

SUMMARY

Summary of Report 26/2017, relating to the Department for Agriculture, Livestock, Fisheries, Foodstuffs and Nature, expenditure groups 4 and 7, year 2014

Barcelona, 7 February 2018

The Public Audit Office has issued Report 26/2017, relating to the Department for Agriculture, Livestock, Fisheries, Foodstuffs and Nature (DAAM), expenditure groups 4 and 7 in financial year 2014, 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 20 December 2017.

The work carried out was to analyse the nature of, and accounting for, expenditures registered in sections 4 and 7 of the Department's Budget Outturn, and to check that the procedures used by officials in charge of issuing calls for grant applications and awarding, monitoring, disbursing and inspecting grants was adequate, according to applicable legislation.

Recognised expenditures in budget groups 4 and 7 –current and capital grant transfer payments– for the 2014 financial year totalled €457.21m. They represented 70% of the Department's Budget Outturn.

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

- The DAAM presented its Report on Grants along with its Budget for year 2014. However, it had no Strategic Grant Plan, as laid down by the General Subsidies Act (LGS), specifying each of the different types of grants or subsidies, the action plan with arrangements for putting them into practice, and the monitoring and evaluating regime, amongst other matters.
- One of the financial contributions which the Department considered a grant transfer should have been considered a grant to a named beneficiary and been processed according to the stipulations of the LGS.
- In the rules for three of the grant processes reviewed, deficiencies were found in how various aspects were defined, including the grant awarding procedure; the deadline for incurring subsidised expenditures and the time period for undertaking the activities; and how the different phases of accepting applications, analysing them and reaching decisions were followed.

- The DAAM awarded one grant directly on the basis of a report justifying the fact that there was no competitive process. However, the Audit Office considers that insufficient evidence was given that a public call for applications would have been difficult on grounds of public, social, financial or humanitarian interest, or that the specific nature of the beneficiary or of the subsidised activity made it objectively impossible to set up a competitive process.
- In four procedures there were individual decisions to award a grant without identifying all of the beneficiaries, which was a breach of regulations.
- One of the obligations for the beneficiaries of a grant is to publicise the fact that public funding has been received. In one of the procedures reviewed no proof of compliance with this obligation was given. In addition, in three procedures the grant rules did not specify what sort of publicity was to be undertaken by beneficiaries so as to adequately advertise the public funding received.
- In one procedure, although at the outset European directives on cost reduction were followed, when a cooperating entity made the final choice of two suppliers this was done without any competitive process and without taking into account freedom of access for other contractors to supply the service; this contravened the principles of equality and competition proclaimed by the Treaty on the Functioning of the European Union.
- As regards justifying the use of the grants awarded, the audit found no certificate to prove actual payment of the subsidised expenditures in two files where the beneficiaries were local government entities, which justify expenditures incurred with a certificate from their accounts comptroller.

In the Recommendations section, the Audit Office recommends that the DAAM draws up a Strategic Grant Plan and revises its steps and procedures for awarding grants, particularly as regards correctly defining the essential characteristics of each grant in the corresponding rules and calls for applications, and ensuring competition and publicity for the grants awarded and the fact that they have been publicly funded.

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