

SUMMARY

Summary of Report 5/2020, relating to the Joint Service Entity for Supplying Water to the Solsonès Area, year 2018

Barcelona, 29 July 2020

The Public Audit Office for Catalonia has issued Report 5/2020, relating to the Joint Service Entity for Supplying Water to the Solsonès Area (*Mancomunitat d'Abastament d'Aigua del Solsonès*), 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 30 June 2020.

The work carried out was a limited audit of the Entity, focussed on a review of its budget outturn and legal compliance in the areas of accounting, the budget cycle, staff salaries and governmental procurement, corresponding to year 2018.

The Joint Service Entity for Supplying Water to the Solsonès Area is a local government voluntary association of municipal councils, with its own separate legal identity, which was set up in 1981 and charged with running the water supply service for the boroughs in the association, and also with running and managing the drains and sewage treatment systems of the member boroughs. In year 2018 it comprised eleven municipal councils: ten in the county of El Solsonès and one in the county of La Segarra. The service it provides in the area's capital, Solsona, does not include the built-up area of the town, which is run directly by Solsona Town Council. In addition, the Entity provides services to a few specific areas just inside the municipal boundaries of six non-member boroughs.

The Entity's budget for year 2018 was for €1,091,573. The Budget Outturn Statement as at 31 December 2018 reported recognised receipts (revenues) of €741,907 and recognised commitments (expenditures) of €762,206.

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

- The Joint Service Entity's Statutes had not been updated to bring them in line with current local government legislation, with regard to its governing bodies and other aspects.
- In May 2020, the Entity's General Account for year 2018 had not been approved in a full Board Meeting and, as a result, it had not been submitted to the Public Audit Office.

- The Entity did not hold an inventory of its assets, which contravened statutory provisions; neither did it have records of who officially owned its facilities. This prevented the audit from ascertaining which assets were ceded to, or held on loan by, the Entity and which were its own property, and also the value of the facilities.
- The recognised receipts reported in the accounts included revenues corresponding to the last quarter of the previous financial year, which in the financial accounts should have been recorded in the account sections envisaged in the Spanish Local Government Schedule of Accounts (ICAL) in order to present these revenues on an accrual basis. And also the amounts included in the budgetary accounts under the heading Special Contributions needed to be reclassified under heading 32, corresponding to official fees, given their real nature.
- The Entity's official Schedule of Staff Positions had not been published, and it did not include each post's individual group level, method of appointment and supplementary wage items.
- As regards procurement, in the service contract for maintaining the Entity's facilities, although the objective criterion –the price– had a predominant score weighting in relation to the other criteria, which depended on value judgements, the formula used for allocating a score to the tender price reduced its relative weighting and, therefore, the significance of the price. As a result, the criterion to be assessed using a mathematical formula was no longer predominant, so a committee of experts should have been appointed to assess the tenders.

In that same contract, the contract-specific tendering conditions only allowed for maximum scores in the assessment of criteria which relied on value judgements, without establishing the precise aspects to be assessed. This set-up had special implications in this instance, because the criteria relying on value judgements were decisive for determining who the contract was awarded to.

- As regards its low-value contracts, the Entity did not have a list of the low-value contracts it had awarded during the year. Furthermore, in some of the low-value contracts reviewed certain anomalies were detected relating to the contracts' object or purpose, amounts, dates or contract types, which constituted a breach of public procurement regulations; the report therefore considers that an improper splitting-up of contracts occurred.

Lastly, the report has 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.