

SUMMARY

Summary of Report 22/2018, relating to the Barcelona Mar Health Park Consortium, years 2012-2015

Barcelona, 28 November 2018

The Public Audit Office for Catalonia has issued Report 22/2018, relating to the Barcelona Mar Health Park Consortium (CMPS), financial years 2012-2015, in accordance with its Annual Programme of Activities.

The report, which was presented by the Chairman, Mr Jaume Amat, was approved by the Audit Office Board at its meeting on 9 October 2018.

The regularity audit included a review of the CMPS's annual accounts for the 2015 financial year. For years 2012, 2013 and 2014 the accounts were analysed and the most significant aspects were audited. For the review of legal compliance, the main accounting, budgeting, procurement and staffing statutory requirements applicable to the CMPS were checked.

The Consortium, which was set up through a Cabinet agreement by the Catalan Government (*Generalitat*) on 26 January 2010, is owned by the Catalan Government and Barcelona City Council and has its headquarters at the Hospital del Mar. In 2015 it had 1,036 beds and 3,137 employees and served a registered population of 333,774 inhabitants.

Its balance sheets at the close of years 2012, 2013, 2014 and 2015 reported figures for assets and liabilities of €360.44m, €333.41m, €341.97m and €317.93m respectively. The CPMS's initial budgets showed revenues and expenditures of €300.85m in years 2012 and 2013, €294.26m in year 2014 and €294.56m in year 2015.

The Audit Office's opinion is that, except for the matters described in findings 1, 2, 5, 6, 7 and 8, the annual accounts represent, in all significant aspects, a true and fair view of the CMPS's assets and financial position as at 31 December 2015, and also of its results, cash flow and budget outturn for the financial year ending on that date.

The Conclusions section of the report describes the findings arising from the audit work carried out, which can be summarised as follows:

- The figure for tangible fixed assets as at 31 December 2015 was overstated by the value of the free long-term loans of space in the teaching building to the Barcelona Biomedical Research Park, the Pompeu Fabra University and the Autonomous University of Barcelona,

arranged in years 2007 and 2008. The Consortium should have accounted for the spaces ceded on loan by subtracting their net worth from its own tangible fixed assets, with a balancing item under Equity.

- In 2015, the CMPS took back possession of the premises loaned to the company CRC-Mar, SA and recorded this on its books at the accounting value of the assets when they were loaned out, €564,882, when, according to accounting regulations, the assets being recouped should have been recorded at their reasonable value at the moment of repossession.
- The Consortium held as an asset item on its Balance Sheet as at 31 December 2015 a balance of €20.40m due from the Catalan Health Service (CatSalut), corresponding to longstanding debt. Although there was a formal agreement, signed in 2012 and modified in 2015, between the Department of Health, CatSalut and the CMPS, to pay off this debt, the contribution from CatSalut was still not deemed fully payable, because in this organisation's budgetary accounts this amount was not shown as recognised liabilities as at 31 December 2015. Therefore, this asset item should have been taken off the Balance Sheet, with a corresponding amount subtracted from Reserves, within Equity.
- The Consortium registered the movable assets assigned to it by the Catalan Government when it took over the healthcare services run by CAEMIL (Dr. Emili Mira López Healthcare Centres), valued at €5.40m, under Tangible Fixed Assets, with a corresponding entry against Grants, Donations and Legacies Received. However, according to accounting regulations, the Consortium should have made the corresponding entry under Equity.
- The Audit Office considers that no justification was given for CatSalut allowing the CMPS building rights on the plot of land from the Sant Andreu Barracks, or for the Consortium to sign the lease agreement involving a construction commitment with the Zona Franca Consortium, given that the CMPS was not providing any services in the Sant Andreu Barracks complex, since it was CatSalut who authorised the usage of these premises and contracted out the healthcare activities provided there and who would pay for the cost of the lease of the building through a subsidy to the CMPS.
- During years 2013 and 2014 the CMPS did not fulfil the requirements of article 68 of Act 7/2011 to allow it to operate independently, because in neither of the two financial years did it meet its established budgetary objectives. This meant that in years 2014 and 2015 the entity should have been necessarily subject to Catalan Government legislation covering personnel matters and to the requirements of each year's Government Budget Act.
- As regards procurement, the report describes a series of anomalies in the preparation, tendering and awarding phases of the contracts in the audit sample; prominent in these were the use of the non-publicised negotiated procedure each year for procuring services of a recurring nature, applying mathematical formulae which compromised the principle of selecting the offer providing best value-for-money and the equality principle, and some procurement files not having all the requisite documents. The report also

highlights that in 2015 at least nine suppliers invoiced the Consortium for amounts in excess of the expenditures awarded to them through procurement procedures, worth a total of €6.06m.

- In 2013 the CMPS awarded the service for invoicing and collecting the cost of healthcare provided to foreign visitors without public health cover to the company Gestitursa Catalunya, SL, currently International Care Patient Assistance, SL (ICPA).

The pricing of the contract between ICPA and the CMPS evidenced no causal relationship with the mix of services provided by the contractor; this was contrary to public procurement rules. The contractor directly invoiced patients for the services provided by the CMPS, when it should have been the Consortium itself that issued the invoices for healthcare services, using its own identity and tax number and charging the official fees as approved by its governing board.

The prices paid by patients for the healthcare received from the CMPS and invoiced by ICPA were established in an annex attached by the contractor to its tender, but they were never approved by the Consortium. The pricing systems applied by the CMPS and ICPA showed significant differences, always more favourable to the latter.

When it analysed the tendering conditions for this contract, the Audit Office detected too much discretionary leeway and insufficient clarity in what the awarding criteria were, some awarding criteria which were really just tests of solvency, no rules on how criteria were to be applied and excessive weighting given to subjective criteria requiring value judgements, bearing in mind the nature of the contract.

- As regards personnel management, in 2012 the CMPS paid its staff an amount equal to 91.65% of their monthly salary, costing €5.52m, to avoid the cumulative effect of having to cancel their 2012 Christmas bonus and the loss of perks and conditions of employment that became fixed in their collective bargaining agreement. However, not all the perks and conditions of employment which were modified led to any reduction in salary levels.
- Two employees whose contracts were terminated for objective reasons decided to challenge the decision. These employees subsequently reached an agreement with the CMPS to have their cases treated as unfair dismissal. They negotiated conciliation agreements in order to get severance payments which were double what they would have got for dismissal for objective reasons.

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