
SUMMARY

Summary of Report 3/2022, relating to the Barcelona Metropolitan Area Housing Consortium, year 2017

Barcelona, 30 March 2022

The Public Audit Office for Catalonia has issued Report 3/2022, relating to the Barcelona Metropolitan Area Housing Consortium (CMH), financial year 2017, in fulfilment of its Annual Programme of Activities.

The report, which was presented by Board Member Ms Emma Balseiro, was approved by the Audit Office Board at its meeting on 8 February 2022.

The regularity audit included a review of the CMH's annual accounts for the year in question, 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 Consortium had carried out its activities in accordance with applicable legislation.

The CMH is a public entity of an associative nature, which was set up in 2007 by the Government of Catalonia (*Generalitat*) and what is now the Barcelona Metropolitan Area (AMB). During year 2017 its main activity was administering grants for the refurbishment of residential buildings and private homes in the thirty-five municipal boroughs comprising the AMB.

In the period from 2014 to 2017 the CMH administered grants totalling €41.49m.

The CMH's Budget Outturn for year 2017 showed recognised receipts (revenues) of €17.67m and recognised commitments (expenditures) of €13.35m. of which €13.02m were grants.

Bearing in mind the aim, scope and methodology used for the report, the Audit Office's opinion is that, except for the matters described in finding 1 and the possible effect of the limitation described in finding 2, the annual accounts represent a true and fair view of the CMH's assets and financial position as at 31 December 2017, and also of its results and Budget Outturn corresponding to the financial year ending on that date.

Some of the most significant findings from the audit carried out, as detailed in section 3 of the report, can be summarised as follows:

- The Budget Outturn for the audited year included €12.68m in expenditures and €11.48m in recognised receipts which corresponded grant lines where the organisation offering the

grants was the AMB and the Consortium simply had a managing role and which, therefore, should have not been included in the budget. In this case the budgetary result would go up by €1.20m. This fact would also have an effect on Budgetary Year-End Net Working Capital (*Romanent de tresoreria*) and on the Balance Sheet (finding 1).

- The Operating Statement for 2017 failed to comply with registering and valuing rule 18 of the General Public Accounting Plan by not including a provision figure for those grants for which, although proof of completion of the undertakings was pending, no reasonable doubts existed at the close of the financial year that the grants would be paid to the beneficiaries (finding 2).
- The CMH's Statutes in force in the audited year did not include a reference to which government administration the Consortium was attached to, as required by the Public Sector Legal Regime Act (Act 40/2015, of 1 October). In year 2017 it was attached to the Government of Catalonia. On 17 July 2020 the Consortium's General Assembly approved a modification to the Statutes stating that the CMH was henceforth attached to the AMB.
- The annual accounts submitted did not include the Statement of Changes in Equity or the Cash Flow Statement. This was contrary to statutory regulations.
- The calls for applications for grants provided directly by the CMH were partly funded by surpluses from transfers from the Government of Catalonia to cover current expenditures. This was contrary to budget regulations.
- The review of the only procurement file arranged using the open procedure in year 2017 brought to light various anomalies, such as no formal decision to start the procedure and no estimated value for the contract, and no justification for accepting the offer from the awardee when it involved a change in the methodology to be used that represented a breach of the contract tendering specifications.
- As regards personnel expenditures, in the audited year the CMH did not have an official Schedule of Staff Positions. It also applied, incorrectly, the collective bargaining agreement for AMB staff, which included providing as perks to its employees contributions to pension plans and to a Social Action Plan, and two monthly bonuses, called sideways promotion and productivity.
- During year 2017 the AMB bore personnel expenditures of €175,894 for staff actually working at the CMH. No legal documentation existed as a basis for this secondment of employees and the expenditure involved was not included in the accounts.
- The grants awarded by the CMH during year 2017 were allocated using a non-competitive awarding procedure. Both Spain's General Subsidies Act and the Consolidated Public Finance Act for Catalonia stipulate that the preferred method for arranging grants is a competitive awarding procedure. The Consortium did not provide sufficient justification of the reasons for not using this procedure.

- In the audit of the rules governing the grants awarded and those administered by the CMH, different issues were detected regarding the formalities involved, regarding failing to check that beneficiaries had provided proof of meeting the necessary requirements, and failing to publish the calls for applications in the Official Journal of the Government of Catalonia.

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