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## SUMMARY

### **Summary of Report 20/2016, relating to the Catalan Business Support Agency (ACCIÓ), years 2012 and 2013**

*Barcelona, 17 November 2016*

The Public Audit Office for Catalonia has issued Report 20/2016, relating to the Catalan Business Support Agency (ACCIÓ), financial years 2012 and 2013, 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 11 October 2016.

This was a regularity audit, which included reviewing ACCIÓ's annual accounts for financial years 2012 and 2013 and checking that the organisation had carried out its activities in accordance with applicable legislation, particularly in regard to procurement and the awarding of grants or subsidies.

ACCIÓ is an entity established under public law by the Catalan Government (*Generalitat*), which reported to the Department for Business and Employment in the period covered by the audit. Its purpose is to promote and develop Catalan businesses by implementing policies aimed at improving the Catalan business sector's competitiveness and its presence in international markets. ACCIÓ was set up in 2009 as the successor to the Business Innovation and Development Centre (CIDEM) and the Consortium for the Commercial Promotion of Catalonia (COPCA), which were subsequently dissolved, once their assets had been transferred to ACCIÓ.

The entity's final budget for years 2012 and 2013 came to €78.15m and €65.48m respectively, in contrast with an initially approved figure of €168.71m. This reduction occurred basically because of the limits on providing loans imposed by the Catalan Government on 3 April 2012, in a context of budgetary restrictions.

The Audit Office's opinion, as given in the Conclusions section, is that, except for the matters described in findings 1, 2 and 3, the annual accounts represent, in all significant aspects, a true and fair view of the assets and financial position of ACCIÓ as at 31 December 2013, and also of the year-end results and the budget outturn corresponding to the financial year ending on that date. Findings 1, 2 and 3 are as follows:

- As at 31 December 2013, the grants accounted for in the Liabilities section under Commercial Creditors and Other Accounts to Be Paid showed an excess of €5.86m in relation to the grants awarded according to ACCIÓ's own grant management system

(SITGES). These should be reclassified and included in the Grants category in the Equity section.

- As at 31 December 2012 and 2013 ACCIÓ's accounts continued to show €2.68m in loans to be awarded which had not been kept back by the Comptroller General's Office (*Intervenció General*). Given the limitation on the awarding of loans, as laid down by the Cabinet Decision of 3 April 2012, ACCIÓ should reclassify this balance held as an increase in Grants, in Equity.
- As at 31 December 2013 the entity showed on its accounts items receivable and payable for the same amounts, corresponding to future revenue and expenditure commitments pertaining to a Cabinet Decision of 20 November 2012. Strictly for accounting purposes, these items should not have been registered; they should simply have been reported in the Notes to the Accounts. It must be said, however, that this has no impact on the Results or on Equity.

Of the remaining findings the following can be highlighted:

- ACCIÓ did not submit its accounts for financial years 2012 and 2013 to the Public Audit Office. And the accounts it forwarded to the Catalan Government's Comptroller General's Office were incomplete and presented after the deadline.
- As regards the loans awarded by ACCIÓ, it must be noted that the Catalan Finance Institute (ICF) only provided aggregated information on loans within the FINIF line of credit, for each banking institution and not for each beneficiary. This meant ACCIÓ had to constantly reconcile amounts and was unable to adequately monitor the ongoing situation of these loans. In addition, ACCIÓ did not modify the amount of this financial assistance in cases of early repayment or changes in the repayment conditions; however, it must be said that in these cases the impact on the Profit and Loss Statement is zero at the end of the loans' life.
- Based on agreements with staff, the entity's payroll increased by 1.26% in 2012 and 3.69% in 2013, in excess of the limits established by the Budget Act and without these agreements being notified to the government department in charge of civil service affairs or the Department for the Economy and Knowledge. ACCIÓ paid some staff members a bonus related to invoicing levels which was not compliant with legislation.
- As regards the procurement audit, of particular note is the awarding of contracts for services of a recurring nature using low-value contracts when these should have been contracted using an open or negotiated tendering procedure. Various deficiencies were also detected relating to the way contract specifications were drawn up, to how offers were assessed, to a lack of proper negotiation of offers and to professional studies and reports costing more than €30,000 being contracted out without the required Cabinet approval.
- As regards how the grant process was managed, a series of deficiencies affecting different grant lines are noted; these include not quantifying grants on an individual

basis, not clearly specifying some subsidisable expenditures, insufficient explanations given in the reports assessing applications received and a lack of justification of some expenditures covered by the grants. The Audit Office recommends that a review is carried out of those grant files where an infringement of the requirements laid down in article 37.c of the General Subsidies Act was pointed out, in order to initiate, if necessary, the procedure for a partial or total return of the amount awarded.

Lastly, a series of recommendations are made, of which the most noteworthy are those relating to procurement, specifically to the internal instructions on procurement and the tender assessment criteria used, and to how grants and subsidies are managed, in order to make assessment criteria as objective as possible and improve the justifications given.

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).