

SUMMARY

Summary of Report 31/2018, relating to El Vendrell Town Council, budget outturn, year 2017

Barcelona, 19 February 2019

The Public Audit Office for Catalonia has issued Report 31/2018, relating to El Vendrell Town Council's budget outturn for financial year 2017, 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 20 December 2018.

The aim of the assignment was a limited financial audit of the Town Council's Budget Outturn Statement corresponding to financial year 2017.

In its scrutiny of El Vendrell Town Council's budget outturn as at 31 December 2017, the audit found that the Council had reported an adjusted budgetary result of €2.69m, which the Public Audit Office reckoned to be €5.97m; in other words, €3.27m more. However, it must be borne in mind that the audit work was hampered by a lack of information, particularly regarding expenditures deriving from funding for capital assets to improve and renovate the water supply and distribution service, and because additional information was not made available to enable the funding distribution for certain projects involving earmarked funding to be correctly calculated.

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

- The review of the files of modifications to budget appropriations showed three dossiers with partial cancellations, totalling €708,918, which had not been subtracted from the Statement of Modifications to Budget Appropriations.
- The Council failed to remove from its budget execution those revenues which were deferred or allowed to be paid in instalments when this meant they would only fall due in subsequent financial years.
- As regards recognising revenues in the budget:
 - The Council received a total of €684,713 under the heading of grants to fund expenditures in the areas of social services and employment services, which were only registered in non-budgetary accounts. Budgetary revenue items deriving from grants

or transfers of money received should be recognised at the time that the addition to assets occurs.

- The Council did not recognise revenues worth €16,050 under the heading of dividends and shares in profits arising from its shareholding in a joint-stock company.
- The Council did not recognise revenues worth €60,000 relating to the annual payment from the franchise for running an underground car park in the borough.
- As regards management of the public service of supplying drinking water and sewage treatment for the borough, the Town Council did not record any revenue item on its books for the amount of the annual fee payable by the company awarded the franchise, worth €780,955.
- The returns of loans and advances given to staff were incorrectly recorded by the Council on its books. Revenues should only have been recognised for the amounts actually returned. This would have meant reducing revenue items under section 8 of the revenue budget by €46,114.
- During the 2017 financial year three files for the non-judicial recognition of budgetary expenditures were processed, totalling €1.94m, of which €1.88m corresponded to expenditures with no budget appropriation. One of these files included several invoices related to running municipal sports activities for expenses corresponding to previous years for which there had been insufficient budgetary appropriations.
- The audit detected expenditure items totalling €246,690 corresponding to expenses accrued in year 2017 but which were not included in the budget outturn for that year.
- The review carried out on expenditure projects detected three projects for which the amounts considered as positive funding deviations for the year were duplicated. It also uncovered nine expenditure projects where the share of funding covered by earmarked revenues was not correctly calculated.
- The Town Council did not carry out full ex post comptrollership of expenditures; this was contrary to its Budget Execution Rules for year 2017.
- The audit detected invoices worth €2.22m corresponding to services rendered under contracts whose delivery period had expired.

The Audit Office also makes several recommendations relating to some of the issues brought to light during the audit carried out.

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