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## **SUMMARY**

### **Summary of Report 21/2016, relating to Castelldefels Town Council, governmental procurement, year 2013**

*Barcelona, 23 November 2016*

The Public Audit Office for Catalonia has issued Report 21/2016, relating to Castelldefels Town Council's governmental procurement in financial year 2013, in accordance with its Annual Programme of Activities.

This limited audit report, which was presented by Board Member Ms Maria Àngels Servat, was approved by the Audit Office Board at its meeting on 25 October 2016.

The purpose of the work carried out was to audit governmental procurement by Castelldefels Town Council (not including its subsidiary entities) corresponding to year 2013.

Castelldefels Town Council's final budget came to €70.57m for the 2013 financial year. According to the figures given in the budget outturn, recognised revenues totalled €59.78m and recognised expenditures, €53.37m; the adjusted budgetary result came to €5.57m.

The overall total for contracts tendered and/or in force in financial year 2013 plus other expenditures and low-value contracts came to €100.02m. The Audit Office audited a sample equivalent to 76.49% of this figure.

The Conclusions section of the report shows the most significant findings from the audit undertaken, which can be summarised as follows:

- During the 2013 financial year the Town Council directly purchased gas and electricity supplies worth €1.19m, even though the provision of this type of energy supplies is subject to the rules of governmental procurement as laid down by the Consolidated Public Sector Contracts Act (TRLCSP). These should therefore have been tendered out using the applicable procurement procedure.
- The Council charged a municipal enterprise with various undertakings totalling €3.15m, using a commission agreement. This enterprise's Company Statutes do not expressly state that it has the status of an internal or controlled service provider for the Town Council or specify the rules and conditions for commissions. These services should therefore have been tendered out using a procurement procedure.

- The Council contracted the hire, setting up and dismantling of the Christmas lighting, for €37,462, using a low-value contract when, because of the amount involved, this should have been tendered out using one of the procedures envisaged by the TRLCSP.
- The purchase, over the 2013 financial year, of seventy-seven computers from the same supplier, using four low-value contracts, represents an infringement of the requirements of article 86.2 of the TRLCSP; it leads to the conclusion that there was an improper splitting up of a contract.
- The public service contract for municipal waste collection, street cleaning and the municipal waste-disposal depot, worth an estimated €84.54m, was incorrectly classified as a special administrative contract, instead of as a contract for services; this meant that the contract was null and void. Because of this, a Town Council plenary meeting gave approval to suspending the awarding process and agreed that a new tendering procedure should be started, to reaward the contract. This had still not taken place by October 2016. Thus, the Council was running this service under a contract that had expired.
- One week after signing the contract for running the metering arrangements for vehicle parking on public highways in the beach area, the Council modified the local tax code regulating the charges, time schedules and other matters pertaining to vehicles parked on the public highway. This modification completely undermined the parameters the tendering procedure had been based on and forced the Council to readjust the financial terms of the contract. This meant that it lost the revenues, worth €800,920m, from the payments due for the first year and part of the second. As the modification represented an alteration to the essential features of the contract, the Council should have put the service out to tender again.
- When awarding the cleaning service for municipal buildings, the Procurement Panel modified the tender presented by the awardee company and turned down tenders which offered reductions of more than 20%, without actually considering them unreasonably low offers, thus bypassing the requirement to allow these tenderers to first state their case. In addition, service provision continued for thirty-one months after the contract had expired. The Council only put in motion the new tendering process for this service a year and half after the previous contract had come to an end.

In the Recommendations section, the Audit Office emphasises the need to have adequate governmental procurement monitoring arrangements using a computer application to manage the procurement procedures, and also to plan tendering arrangements well in advance and make them fully compliant with public procurement regulations.

<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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