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## **SUMMARY**

### **Summary of Report 26/2020, relating to the La Plana Voluntary Intermunicipal Joint Service Entity, year 2018**

*Barcelona, 14 January 2021*

The Public Audit Office for Catalonia has issued Report 26/2020, relating to the La Plana Voluntary Intermunicipal Joint Service Entity (*Mancomunitat Intermunicipal Voluntària La Plana*), 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 24 November 2020.

The subject of this report is a limited scope audit of the Joint Service Entity, focused on auditing its Budget Outturn and reviewing its compliance with applicable legislation in the areas of accounting, the budget cycle, staff salaries and public sector procurement, corresponding to financial year 2018.

The entity is a voluntary association of municipal councils with the status of a local government organisation. It was set up in 1982 and in 2018 comprised twelve municipal councils, eleven in the county of Osona and one in the county of Eastern Vallès (*Vallès Oriental*). It mainly provides urban solid waste collection services, but also certain social services and funeral services for the municipalities involved.

Its approved budget for year 2018 envisaged revenues and expenditures of €6,155,751 and during the year modifications to budget appropriations were approved totalling €2,203,044; so the final budget was for €8,358,795.

Section 3 of the report gives the most significant findings arising from the audit work carried out, of which the following can be highlighted:

- The entity was providing services to non-member town councils, in breach of the provisions in its Statutes, which limit the geographical extent of its powers to the member boroughs.
- Each year the entity approved a file for the non-judicial recognition of budget appropriations, to deal with all the expenditures which had incurred during the previous year but had not been recognised. In year 2018 these expenditure items totalled €116,710 and mostly concerned personnel expenditures and contracts for services. Because of this, the budgetary result for the year was overvalued by €102,384 and budgetary year-end net working capital (*romanent de tresoreria*) by €116,710. Furthermore, according to the stipulations of the Common Administrative Procedure for Public Administrations Act and the

Consolidated Local Government Finances Regulatory Act, these expenditures recognised without a judicial ruling would be null and void.

- The review of official public fees corresponding to year 2018 concluded that they were not based on any technical or financial study detailing the cost of the services they were to pay for. Likewise, no technical and financial studies had been undertaken to work out the cost of the services mainly funded by contributions from the municipal councils, as was the case for the local development and youth services, and for managing and running the municipal rubbish and recycling depot in Aiguafreda.
- As regards personnel, the entity did not have an official Schedule of Staff Positions; this contravened legal requirements. However, it was in negotiations with staff representatives in order to draw one up.
- The entity took on temporary staff by means of direct hirings, because of urgent staffing needs to run services, without respecting the principles of equality, publicity, merit and ability which should govern access to public employment. Furthermore, not having a Schedule of Staff Positions or approving a Public Employment Offer led the entity to hire non-civil service staff to fill vacancies of a structural nature through temporary short-term labour contracts or by means of temping agencies.
- As regards its public sector procurement, the entity procured about 40% of its expenditures registered in budget sections 2 and 6 using low-value contracts. In most of the procurement files audited, one of the proper procurement procedures envisaged in legislation should have been used.

In some of the low-value contracts reviewed, issues were detected relating to the separate acquisition of services which should have been handled in a single contract, because they involved a succession of purchases to cover recurring or foreseeable needs. These anomalies resulted in processes which eluded publicity rules or other requirements in the procurement procedures which should have been followed. For this reason, they constitute an improper splitting-up of a contract and, therefore, an infringement of articles 99.2 and 118.2/118.3 of the Public Sector Contracts Act.

In addition, some of these low-value contracts also failed to comply with the ban on using low-value contracts for purchases from one particular contractor that individually or jointly go above the maximum amounts authorised for these types of contracts.

Finally, the report includes a series of recommendations which, in the Audit Office's opinion, would help to improve the running of the entity.

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