

SUMMARY

Summary of Report 30/2018, relating to agreements and decisions disregarding objections by local government comptrollership officials, years 2014 and 2015

Barcelona, 12 February 2019

The Public Audit Office for Catalonia has issued Report 30/2018, relating to agreements and decisions made in disregard of objections by local government comptrollership officials in financial years 2014 and 2015, 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 12 December 2018.

The review undertaken stemmed from the joint initiative by the Spanish Court of Audit, the Catalan Public Audit Office and the other regional audit institutions in Spain, carried out through their respective annual programmes of audits or activities, as approved by each institution's governing board.

The aims of the audit assignment were to check compliance with the obligations to be met by local authorities regarding their submission of the documents required by article 218.3 of Spain's Consolidated Local Government Finances Regulatory Act, brought into force by Royal Legislative Decree 2/2004, of 5 March; to determine the specific circumstances and causes leading to agreements and decisions made in disregard of the objections lodged by local comptrollership officials and to procedures where ex ante comptrollership was neglected or with anomalies in how revenues were collected; and to identify areas of risk for these matters.

In section 2.5 of the report a detailed analysis is given of the information provided by the fifteen Catalan town and city councils with more than 75,000 inhabitants and by Catalonia's four provincial councils (*diputacions*). This analysis was the basis for some of the findings given in section 3.1.

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

- As at 31 December 2016, 43% and 26% of local authorities had not sent in the information relating to decisions and agreements made by the presiding official or in a plenary council meeting which disregarded objections lodged by comptrollership officials, or a summary of the main anomalies detected in revenue collection and expenditure procedures which had neglected ex ante comptrollership, concerning years 2014 and 2015 respectively.

- For the group of town and city councils the degree of non-compliance was greater the lower the population figure for the municipal area. In year 2014 non-compliance reached a high of 45% in town councils with between 1,001 and 5,000 inhabitants, and in year 2015 it came to 28% for boroughs with less than 1,000 inhabitants.
- 85% of the authorities that sent in documentation for year 2014 and 83% of those that sent it in for year 2015 certified no occurrences; that is, that there had been no agreements or decisions made in disregard of objections lodged by comptrollership officials, no significant anomalies had been detected in revenue collection and no procedures had been completed which had skipped ex ante comptrollership.
- 71% of local authorities that sent in information relating to year 2014 and 73% of those that sent in information for year 2015 indicated that, in those years, no financial audits had been undertaken (as envisaged by article 220 of the Consolidated Local Government Finances Regulatory Act, passed by Royal Legislative Decree 2/2004, of 5 March).
- The largest group of agreements and decisions made in disregard of the objections lodged by comptrollership officials and reported to the Public Audit Office involved procurement files: practically half in year 2014 and 45% in year 2015. Next in order of frequency were personnel expenditure files, which amounted to 26% and 23%, respectively, in years 2014 and 2015. The most common reason (in terms of both the number of cases and the amounts involved) for the comptroller's office to lodge an objection was that essential requirements or procedures had been neglected.
- Of the organisations that sent in documentation for year 2014, and of those that sent it in for year 2015, almost 8% indicated an occasional instance of an expenditure file for which mandatory ex ante comptrollership approval had been neglected. City councils with between 100,001 and 300,000 inhabitants and town councils with between 5,001 and 25,000 inhabitants were the groups with the highest level of incidents in this aspect, both in terms of the number of files involved and the amounts they represented. The majority of expenditure procedures which had neglected ex ante comptrollership and which were reported to the Public Audit Office up until 31 December 2016 also corresponded to expenditures deriving from procurement procedures.

In section 3.2 of the report the Audit Office makes a series of recommendations to improve the way internal control functions are carried out at local authorities.

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