

SUMMARY

Summary of Report 14/2019, relating to Osona County Council and its subsidiary consortia, year 2016

Barcelona, 9 October 2019

The Public Audit Office for Catalonia has issued Report 14/2019, relating to Osona County Council (*Consell Comarcal*) and its subsidiary consortia, financial year 2016, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Miquel Salazar, was approved by the Audit Office Board at its meeting on 10 September 2019.

The work carried out was a limited financial audit of the County Council and its subsidiary consortia: the Osona Urban Waste Management Consortium and the Osona Social Services Consortium. The review focused on auditing the budget and compliance with applicable legislation in the areas of accounting, the budget cycle, staff salaries, grants and governmental procurement, corresponding to the 2016 financial year, and checking that information was reported in accordance with the relevant financial reporting regulatory framework and applicable legislation.

Osona County Council's Budget Outturn as at 31 December 2016 reported recognised revenues of €18.51m and recognised expenditures of €18.50m. The Osona Urban Waste Management Consortium and the Osona Social Services Consortium reported recognised revenues and expenditures of €7.00m and €7.12m, and €1.31m and €1.30m, respectively.

In year 2016, the County Council's main activities were ones relating to water supply and sewage treatment services and to integral waste management for the municipal councils in the county. Apart from that, the County Council also provided social services and services relating to education and culture.

The most important findings from the audit, as given in section 3.1 of the report, can be summarised as follows:

- The budgets for year 2016 for both the County Council and the two consortia which were audited only received final approval after the statutory deadline of 31 December 2015 .
- In the review of modifications to budget appropriations at the County Council and its consortia various procedural deficiencies were uncovered.

- The revenues received from the Catalan Water Agency for delivering the water supply service corresponded to a current expenditure grant or a capital grant, depending on whether they were to fund operating expenditures or capital investments; they should therefore have been reported in revenue budget sections 4 or 7, rather than in section 3. Likewise, the contributions from several municipal councils for carrying out work on the North Osona – Voltreganès sewage treatment network, which were put on the books as special contributions, should have been accounted for according to their nature.
- Capital grant transfers deriving from the regional Single Works and Services Plan, recorded in the Council's revenue and expenditure budgets, should have been reported in the off-budget accounts, according to public sector accounting principles.
- The Osona Urban Waste Management Consortium's revenues deriving from the return of levies from the Catalan Waste Agency, given their nature, should have been accounted for in section 4 of its revenue budget.
- The County Council's expenditures corresponding to the school bus service, the school meals service at public-sector schools and the home help service should have been accounted for in budget section 2 (current expenditures), instead of in section 4 (current expenditure grant transfers).
- The official schedules of staff positions at the County Council and at the two audited consortia did not include the types of procedures envisaged to fill the posts, and these schedules had not been published in the Official Gazette for the province; this contravened legal requirements. The lists of staff positions did not give details of the number of posts which were vacant.
- In the audit of the productivity bonus at the Osona Social Services Consortium no evidence was obtained to allow confirmation that the amounts paid were in response to the special effort, exceptional activity and interest shown by employees in carrying out their duties. Furthermore, this bonus should have been accounted for under heading 15, Productivity Incentives.
- As regards governmental procurement:
 - In the review of the County Council's contractual arrangements with the mixed-ownership water treatment company Depuradores d'Osona, SL for the sewage treatment service, the audit was unable to verify that financial conditions were fulfilled as agreed, because there was no contract stipulating those conditions.
 - In addition, the County Council directly commissioned this company with running and maintaining the cogeneration plant, even though the company could not be considered an in-house service provider for the Council, because its ownership was part public and part private. Therefore delivery of this service should have been tendered out using one of the procurement procedures envisaged in legislation.
 - In the review of the contract for building and running the Osona and El Ripollès Municipal Waste Treatment Centre, certain breaches of regulations were uncovered

relating to the viability study and the preliminary design project being arranged simultaneously, to the fact that the tender specifications included providing a plot of land for setting up the waste treatment facility and to a change made to an essential feature of the contract.

- In the review of low-value contracts anomalies were detected relating to the object or purpose of the contracts, their amounts and dates or the types of contract used, which constituted infringements of public procurement regulations and which led the Audit Office to conclude there had been an improper splitting-up of contracts.

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