

SUMMARY

Summary of Report 15/2017, relating to local authorities' general accounts, year 2015

Barcelona, 18 October 2017

The Public Audit Office for Catalonia has issued Report 15/2017, relating to local authorities' general accounts for financial year 2015, 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 25 July 2017, with an individual concurring vote, by Board Member Ms Emma Balseiro.

The work carried out was to verify that general accounts submitted were compliant with legislation in terms of the organisations and accounting statements included, that they had been properly approved and forwarded to the Audit Office before the legal deadline and that the annual accounts and statements had been correctly drawn up, by reviewing and cross-checking the accounting data presented.

There were two substantial changes to the way local authorities' general accounts for the 2015 financial year were drawn up compared to previous years. Firstly, the new statutory Accounting Instructions for Local Government (ICAL), approved on 20 September 2013 by ministerial orders 1781 and 1782/2013, came into force; these meant important modifications to the structure and contents of the statements making up the annual accounts. Secondly, the gradual implementation of legislation relating to local government rationalisation (the LRSAL Act) and to the public sector's legal regime (the LRJSP Act), led to changes in the entities to be included within the accounting perimeter.

The most significant findings from the work carried out are explained in the conclusions section of the report and can be summarised as follows:

- General account submission levels, within the established deadline, for the different types of local authority, were as follows:

Type of local authority	Number of authorities	Submitted by the deadline		Fully submitted by the deadline	
		Number	%	Number	%
Provincial councils (<i>diputacions</i>)	4	4	100	4	100
County councils (<i>consells comarcals</i>)	42	35	71	22	52
Metropolitan entities	1	1	100	-	-
Joint service entities (<i>mancomunitats</i>)	68	28	41	23	34
Town and city councils (<i>ajuntaments</i>)	948	635	67	507	53
Decentralised municipal councils	65	46	71	41	63
Totals	1,128	744	66	597	53

Out of a total of 744 local authorities that sent in their general accounts to the Audit Office before 17 October 2016, 597 fulfilled all statutory requirements for them to be considered properly submitted.

The submission percentages for the different types of authorities were as follows: 100% for provincial councils and the one metropolitan entity, 71% in the case of county councils, 41% for municipal joint service entities, 67% for town and city councils and 71% in the case of decentralised municipal councils.

These results were worse than those achieved for year 2014 for county councils, municipal joint service entities and town and city councils. They have only improved in the case of decentralised municipal councils.

- In general terms, for those organisations which sent in their General Account, the level of compliance in respect of the accounting statements' contents could be better. Thus, a total of 147 general accounts, of the 744 submitted to the Public Audit Office before 17 October, were incomplete.
- The legal deadlines, both for approving general accounts and for sending them to the Audit Office, are still not being met. The average time lapse between the final approval of each General Account and it being submitted to the Audit Office is forty days, marginally less than for the previous financial year, when it was forty-one days.

In section 2.2 of the report the Audit Office makes a series of recommendations to improve the content of the accounts to be presented and submission levels. The following may be highlighted:

- The Council itself should make sure that, once the General Account has been approved within the legally prescribed time period, it gets sent to the Public Audit Office without delay; the report therefore recommends that when the Council votes its approval of the General Account the wording includes a submission deadline and that this is not more than a fortnight after.
- Local authorities should undertake the necessary measures to fulfil statutory requirements relating to registering, in Catalonia's Local Public Sector Register, the local government not-for-profit entities and subsidiaries in which they are stakeholders and which are subject to the provisions of the Budget Stability and Financial Sustainability Organic Act (LOEPSF: Act 2/2012, of 27 April), irrespective of whether they are annotated in other official registers.
- It also recommends changes to the contents of the public inventory which monitors compliance with the requirements for local government and public sector entities to submit financial reports to the Department for Governance, Government Organisations and Housing and to the Public Audit Office, and that it also includes the information relating to financial oversight which local authorities are required to send annually or

periodically to the Directorate-General for Financial Policy, Insurance and the Treasury, at the Department for the Deputy First Minister, the Economy and the Exchequer.

- Given the current state and availability of technology, the deadlines for drawing up, announcing and offering for inspection and finally approving local authorities' general accounts should be considerably shortened with respect to those currently laid down by legislation.

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