

SUMMARY

Summary of report 5/2015, relating to local authorities' general accounts, year 2013

Barcelona, 10 June 2015

The Public Audit Office for Catalonia, in accordance with its Annual Programme of Activities, has issued report 5/2015, on local authorities' general accounts for the financial year 2013. The legally defined purpose of the report is to ascertain that local government organisations are submitting their general accounts as required by relevant legislation.

The report, presented by Board Member Mr Joan-Ignasi Puigdollers, was approved by the Audit Office Board at its meeting on 21 April 2015.

The work carried out is to verify the compliance of general accounts received in terms of organisations covered and statements included, and that the accounts submitted have been duly approved and forwarded to the Audit Office before the deadline, and also to check how the accounts and statements have been 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 can be summarised as follows:

- General account submission levels, as at 15 October 2014, for each type of local authority, are as follows:

Type of local authority	Number of authorities	Submitted up until 15.10.14		Fully submitted up until 15.10.14	
		Number	%	Number	%
Provincial councils (<i>diputacions</i>)	4	4	100	4	100
County councils (<i>consells comarcals</i>)	41	37	90	33	80
Metropolitan entities	1	1	100	1	100
Joint service entities (<i>mancomunitats</i>)	76	33	43	30	39
Town and city councils (<i>ajuntaments</i>)	947	770	81	680	72
Decentralised municipal councils (<i>entitats municipals descentralitzades</i>)	63	40	63	39	62
Totals	1.132	885	78	787	70

Out of a total of 885 local authorities that had sent in their general accounts to the Audit Office by 15 October 2014, 787 had fulfilled all statutory requirements for the accounts to be considered properly submitted.

These results are an improvement on the ones achieved for the financial year 2012 for all types of local authorities.

- In general terms, for those organisations which have sent in their General Account, the level of compliance related to the content of the accounts could be improved. There were 98 general accounts, out of the 885 submitted to the Audit Office, which were incomplete.
- The legal deadlines, both for approving general accounts and for forwarding them to the Audit Office, are not being met. The average time period between final approval of each General Account and it being forwarded to the Audit Office has gone down by six days in relation to the previous year and is now thirty-three 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 most significant are as follows:

- Local authorities, within the scope of their possibilities, should reinforce their areas of financial management, administration and accounting, and the division charged with the organisation's comptroller function, in order to achieve strict compliance with current legislation and full control over accounting, financial and asset management.
- When approving the General Account, the councillors' plenary meeting should include an explicit agreement to forward it to the Public Audit Office at the earliest opportunity.
- Local authorities should begin the process of dissolving subsidiary organisations which have not registered any activity over the last few years and when there are no plans for this activity to be resumed. Local authorities participating in joint service entities (*mancomunitats*) which have clearly failed to comply, year after year, with the requirement to submit their accounts because the function or service which they were set up to provide no longer exists or has been terminated, should dissolve these entities.
- Supramunicipal local government bodies and the Catalan Government need to facilitate the assistance which they are legally obliged to offer to local authorities requiring it. The Catalan Government should establish coordination criteria for this assistance.
- In respect of the regulations governing the content of general accounts, it is suggested that the additional information be reduced, because it is deemed excessive, but that certain other information be added, for example, a statement to reconcile the year end results in the budgetary outturn with those in the financial statements.
- The Catalan Government should establish a unified procedure for submitting and depositing the accounting and financial reports which legislation requires of the local government sector.

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