
SUMMARY

Summary of Report 30/2015, relating to the infrastructure management company Gestió d'Infraestructures, SAU, year 2010

Barcelona, 17 February 2016

The Public Audit Office for Catalonia has issued Report 30/2015, relating to the infrastructure management company Gestió d'Infraestructures, SAU (GISA), financial year 2010, in accordance with 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 15 December 2015.

The purpose of this report was a regularity audit. Thus, the objectives laid down for the assignment were aimed at obtaining reasonable assurance that accounting and financial information on the entity had been reported in accordance with applicable accounting principles and that in carrying out its financial activities it had been in compliance with existing legislation. The report has also been issued to comply with Resolution 113/IX passed by the Parliament of Catalonia.

In the opinion of the Audit Office, except for the matters described in findings 1, 3 and 4 of the report, GISA's annual accounts represent in all significant aspects a true and fair view of its assets and its financial position as at 31 December 2010, and also its results, cash flow and budget outturn for the financial year ending on that date, in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein.

The report also presents findings on the analyses relating to Resolution 113/IX passed by the Parliament of Catalonia. It should be stressed that the Audit Office's work relating to these analyses has been based on a review and comparison of the documentary evidence in GISA's accounts and procurement files. Therefore it does not include any other information that officials involved in judicial enquiries to investigate matters covered by the parliamentary resolution may have obtained by other means.

In the Conclusions section of the report there is a summary of the main findings from the work carried out, of which the following can be highlighted:

- GISA's Balance Sheet does not include the value of work in progress when the corresponding contracts stated that payment would be when the construction was handed

over. According to information provided by GISA, this work was valued at €749.50m as at 31 December 2010.

- In respect of compensating IFERCAT's costs arising from its activities relating to Barcelona's Metro Line 9 project, given that the fourth section of this line had already been put into operation during the period 2009-2010, the Audit Office considers that for the 2010 financial year IFERCAT should have taken this into account when invoicing on the line's costs to GISA.
- GISA accounted for the adjustment to correlate revenues and expenditures by means of a calculation based on total revenues and total expenses. The Audit Office considers that this adjustment item should have been the sum of the adjustments carried out for each one of the different types of construction work, amounting to €1.02m in Balance Sheet liabilities, with a difference in respect of matching asset items accounted for by GISA in the same period of €3.70m.
- As regards the Budget Outturn, this includes the net balance for the variation in outstanding debt, whereas, according to the rules for drawing up budgets, the increase in debt taken on should have been recorded in chapter 9 of budgetary revenues, for €37.03m, and capital repayments over the financial year in chapter 9 of budgetary outlays, for €128.92m.
- The Budget Outturn includes €37.28m of variations in assets and liabilities in the Balance Sheet, to balance the Budget Outturn. The Audit Office considers that, according to budgeting rules, this is not correct.
- From the audit of the version of GISA's Internal Instructions on Procurement in force in 2010, the Audit Office concludes that, in general terms, they guarantee fulfilment of the principles of publicity, competition, transparency, confidentiality, equal treatment and non-discrimination, but makes some recommendations for improving them.
- From the review of the assessment criteria applied to tenders, the report highlights several findings relating to the weighting given to objective criteria and subjective criteria requiring value judgements, to how criteria and subcriteria were assessed, to whether complementary or additional services or technological improvements could be presented and, if so, how they were to be assessed, which was not properly explained in the tendering conditions, and so on.
- Regarding the assessment of abnormally or disproportionately low offers, the reports by the technical division on the justifications given by tenderers, in the procedure for hearing their arguments, needed to give sufficient details of the basis for their findings.
- In the unpublicised negotiated tendering procedure for contracts below €50,000, for which no document of tendering rules is drawn up, the basic conditions relating to the tendering process should be adequately defined in the invitation to tender. Also in the contracts awarded using the unpublicised negotiated tendering procedure, the files did not show what form the negotiations were to take or whether they actually took place.

- GISA contracted additional construction work with the same contractor that had been awarded the main contract using the unpublicised negotiated tendering procedure and inviting only this company to tender, without documenting and justifying in the file the circumstances and features which made necessary this additional construction project and its being awarded to the firm doing the main work.
- Instances of contractual modifications have been found which, according to EU jurisprudence, should have been clearly, precisely and unambiguously foreseen in the official tendering specifications, without modifying the essential conditions of the tendering process, and the requirements of their being unforeseeable and in the public interest should have been properly justified.
- Certain services and supplies were contracted out using the internal instruction “Procedure for streamlining and processing low-value contracts and ordinary purchase orders”. The contents of this instruction were contrary to what GISA’s Internal Instructions on Procurement laid down for contracts above the low-value threshold, whereby they should have been awarded using the open, restricted or negotiated procedures.
- In three of the low-value contract files reviewed, the work was undertaken before the contract had been awarded. Also, some contracts with issues relating to the description of the services or goods acquired, the amounts or the dates, should have been tendered using open or negotiated procedures.

Finally, the report makes recommendations related to improving procurement procedures and the way operations are accounted for, bearing in mind the actual financial and budgetary nature of these operations, and not just their legal status.

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