

SUMMARY

Summary of Report 31/2016, relating to the Centre for Offender Rehabilitation Initiatives (CIRE), year 2013

Barcelona, 29 March 2017

The Public Audit Office for Catalonia has issued Report 31/2016, relating to the Centre for Offender Rehabilitation Initiatives (CIRE – *Centre d’Iniciatives per a la Reinserció*), financial year 2013, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Ms Emma Balseiro, was approved by the Audit Office Board at its meeting on 13 December 2016.

The work carried out was a regularity audit which included a review of the CIRE’s annual accounts for the 2013 financial year, to check that they had been presented in accordance with the applicable 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 the CIRE had carried out its activities in accordance with applicable legislation.

The CIRE is an entity set up under public law which reports to the Department of Justice. It was created in 1989 with the main purpose of satisfying remand and convicted prisoners’ right to work as enshrined in the Constitution.

The CIRE Act (Act 23/2009), states that its purpose is to facilitate the rehabilitation into society and the workplace of inmates at prisons and educational facilities in Catalonia by creating, implementing and developing training and educational programmes, creating jobs adapted to the needs of these people and other undertakings aimed at achieving this. It also establishes that the CIRE is an in-house supplier and technical service for the Catalan Government (*Generalitat*) and local government bodies, and their public sector linked or subsidiary entities; it is therefore obliged to carry out, within the scope of its functions, the undertakings which these organisations charge it with, these commissions being of an instrumental, non-contractual nature.

The CIRE’s Balance Sheet at the close of the 2013 financial year showed assets and equity plus liabilities totalling €13.69m. The Profit and Loss Statement showed negative results for the financial year of minus €564,992.56€ and the Budget Outturn as at 31 December 2013 gave revenues of €34.61 m and expenditures of €34.67 m.

As a result of the audit carried out, the Audit Office’s opinion is that, except for the reclassification mentioned in finding 8 of the report, the annual accounts represent in all significant aspects a true and fair view of the CIRE’s assets and financial position as at 31 December

2013, and also of its results, cash flow and budget outturn corresponding to the financial year ending on that date.

The main findings arising from the audit undertaken, which are presented in section 3.1 of the report, can be summarised as follows:

- Given that the CIRE's public sector invoicing represents 31% of overall turnover for year 2013, it cannot be considered that in the audited year the CIRE undertook an essential part of its activities for the contracting authorities that control it. For this reason, the CIRE could not properly be considered their in-house supplier and technical service, under the terms of articles 4.1.n and 24.6 of the Consolidated Public Sector Contracts Act. As a result of this, the commissions which it received could not have the status of in-house sourcing agreements; they were therefore subject to public procurement regulations. The Audit Office recommends a review of how the CIRE's activities are run and/or the arrangements for it to be an in-house or controlled supplier.
- The Collective Bargaining Agreement for the CIRE's labour contract staff stated that the time in the employ of the CIRE was to be used to calculate the bonus for length of service. However, the centre paid its staff taking into account the whole time in public sector employment when awarding triennial bonuses; for those employees who entered employment after the aforementioned Agreement, these bonus payments were not compliant with regulations in force.
- The fact that inmates were involved in running the catering service, which had been outsourced, meant that they should have been hired by the company awarded the contract, under the standard employee regime. Thus, prisoners being assigned to the catering service under the special employment arrangements for convicts and their being paid by the CIRE in the year audited was not legally admissible.
- Prisoners' involvement in providing ancillary services at prison complexes when the CIRE had not been commissioned with these services in the form of a productive workshop could not be included under the special employment arrangements for convicts; any salary payments to these prisoners should have been borne by the Prison Service and been subject to administrative law.
- When drawing up the budget and the budget outturn, personnel expenditure under the special employment arrangements for convicts was registered in budget group 4 as current transfers to families, whereas it should have been included in group 1 as personnel payments. This expenditure item amounted to €10.19m in year 2013 (finding 8).

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