

SUMMARY

Summary of Report 14/2016, relating to Western Vallès County Council and the consortia it has stakes in, year 2013

Barcelona, 20 July 2016

The Public Audit Office for Catalonia has issued audit report 14/2016, relating to Western Vallès County Council (*Consell Comarcal del Vallès Occidental*) and the public consortia it has stakes in, financial year 2013, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Ms Maria Àngels Servat, was approved by the Audit Office Board at its meeting on 31 May 2016.

The purpose of the audit was to review internal controls, the approval and submission of the General Account and the budget, fixed assets, financial debt, personnel expenditure and governmental procurement at Western Vallès County Council and at the public consortia it has stakes in: the Tourism Consortium; the Consortium for Waste Management and the Consortium for Employment and Economic Development.

Sections 3.1 and 3.2 of the report bring together the most significant findings and recommendations from the audit carried out, which can be summarised as follows:

- Internal control weaknesses were detected, at both the County Council and the Tourism and Waste Management consortia.
- As regards personnel expenditure, the report notes deficiencies in relation to the official Schedule of Staff Positions, non-existent in the case of the consortia for Tourism and for Waste Management, and various anomalies relating to working hours and workers' quotas of days of paid leave, the way certain appointments were made and publicised, productivity bonuses and staff travel or relocation expenses.
- In the review of governmental procurement the construction and operational launch of the CTR-Vallès waste treatment plant stands out in importance. For this plant there were the following findings:
 - The study undertaken prior to construction had envisaged, for the "remainder" fraction, a waste treatment capacity 66.2% above the actual tonnage in year 2013. Because of the large reduction in the estimates of amounts to be collected, in the end the plant for treating organic waste was never built; this led to the contract being partially rescinded.

- The viability study and the preliminary design project were undertaken without knowing where the waste treatment plant would be located. This meant that these studies were incomplete both in aspects relating to territorial and urban planning and in respect of plans showing the general location and the site as a whole, and also in relation to social, technical, financial, environmental and administrative factors.
- The official tendering specifications envisaged that the company awarded the concession would bear the cost of building the plant. For this reason, the criteria for assessing the tenders included the amount of capital investment involved and the charges to recoup this investment. On the same day the tendering specifications were approved, the Consortium and the Catalan Waste Agency (ARC) agreed that it would be the ARC that would fund the construction work. Even though this changed an essential feature of the contract, the Consortium did not modify the specifications, or halt the tendering process, and it continued to evaluate this assessment criterion for offers received, thereby infringing the principles of publicity and competition.
- The change to the contract was incorrect because both the detailed project plans and the construction work were tendered on the basis of the concession holder bearing the financial risk. The construction cost overrun, of € 15.69m, should have been borne by the contractor, and not by the Waste Management Consortium, as was finally the case.
- The Waste Management Consortium took final possession of the plant on 11 April 2014, without it having passed all its suitability tests and without the environmental permit from Vacarisses Town Council, which were essential conditions of the contract. The final construction cost for the CTR-Vallès waste-remainder plant came to €75.03m, which represented an increase of 31.7% on the amount awarded when this remainder plant was tendered.
- The ARC provided funding for building the CTR-Vallès plant with two grants totalling €129.21m (€91.74m plus interest payments), whereas the total construction cost actually came to €76.77m. Therefore, in the absence of any amendments to the official funding agreements, which had not taken place by April 2016, the project was over funded.

The report includes five recommendations which, in the Audit Office's opinion, would help to improve the running of the County Council and its subsidiary entities. These refer to the need to update the inventory of tangible and non-tangible assets, to have a properly drawn-up Schedule of Staff Positions, to carry out preliminary studies before starting any public infrastructure project, to avoid construction cost overruns and to ensure a proper segregation of tasks when undertaking internal controls.

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