

## SUMMARY

### Summary of Report 3/2020, relating to the Government of Catalonia's public enterprises, consortia, foundations and non-administrative autonomous agencies, analysis of accounts for year 2017

*Barcelona, 6 May 2020*

The Public Audit Office for Catalonia has issued Report 3/2020, relating to the analysis of the accounts of the public enterprises, consortia, foundations and non-administrative autonomous agencies of the Government of Catalonia (*Generalitat*) for financial year 2017, in accordance with its Annual Programme of Activities.

The report, which was presented by the Chairman, Mr Jaume Amat, was approved by the Audit Office Board at its meeting on 10 March 2020.

The purpose of the work was to analyse the accounts of the public sector entities with a direct or indirect majority stake held by the Catalan Government, the accounts of independent entities set up with a statutory regime of a special nature which relate in some way to the Catalan Government and whose budgets were approved as part of the Catalan Government's Budget Act for year 2017 (Act 4/2017, of 28 March), and the accounts of the public entities reporting directly to the Catalan Government, with the aim of offering an overview of this part of the public sector.

The report presents aggregate data from the balance sheets, operating statements and budget outturns of the autonomous agencies of a commercial nature (AACN), statutory enterprises (SE), limited companies (LC), public sector consortia and foundations included in the Catalan Government's budget for year 2017.

The entities included in the budget for 2017, categorised according to their field of activity, were as follows:

#### Distribution of entities according to field of activity, year 2017

Entity type	Agriculture and environment	Culture and education	Infrastructures, transport and housing	Research	Health and social services	Other	Total
AACN	-	1	-	-	-	1	2
SE	3	9	8	1	14	9	44
LC	1	4	10	-	5	7	27
Consortia	3	11	12	11	17	6	*60
Foundations	1	5	-	22	4	2	34
<b>Total</b>	<b>8</b>	<b>30</b>	<b>30</b>	<b>34</b>	<b>40</b>	<b>25</b>	<b>167</b>

Source: Prepared internally.

\* This includes six consortia not included in the Budget Act for year 2017 but which were attached to the Catalan Government Administration as at 31 December 2017.

The key financial data for the analysed entities were as follows:

**Entities' key financial data, year 2017**

Entity type	Starting budgets (m€)	Balance sheets (m€)	Year-end results (m€)	Number of employees	Personnel expenditure / operating costs (%)
AACN	43	50	1	84	11.4
SE	7,275	20,082	81	54,232	42.4
LC	1,296	4,282	(37)	4,264	30.6
Consortia	3,642	2,909	13	25,809	33.2
Foundations	625	692	(8)	7,869	52.6
<b>Total</b>	<b>12,880</b>	<b>28,014</b>	<b>53</b>	<b>92,258</b>	<b>39.0</b>

Source: Prepared internally.

The most significant aspects of the analysis carried are as follows:

- The 5% increase in the number of entities in year 2017 was basically a consequence of the addition of a number of public sector consortia considered attached to the Catalan Government Administration as at 31 December 2017.
- In the analysed period a significant percentage of limited companies, consortia and foundations were of small size, in terms of both their number of employees and their annual turnover. The statutory enterprises were the group with the highest percentage of large-sized entities, with 40.9% in year 2017.
- A significant number of statutory enterprises, consortia, foundations and limited companies were funded by means of grants or equity payments from the Catalan Government or other public sector entities. In year 2017 public sector funding sources for these entities represented 54.51% for statutory enterprises, 33.59% for consortia, 30.91% for foundations and 26.18% for limited companies.

Individually, eighty-eight entities in year 2016 and ninety-five in year 2017 were more than 50% funded by the Catalan Government or other public sector entities; this represents 55.3% of all entities in 2016 and 56.9% in 2017.

- As regards these entities' financial situation, it must be pointed out that during the analysed period there were several entities with negative equity. In fact, as at 31 December 2017 ten statutory enterprises, one limited company, twelve consortia and six foundations had negative equity.

In year 2017 there were also three limited companies whose net worth was less than half their share capital. Two of these failed to return to equilibrium in year 2018.

Persistent negative results question the viability and capability of some entities to survive without subsidies or injections of public money.

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).