

SUMMARY

Summary of Report 2/2020, relating to the Institute of Catalan Literature, year 2018

Barcelona, 6 May 2020

The Public Audit Office for Catalonia has issued Report 2/2020, relating to the Institute of Catalan Literature (ILC), financial year 2018, in accordance with its Annual Programme of Activities.

This report, which was presented by Board Member Mr Jordi Pons i Novell, was approved by the Audit Office Board at its meeting on 10 March 2020 with one concurring vote.

The regularity audit undertaken included a review of the ILC's annual accounts for year 2018, to check that they had been drawn up in accordance with the relevant 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 entity had carried out its activities in accordance with applicable legislation.

The ILC's purpose is to promote the visibility of Catalan literature, to work to guarantee the social prestige of Catalan authors and to act as a collective agent to present Catalan works of literature (all literary production in the Catalan language, whatever the genre or the publishing medium) to the general public.

In year 2018 the ILC had realised revenues of € 1.33m and recognised expenditures of € 1.06m. As at 31 December of year 2018 ILC personnel comprised tenured and interim civil service staff (nine employees), staff on a labour contract (two employees) and its Director.

Bearing in mind the aim, scope and methodology used for this report, as described in the Introduction, the Audit Office's opinion is that, owing to the very significant effects of the matters described in finding 2 in the Conclusions section of the report, the annual accounts do not represent a true and fair view of the assets and financial position of the ILC as at 31 December 2018, or of its results, cash flow and budget outturn corresponding to the financial year ending on that date, according to the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained in that framework.

The Conclusions section of the report also presents the most significant findings arising from the audit carried out, of which the following can be highlighted:

- The ILC's Governing Board approved the annual accounts for year 2018 on 13 June 2019, after the statutory deadline, which was 31 March.

- In year 2018 and previous years the ILC had surpluses from grant transfers received for current expenditures, but did not register any liability item as required by applicable regulations. As a consequence, as at 31 December 2018, the results for the year and the results from previous years were overvalued by € 268,703 and € 759,690 respectively, and current liabilities were undervalued by € 1,028,393.
- The Audit Office considers that the payments made by the ILC to the authors who participated in the programmes Literature in the Classroom (*Lletres a les aules*) and Literature Live (*Lletres en viu*) were not expenditures for services and supplies but grants given to the centres that took part in these programmes, which were awarded without following statutory procedures for grants and subsidies.
- As at 31 December 2018 the ILC had a reported budgetary surplus (*romanent de tresoreria*) of € 1.31 m, as a result of excess grants received for current expenditures in year 2018 and previous years. No evidence was found that the Comptroller General's Office had established any amount to be kept back or that the government department in charge of the budget had held back any of the transfers of funds to be sent from the First Minister's Department (*Departament de la Presidència*) under the applicable budget acts for each year.
- The review of low-value contracts awarded over years 2016-2018 brought to light that five contractors had been awarded a succession of low-value contracts which the Audit Office considers infringed article 86.2 of Spain's Consolidated Public Sector Contracts Act (passed by Royal Legislative Decree 3/2011, of 14 November) and article 118 of the Public Sector Contracts Act (Act 9/2017, of 8 November), and therefore that an improper splitting-up of contracts had occurred.

Finally, in the Conclusions section of the report various recommendations are made which, in the view of the Audit Office, would help to resolve some of the issues 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.