

SUMMARY

Summary of Report 31/2021, relating to Argentona Town Council, Budget Outturn Statement, year 2019

Barcelona, 7 February 2022

The Public Audit Office for Catalonia has issued Report 31/2021, relating to Argentona Town Council's Budget Outturn Statement for financial 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 30 December 2021.

The purpose of the assignment was a financial and legal compliance audit, limited to the Budget Outturn Statement, in order to obtain reasonable assurance on whether the information as at 31 December had been reported in accordance with applicable accounting principles and standards.

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

- After examining the information given in Argentona Town Council's Budget Outturn Statement for year 2019, according to the intended objectives for this auditing assignment, the audit found that the Council had reported an adjusted budgetary result of €737,484, whereas the Public Audit Office calculated it to be €670,488, in other words, €66,996 lower.
- The Town Council failed to register cases of deferral or payment by instalments of budget revenue items, as required by the Instructions for the Normal Model of Local Government Accounts. This meant an increase of €8,392 in recognised revenues for year 2019.
- According to the reconciliation of figures provided by Barcelona Provincial Council's Tax Administration Agency (*Organisme de Gestió Tributària de la Diputació de Barcelona*) and those registered by the Town Council, the latter had put on its books net recognised revenues that were €78,318 above the figures reported by the Agency for the taxes it had handled.
- The Town Council did not comply with the statutory deadlines for approving its Budget Outturn Statement for year 2019 and for approving its corresponding General Account and forwarding it to the Public Audit Office.
- In 2019 the Council awarded a total of €4,801 under the heading of retirement bonuses and also various fixed monthly amounts classed as productivity bonuses totalling €12,945.

Both of these pay items were an infringement of the regulations applying to public sector employees' pay.

- In year 2019, eleven invoices from the same supplier amounting to €107,337 were reported, without any new tendering process and the corresponding contract.
- In some of the contracts reviewed, certain issues were detected relating to the separate acquisition of services which should have been handled in a single contract, because they constituted one operational or functional unit. These anomalies resulted in arrangements which eluded publicity rules or the other requirements which should have been met in the procurement process. For this reason, they could constitute an improper splitting-up of contracts and, therefore, a possible breach of article 118.3 of Spain's Public Sector Contracts Act (Act 9/2017, of 8 November).
- In year 2019 the Town Council did not have any strategic plan for grants and subsidies.
- The Council included in a procedure for the non-judicial recognition of liabilities €192,030 in expenditures corresponding to expenditure commitments which had been properly acquired, so there was actually no need to use this type of procedure, which is only for exceptional circumstances. Expenditure commitments from the previous year that were taken on in accordance with statutory requirements but were not able to be allocated to the corresponding budget, instead of being processed as a non-judicial recognition of liability, should have been carried over to the current budget by prior incorporation of the relevant budget appropriations, including, if necessary, a full procedure for a modification to the budget.
- In year 2019 expenditures worth €124,129 were undertaken in disregard of administrative procedures, without sufficient budget appropriations, neglecting the ex ante comptroller-ship review and without querying whether it might have been advisable to carry out an ex officio review or hold anyone accountable for what had occurred.

In section 3.2 of the report, various recommendations are made relating to the administrative procedures and accounting criteria applied, and the internal control mechanisms in place. The Town Council ought to take the necessary steps to approve its budget and its General Account before the established deadlines, and to send in its General Account to the Public Audit Office before the submission deadline.

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