

SUMMARY

Summary of Report 26/2021, relating to the Lleida Agri-food Science and Technology Park consortium, year 2019

Barcelona, 22 December 2021

The Public Audit Office for Catalonia has issued Report 26/2021, relating to the Lleida Agri-food Science and Technology Park consortium (PCiTAL), financial year 2019, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Jordi Pons i Novell, was approved by the Audit Office Board at its meeting on 23 November 2021.

The work undertaken for this limited scope audit included auditing the PCiTAL's activities and financial management. In precise terms, the audit looked at the consortium's budget outturn, capital assets and debt levels, and its compliance with applicable legislation in the areas of accounting, the budget cycle, staff salaries and public sector procurement.

The PCiTAL is a local government consortium which was jointly set up on 5 May 2005 by Lleida City Council and the University of Lleida (UdL). Its aim is for the Park to become one of the main scientific and technological platforms in the field of agribusiness and the field of information and communications technology (ICT), and a hub for excellence and innovation capable of attracting technology based businesses and advanced activities.

The Conclusions section of the report presents the most significant findings arising from the audit carried out, of which the following can be highlighted:

- As at 31 December 2019, the PCiTAL was in a very delicate financial position, with high debt levels, negative equity, an inability to cover its expenditures without contributions from the owner entities, and an inability to return the loans it had received. This situation could prejudice the Park's viability in the short term.
- Some of the spaces that make up the Park were not directly related to the aim of becoming one of the main scientific and technological platforms in the fields of agribusiness and information and communications technology, and a hub for excellence and innovation. Specifically, this was the case for the construction, management and running of the Arboretum, the botanical garden for the city of Lleida, even if it could involve research activities, and the Magical complex, used in large part for audio-visual teaching activities. In addition, the activities of some of the businesses with premises at the Park were not related to the research and innovation aims upheld by the PCiTAL.

- In accordance with applicable legislation, the budget for 2019 was approved with a surplus equivalent to the budget deficit from year 2017 and envisaged an increase in revenues from grant transfers. However, the projected figure was not based on any reasonable estimate of incoming grant payments, because there were no commitments from the State (central) government or the Catalan (regional) government to provide those grants.
- The budgetary result for 2019 as reported by the PCiTAL was overvalued by €2.98m, because it did not include the adjustments from positive funding deviations.
- The PCiTAL was only issuing invoices and receiving revenues for shared services. It was not issuing invoices for leased premises. Renting out space free of charge was equivalent to awarding direct grants paid in kind, but without those grants being offered in accordance with the legislation relating to grants and subsidies.
- The PCiTAL was not applying Lleida City Council's legal regime to its staff, as it should have been doing according to applicable legislation.
- In 2019 the PCiTAL had an inventory of tangible fixed assets that did not include all the information needed to properly manage them.
- The PCiTAL did not correctly formalise its procurement files for the low-value purchases it made in year 2019.

Finally, in the Conclusions section of the report various recommendations are made which, in the view of the Audit Office, would help to correct some of the issues mentioned in the Findings section. The following can be highlighted:

- The organisations comprising the consortium should take the necessary steps to deal with the PCiTAL's financial situation and make appropriate decisions to guarantee its viability, given the PCiTAL's obvious inability to generate income to cover its expenditures and, in particular, to pay off its accumulated debts.
- The organisations in the consortium, particularly Lleida City Council as the owner of the land and the government administration the consortium is attached to, should review the functions of the different areas in the Park, and make appropriate decisions to ensure that activities there are in line with the research and innovation functions that the PCiTAL was created for.

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