

SUMMARY

Summary of Report 8/2019, relating to the Catalan Tourist Board, year 2017

Barcelona, 24 July 2019

The Public Audit Office for Catalonia has issued Report 8/2019, relating to the Catalan Tourist Board (ACT), 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 12 June 2019.

The audit carried out included verifying that in the audited period the entity carried out its activities in accordance with applicable legislation. In particular, the audit analysed whether the resources obtained from the tax on stays at tourist establishments (the tourist tax) were properly applied in accordance with the purposes laid down in the Fiscal, Financial and Administrative Measures and Creation of the Tax on Stays at Tourist Establishments Act (Act 5/2012, of 20 March) and other statutory regulations for its implementation.

Through governmental Decree 13/1986, of 16 January, the Catalan Consortium for Promoting Tourism was set up. Later on, Decree 83/1997, of 1 April, changed its name from the Catalan Consortium for Promoting Tourism to the Catalan Tourist Consortium.

Act 15/2007, of 5 December, instituted the Catalan Tourist Board (ACT), which took over ownership of all the assets, revenues and liabilities of the Consortium, both in Catalonia and elsewhere. The ACT was then fully set up through Decree 192/2009, of 9 December, which approved its Statutes, and it commenced its activities on 1 January 2010.

According to its Statutes, the ACT is an entity belonging to the Catalan Government (*Generalitat*) set up under public law but whose activities are subject to private law, which reports to the government department in charge of tourism; it has its own separate legal identity, full power to act in its own right and its own assets, in order to fulfil its objectives. Its main aim is to promote Catalonia as an internationally renowned tourist destination, taking into account its diversity, its quality and the socio-economic benefits deriving from it.

The most significant findings from the audit work, as explained in section 3 of the report, can be described as follows:

As regards its financial accounts:

- During years 2010, 2011 and 2012, the ACT received transfers of money under budget section 8 as equity payments, but applied them to fund its activities and put them on its books as current expenditure transfers (budget section 4) and capital expenditure transfers (budget section 7). If these payments had been correctly accounted for, the ACT would have equity totalling €4.33m.

As regards procurement:

- The specifications for the two contracts, deriving from a framework agreement, for the services of arranging and placing institutional advertisements in media channels only laid down very general assessment subcriteria and did not specify how scores would be awarded. The tender assessment reports just indicated the points given along with a general explanation which did not allow the criteria used to award them to be ascertained.
- For several contracts the low-value procurement procedure was used to purchase services involving recurring, periodical or permanent needs, such as designing and arranging campaigns and promotional drives and organising events. In the Audit Office's opinion this was not the most appropriate or legally compliant procurement mechanism for dealing with these types of needs.

As regards cooperation agreements:

- Legislation envisages the possibility of signing formal cooperation agreements with other parties which involve establishing common interests to achieve shared objectives. Eight of these official agreements signed during 2017 included returns for services rendered for which, in the Audit Office's opinion, the shared objective of promoting the *Catalunya* (Catalonia) brand was not sufficiently clear.

As regards other aspects of legal compliance:

- According to the regulatory framework for the ACT, its General Participatory Council is the body for involving, consulting, holding discussions with and getting proposals from the government organisations and private sector stakeholders directly or indirectly involved with tourism in Catalonia. This Council is supposed to hold an ordinary meeting twice a year. The one time it met was in July 2010.
- According to the Act of Parliament which set up the ACT and its Statutes, the Tourist Board has to sign a programme-contract covering several years, to regulate its relationship with the government department it reports to. This programme-contract had not been signed for 2017.
- Membership on the Management Board of representatives from the entities which are not part of the Catalan Government is dependent on the contributions, for general or specific purposes, paid by these entities to the ACT, under the terms laid down by the

Act of Parliament and the ACT's Statutes. In 2017 the General Council for Catalonia's Official Chambers of Commerce, Industry and Shipping was still a member of the ACT's Management Board, even though it had made no monetary contributions since 2010.

The most significant recommendations, as presented in section 3 of the report, are as follows:

- There is a need to reassess the adequacy of the arrangements in place to deliver tourism promotional services in the Russian Federation and former Soviet Union countries. Although costs are similar to those for some other tourist promotion centres, it should be borne in mind that the Catalan Business Competitiveness Agency (ACCIÓ) has an office in Moscow.
- The report recommends that the ACT makes an efficiency assessment; in other words, that it sets out the resources employed and the results achieved and establishes some clear, measurable indicators to work out the actual impact of the activities carried out to promote tourism in Catalonia.

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