
SUMMARY

Summary of Report 19/2020, relating to the Consortium for Constructing and Running the Fourth Integral Municipal Waste Treatment Plant for the Barcelona Metropolitan Area, year 2016

Barcelona, 4 November 2020

The Public Audit Office for Catalonia has issued Report 19/2020, relating to the Consortium for Constructing and Running the Fourth Integral Municipal Waste Treatment Plant for the Barcelona Metropolitan Area, financial year 2016, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Miquel Salazar, was approved by the Audit Office Board at its meeting on 14 October 2020.

The subject of this report is a limited scope financial audit of the Consortium, focused on auditing its Budget Outturn and reviewing its compliance with applicable legislation in the areas of accounting, the budget cycle and public sector procurement, corresponding to financial year 2016. This audit is completed by Report 18/2020, relating to public sector procurement by the Barcelona Metropolitan Area (AMB), which included a review of the public works and concession contract for running the fourth integral municipal waste treatment plant for Barcelona's metropolitan area, known as Ecopark 4.

The Consortium for Constructing and Running the Fourth Integral Municipal Waste Treatment Plant for the Barcelona Metropolitan Area, which was set up on 7 November 2006, has the status of a public body of an institutional nature, formed by the Catalan Waste Agency, the AMB and Hostalets de Pierola Town Council. It has as its aim the project design, construction and running of Ecopark 4, and delivery of the integral municipal waste treatment service at this facility, consisting in mechanical and biological treatment of the organic portion of the municipal waste and of the remaining portion (left-over portion) of municipal waste, and final disposal of the unusable remainder.

The management and running of Ecopark 4 is carried out as a concession awarded to the company Ecoparc de Can Mata, SL, which is 100% owned by the company CESPÀ Gestió de Residus, SA. This latter company is also the owner of the controlled tip located in Hostalets de Pierola.

The Consortium's Budget for year 2016 envisaged revenues and expenditures of €33,597,159. The figures in the Budget Outturn as at 31 December 2016 showed recognised revenues of €30,141,772 and recognised expenditures of €30,114,197.

The most significant findings from the audit assignment, as described in the Conclusions section of the report, can be explained as follows:

- The €24.87m in revenues which the Consortium received from the AMB to finance the running costs of Ecopark 4 corresponded to a transfer of funds for current expenditures, so this figure should have been reported in section 4 of the revenue budget, instead of in section 3.
- The Consortium charges an officially set fee for treating the waste from boroughs which do not belong to Barcelona's metropolitan area. On 18 November 2014 the Consortium's General Council gave its approval to the official fees to be charged for treating the left-over portion until year 2017, the price being set according to the percentage figure for the unusable remainder produced. The approval document did not include the relevant financial assessment to justify the amounts being approved. Furthermore, these official fees were not approved by the AMB, which, according to article 47 of the Consolidated Local Government Finances Regulatory Act, was the authority vested with the power to do this.
- On 1 February 2007 the Consortium's Management Council passed an agreement to the effect that the management of personnel, procurement, comptrollership, finances, legal and technical advice, and any other such affairs would be undertaken by the AMB. However, no financial contribution was arranged to pay for these services, whose cost ought to have been borne by the Consortium.
- The cost of the service paid by the Consortium, and borne by the AMB, included a €1.40m expenditure item which ended up being charged to the contractor, in the adjustments to the service's running costs, as laid down in the conditions for the contract. At the end of year 2016 the contractor had still not made this payment. This item was finally settled in 2019.
- The audit's analysis of the main features of the public works and concession contract for running Ecopark 4 showed various irregularities relating to how it was drawn up, tendered out and awarded. Of particular note were the requirement, in order to take part in the tendering process, of having a plot of ground where the facility could be located, and the change in the way the construction work was to be financed, made after the tendering process had taken place, whereby the Catalan Waste Agency became responsible for paying the plant's construction cost. This change amounted to a modification of the legal nature of the contract, converting it from a public works concession to a hybrid contract involving both design and construction and also running a public service.

The Audit Office recommends that the Consortium periodically reviews the invoices presented by the concession holder, so as to avoid the differences between the plant's operating revenues and expenditures which appear at the end of the year.

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