

SUMMARY

Summary of Report 7/2021, relating to the sewage treatment company Depuradores d'Osona, SL, year 2018

Barcelona, 7 July 2021

The Public Audit Office for Catalonia has issued Report 7/2021, relating to the sewage treatment company Depuradores d'Osona, SL (DOSL), financial year 2018, 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 15 June 2021.

The subject of the report is a limited scope audit of DOSL, focused on auditing its Profit and Loss Statement and reviewing its compliance with applicable legislation in the areas of accounting, staff salaries and public sector procurement, corresponding to financial year 2018.

DOSL is a limited company which was set up by Osona County Council in 1995, as a public-private partnership with a life-span of five years, the stakeholders being the County Council itself (51%), the Barcelona regional water company Sociedad Regional de Abastecimiento de Aguas de Barcelona, SAU (SOREA) (24.5%), and the water company for the city of Vic, Aigües de Vic, SA (24.5%). The company's aim is to manage the sewage treatment service in the county of Osona. In 2001 there was an agreement to extend the company's existence twenty-five more years, until March 2026.

The company's net turnover came to €4.54m in year 2018. Of the €4.4m of total expenditures reported in the Profit and Loss Statement for that year, 42% corresponded to supplies, 39.9% to personnel expenditures and 16.4% to other operating expenses.

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

- DOSL was set up as a public-private partnership for a stated period of five years, without envisaging the possibility of a time extension. A twenty-five year extension was arranged nonetheless.
- Although Osona County Council is DOSL's majority shareholder, it does not have a voting majority on the Board of Directors, or a majority of the joint managing directors, which calls into question the controlling stake held by the County Council.

- The company signed a cooperation agreement with SOREA to provide two technical assistance services, although these services should have been tendered out using one of the procedures envisaged in public procurement legislation, given that DOSL is not an in-house service provider for the County Council.
- Osona County Council invoiced DOSL €7,366 each year for renting premises at the Sucre building, where the company has its offices, and to cover general maintenance, electricity, gas and cleaning expenses in year 2018, without any contract or agreement existing to govern this arrangement.
- In the area of governmental procurement:
 - In the contracts corresponding to the services of cleaning the premises and gardening, the audit was unable to check that all the documentation required by each contract's administrative tendering specifications had been presented to prove the awardee's legal status and standing and financial solvency.
 - 65% of expenditures for the year were awarded directly. The audit concluded that the majority of the contracts reviewed should have been tendered out through one of the procedures envisaged in public sector procurement legislation.

In some of the contracts reviewed, certain issues were detected relating to the separate acquisition of services which should have been handled in a single contract, because they constituted an operational or functional unit or involved a succession of contracts to cover recurring or foreseeable needs. These anomalies resulted in processes which eluded publicity rules or other requirements in the procurement procedures which should have been followed. For this reason, they constituted an improper splitting-up of a contract and, therefore, an infringement of articles 99.2 and 118.3 of Spain's Public Sector Contracts Act.

- The company was carrying out the service of running and maintaining the cogeneration plant; this had been assigned to it by Osona County Council through a commission agreement. It should be pointed out that DOSL, in its turn, contracted out part of this service to a third party. Given that DOSL is not an in-house service provider for the County Council, the Council should have tendered out the service using one of the procedures envisaged in public procurement legislation.

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