

SUMMARY

Summary of Report 8/2018, relating to Cànoves i Samalús Borough Council, budgetary year-end net working capital for 2016

Barcelona, 20 June 2018

The Public Audit Office for Catalonia has issued Report 8/2018, relating to Cànoves i Samalús Borough Council's budgetary year-end net working capital (*romanent de tresoreria*) for financial year 2016, 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 15 May 2018.

The purpose of the assignment was to audit the Borough Council's budgetary year-end net working capital corresponding to the 2016 financial year.

Cànoves i Samalús Borough Council's Year-End Net Working Capital Statement as at 31 December 2016 gave a figure of €738,998 for year-end net working capital for general expenditures, whereas the Public Audit Office reckoned it to be €1,068,430, in other words €329,432 more. However, it must be borne in mind that the overall year-end net working capital figure calculated by the Public Audit Office was €421,904 less than the figure established by the Council and, in particular, that the audit work suffered limitations from a lack of information on how the figure given under the heading Surplus Earmarked Funding was determined.

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

- During the period from 2011 to 2016, the Borough Council did not comply with the requirement to submit its General Account before the relevant deadline to the Public Audit Office.
- The audit uncovered the existence of account headings with balances for which the Council was either totally or partially unable to provide explanations; this represented a limitation for the audit, because due evidence was not obtained.
- The accounting information system used by the Council did not have an integrated module for expenditure projects involving earmarked funding, to allow monitoring and controlling of different projects on an individualised basis and enable funding deviations to be automatically calculated from the accounting records and included under the heading Surplus Earmarked Funding.

- The Council had €363,990 on its books for urban development quotas pending collection from the period between 2001 and 2006. This amount should have been written off, and the provision for doubtful debts adjusted accordingly.
- The Council had recorded in its accounts a grant of €119,432, provided through the Single Works and Services Plan for Catalonia for 2008, to finance improved access and refurbishment work at the municipal nursery school. This revenue item was overvalued by €57,915.
- The Council's estimate for doubtful debts as at 31 December 2016 was overvalued by €480,315 compared to the estimate calculated by the Audit Office.
- The Council had incorrectly recorded €271,020, under the heading Surplus Earmarked Funding, corresponding to moneys handed over to the Borough in 2006 as a percentage of increased property values after zoning changes, which should have been allocated to maintaining or extending municipal land and housing assets.

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

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