

SUMMARY

Summary of Report 30/2020, relating to Lleida Provincial Council, governmental procurement, year 2017

Barcelona, 19 February 2021

The Public Audit Office for Catalonia has issued Report 30/2020, relating to Lleida Provincial Council's governmental procurement in financial year 2017, 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 30 December 2020.

The subject of this report is a limited scope audit of Lleida Provincial Council, focused on the approval and submission of its General Account and its Budget, and a review of its public sector procurement corresponding to year 2017.

The Provincial Council's approved starting budget envisaged revenues and expenditures of €117.27m. During the year modifications to budget appropriations totalling €84.48m were approved, bringing the final budget to €201.76m. The budgetary result for the year worked out at €9.81m, and taking into account the adjustments arising from expenditures funded by budget surpluses carried over from previous years and from funding deviations, the adjusted budgetary result came to €12.72m.

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

- During year 2017 Lleida Provincial Council undertook expenditures totalling € 1.43m through direct purchases, without using any procurement procedure. Significant among these purchases were the staff healthcare service, IT services and supplies, and diesel fuel supplies.
- Nine of the twelve public works contracts audited were arranged through urgent procurement procedures and in seven of these contracts there were delays of between two months and one year in the works' completion. In addition, the reasons given for using the urgent procedure did not justify declaring the work as urgent. This recurring use of urgent procurement procedures denoted a lack of managerial foresight and planning in the construction work carried out by the Provincial Council. It also meant a restriction on the competition principle, by shortening the deadlines for presenting tenders for the contracts.
- In one of the contracts reviewed, one of the awardees had participated in the fieldwork and prior analysis of the undertakings involved, and this was a deciding factor in choosing this contractor, because it was accepted as a justification for the unusually low price offered. There was therefore a breach of article 56 of Spain's Consolidated Public Sector

Contracts Act (TRLCSP), since this constituted a privileged position in relation to other tenderers.

- Various deficiencies were found in the announcements of calls for tenders, such as a lack of information on solvency requirements or on the criteria to be used as a basis for awarding the contract. The audit also detected several failures in publicising the awarding of contracts in official journals or on the Council's procurement profile web page, and some failures in sending contracts to the General Public Sector Contracts Register .
- As regards how tenders were assessed, in the public works contracts reviewed, and in other contracts tendered out through the open competitive procedure, the mathematical formula for assessing the objective criterion of price led to a reduction in the range of points to be given, thus reducing the weighting assigned to price. As a result, the awarding criterion to be assessed using a mathematical formula was no longer predominant, meaning a panel of experts should have been appointed to assess the tenders. In addition, the formula for determining unusually low price offers meant considering offers very close to the average figure as dangerously low.
- A significant part of the expenditures relating to the supply of IT equipment, €273,416, were purchases using low-value contracts, even though the amounts involved were over the limits for this type of contract.
- In all of the public works contracts reviewed, except one, there were modifications ranging between 10.0% and 45.9% of the initial amounts. These modifications had not been clearly, precisely and unambiguously envisaged in the tendering specifications, or defined and quantified, as required by TRLCSP article 106.
- In six public works contracts reviewed, part of the improvements on initial specifications offered by the contractor were not carried out, and were applied, as a price reduction, to other aspects of the construction project, with the Provincial Council's approval. This possibility had not been foreseen in the administrative tendering specifications.
- In various contracts there were delays of between one and ten months in completion times. Having delays as a continual and recurring feature of contract execution evidenced the need to improve the way procurement files were prepared and managed and, in the case of public works, the need for improvements in how project design specifications were drawn up.
- The audit work uncovered sixty-five expenditures, totalling €690,895, which were undertaken directly without following procedures laid down in regulations, in other words, without making an expenditure proposal and having it approved beforehand by the relevant official, without it being checked and countersigned by the Comptroller, and without final approval from the Council Chair or designated Councillor.

Finally, the report includes six recommendations relating to budget modifications and public sector procurement arrangements which, in the Audit Office's opinion, would help to improve the Council's handling of these matters.

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