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SUMMARY

Summary of Report 28/2016, relating to the Terrassa Health Consortium, Parliamentary Resolution 508/X

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The Public Audit Office for Catalonia has issued Report 28/2016, relating to the Terrassa Health Consortium (CST), Parliamentary Resolution 508/IX, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Andreu Morillas, was approved by the Audit Office Board at its meeting on 13 December 2016.

This regularity audit included a review of the CST's annual accounts for financial years 2011 and 2012 to check that they had been presented in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained in that framework. It also included verifying that in the period covered by the audit the CST had carried out its activities in accordance with applicable legislation.

The CST is a public law entity whose institutional stakeholders are the Government of Catalonia (*Generalitat*), Terrassa City Council and the Sant Llàtzer Private Foundation. It is affiliated to the Catalan Health Service (CatSalut). The CST serves a registered population of 200,710 persons in the Western Vallès area and has 2,109 employees and healthcare centres in Terrassa, Rubí, Matadepera, Castellbisbal and Sant Cugat del Vallès.

The Consortium's Balance Sheet showed assets and equity plus liabilities totalling €147.18m at the close of year 2011 and €154.44m at the end of year 2012. Net working capital (current assets minus short-term liabilities) was negative: –€25.3m and –€24.9m for years 2011 and 2012 respectively.

Budgeted revenues and expenditures for the CST totalled €135.86m in year 2011 and €139.71m in year 2012. The budget outturn for both years showed a surplus; this was €905,654 in 2011 and €2.67m in 2012.

The Audit Office's opinion, as given in Conclusions section 3.1, is that, except for the matters described in findings 4 and 5, the annual accounts represent in all significant aspects a true and fair view of the CST's assets and financial position as at 31 December 2011 and 2012, and also of its results, cash flow and budget outturn for the financial years ending on those dates.

The most significant findings can be summarised as follows:

- In year 2011 (finding 4), the CST did not have on its books any provision for the return of €2.28m to CatSalut, from excess funding relating to collective bargaining agreements. However, the CST did register this amount at the start of year 2012 with a balancing entry under Voluntary reserves. The Audit Office considers that, in accordance with accounting and budgetary principles, this return of revenues received should have been put on the books as a Profit and Loss Statement entry for the current year, and been charged to the budget for that year.

- The CST did not keep budgetary accounts throughout the year (finding 5); at the end of the year, it drew up a budget outturn by transposing amounts from the Income Statement in the financial accounts, along with the necessary adjustments. As a result of not keeping budgetary accounts, recognised expenditures in the Budget Outturn for year 2011, and a majority of those for year 2012, were in excess of final budget appropriations. However, income amounts in budget group 8, Changes in financial assets, and in group 9, Changes in financial liabilities, were sufficient to ensure that actual budgetary inflows were in excess of budgetary outflows for the year.

- The CST gave a €184,000 loan to its subsidiary joint stock company COPRESAT, after Cabinet agreements to the effect that this company should be dissolved. At the end of 2011, because no buyer had been found, the CST put the company into liquidation, leaving a final balance of amounts owing from loans awarded to COPRESAT totalling €567,231.

- In regard to the formalities involved in procurement procedures, it was found that in contracts tendered using the negotiated procedure there was no evidence that the negotiations over the terms of the contract which characterise this procedure had actually taken place, and also that the technical reports assessing tenders received did not justify the scores under the different awarding criteria.

- A comparison of the amounts awarded in contracts and recorded expenditures with the main suppliers in years 2011 and 2012 showed that the expenditures recorded in the accounts were in all cases above the amounts in the contracts.

- The company that supplied laboratory services and clinical analyses, CATLAB, could not be considered an in-house or controlled service provider for the CST, because it did not meet the statutory requirements to have this status. Therefore, the services procured from CATLAB should have been subject to the corresponding tendering procedures.

- The provision of assisted residential accommodation for elderly people unable to care for themselves, by the company AURA, owned by the Sant Llàtzer Private Foundation, contravened the Cooperation Agreement between the Catalan Institute of Social Services and Assistance and the CST, which states that the CST can run this service in-house or using a public law or private law entity whose ownership is 100% public. If this service needed to be out-sourced, the CST should have tendered it out following one of the procedures envisaged in procurement legislation.

In section 3.2 of the report three recommendations are made relating to the pay regime for CST staff and to severance payments made.

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