

SUMMARY

Summary of Report 17/2018, relating to the restructuring of the Government of Catalonia's public sector, years 2010-2016

Barcelona, 19 September 2018

The Public Audit Office for Catalonia has issued Report 17/2018, relating to the restructuring of the public sector of the Government of Catalonia (*Generalitat*) during years 2010-2016.

The report, which was presented by the Chairman, Mr Jaume Amat, was approved by the Audit Office Board at its meeting on 24 July 2018.

The aim of the assignment was a compliance and performance audit of the processes to dissolve entities reporting to the Catalan Government Administration during the 2010-2016 period, as a result of its public sector restructuring arrangements. The organisations covered were the entities attached to the Catalan Government through a direct or indirect stakeholding of more than 50%, excluding universities.

The Audit Office concluded that by 1 January 2017 the number of entities within the report's remit had been reduced by 31.1% in relation to the number of entities in existence on 1 January 2010, of which 38.2% were joint-stock companies.

The rearrangement of the organisations making up the Catalan Government's public sector led to the removal or winding down of inactive entities and the regrouping of entities whose functions it was decided could be taken over by other existing entities that they shared features with, or by new entities to take over the dissolved entities' functions.

The assets and liabilities of the entities wound down or dissolved were integrated into the entities taking on their responsibilities or, alternatively, the Government took over their assets.

Table 29 of the report provides information on the financial details of the entities which were axed, as given by their annual accounts and by the public sector restructuring report.

The most significant findings from the audit carried out can be summarised as follows:

- The Government did not present a new rationalisation and streamlining plan to the Catalan Parliament, nor did it present yearly reports on the decisions made in order to meet the established objectives; this was a breach of statutory requirements.

- As at 1 January 2017 there were entities classified under the restructuring category termed Bvista, for which a commitment to dissolve them had existed for years, without any action having been taken to do so. The restructuring status of these entities should have been updated.
- The Audit Office detected differences between the criteria used to remove an entity from the inventory of organisations held by Spain's Ministry of the Treasury and Public Administration (MINHAP) and to delist it from the Government of Catalonia's register of public sector entities.
- The details included in the MINHAP's restructuring report relating to the type of operation involved were not updated when there was a change to the initial proposal. Thus, when the industrial waste disposal company ERISA (Ecoparc de Residus Industrials, SA) and the El Montsec Consortium were delisted owing to divestment, in actual fact they were dissolved.
- In the review of the dissolution process the audit detected that in five entities there was no evidence that the procedure laid down by the Cabinet Agreement of 10 July 2012 had been followed. In thirteen entities this procedure was followed, although the report by the legal advisory department was missing at two of the entities reviewed.
- The Audit Office did not receive any justification of the zero savings figure for eleven of the entities included in the MINHAP report on regional government public sector restructuring. Apart from that, for five entities the savings figures were incorrect.
- The reported savings relating to the Catalan Institute for Medical and Healthcare Evaluations (ICAMS), the Autonomous Agency for Archaeology Museums (EAMA), the Catalan Agency for Food Safety (ACSA), the water company Aigües Ter Llobregat (ATLL), the infrastructure and transport company TABASA, Infraestructures i Serveis de Mobilitat, SA (TABASA) and the Catalan Institute of Social Services and Assistance (ICASS) were calculated using different criteria to those applied to the other dissolved entities which were reviewed. Thus, the Audit Office was unable to reach any conclusions on the reasonableness of the savings included in the said report on regional government public sector restructuring.

The Audit Office's report includes two recommendations: one on the need to update the information relating to restructuring processes when modifications to the initial proposal occur, and the other, on the need to show clearly, in all the dissolution processes undertaken, how the savings have been calculated.

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