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## **SUMMARY**

### **Summary of Report 29/2021, relating to L’Ametlla de Mar Town Council, budget stability and financial sustainability, year 2019**

*Barcelona, 26 January 2022*

The Public Audit Office for Catalonia has issued Report 29/2021, relating to L’Ametlla de Mar Town Council’s budget stability and financial sustainability in year 2019, 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 21 December 2021.

The purpose of the assignment was a financial and legal compliance audit limited to verifying that the budget stability and financial sustainability indicators calculated by the Town Council were correct and coherent with the municipal accounts, including the accounts of its two subsidiaries; to making sure that the Council had, where necessary, undertaken the requisite measures to correct any imbalances; and to checking compliance with the corresponding requirements to provide and publish information.

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

- In some instances the Council did not calculate the stability and sustainability indicators relating to its budget outturn for 2019 in accordance with the criteria and methodology established by the Spanish State Comptroller General’s Office (*Intervención General*) in its different published manuals and guides. This meant the indicators did not show the correct values.
- The overall average time lapse for paying suppliers corresponding to the fourth quarter of 2019 came to 411.68 days. This was significantly above the statutory maximum of 30 days.
- Except for the 2019 revised version of the adjustment plan, which did incorporate the local public enterprise The Cove Management (La Cala Gestió), the other plans that were effective in 2019 were drawn up without including data from this entity, which meant that the projections used as a basis for these plans were not comparable with the data used by the Comptroller’s Office to calculate the indicators in consolidated terms (ones that included both subsidiaries). This precluded any monitoring of these plans to check for possible deviations occurring.

Furthermore, the Town Council failed to actually implement a large part of the measures envisaged for each financial year in the different plans approved at plenary Council meetings, and never undertook the task of matching up the data in the different plans to ensure the coherence of the measures to be applied in each year and the expected results.

- The Council failed to comply in a number of ways with statutory reporting requirements, both by failing to meet submission deadlines and also in terms of the contents of the information it supplied (to Spain's Treasury Ministry or, where necessary, to the Catalan Government's Directorate-General for Financial Policy, Insurance and the Treasury) regarding its stability and sustainability objectives relating to year 2019.
- As regards internal auditing at the Town Council, it should be said that in the personnel list for year 2019 the posts of Accounts Comptroller and Treasurer were filled by two local public servants acting as temporary stand-ins. But this arrangement had been in place for years, without the Council taking any action to fill these posts properly using the different appointment procedures established in legislation in force in 2019.
- Regarding its budget cycle management, the Council incorporated a modification to its 2019 budget which involved a significant increase in appropriations for expenditures. This modification was not eligible to be incorporated into the 2019 budget, because it was only finally approved after the start of year 2020.

In addition, in 2019 the Council removed a number of significant revenue items carried over from previous years and also some expenditure commitments from its budget. None of these modifications should have been registered in the 2019 budget, because the decisions to remove the items were not formalised until 2020.

- Regarding a loan provided by the Town Council to The Cove Management, to finance part of the quotas for the financial leasing arrangement that this entity had signed with a third party, there was no evidence that any agreement was ever signed between the two parties stipulating the conditions agreed on for the loan.

In section 3.2 of the report various recommendations are made regarding how the stability and sustainability indicators should be calculated, along with other management issues, in particular the possibility of dissolving the public enterprise The Cove Management and integrating its activities with those run by Town Council itself or by the Council's other subsidiary, the limited liability company La Cala Serveis Municipals, SL (The Cove Municipal Services).

<p>This summary is solely for information purposes. The audit report (in Catalan and Spanish) can be consulted at <a href="http://www.sindicatura.cat">www.sindicatura.cat</a>.</p>
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