Tourism sector: control of the implementation of the EU policy. Special report 3/96 Court of Auditors

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OBJECTIVE: this special report by the Court of Auditors concerns 3 particular aspects of tourism policy at Community level: -the management of European Tourism Year in 1990 (on which the Court of Auditors had also delivered a special report in 1992); -the discovery in 1993 of serious irregularities in the management of direct tourism measures funded by the Community (Commission DG XXIII), -the lack of coordination between Community measures relating to tourism and the need for effective evaluation. SUBSTANCE: 1) Background: in its special report on tourism, the Court of Auditors noted that since 1990 tourism policy had been causing concern and giving rise to questions from the European Parliament because of possible irregularities in connection with European Tourism Year (ETY). At the time, the Court of Auditors had been asked to deliver an opinion, which had led to a first special report on the ETY (1992). The Court's study had shown that there were problems with regard to the legality and regularity of certain expenditure and the proper management of appropriations for tourism. Following the special report, a series of internal inquiries had been carried out at the Commission and in the Member States to ascertain the extent of fraud. These various inquiries resulted, in 1994, in the dismissal of the head of the tourism unit at DG XXIII and the carrying-out of an audit of all the Community's 'tourism' operations. The results of the inquiries were confirmed by the persistence of the problems identified by the Court in its audit of the ETY in 1992. At the same time, from July 1994, the Commission's Unit for the Coordination of Fraud Prevention (UCLAF) was asked to investigate, and collaborated with the judicial authorities of three Member States where fraud had occurred (France, Belgium and Greece). The Court subsequently performed additional audits concerning both direct aid to tourism and aid to tourism via the Structural Funds. There too, fraud was identified and revealed. 2) Conclusions: the Court of Auditors' main criticism of the Commission concerned its slow response to the fraud allegations. According to the Court, DG XXIII, which was responsible for the field, could in particular have immediately informed the appropriate departments of the Commission on the basis of the information it had received in 1992. Moreover, the Commission had not informed the Court of the irregularities which had come to its attention. It was an on-the-spot audit that enabled the Court of Auditors to find out about the irregularities already identified. Only from 1994 did the Court receive the necessary documents to monitor developments. The Court found that, in 1995, the irregularities identified in 1992 had still not been eliminated and had therefore hampered the implementation of the action plan for tourism. In 1996, however, the inclusion of a token entry in the budget for direct aid to tourism enabled the Commission to concentrate on current contracts and wind up existing contractual relationships perfectly legally. The Court considered that further efforts needed to be made to recover payments wrongly made. It also took the view that in order to manage appropriations for direct aid to tourism, a reliable system needed to be set up within the DG responsible. The Commission should improve its selection, monitoring, evaluation and inspection procedures in relation to the measures which it finances. Accordingly, the Court recommended that DG XXIII be granted sufficient resources to carry out this type of monitoring. Finally, coordination and evaluation of the various measures affecting tourism were essential (particularly in the case of the Structural Funds, which play a key role in this field).