

SUMMARY

Summary of Report 14/2022, relating to the Sant Joan de Reus Hospital enterprise, year 2018

Barcelona, 7 October 2022

The Public Audit Office for Catalonia has issued Report 14/2022, relating to the municipal joint stock company Hospital de Sant Joan de Reus, Societat Anònima Municipal (HSJR), financial year 2018, in fulfilment of its Annual Programme of Activities.

The report, which was presented by Board Member Ms Maria Àngels Cabasés, was approved by the Audit Office Board at its meeting on 13 September 2022.

This limited-scope audit report focused on a review of HSJR's financial transactions with related entities, involving both revenues and expenditures, and a review of its legal compliance in the areas of procurement and staffing.

In 1986 Reus City Council set up the municipal joint stock company Hospital de Sant Joan de Reus to manage the hospital. In 2002 the Council set up the limited company INNOVA Grup d'Empreses Municipals de Reus, SL (INNOVA), with capital from HSJR and other municipal enterprises and monetary contributions, and charged it with building, financing and running the new Sant Joan de Reus Hospital.

In 2018, the company Reus Serveis Municipals, SA (RSM), set up by Reus City Council to substitute INNOVA, was the legal owner of the Sant Joan de Reus Hospital building, which it leased to HSJR.

On 27 December 2019 the Department for the Deputy First Minister, the Economy and the Exchequer, the Department of Health, the Catalan Health Service (CatSalut), and Reus City Council signed an agreement to transfer the municipal-run healthcare to CatSalut. Two statutory enterprises, public-law entities, were set up attached to CatSalut: Salut Sant Joan de Reus – Baix Camp (SSJRBC), to run the hospital in Reus, and Salut Terres de l'Ebre (STE), to run the hospital in Móra d'Ebre.

On 20 July 2020, Reus City Council transferred HSJR's share capital and all its assets and liabilities to SSJRBC, and gave over the new Sant Joan de Reus Hospital building, and responsibility for the loans taken out by RSM to finance the hospital's construction, to CatSalut.

The company HSJR was dissolved and ceased to exist in 2021.

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

- HSJR's Balance Sheet did not show all the fixed assets enabling the hospital activity to function; neither did it show the debt from loans for building and equipping the hospital, because the construction of the hospital and the purchase of linear accelerators was carried out through other entities within the group, and other equipment and furnishings were acquired through product leasing arrangements with different suppliers.
- The current healthcare model envisages and regulates the involvement of private centres in the delivery of public healthcare services, but no legal framework exists allowing public centres to provide private healthcare services using their staff and material resources, as was the case with the 100% publicly owned company Centre MQ Reus, SA (CMQ).

The absence of any regulatory framework affected the leases granting space to CMQ in the new hospital and the private in-patient hospital care and out-patient appointments that CMQ provided using these premises, and also the services and usage rights of the operating theatre at the new hospital, which represented revenues of €0.54m for HSJR.

- HSJR had not signed any contract for leasing out part of the hospital premises that was occupied by the company Gestió Integral Sanitària i Assistencial, SA (GINSA).
- HSJR failed to present the Audit Office with any documents regulating the conditions for the services it had provided to related entities, except for the operating theatre services and usage rights made available to CMQ. In year 2018 HSJR reported earnings of €2.99m from these services.

It also failed to provide any documents regulating the conditions for services rendered by related entities, such as technical advisory services, ophthalmology services and home physiotherapy visits, which totalled €6.10m in year 2018. The provision of these services should have been formalised through cooperation agreements, in-house delivery agreements or strategic alliances.

- In year 2018 HSJR received €3.13m in dividends from GECOHTSA. Given that the vast majority of GECOHTSA's earnings came from its service provision agreement with the Catalan Health Service, there was no justification for GECOHTSA distributing profits in the form of dividends to HSJR.
- The contract tendered out by the public sector Catalan Consortium for Health and Social Care for the purchase of exclusive medicines had a part corresponding to HSJR worth €0.34m, whereas HSJR awarded contracts based on that framework agreement totalling €4.37m, in breach of regulations.
- The comparison between the amounts stipulated in signed contracts in force during year 2018 and the amounts recorded in the accounts for expenditures with HSJR's most

significant suppliers brought to light actual expenditures that were at least €14.43m in excess of contracted expenditures.

- The manager bonus paid to the centre's director between May 2017 and September 2018 of €20,000 per annum was payment for holding executive signatory powers at other entities within the group; however, there was no provision for this bonus in his job contract. The director that took over from him at the end of September 2018 was also paid a bonus of €15,000 for acting as territorial director for GINSA, without this being stipulated in his contract. HSJR did not pass on the cost of these pay items to the related entities that received these services.
- The way eleven university professors or lecturers from Rovira i Virgili University (URV) whose duties were linked to HSJR were paid was not compliant with the statutory provisions covering agreements between universities and healthcare institutions, because these faculty members should have received just one pay cheque from the URV for work covered by these regulations.
- HSJR failed to provide the Audit Office with the second-job compatibility authorisation for twenty-six of the forty-six URV associate lecturers. Seven professionals who were carrying out combined teaching and healthcare functions in positions linked to the URV were actually providing full-time services to HSJR, even though job compatibility regulations state that their work schedules needed to consist of part-time employment at each of the two work locations.

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