SINDICATURA DE COMPTES DE CATALUNYA

Via Laietana, 60 – 08003 Barcelona – tel. +34 93 270 11 61
sindicatura@sindicatura.cat – www.sindicatura.cat

SUMMARY

Summary of Report 28/2021, relating to the environmental services company Serveis Ambientals del Vallès Oriental, SA, year 2018

Barcelona, 26 January 2022

The Public Audit Office for Catalonia has issued Report 28/2021, relating to the Eastern Vallès environmental services company Serveis Ambientals del Vallès Oriental, SA (SAVOSA), financial year 2018, 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 21 December 2021.

The subject of the report is a limited scope audit of SAVOSA, focused on auditing its Profit and Loss Statement and its fixed assets, and reviewing its compliance with applicable legislation in the areas of accounting, staff salaries and public sector procurement, corresponding to year 2018.

SAVOSA is a joint stock company owned by the public sector Eastern Vallès Consortium for Waste Management (*Consorci per a la Gestió de Residus del Vallès Oriental*). SAVOSA was set up in 1998, its main mission being to build, run and maintain complexes for the treatment, recycling and controlled disposal of municipal waste.

According to SAVOSA's Profit and Loss Account, in year 2018 its net turnover amounted to €10.68m and its result for the year was a loss of €1.34m. This led to it reporting negative net worth, as at 31 December 2018, of minus €499,678.

The Conclusions section of the report shows the most significant findings from the audit undertaken, which can be summarised as follows:

- SAVOSA's annual accounts for year 2018 had not been submitted to the Public Audit Office.

- The company posted losses in both year 2017, of €218,636, and year 2018, of €1,338,398. As a result, its net worth as at 31 December 2018 had decreased to an amount which was below half of its share capital, providing due cause for dissolving the company, in accordance with company law.

  These circumstances represent an uncertainty in regard to the company's ability to continue functioning if, when the time comes, it fails to get financial support from its sole shareholder, the Consortium.

- The audit of the official agreements established between the Consortium and municipal councils for providing the waste collection service found that ten of the fifteen agreements reviewed had not been signed. In the other five cases, the agreements to regulate service delivery in year 2018 had been signed at some point during 2018 or even in 2019.

- The company should have included a provision of €300.000 in its 2018 annual accounts for planned staff layoffs.

- The considerable age of the fleet of vehicles used by SAVOSA to provide its services (more than ten years old in most cases) meant that repair and maintenance expenditures for year 2018 worked out at an average of €25,359 per vehicle.

- The company had no inventory of tangible and intangible assets, although one should have been included in the Consortium's general consolidated inventory, according to statutory requirements.

- During year 2018 thirty-seven employees were paid overtime hours in excess of the upper limit laid down by legislation of eighty hours overtime per annum.

- The delay in starting the new tendering process for the service contract for removing, transporting and treating waste material meant that service delivery took place without any contract from May 2018 until February 2019.

- The time extension to the contract for cleaning and disinfecting containers led to a price increase of approximately 20%, something that had not been envisaged in the contract. This constituted a change in the contract's essential features, such that a new tendering process should have been put in motion.

- The company failed to publicise the low-value contracts it had arranged in the audited year on the transparency section of its website, which was a breach of regulations.

- In some of the contract files reviewed, certain issues were detected relating to the separate acquisition of services which should have been handled in a single contract, because they involved a succession of purchases to cover recurring or foreseeable needs. These anomalies resulted in arrangements which eluded publicity rules or other requirements which should have been met in the procurement process. They therefore constituted an improper splitting-up of a contract.

  In addition, several procurement files failed to comply with the ban on directly awarding or entering into low-value contracts with the same contractor in the event of them individually or jointly going above the maximum amount permitted for this contract type.

Lastly, the report gives nine recommendations which, in the Audit Office's opinion, would help to improve some of the issues mentioned in the findings.

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