
SUMMARY

Summary of Report 20/2021, relating to the Catalan Energy Institute, year 2018

Barcelona, 24 November 2021

The Public Audit Office for Catalonia has issued Report 20/2021, relating to the Catalan Energy Institute (ICAEN), 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 26 October 2021.

The regularity audit included a review of ICAEN's annual accounts for year 2018, to check that they had been drawn up in accordance with the relevant financial reporting regulatory framework and, in particular, the accounting principles and criteria contained in that framework. It also included verifying that in the period covered by the audit ICAEN had carried out its activities in accordance with applicable legislation.

ICAEN, which was set up in 1981, is a public-law entity with its own separate legal identity. In the year covered by the audit it reported to the Department for Business and Knowledge. Its aim is to promote and carry out initiatives and programmes for researching, studying and supporting undertakings for learning about, developing and applying energy technologies, improving energy savings and energy efficiency, and, in general, optimizing the management of energy resources in Catalonia's different economic sectors.

ICAEN's total assets and equity plus liabilities as at 31 December 2018 stood at €17,811,957. Its final budget for year 2018 was for €7,151,576, with an adjusted budgetary result, as calculated by the Audit Office, of €368,401.

The Audit Office's opinion, as given in section 3.1 of the report, 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 ICAEN'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.

Here is a summary of some of the most significant findings arising from the audit carried out:

- The revenue budget outturn submitted did not include any adjustment to budget appropriations in order to add in the surplus earmarked funding carried over from the budgetary result for year 2017, totalling €15.13m.

- ICAEN did not correctly calculate the budget deviations for earmarked funding. The consequence of this was that the adjusted budgetary result calculated by ICAEN was overvalued by €136,892.
- ICAEN did not correctly calculate the figure for earmarked or allocated budgetary surpluses. As a consequence, the earmarked or allocated year-end budgetary resources to be carried over were overvalued by €473,745.
- At the close of years 2017 and 2018, ICAEN had not made any provision relating to the judicial appeal lodged by the company Ecoenergies Barcelona Sud Zona Franca Gran Via l'Hospitalet, SA, against ICAEN at the High Court of Justice for Catalonia, regarding a €3m claim relating to a grant.
- ICAEN included €30,837 for the depreciation of tangible fixed assets and €22,848 to cover the decline in value of a loan when calculating its operating result for the year with the transfers for current expenditures from the Government of Catalonia, even though asset depreciations and losses in value cannot be funded by grants for current expenditures. As a consequence, the result for the year should have been minus €7,989.
- ICAEN did not register the grants it received from the European Union as a liability item from the moment it signed the relevant cooperation agreement until these grants became non-returnable, this being the moment when the Institute gave proof of the activities carried out. As a consequence the Balance Sheet items Miscellaneous Debtors and Other Financial Liabilities were undervalued by €126,189.
- Staff salaries included some bonuses which, although they had been approved by the Board of Directors, were not envisaged in the collective bargaining agreement for office and clerical workers, which governed ICAEN employees, and did not have a favourable joint report from the Catalan Government departments in charge of civil service affairs and the budget.
- In the procedure for awarding grants, the audit detected that some applications in the files corresponding to the Action Plan for the Roll-out of Electric Vehicle Recharging Infrastructures did not have all the documentation required by the regulations for these grants. Furthermore, the deadlines for awarding and notifying final grant award decisions to the beneficiaries were not met.
- As regards its public sector procurement, two of the files in the sample were awarded on a recurring basis to the same supplier. This issue resulted in arrangements which eluded publicity rules or other requirements which should have been met in the procurement processes. They therefore constituted an improper splitting-up of a contract.

Lastly, section 3.2 of the report offers recommendations for improvements to how the entity manages the activities it carries out, relating to some of the issues that were brought to light during the audit.

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