

SUMMARY

Summary of Report 13/2018, relating to local authorities' general accounts, year 2016

Barcelona, 18 July 2018

The Public Audit Office for Catalonia has issued Report 13/2018, relating to local authorities' general accounts 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 30 May 2018.

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.

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

- General account submission levels, before 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	32	76	24	57
Metropolitan entities	1	1	100	0	0
Joint service entities (<i>mancomunitats</i>)	68	27	40	22	32
Town and city councils (<i>ajuntaments</i>)	948	653	69	579	61
Decentralised municipal councils	65	41	63	38	58
Totals	1,128	758	67	667	59

Out of a total of 758 local authorities that sent in their general accounts to the Audit Office before 16 October 2017, 667 fulfilled all statutory requirements for them to be considered properly submitted.

For the 2016 financial year there was a slight improvement in overall account submission levels in relation to 2015, caused in large part by the increase in the accounts submitted

by town and city councils and, to a lesser extent, by county councils. However, submission levels were lower for the groups of municipal joint service entities, whose results were very poor, and decentralised municipal councils, whilst levels were maintained for provincial councils and the metropolitan entity.

- In general terms, for those organisations which sent in their general accounts for 2016 before the deadline the level of compliance in terms of the accounting statements' contents could be better, although this year the number of incomplete accounts submitted was much lower than for the previous year. Thus, a total of 91 general accounts out of the 758 submitted to the Public Audit Office before 16 October were incomplete, when in the previous year 147 of the 744 submitted were incomplete.
- Catalonia's Local Public Sector Register still has entries for consortia which have not been attached to any local authority, even though the Local Government Rationalisation and Sustainability Act and the Public Sector Legal Regime Act established that local government consortia had to adapt their Statutes to current legislation and determine which local corporation they were attached to.
- Statutory deadlines are still not being met for approving general accounts and for submitting them to the Public Audit Office. The average time lapse between final approval of general accounts and presenting them to the Audit Office was thirty days; this is a reduction of ten days compared to the average time lapse for year 2015, which was forty 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 corporation's 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 plenary Council meeting votes its approval of the General Account the wording includes a submission deadline and that this is not more than a fortnight later.
- Local authorities should take steps to ensure that the accounts sent in are complete in all respects, as regards both the entities covered and the data included. In other words, the accounts submitted should be for that local government in its entirety. They should also check that dispatches include all files and that their contents correspond to statutory requirements.
- Local authorities should resolve the situation of those subsidiary agencies, companies, consortia and organisations indirectly controlled through other subsidiary or attached entities when, in addition, they have deficits, negative equity or losses; they should be attached or linked directly to the parent authority or alternatively be dissolved.
- 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 subsidiary entities which are subject to the provisions of Spain's Budget Stability and Financial Sustainability Organic Act and in which they are stakeholders, irrespective of whether these entities are annotated in other official registers.

- The report recommends changes to the contents of the public inventory which monitors compliance with the requirements for local authorities and their 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 includes the information relating to financial oversight which local authorities are required to send 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 local authorities to draw up, announce and offer for inspection and finally approve their 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.