

## **SUMMARY**

### **Summary of Report 32/2021, relating to public sector procurement deriving from the Covid pandemic, year 2020, parliamentary resolutions 962/XII and 963/XII**

*Barcelona, 9 February 2022*

The Public Audit Office for Catalonia has issued Report 32/2021, relating to public sector procurement deriving from the Covid pandemic, financial year 2020, parliamentary resolutions 962/XII and 963/XII, in accordance with its Annual Programme of Activities.

All of the sectoral departments at the Public Audit Office that audit the accounts of the Catalan Government (*Generalitat*) and its public sector were involved in drawing up this report. The report, which was presented by the Chairman, Mr Jaume Amat, was approved by the Audit Office Board at its meeting on 30 December 2021.

The report is to comply with resolutions 962/XII and 963/XII passed by the Parliament of Catalonia. The purpose of the assignment was to audit the emergency contracts and urgent contracts, and the modifications or extensions to contracts already in force, arranged by Catalan Government departments and their subsidiary entities between 14 March and 31 December 2020 in order to manage the health crisis brought about by the Covid pandemic.

The audit universe in the case of contracts awarded by the emergency procedure comprised 6,114 procurement files, with amounts awarded totalling €704.05m; for the contracts arranged using the urgent procedure, and for contract modifications, see section 2.2.1 of the report. The report includes an appendix with the list of contracting authorities, the sample of contracts audited, and the issues detected in each of the procurement files reviewed.

In the Conclusions section, the Audit Office states a limitation to the scope of the audit, arising from the fact that it was not possible to verify the integrity and exactitude of the information it was given, and describes the most significant findings from the audit carried out, some of which are given here:

#### **Emergency contracts arranged**

- In seven procurement files, the purpose of the contract was far removed from the needs arising from protecting against Covid.

Procurement files 3, 4, 5 and 10 related to periodical supplies. They should therefore have been arranged using a standard procurement procedure.

In the case of files 13, 39 and 40, although it was clear that they were essential services, they did not involve unexpected happenings for the contracting authority. A standard procurement procedure should have been used. In addition, in the case of files 39 and 40, the service had been delivered without any contract since February 2016.

- Decree Act 13/2020, of 21 April, for the adoption of urgent measures of a structural and organisational nature, along with measures at the level of the Catalan Government's public sector entities, stipulated that the Department of Health was to take charge of intervening in, and providing information to, social service centres of a residential nature corresponding to the Directorate-General for Personal Autonomy and Handicap during the state of alarm. Until that moment, these powers had been assigned to the Department for Work, Social Affairs and the Family.

The contract awarding decisions for twenty-five files (numbers 141, 143, 144, from 165 to 177, from 179 to 183, 187, 188, 190 and 191) were issued by the minister in charge of the Department for Work, Social Affairs and the Family when he was not vested with the powers to do this.

- As regards the justification report, the audit noted that in five files no justification report was to be found and in eighty-three files there was no mention of the procedure being used simply as a stopgap until arrangements could be made using standard procedures.
- The review showed that the delivery of twenty contracts began after the starting deadline of one month from notification of the emergency contract award decision.
- In seven cases contract delivery was extended over time, even though procurement by means of the emergency procedure is envisaged to cover immediate needs with the utmost speed, until it becomes possible to go back to standard procurement procedures.
- Various issues were uncovered relating to the documentation to provide proof of the delivery of goods or of the work carried out.
- In procurement file 97 the total amount invoiced did not tally with the units supplied to the organisation according to the packing lists. The quantity actually delivered, according to these packing lists, was 422,400 units less than the quantity ordered and paid for, €206,976 less than the sum paid.

In files 60 and 115 the total cost of the service was significantly higher than the contract award figure. The deviations detected came to €570,005 and €438,206 respectively.

- Regarding the contract arranged by the ambulance organisation Sistema d'Emergències Mèdiques, SA (SEM) to monitor positive contacts (file 199), for the eight months the contract was in force the contractor invoiced an amount proportional to eight twelfths of the contract's yearly figure.

According to the information provided, in the period covering October 2020 to January 2021 there was a gradual reduction of 26.3% in the number of phone calls per month but, contrariwise, the size of the contract, in terms of the number of staff assigned to the service, was increased by 95.2%.

The Audit Office concluded that the number of medical staff assigned to the service was excessive, given that the call managers did not undertake the projected number of calls. Their activity was actually significantly lower than it should have been according to the parameters established in the contract.

While the contract was in force, various employees that had been classed for part of the time as temporarily unfit to work were included in the invoices charged to the SEM with working hours equivalent to full time employment, without deducting amounts paid by the Social Security Treasury Office. Given that the medical staff hired to stand in for employees who were temporarily not fit to work were also included in the invoices the contractor presented to the SEM, this latter ended up paying more than the correct amount for the services actually supplied.

- The Catalan Health Institute (ICS) had a €7.91m balance owed it by the contractor of procurement file 69, for the purchase of ventilators. This debt, according to the Catalan Government's Treasury Office, was caused by a malfunction in the computer system for matching invoices put into the accounts with advance payments made. The contractor was incorrectly paid €7.91m instead of subtracting this figure to compensate for the advance that had been given.

#### **Urgent contracts arranged**

- As regards procurement file 206, arranged by the Catalan Health Institute – Vall d'Hebron University Hospital, the contract for works and supplies was awarded on 30 December 2020 and signed in February 2021. On the date the audit fieldwork was completed, 30 September 2021, work for the contract had still not commenced. This was a breach of the Public Sector Contracts Act, which states that delivery of a contract arranged through the urgent procurement procedure should not be more than one month after the contract has been signed.

#### **Contract modifications**

- In file 208, for modifying the emergency contract for supplying rapid testing kits for detecting the presence of SARS-CoV-2 antigens, the modification led to a 500% increase in the value of the contract, which went from €4.50m to €27.00m, along with an increase in the product quantity to be supplied specified in the original contract, which was changed from 1 million to 6 million test kits. The contract modification was carried out forty-seven days after the initial awarding decision.

The Audit Office considers that, rather than approving a modification to an emergency contract, another new emergency contract should have been arranged.

The report also includes a series of recommendations which, in the Audit Office's opinion, would help to improve some of the issues mentioned in the findings, including it being imperative to initiate, without delay, the procedure for claiming back the excess amounts paid out.

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