

## **SUMMARY**

### **Summary of Report 4/2019, relating to the Catalan Health Institute, year 2015**

*Barcelona, 2 May 2019*

The Public Audit Office for Catalonia has issued Report 4/2019, relating to the Catalan Health Institute (ICS), financial year 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 12 March 2019.

The audit carried out, of a limited scope, included a review of the ICS's Budget Outturn for year 2015 and also a review of compliance with applicable legislation in the areas of budgeting, public procurement and personnel.

The ICS was set up in 1983 as the entity to manage the healthcare services pertaining to the Catalan Government (*Generalitat*) and those devolved from Spain's Social Security system. It is governed by Act 8/2007, of 30 July, and by Decree 13/2009, of 3 February, which approved its Statutes. It has functional and managerial autonomy, reports to the government department in charge of health and its relationship to the Catalan Health Service (CatSalut) is defined by legislation. The ICS provides healthcare services to approximately six million people throughout the territory of Catalonia; it carries out its activities in eight hospitals, with 3,588 beds. In 2015 the ICS had 38,909 professionals on its books, of which 38,513 were involved in the delivery of healthcare services.

The Catalan Government's Budget Act for 2015 (Act 2/2015, of 11 March) approved a budget for the ICS totalling €2,616.87m. As at 31 December 2015, its budgetary year-end net working capital (*romanent de tresoreria*) was negative, at minus €29.96m.

The most significant findings arising from the audit work carried out, as presented in section 3 of the report, can be summarised as follows:

- The ICS was unable to include incurred expenditures totalling €139.70m in its budgetary execution for year 2015, due to a lack of sufficient budgetary allocations. The fact that budget allocations are insufficient is also evidenced in the transfers of funds from CatSalut. There was a shortfall of €140.32m in the funding received for services rendered and invoiced to CatSalut.
- In three tendering procedures the ICS considered as criteria for assessing the offers aspects which in reality were proofs of the technical solvency of the contractors; it also

assessed some aspects as improvements even though the tendering specifications had not identified what could be considered improvements.

- In 2015 the ICS undertook expenditures, worth at least €143.79m, either on the basis of framework agreements which had expired, or without signing the derived contracts based on framework agreements, or using contract extensions which had not been envisaged and which exceeded the limits set in the tendering specifications or in procurement legislation.
- An unquantified part of the contracts to purchase medicines, healthcare materials and the delivery of services was carried out using low-value contracts, whereas, because of their recurring nature, these purchases should have been grouped together in procurement procedures guaranteeing publicity and competition.
- The ICS formalised the majority of its business transactions for supplies and the delivery of services by public sector entities belonging to the Catalan Government or by other entities within Catalonia's Integrated Public Healthcare System (SISCAT) through cooperation agreements with those entities. However, since all these transactions required payment, they did not have the characteristics inherent to cooperation agreements.

According to the procurement legislation in force in year 2015, all business transactions involving payments to entities fulfilling the conditions to be recognised as in-house service providers for the Catalan Government and its subsidiary organisations should have been formalised through in-house sourcing agreements between the ICS and these service providers. As for the remaining entities, transactions involving payments to them should have been formalised in accordance with the procurement procedures established by that legislation.

- In the audit of samples of staff salary payments various anomalies were uncovered relating to the working hours, bonuses and three-year pay rises paid to some employees.

The report concludes with four recommendations, relating to the programme-contract with CatSalut, how contract starting prices are estimated in procurement procedures, the purchase of medicines with only one supplier and maximum annual employee working hours.

<p>This summary is solely for information purposes. The audit report (in Catalan and Spanish) can be consulted at <a href="http://www.sindicatura.cat">www.sindicatura.cat</a>.</p>
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