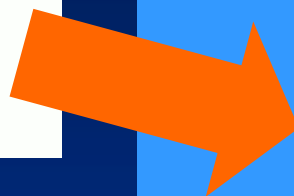




JOSE LOPEZ GARRIDO
EXECUTIVE DIRECTOR

PROVINCE OF ALICANTE



4th-ranked province

141 town councils

83 < 5,000 population

8 > 50,000 population

1,891,000 total population

5,827 sq. km surface area

1,128,000 domestic prop.

1,150,000 vehicles

Municipal Funding

- Taxes
 - Property tax (18.1% of 2007 revenues)
 - Tax on Economic Activities (3.3%)
 - Motor Vehicle Tax (5.1%)
 - Tax on Construction Works
 - Tax on Increase of Value of Urban Land (3.5%)
- Fees
- Special taxes
- Administrative fines
- Credit operations

- Property/assets revenue
- Subventions
- State Grants: Assignment regime / PIE (43.6%)
 - Income tax
 - VAT
 - Certain special taxes

COMPLEXITY FACTORS OF LOCAL TAX ADMINISTRATION

- BROAD RANGE OF PROBLEMS

- CENSUS-BASED MANAGEMENT

- SMALL AMOUNTS TO PAY

- GREAT NUMBER OF TAX ITEMS

**- INTEROPERABILITY WITH OTHER
CENTRAL/REGIONAL PUBLIC BODIES,
BANKS, PROFESSIONAL ASSOCIATIONS**

COMPLEXITY FACTORS OF LOCAL TAX ADMINISTRATION

- BROAD RANGE OF PROBLEMS

- MANY LAWS INVOLVED, FREQUENT CHANGES

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COMPLEXITY FACTORS OF LOCAL TAX ADMINISTRATION

- BROAD RANGE OF PROBLEMS
- MANY LAWS INVOLVED, FREQUENT CHANGES
- POWERS ARE SPREAD
- POLITICAL FRAME

MANAGING LOCAL TAXES IN SPAIN is:

A complex issue, subject to an extensive and changing legislation, influenced by frequent social and cultural changes, in an environment of spread powers, subject to increasing citizens' demands and conditioned by the political frame.

Some relevant questions....

- Can a Town Council of 100 inhabitants manage its tax revenue effectively, using up-to-the-minute technology at a reasonable cost?
- Is there any valid model both for this Town Hall and also for a 1,000 times bigger council?
- Is this an **IMPOSSIBLE MISSION?**

FLASH BACK TO EARLY 80'S



EARLY 90'S



MID 90'S



AT PRESENT



AT PRESENT



SUMA IS AN AUTONOMOUS AGENCY OF ALICANTE PROVINCIAL COUNCIL SPECIALISING IN LOCAL TAX ADMINISTRATION



Suma do the job **ON BEHALF OF** each city council as it has delegated powers for:

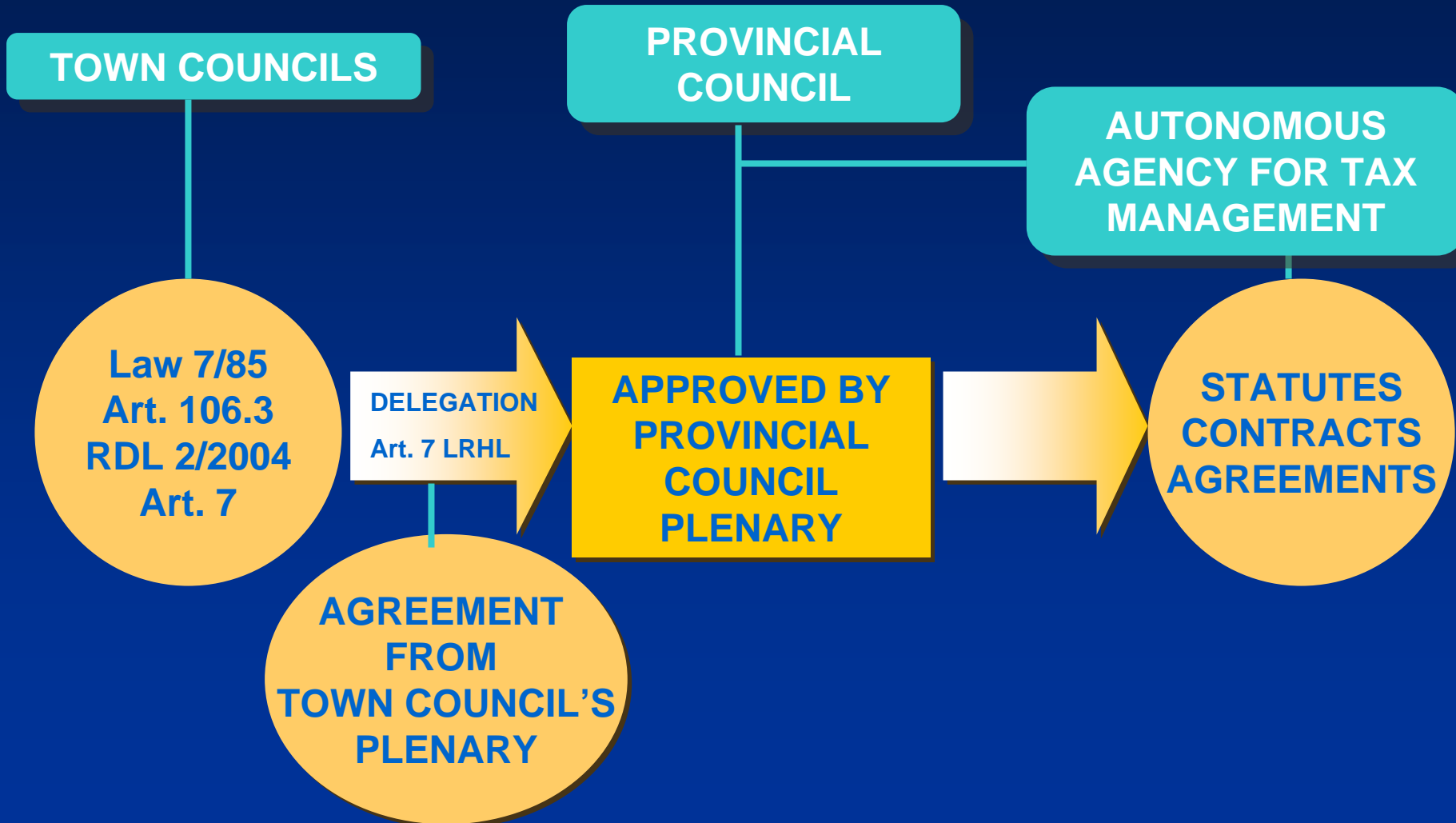
- Billing
- Collection
- Inspection
- Enforcement

of all local taxes and fees

- Accounts to Alicante Provincial Council
- Chaired by the Provincial Council President
- Economic and administrative Autonomy
- Governing Body: Board of Councillors
- Consultative Body: Board of Mayors
- Executive Director appointed by Provincial Council

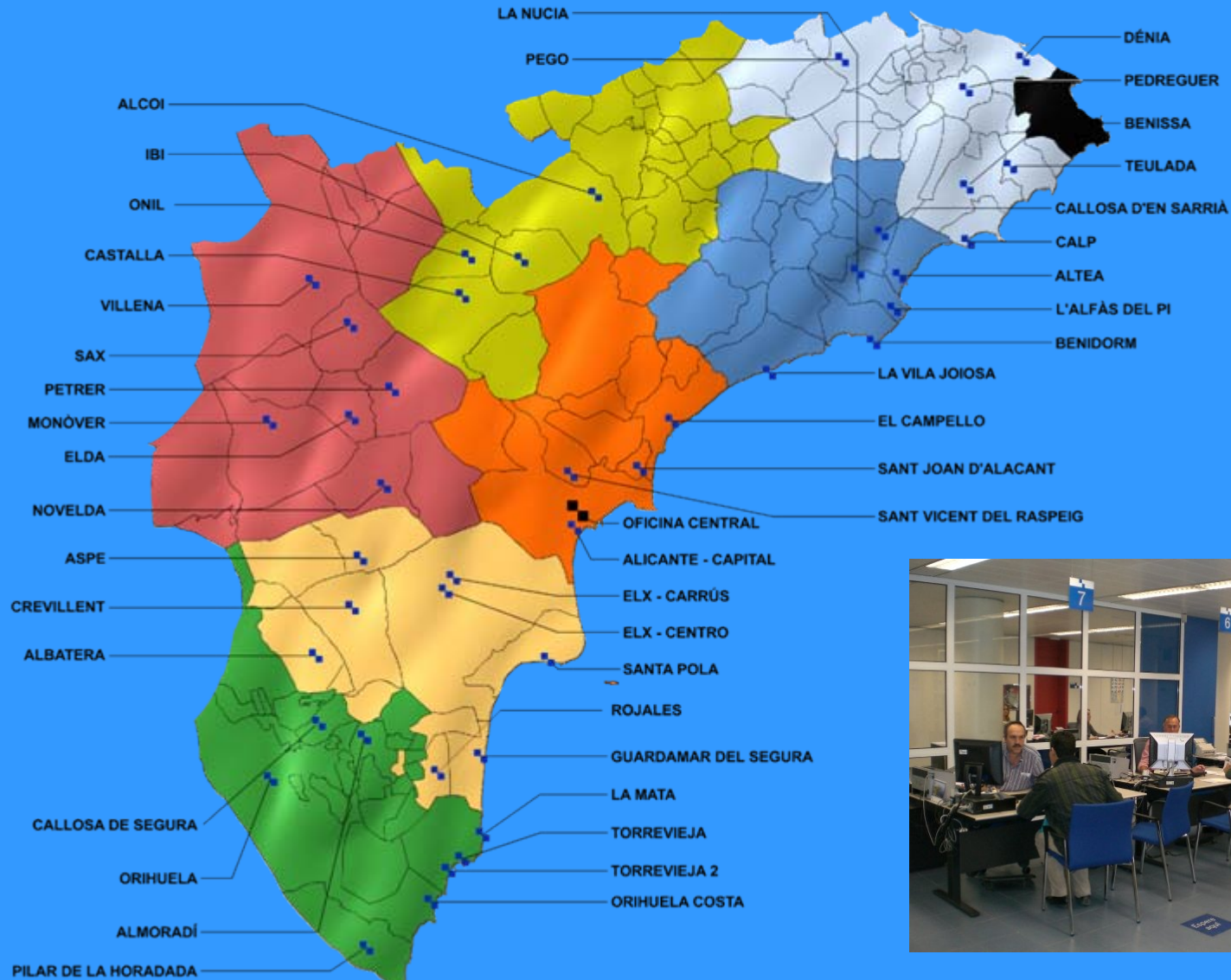


POWER DELEGATION MODEL



CUSTOMER SERVICE NETWORK

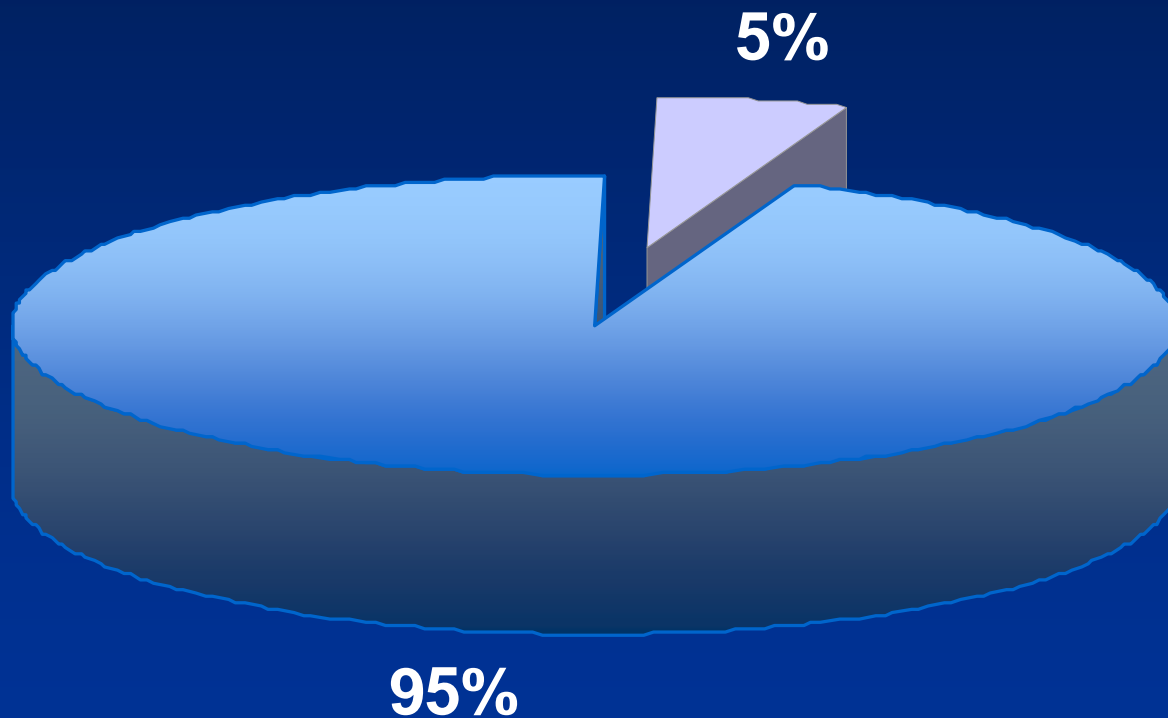
- ÁREA VEGA BAJA
- ÁREA INTERIOR
- ÁREA MARINA BAIXA
- ÁREA LA MUNTANYA
- ÁREA BAIX VINALOPÓ
- ÁREA L'ALACANTÍ
- ÁREA MARINA ALTA



SOME ANNUAL FIGURES (2009)

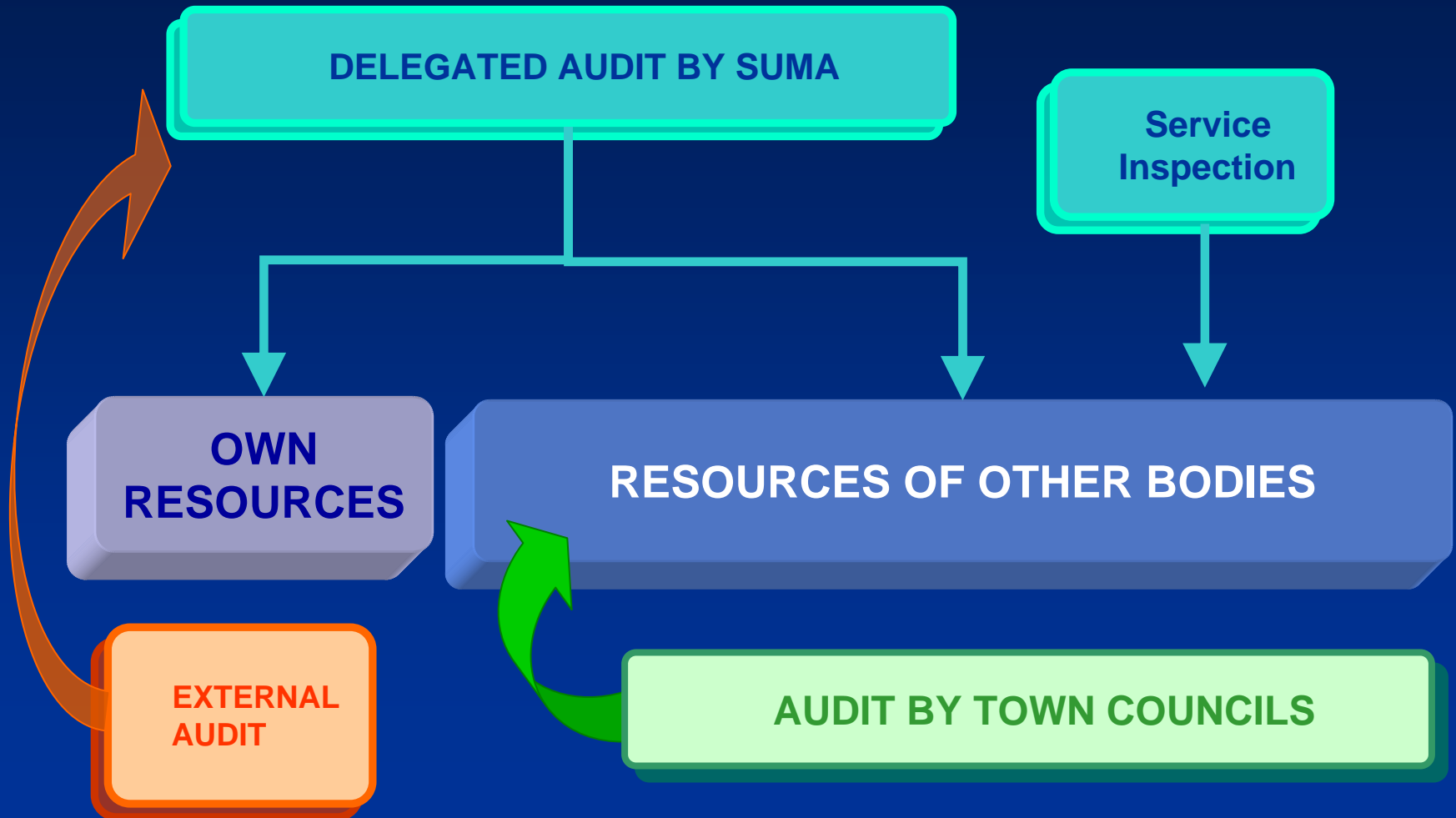
Associated municipalities	140
Number of invoices issued	3,8 million
Total Revenue	574 million €
No. of Taxpayers	2,7 million
Customer helped at offices	553.000
Customer service centres	44
Staff	478
Annual budget	30 million €

REVENUE CONTROL

ESTRUCTURE OF REVENUE
MANAGED BY SUMA

■ Resources of other Bodies

■ Own resources

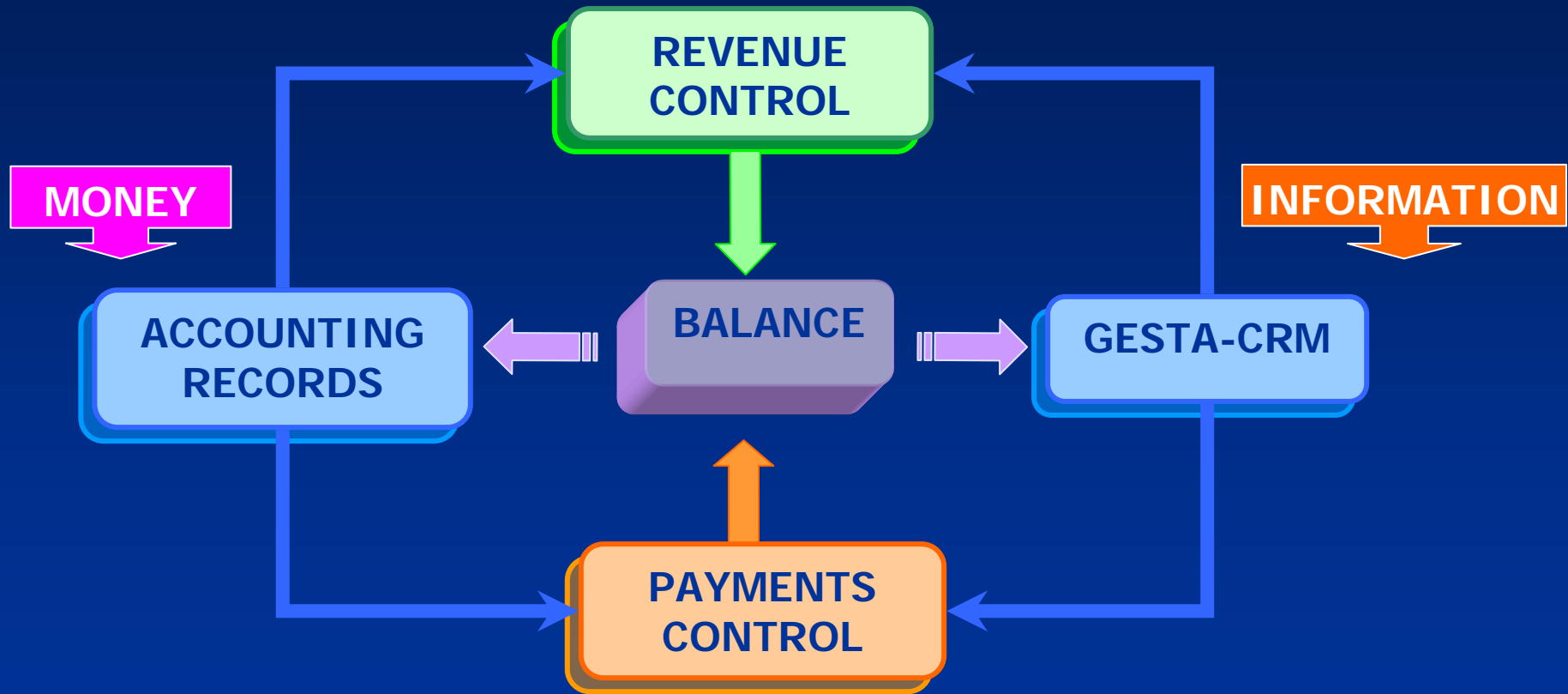
REVENUE CONTROL SYSTEM

REVENUE CONTROL

The **preliminary** revenue control was statutorily changed by the **recording of obligations**, though further verification actions must be taken by means of sampling or audit techniques.

Some of the verification actions are:

- **Monthly verification that info in CRM and accounts tally**
- **Monthly cash audit**
- **Analysis of statements**
- **Auditing procedures and control systems**
- **Audit of software used to control tax collection**
- **Service inspection and internal audit plan**
- **External audit**

REVENUE CONTROL**TALLY PROCESS**

REVENUE CONTROL

Cash Audit:

The Law compulsory obliges to perform a yearly cash audit by the end of the fiscal year. At Suma this process is carried out on a monthly basis, cross-checking the balance info from the bank accounts and that in our accounting records. Own funds and external resources are also discriminated

Analysis of statements

We have developed a comprehensive finance control system to make a reliable analysis of the data series aiming at detecting anomalous data behaviour and also at measuring the system efficiency to achieve the setup objectives.

REVENUE CONTROL

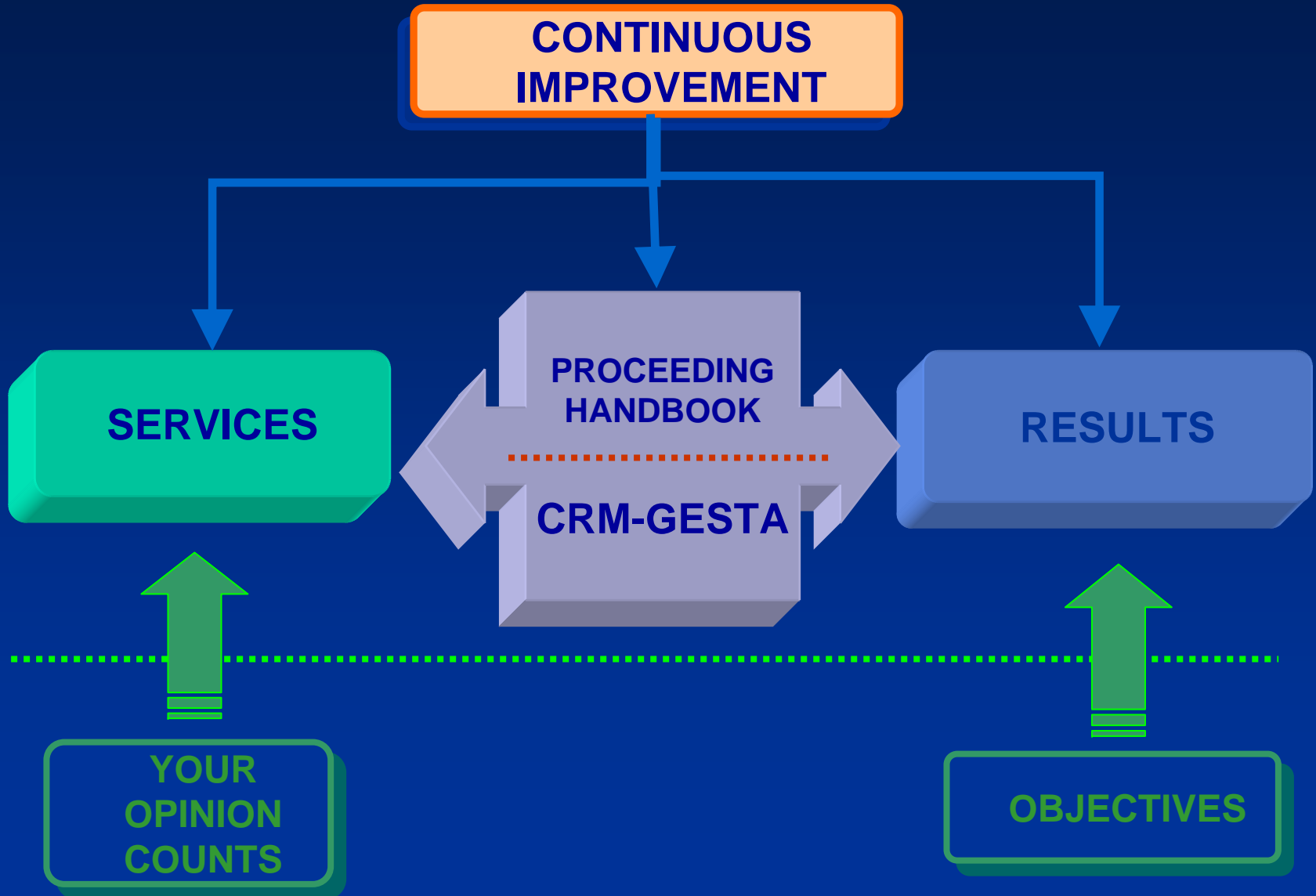
Auditing procedures and control systems

The Finance Department decides which procedures are to be audited every semester, also including the respective internal controls (i.e. payment refunds, deferred payments, etc.). All transaction details are double-checked to verify that the procedures are in law. If defects are revealed, correcting measures will be put in place.

Auditing the CRM software

The Finance Department also decides which menu options of GESTA (Suma's Tax Administration own-software) are to be audited every semester. All steps are revised to verify that the legal procedures have been implemented correctly. If defects or malfunctioning are revealed, correcting measures will be suggested to the ICT Dept for future implementation.

REVENUE CONTROL



REVENUE CONTROL

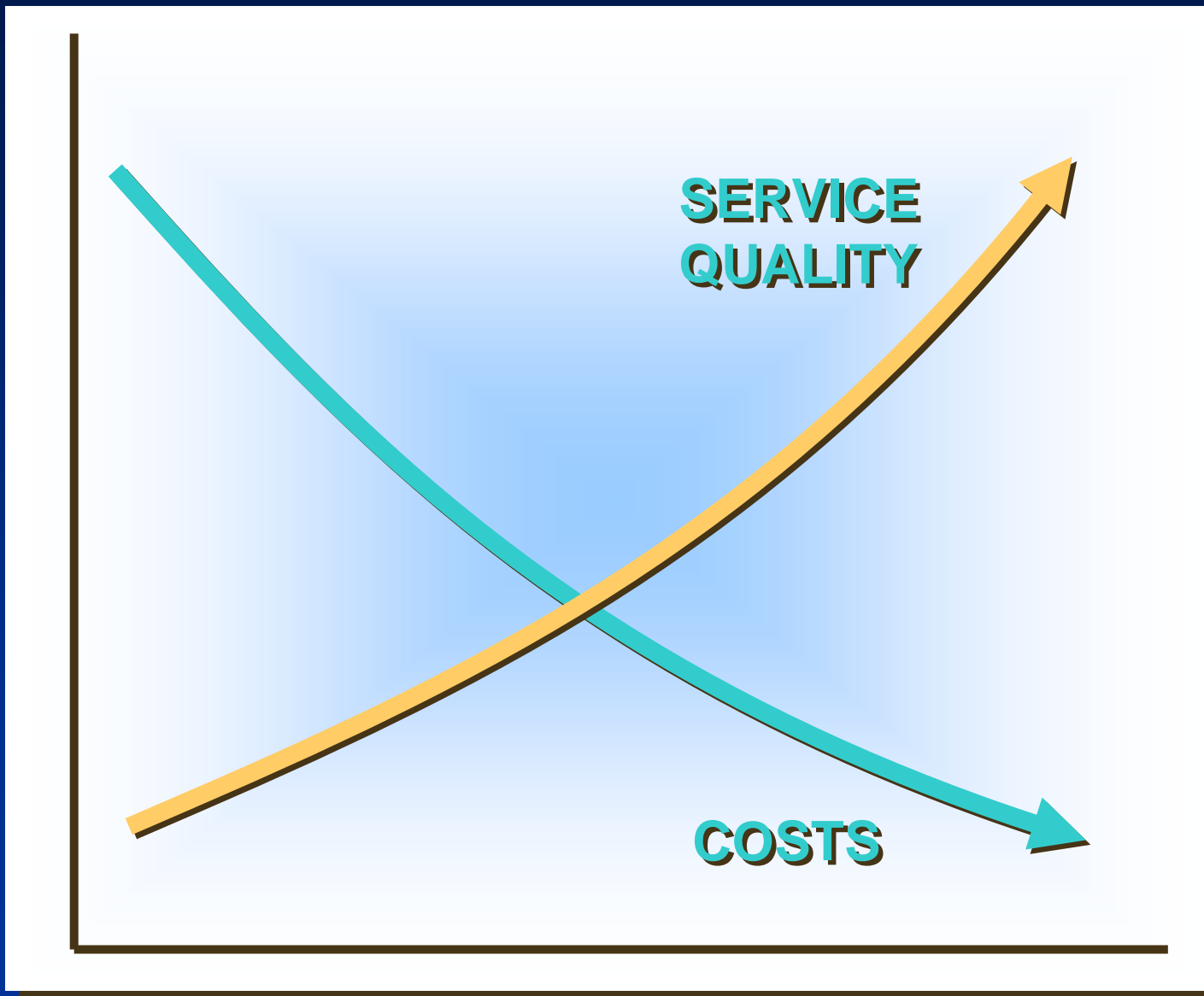
Service Inspection Plan and internal audit

- ✓ Suma Management approves the annual inspection plan
- ✓ Relevant **objectives**:
 - Keep an efficient internal control of processes
 - Achieve a reliable work system and a proper use of resources.
 - Verify that legal framework and internal regulations are followed by the organization
- ✓ Samples techniques are used
- ✓ Results are published on the internal website
- ✓ Horizontal (multi-departmental) inspections of collection and enforcement proceedings are also carried out, including on-site visits to face-to-face customer service centers

IN RELATION WITH TOWN COUNCILS

- Strive to achieve better results
- Shorten the tax life cycle
- Reduce service costs
- Value for money / Quality customer service
- Councils keep the control over information





%ECONOMIC COMPENSATION AS OF TOTAL REVENUE

