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## SUMMARY

### **Summary of Report 31/2015, relating to the infrastructure management company Gestió d'Infraestructures, SAU, year 2011**

*Barcelona, 17 February 2016*

The Public Audit Office for Catalonia has issued Report 31/2015, relating to the infrastructure management company Gestió d'Infraestructures, SAU (GISA), financial year 2011, 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 15 December 2015.

The purpose of this report was a regularity audit. Thus, the objectives laid down for the assignment were aimed at obtaining reasonable assurance that accounting and financial information on the entity had been reported in accordance with applicable accounting principles and that in carrying out its financial activities it had been in compliance with existing legislation.

In the opinion of the Audit Office, except for the matters described in findings 1, 3, 4 and 5 of the report, GISA's annual accounts represent in all significant aspects a true and fair view of its assets and its financial position as at 31 December 2011, and also its results, cash flow and budget outturn for the financial year ending on that date, in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein.

In the Conclusions section of the report there is a summary of the main findings from the work carried out, of which the following can be highlighted:

- GISA's Balance Sheet shows the amounts for finished projects or ones put into service, whose contracts stipulated that payment would be undertaken once they had been handed over, but not the estimated value of projects under construction, set at €483.54m.
- In respect of compensating IFERCAT's costs arising from its activities relating to Barcelona's Metro Line 9 project, given that the fourth section of this line had already been put into operation during the period 2009-2010, the Audit Office considers that for the 2011 financial year IFERCAT should have taken this into account when invoicing on the line's costs to GISA.

- GISA accounted for the adjustment to correlate revenues and expenditures by means of a calculation based on total revenues and total expenses. The Audit Office considers that this adjustment item should have been the sum of the adjustments carried out for each one of the different types of construction work, amounting to €1.94m in Balance Sheet liabilities, with a difference in respect of matching asset items accounted for by GISA in the same period of €4.96m.
- Regarding the Budget Outturn, the company accounted for finished projects or projects partially or totally put into service whose documents to certify completion and hand-over were still awaiting signature in Expenditure Budget chapter 6 when, according to budgetary accounting rules, only fully certified public works can be accounted for here. Therefore, capital investments in the Expenditure Budget Outturn were overvalued by €417.37m. In addition, GISA included the net balance for the variation in outstanding debt, instead of registering the increase in debt taken on in chapter 9 of budgetary revenues, for €69.26m, and capital repayments over the financial year in chapter 9 of budgetary outlays, for €79.21m, according to the rules for drawing up budgets.
- In the period between 10 February and 25 March 2011, a senior official may have infringed incompatibility rules, because the terminations of posts held in various companies whose company aims were related to the position held in GISA were only formalised in notarised agreements on 28 February and 25 March 2011. This circumstance could constitute a serious infringement of Act 13/2005, which lays down incompatibility rules for senior officials working for the Catalan Government. Given the situation just described, the report observes that one of the companies awarded contracts could have been in breach of the ban on entering into contracts as laid down in article 49.1.f of the Public Sector Contracts Act in three cases.
- From the audit of the version of GISA's Internal Instructions on Procurement in force in 2011, the Audit Office concludes that, in general terms, they guarantee fulfilment of the principles of publicity, competition, transparency, confidentiality, equal treatment and non-discrimination.
- From the review of the assessment criteria applied to tenders, the report highlights several findings relating to the weighting given to objective criteria and subjective criteria requiring value judgements, to how criteria and subcriteria were assessed, to whether complementary or additional services or technological improvements could be presented and, if so, how they were to be assessed, which was not properly explained in the tendering conditions, and so on.
- Regarding the assessment of abnormally or disproportionately low offers, the reports by the technical division on the justifications given by tenderers, in the procedure for hearing their arguments, ought to give sufficient details of the basis for their findings.
- In the unpublicised negotiated tendering procedure for contracts below €50,000, for which no document of tendering rules is drawn up, the basic conditions relating to the tendering process should be adequately defined in the invitation to tender. Also in the contracts awarded using the unpublicised negotiated tendering procedure, the files did not show what form negotiations were to take or whether they actually occurred.

- GISA contracted additional construction work with the same contractor that had been awarded the main contract using the unpublicised negotiated tendering procedure and inviting only this company to tender, without documenting and justifying in the file the circumstances and features which made necessary this additional construction project and its being awarded to the firm doing the main work.
- Certain services and supplies were contracted out using the internal instruction “Procedure for streamlining and processing low-value contracts and ordinary purchase orders”. The contents of this instruction were contrary to what GISA’s Internal Instructions on Procurement laid down for contracts above the low-value threshold, whereby they should have been awarded using the open, restricted or negotiated procedures.
- Some low-value contracts, where issues were detected relating to the description of the services or goods acquired, the amounts or the dates, should have been tendered using open or negotiated procedures

The report makes six recommendations related to improving procurement procedures and the way operations are accounted for, bearing in mind the true financial nature of these operations, and not just their legal status.

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