

SUMMARY

Summary of Report 27/2020, relating to the International Centre for Numerical Methods in Engineering consortium, year 2018

Barcelona, 15 February 2021

The Public Audit Office for Catalonia has issued Report 27/2020, relating to the International Centre for Numerical Methods in Engineering consortium (CIMNE), financial year 2018, in accordance with its Annual Programme of Activities.

The report, which was presented by Board Member Mr Jordi Pons i Novell, was approved by the Audit Office Board at its meeting on 22 December 2020.

The work undertaken for this limited scope audit included auditing CIMNE's Profit and Loss Statement, capital expenditures and debt levels, and reviewing its compliance with basic legislation applying to the areas of accounting, the budget cycle, staffing and procurement.

CIMNE is a public sector consortium which was set up by the Government of Catalonia (*Generalitat*) and the Polytechnic University of Catalonia (UPC) by Decree 150/1987, of 13 March. It is recognised as one of Catalonia's research centres (the CERCA group).

In 2018 CIMNE, according to its Profit and Loss Statement, had operating revenues of €12.52m and operating expenditures of €12.10m.

The Conclusions section of the report presents the most significant findings arising from the audit carried out, of which the following can be highlighted:

- CIMNE had direct or indirect holdings in several other organisations. The five entities where CIMNE held a majority stake as at 31 December 2018 reported negative equity figures. CIMNE had not put on its books any item for the decline in value of its stake in, and participating loans to, the company CIMNE Tecnologia, SAU, respectively valued at €700,000 and €902,661. In its annual accounts for 2019 CIMNE modified the balances from 2018 and included the depreciation amounts.
- CIMNE did not have prices approved by its Board of Governors to establish the amounts it charged for non-competitive projects. The percentage it was to keep back from charges applied to non-competitive projects and how the money was to be assigned had also not been approved by the Board of Governors.
- Its pay tables for year 2018 included wage bands (upper and lower limits), except for some categories with only one salary figure. The pay differences between the upper and

lower limits of the categories which had a wage band were between 10% and 33.33%, without any indication of the criteria to be used to determine actual salaries. This meant that considerable discretionary powers could exist for determining the salaries of CIMNE staff. These tables also failed to establish the characteristics and entry requirements for the different levels, or the criteria to be applied as a basis for classifying employees in the different levels within each group or for promoting them to higher levels within their existing group.

- CIMNE had not approved any wage tables or objective criteria for determining the pay awarded to UPC researchers who were working at CIMNE on non-competitive projects.
- In year 2018, CIMNE was invoiced €454,022 by its subsidiary CIMNE Tecnología, SAU. In this year no document had been signed to determine the activities this company was to undertake as an in-house service provider and no prices had been set for its services. This was a breach of both the cooperation agreement between the two organisations and article 32.2 of Spain's Public Sector Contracts Act (LCSP). This failure to define its services or prices meant that the Audit Office could not reach any conclusion on the reasonableness of the amounts invoiced in relation to the services provided.
- In 2018 there were sixty individuals from the UPC carrying out research activities at CIMNE, but formal secondment agreements had only been signed in twenty of these cases.

For the UPC researchers who were working for CIMNE, the entity paid the UPC only 20% of the part of their salary that applied to research (40% of the total), and not the part equivalent to their actual involvement in each instance. This meant that CIMNE's expenditures did not show the full cost of the job commitments of UPC employees working at CIMNE.

- CIMNE did not arrange proper procurement files for its low-value purchases made in year 2018 and no proof was obtained that it had complied with LCSP article 118, regarding a decision in writing by the official in charge of procurement, or with article 63.4, whereby every three months information on low-value contracts should have been posted on its procurement profile web page. Neither did it report its contracts to the Public Contracts Register as required by legislation.

Finally, in the Conclusions section of the report various recommendations are made which, in the view of the Audit Office, would help to resolve some of the issues mentioned in the Findings section.

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