

## RFI 004

### REQUEST FOR INFORMATION

#### ASPHALT EXPENDITURE

26 October 2020

Dear Junta

We have been trying to make sense of some of the numbers in the FY19 Junta accounts and would welcome some clarification regarding the noted ASPHALT EXPENDITURE so that homeowners can better understand the figures.

According to the Junta accounts, the following expenses were incurred in 2018 and 2019.

Code		2019	2018
60003	Asphalt	€43,162.36 excl. IVA	€1,029.60 excl. IVA
607,1,607,3	Outsourced Contractors	€6,124.00 excl. IVA	€29,102.45 excl. IVA

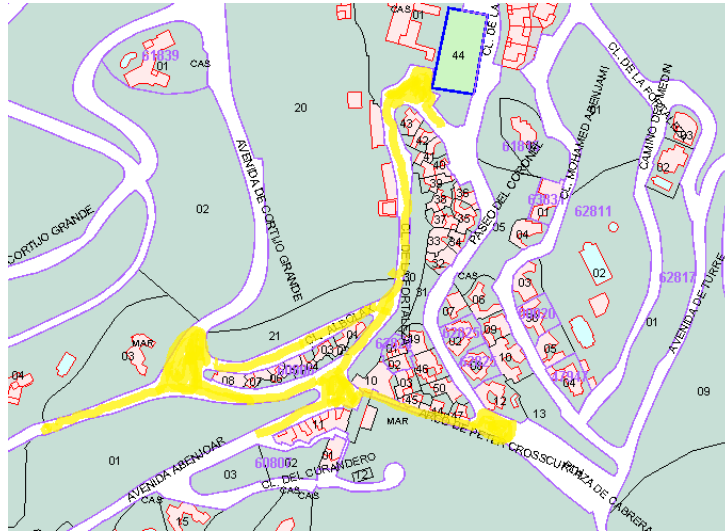
We have obtained details of invoices totalling over €82k (incl. IVA), paid by the Junta to Ramos Garcia, a construction company who specialise in the laying of asphalt.

Details of these invoices are as follows:

Date	Company	Amount (incl IVA)	Description on Invoice
18 January 2019	Ramos Garcia	€31,000.00	No details of works performed, or material and labour charges. The description on the invoice shows only "Payment due from the <i>Junta de Compensacion</i> "
29 March 2019	Ramos Garcia	€30,000.00	No details of works performed, or material and labour charges. The description on the invoice shows only "Payment due from the <i>Junta de Compensacion</i> "
7 May 2019	Ramos Garcia	€21,575.13	"Medium voltage pipeline and caskets"
	<b>TOTAL:</b>	<b>€82,575.13</b>	

We would note that an "invoice", by definition, contains a detailed list of goods shipped or services rendered, with an account of all costs charged. The "invoices" from Ramos Garcia specified only that payment was due and contained no further detail. The description given is therefore only a payment reminder or notice to customer of monies due, for labour, materials and work done on behalf of the Junta at costs and locations that are not disclosed.

In 2019, we understand that the area in the centre of the town was re-surfaced. This area is as shown in the diagram below:



We have estimated that the re-surfaced area shown in yellow covers an area of between 2000m<sup>2</sup> and 2500m<sup>2</sup>. For calculation purposes, we will use the higher figure.

In 2019, the expenditure on asphalt and outsourced contractors amounted to €49,286.36 excl IVA.

If we assume that this is our budget for roadworks in 2019, we can estimate how much road area we should have been able to resurface as follows using benchmarks:

Area	Work	Cost
2500m <sup>2</sup>	Create new road: Scarify Water & compact base Add and compact 10cm layer of gravel Add and spread 5cm layer of asphalt	€40,000.00 excl. IVA (Benchmarked)
2500m <sup>2</sup>	Resurface existing road: Add and spreading layer of asphalt	€25,000 excl. IVA (estimated)

So, we would have expected to pay around €25,000 excl. IVA for the work shown in the above diagram.

If the Outsourced Contractor element relates to the road resurfacing, we should have been able to resurface an additional 2500m<sup>2</sup>. ie. Twice as much road surfacing as was carried out. We are aware of limited other small scale resurfacing activities during the year.

No inventory or stock of unused asphalt is shown on the Balance Sheet at the year end and so all the asphalt must have been utilised for it to have been entered as an expense for the year.

Q1: Could the Junta provide full details of the services and materials purchased from Ramos Garcia, together with copies of the quotes/*presupuestos* provided by Ramos Garcia when tendering for the work? This information is essential for all three of the listed invoices as the descriptions given on the invoices are wholly inadequate:

- a) Invoice dated 18 January 2019 for €31,000.00
- b) Invoice dated 29 March 2019 for €30,000.00
- c) Invoice dated 7 May 2019 for €21,575.13

Please could the Junta explain how each of the invoices has been apportioned across different expenditure headings / codes in the accounts.

Q2: Could the Junta advise why “Medium voltage pipeline and caskets” were purchased in May 2019 and where and for what purpose these materials were used? Please could the Junta explain against which expenditure headings / codes this expenditure has been posted and why it is not identified as expenditure relating to the electrical infrastructure?

Q3: What is the area of asphalt covered in the town centre?

Q4: What was the depth of the asphalt?

Q5: Were any other areas resurfaced and, if they were, where was the asphalt laid, to what area in m2 and to what depth?

Q6: Can the Junta confirm that this work did not relate to the provision of any new infrastructure?

Q7: Was additional machinery hired to do the work or were all specialist equipment and machinery costs included in the undetailed but invoiced figures for the contractor cost?

Q8: If this cost is a genuine Junta repair cost, chargeable to homeowners, why was the not allocated to PGC account 622 Repairs and Maintenance (amounts related to the upkeep of assets)?

Q10: If contractors were employed, why were the contractors NOT contracted to source and supply all necessary materials for the work?

Q11: The quote/*presupuesto* provided by the contractor during the tendering process would normally specify the works to be done as either

1. to lay customer asphalt to a depth of x cm for an area of xxx sq. meters at €x.xx per square meter or
2. to **supply** and lay asphalt to a depth of x cm for an area of xxx sq. meters at €x.xx per square meter

Can the Junta provide the *presupuesto* to confirm the basis of the charges for the work done?

Q11: What was the quantity of asphalt that was purchased for this specific project?

Q12: Who was the supplier that sold the asphalt to the Junta?

Q13: What was the cost per cubic meter of the asphalt bought by Junta? These details should be readily available on the invoice for the purchase of the asphalt.

Q15: If all of the asphalt has not been used, what is the value of the unused asphalt, where is it being stored and why has no accounting entry have been made to reflect the value of this asphalt as a current asset inventory in the balance sheet?

Kind Regards

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