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## **SUMMARY**

### **Summary of Report 9/2022, relating to the ambulance organisation Sistema d’Emergències Mèdiques, SA, years 2016, 2017 and 2018, Parliamentary Resolution 175/XII**

*Barcelona, 29 June 2022*

The Public Audit Office for Catalonia has issued Report 9/2022, relating to the ambulance organisation Sistema d’Emergències Mèdiques, SA (SEM), years 2016, 2017 and 2018, in fulfilment of Parliamentary Resolution 175/XII and in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Ms Maria Àngels Cabasés, was approved by the Audit Office Board at its meeting on 31 May 2022.

The assignment included analysing SEM’s accounts and the most significant aspects of its activities in years 2016 and 2017, and a regularity audit of its annual accounts for the 2018 financial year. It also included a follow-up of the findings and recommendations made by the Audit Office in report 23/2017, relating to SEM, years 2012 to 2015.

SEM is a public enterprise that is a joint stock company 100% owned by the Catalan Health Service (CatSalut), It was set up on 12 February 1993, with the aim of providing an integrated response to urgent and emergency healthcare incidents and coordinating, monitoring and controlling medicalised transportation in Catalonia.

At the close of years 2016, 2017 and 2018, the company’s Balance Sheet reported assets and equity plus liabilities of €67.44m, €80.83m and €79.00m respectively. The Profit and Loss Account for years 2016, 2017 and 2018 showed positive results of €255,961, €91,015 and €120,432 respectively. The figures for net turnover showed revenues of €209.44m, €295.85m and €312.66m respectively.

As regards the annual accounts for year 2018, the Audit Office’s opinion, as given in section 3 of the report, is that the annual accounts represent in all significant aspects a true and fair view of SEM’s assets and financial position as at 31 December 2018, and also of its results, cash flow and budget outturn corresponding to the financial year ending on that date.

The most significant findings from the audit work carried out, as given in section 3.1 of the report, can be summarised as follows:

- As regards standard procurement undertaken by SEM:
  - In eleven contracts from the sample analysed insufficient justification was given that the starting figure for the tendering process was in line with market prices.
  - In the 2016-2019 period SEM awarded several contracts for maintaining and stabilising the communications system for handling urgent and emergency calls, worth €1.72m; it used the unpublicised negotiated procedure, asserting the highly specific nature and exclusive technology of the supplier. In these procurement files the audit found technical deficiencies in the awardee's tenders, contracts signed after service delivery had begun, and no justification for the tendering price being in line with market values.
  - The Audit Office was not able to obtain proof that SEM had monitored and assessed the delivery of 24 of the contracts in the sample analysed, although the technical and administrative tendering specifications had stipulated that the contracts were to be assessed.
  - The Audit Office considered that the criterion for awarding points to the offers –an improvement to wages paid, set at €2.54m for the two-year duration of the contract– envisaged in the tendering specifications for the service of handling and managing the requests for urgent and emergency assistance was not compliant with the law, because it did not correspond to any of the social clauses envisaged in public procurement legislation, it did not show any legal connection with the purpose of the contract, and did not necessarily signify an improvement to the quality of service provision. The fact that the contracting authority shouldered the cost of the improvement to wages paid that was defined as an awarding criterion actually distorted this criterion and rendered it meaningless.
  - The contract for supplying items of work clothing to SEM personnel, awarded in 2012, was extended for an additional nine month period, after the contract had expired, in March 2019, for €1.10m, including VAT, by undertaking a procedure for the non-judicial recognition of liabilities to avoid profiting unfairly from the situation. From December 2019 and at least until July 2020 the company continued to supply work clothes, more intensively because of the Covid health crisis, with invoices totalling at least €776,266.
  - With the contract for providing the medicalised transport service, in year 2018 the suppliers of nine of the non-urgent transportation lots invoiced a total of €2.81m in excess of the amounts contracted. During the 2016-2018 period, the details of the activities which the contractors undertook and invoiced SEM for were keyed into the shared-access application by these self-same contractors. However, the Audit Office found no evidence that SEM had arranged any procedure to check the integrity and accuracy of these details.

As regards the monitoring of the emergency ambulance transport service, 504 incidents were detected in the first semester of 2019 relating to the fleet of vehicles, without SEM applying any of the penalties envisaged in the tendering specifications.

- With regard to emergency procurement undertaken in response to the Covid pandemic:
  - The hourly hiring rate established in the contracts for renting support vehicles for ambulance transport was significantly higher than the average hourly rate that the same suppliers were invoicing SEM under the contract in force for running the urgent and non-urgent ambulance services.
  - The size of the workforce allocation established in the contract for the service for monitoring positive contacts, awarded to the company Ferroser Servicios Auxiliares, SA, for €17.69m, was not consistent with the parameters of the contract. In the eight months the contract was in force, the awardee invoiced €11.79m, including VAT, exactly proportionate to eight twelfths of the value of the contract for the whole year, without the invoices issued distinguishing between the fixed and variable items of the service provided, as laid down in the contract. In the period between October 2020 and January 2021 there was a progressive reduction in the number of phone calls per month of 26.3%, whereas the size of the contract, in terms of the number of call managers assigned to the service, went up by 95.2%.

The Audit Office calculated that for the period the contract was in force, from June 2020 to January 2021, the overall amount that Ferroser Servicios Auxiliares, SA invoiced SEM for running the positive contact monitoring service could be approximately €1.55m above the estimated figure, bearing in mind direct and indirect costs plus the contractor's mark-up for profit. Given the aims of transparency and getting optimal value-for-money that inspire the stipulations of Spain's Public Sector Contracts Act, it may be concluded that the excess cost paid for delivery of this contract was not reasonable and did not align with general principles of economy and efficiency in the administration of public money.

The supplier invoiced SEM for the wages of staff that were temporarily not fit to work, without deducting the amount paid by the Social Security Treasury Office. In this regard, on 23 November 2021 SEM's Executive Committee initiated a procedure to determine to what extent moneys had been paid in excess and, if appropriate, to require Ferrovial to return them.

- In relation to cooperation agreements and in-house delivery agreements:
  - In year 2018 SEM had 76 cooperation and in-house supplier agreements arranged with the ICS and other entities, involving an annual expenditure commitment of €21.07m. These agreements covered matters that included providing assistance to accident victims and the critically ill and medicalised transport between hospitals. The review undertaken highlighted issues of a generalised nature, involving failing to provide reports to justify the need and appropriateness and determine prices and charges; monitoring, inspecting and penalising service providers; and fulfilling transparency requirements.

- In relation to personnel expenditures:
  - The report describes issues concerning the severance payment made to a manager, the failure to publicise the Public Employment Offer in the Catalan Government's Official Journal (DOGC), wage bonuses, and the compatibility regime for staff.

Lastly, the report ends with six recommendations which, in the Audit Office's opinion, would help to improve some of the aspects mentioned in the Findings section.

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