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## SUMMARY

### **Summary of Report 26/2015, relating to Intracatalònia, SA, year 2013**

*Barcelona, 17 February 2016*

The Public Audit Office for Catalonia has issued Report 26/2015, relating to Intracatalònia, SA, financial year 2013, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Jordi Pons i Novell, was approved by the Audit Office Board at its meeting on 15 December 2015.

The audit assignment included a review of the Balance Sheet and Profit and Loss Account of Intracatalònia, SA for the 2013 financial year, to check that these had been presented in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein. A review of the Cooperation Agreement with the Government of Catalonia (*Generalitat*) and of compliance with applicable legislation in the areas of accounting, budgeting, procurement and staff salaries was also carried out.

Intracatalònia, SA is a public sector company owned by the Catalan Government which was set up in 1999 by the Local and County Consortium for Communication (*Consorci Local i Comarcal de Comunicació*). In 2013 70% of shares were held by the Catalan Government; the other 30% were held by TVC Multimèdia, SL (a single shareholder company owned by the Catalan Audio-Visual Media Corporation). Its officially registered name is Intracatalònia, SA and its commercial name is the Catalan News Agency (*Agència Catalana de Notícies* – ACN).

In 2013 its net turnover was €1.23m, it received operating subsidies from the Catalan Government totalling €2.16m and made a loss of €0.23m. The operating subsidy from the Government, which included an extraordinary contribution of €0.36m provided to offset the company's deficit, was 28.48% less than that initially established in the Cooperation Agreement with the Government of Catalonia signed on 16 July 2010. Furthermore, in 2013 the company did not receive any injection of capital (the agreement initially envisaged an annual figure of €0.43m).

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:

- Intracatalònia, SA did not submit its accounts for the 2013 financial year to the Audit Office, in contravention of article 39.4 of the Public Audit Office Act (Act 18/2010) and article 71.3 of the Consolidated Catalan Public Finance Act.

- Intracatalònia, SA's company Statutes had not been adapted to reflect the changes to the company's activities and governance structure which had occurred since it was constituted.
- In the 2013 financial year Intracatalònia, SA failed to comply with limits relating to increases to the workforce and the hiring of staff.
- During 2013 Intracatalònia, SA held several temporary labour contracts for specific undertakings or services which, in the opinion of the Audit Office, did not meet all the requirements laid down by the legislation applying to these types of contracts. This meant that they could be considered permanent contracts by the labour authorities.
- Intracatalònia, SA paid various amounts under the heading of severance payments to six employees as a result of negotiations between the parties after these employees had filed lawsuits. The Audit Office considers that Intracatalònia, SA should have waited for the verdict from the Employment Court (*Jutjat Social*) regarding the claims lodged by these employees before paying them any additional amounts, and then complied with the final judgement.

In the Conclusions section of the report various recommendations are also made which, in the view of the Audit Office, would help to improve Intracatalònia, SA's management and correct some of the issues mentioned in the Findings section. Of these recommendations the following can be highlighted:

- Intracatalònia, SA should modify its Statutes, to bring them in line with its actual situation.
- Intracatalònia, SA should take the steps necessary to comply with labour legislation relating to the hiring of staff and with budgetary limits for personnel expenditure.

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| <p>This summary is solely for information purposes. The audit report (in Catalan and Spanish) can be consulted at <a href="http://www.sindicatura.cat">www.sindicatura.cat</a>.</p> |
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