

SUMMARY

Summary of Report 7/2022, relating to the Catalan Meteorological Service, year 2018

Barcelona, 25 May 2022

The Public Audit Office for Catalonia has issued Report 7/2022, relating to the Catalan Meteorological Service (SMC), financial year 2018, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Josep Viñas, was approved by the Audit Office Board at its meeting on 4 May 2022.

The regularity audit included a review of SMC's annual accounts for year 2018 and verifying that, in the period covered by the audit, the entity had carried out its activities in accordance with applicable legislation.

The entity is the successor of the old Catalan Meteorological Service set up by the Commonwealth of Catalonia on 31 March 1921. The present SMC was set up by the Meteorology Act (Act 15/2001, of 14 of November) as an entity with its own separate legal identity, reporting to the government department with powers in environmental policy – the Department for Territory and Sustainability in the year audited. Its main activity is providing public weather and climate information and advisory services to the Catalan Government, to other public and private entities and to the general public.

The SMC's starting budget for year 2018 was set at €7.15m. This went up to €7.26m through budget modifications. The budgetary result at the end of the year was a deficit of €558,892, calculated as the difference between recognised revenues of €6,948,953 and recognised expenditures of €7,507,845.

Bearing in mind the aim, scope and methodology used for the report, the Audit Office's opinion is that the annual accounts represent in all significant aspects a true and fair view of SMC's assets and financial position as at 31 December 2018, and also of its results, cash flow and budget outturn corresponding to the financial year ending on that date.

The most important findings from the audit, as given in section 3.1 of the report, can be summarised as follows:

- As at 31 December 2018 SMC's Balance Sheet showed negative net working capital of minus €1.84m, deriving from the fact the entity had practically no own income and was dependent almost entirely on funding from the Catalan Government, which was insufficient

to cover recurring expenditures such as staff, rentals, repairs and maintenance. It should be said, however, that as long as the Government keeps providing the necessary funding it will not have continuity problems.

- The SMC failed to arrange, approve and register budget modifications of €618,041, corresponding to items for which it had to recognise expenditure commitments above those envisaged in its budget, which was a breach of regulations.
- The SMC did not have itemised records on its books for various elements within fixed assets on its Balance Sheet which corresponded to capital grant transfers recorded under liabilities.
- The result for the financial year was a loss of €142,446. During the year a number of revenue and expenditure items of a non-recurring nature were reported, which in large part determined the result: revenue items for excess provisions totalling €687,593 and personnel expenses corresponding to bonuses for previous years totalling €250,739. Without these income and expenditure items a loss of €579,300 would have been generated, determined mainly by the fact that revenues from the delivery of services plus grants for current expenditures from the Catalan Government were insufficient to cover ordinary operating costs.
- The prices for delivering services were approved by the Management Board, when the power to do this was actually vested in the minister of the department the SMC reported to. In addition, these prices did not include some of the services actually delivered by the SMC, particularly the provision of air quality data to electricity companies.
- As regards procurement, the audit detected that the contents of procurement files and of contract award notifications had not been fully adapted to the new requirements of Spain's Public Sector Contracts Act, which came into force in March 2018.

In the files for contracts awarded using the open tendering procedure the main deficiencies were no justification for the procedure used, no justification for having insufficient in-house resources for contracts for services, and no justification for the formulae and weightings used to assess the awarding criteria.

- In ten of the twenty-five low-value contracts reviewed, certain issues were detected relating to the separate acquisition of services which should have been handled in a single contract, because they constituted an operational unit or because they involved a succession of contracts to cover recurring or foreseeable needs. These anomalies resulted in arrangements which eluded requirements for the awarding process which should have been met. They therefore constituted an improper splitting-up of a contract.

In addition, six of these contracts also failed to comply with the ban on arranging low-value contracts for purchases that individually or jointly went above the maximum amounts authorised for this type of contract.

- The amounts for the two contract time extensions that were audited included the retail price index increase, something that had not been envisaged in the original tendering specifications.
- The process of finalising contracts was not carried out in accordance with requirements: all of the contracts for services and one of the contracts for supplies were missing the declaration of receipt, and all of the files were missing the final liquidation of the contract.
- The SMC's director approved official cooperation agreements, whereas both the Act of Parliament setting up the SMC and its Statutes ascribed this function to the Management Board.
- Cooperation agreements were not arranged in accordance with regulatory requirements. Five of the files in the audit sample were missing the document justifying the need, the document of financial implications, the legal report, the account comptroller's report, and the report from the Department for Foreign Action, Institutional Relations and Transparency.
- The files corresponding to grants directly awarded to the Catalan Association of Meteorology, the Catalan Association of Meteorological Observers, the Ebro Observatory Foundation and the Barcelona Royal Academy for Science and the Arts failed to include adequate or sufficient documentary justification for the reasons why it was difficult to arrange a public competitive process for these awards.
- In year 2018 the SMC bore the salary costs of a technician from the Catalan Office for Climate Change, seconded to the Department for Territory and Sustainability. This post was not part of the SMC's workforce and was therefore not covered by its budget appropriations. And the tasks undertaken by this technician were not directly related to the SMC.

Lastly, the report includes seven recommendations which, in the Audit Office's opinion, would help to improve some of the aspects mentioned in the Findings section.

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