncovered breaches of regulations in regard to reporting budgetary expenditures, totalling €533,567, without having any procurement procedure or contract arranged for the period covered by the audit, and to directly purchasing two properties from the company Viserma, SLU. In the latter case, recognition of the expenditure was dated to coincide with obtaining the funding, without taking into account the nature of the purchase or the time scales envisaged in regulations covering multi-year expenditure commitments.

- Monetary transactions, involving both revenues and expenditures, were detected which were not recorded in the accounts in accordance with currently applicable regulations. These were the following:
 - The balance under the heading Revenues Pending Collection was overvalued by €303,737: €286,071 because of recording grants when justifications of outlays were presented, without ensuring that the awarding entity had registered the corresponding liability in its accounts, and €17,666 for not taking out rescheduled or subdivided amounts.

In addition, the advances and loans made to staff were put on the books in a non-budget item included with the balances held under the heading of Revenues Pending Collection, reported in the budgetary Year-End Net Working Capital Statement, instead of including them in the correct non-budgetary accounting item. This also meant that the Revenues Pending Collection heading in the final budget outturn was overvalued by €10,477.

- The balance under the heading of Expenditure Payments Pending was overvalued by €72,193, because the Council included in the budgetary accounts for year 2017 invoices which had only been registered as received in January 2018.
- Errors and duplications were detected in the data held in the accounting system which increased the balance under the heading Revenues Pending Collection by €94,942.
- The audit noted an inconsistency between the criterion established for calculating the figure for doubtful debts in the Budgetary Execution Rules, the explanations given in the Notes to the General Account and the calculations actually carried out by the Council. In addition, the Council's estimate for doubtful debts as at 31 December 2017 was overvalued by €165,195 compared to the estimate calculated by the Audit Office.
- Those expenditures for which a decision had been passed that they should be subject to a limited ex ante comptrollership review were not included within the scope of the full ex post review using sampling or auditing techniques, with the aim of checking that they conformed to the regulations applicable to each case and determining the degree of legal compliance in managing budget appropriations.
- During year 2017, the post of Treasurer was held by a Council-appointed civil servant and not by an official with a civil service grade valid for the whole of Spain, as required by the legislation in force in the year covered by the audit.

The Audit Office also makes several recommendations relating to some of the issues brought to light during the audit work.

This summary is solely for information purposes. The audit report (in Catalan and Spanish) can be consulted at www.sindicatura.cat.