

AUDIT REPORT ON MEASURES AIMED AT IMPROVING GOVERNANCE AND TOURISM DEVELOPMENT INCLUDED IN THE COMMUNITY OF MADRID TOURISM STRATEGY 2023-2026, AS OF 31 DECEMBER 2025

Ana Cossío Capdevila
Vice-President of the Madrid Chamber of Audit

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INTRODUCTION



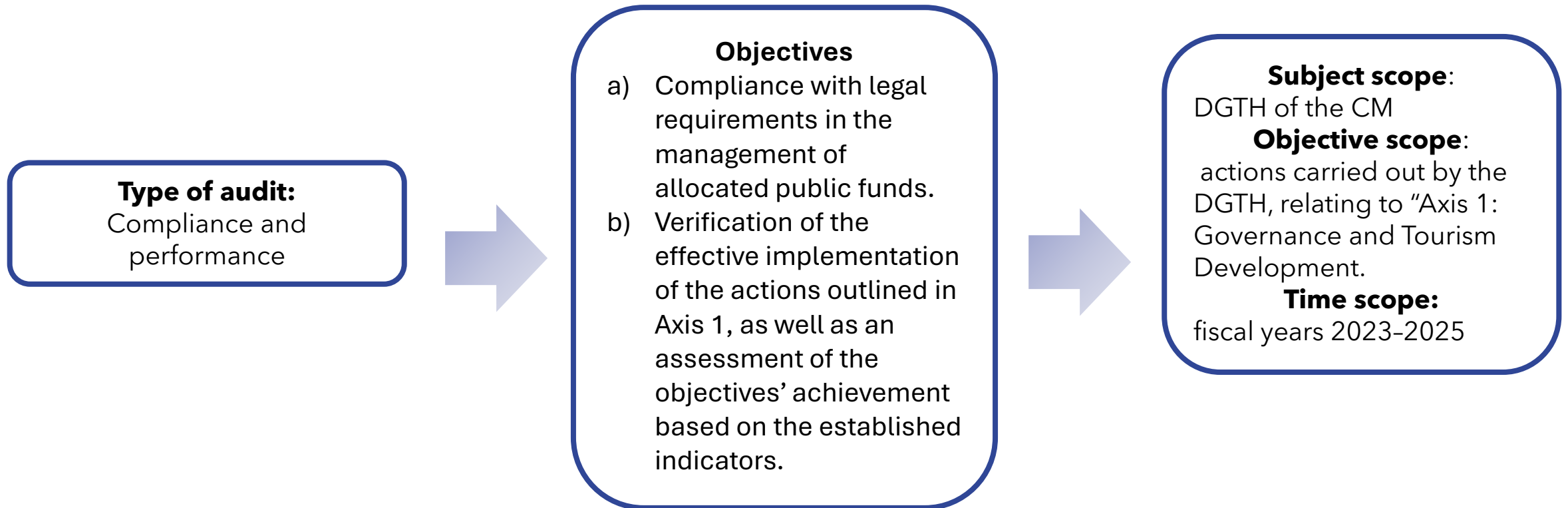
Spain: tourism sector as a key component of the national productive system (12% of national GDP, 13.5% of employment) **and at the regional level** (8% of Madrid's GDP, 13.3% of employment)

- **Direct effect**
- **Indirect effect**
- **Induced effect**

Tourism phenomenon — cross-cutting, multi-level, and complex — requires strengthening administrative governance structures to facilitate coordination, communication, collaboration, and positioning.



TYPE OF AUDIT, OBJECTIVES, SCOPE



METHODOLOGY



Document review, interviews, and testing to obtain an adequate understanding of the procedures applied in the management of grants and services provided

Assessment of the information systems and internal control mechanisms in place.

Analysis of the achievement of STP objectives through the review of the established indicators

Analysis of the 2023 budget execution of Program 432A "Tourism," including its composition and evolution

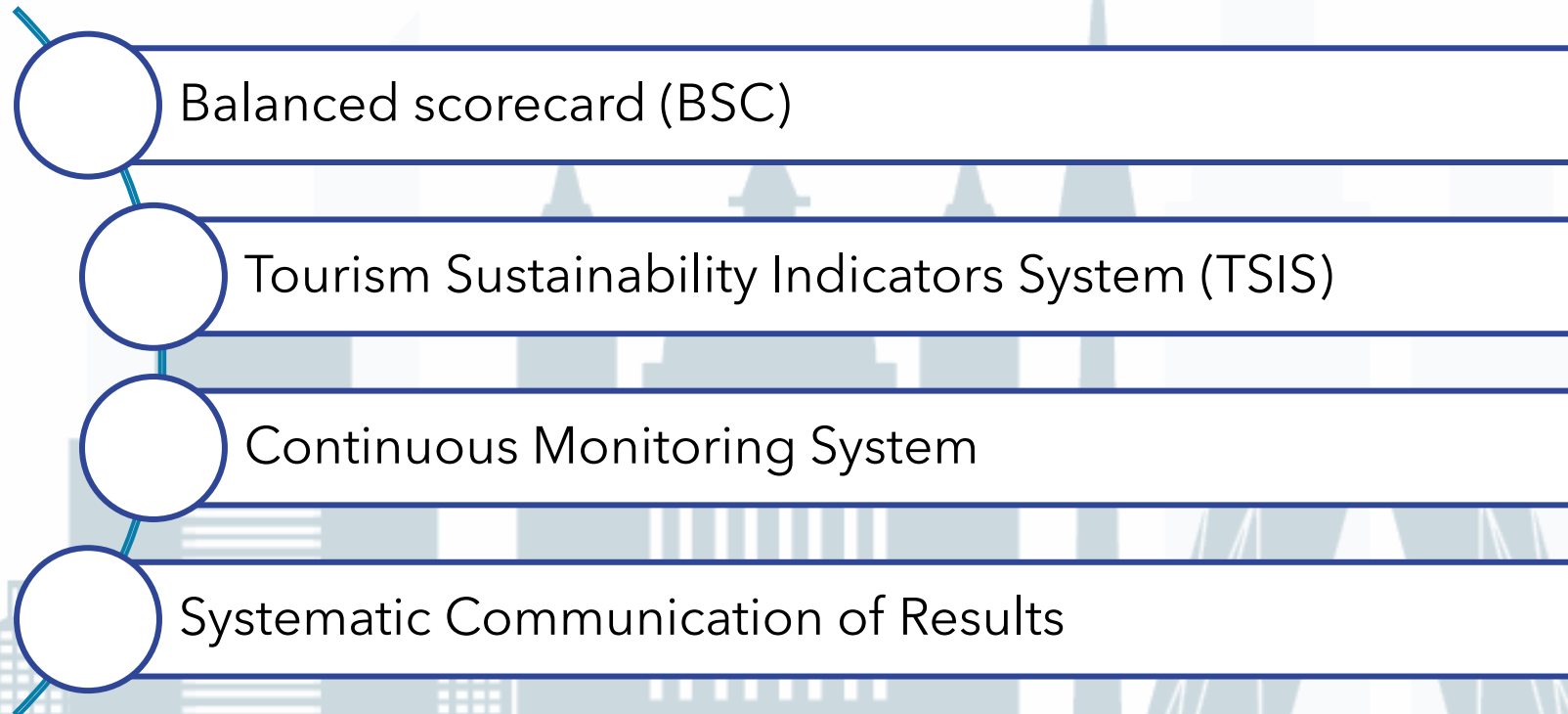
Review of accounting records and supporting documentation: procurement and grant files, annual reports issued by the Community of Madrid regarding the management of these programs, and analysis of the applicable procedures (manuals, instructions, etc.).

STRATEGY STRUCTURE

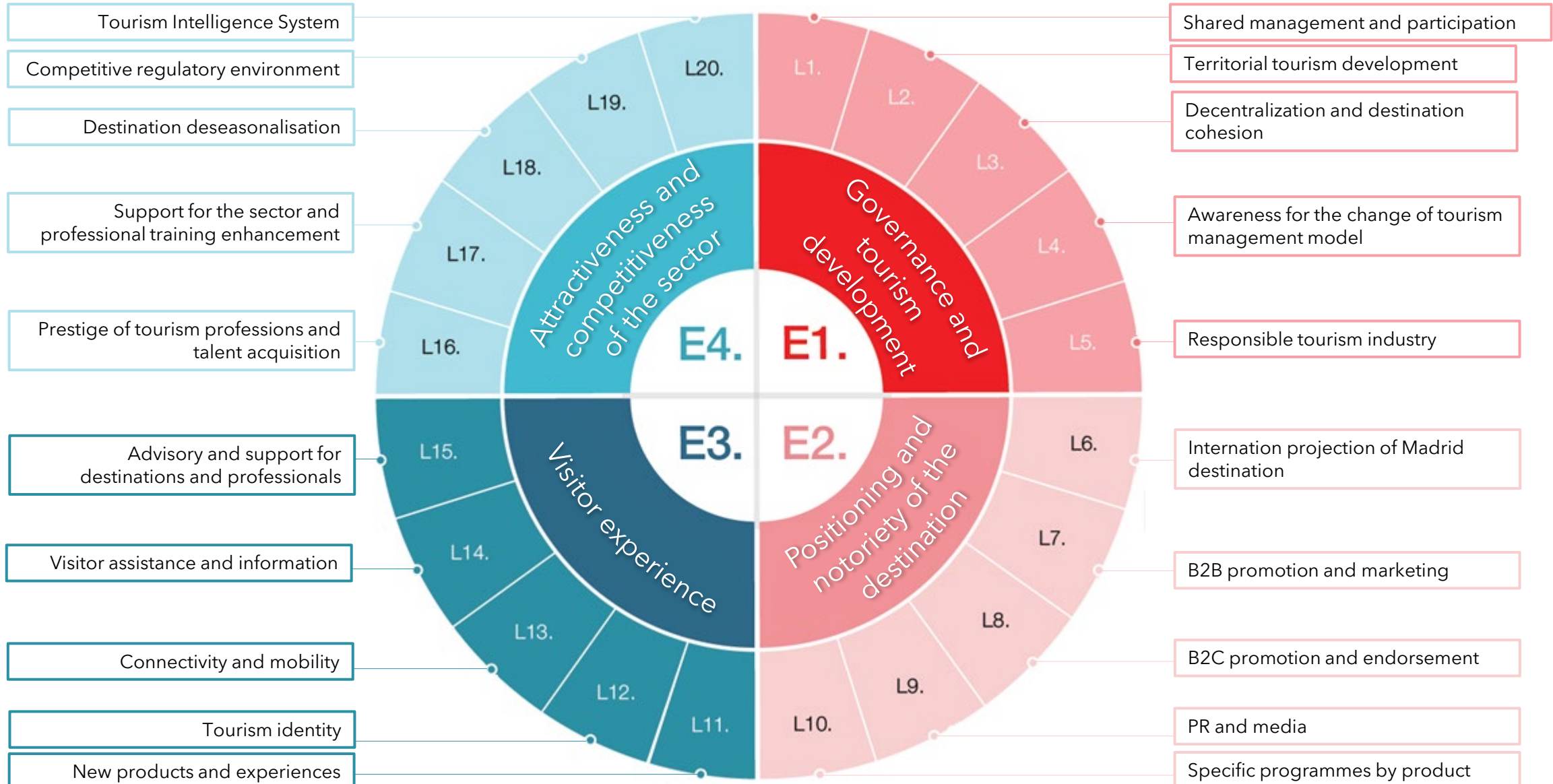


1. Introduction and context to the Strategy.
2. Scope and methodology
3. Analysis of the tourism sector in the CM
4. Destination diagnosis
5. Strategic formulation
6. Strategic Tourism Plan (STP) 2023-2026
7. STP monitoring

Monitoring tools



STP STRUCTURE



MAIN RESULTS: WEAKNESSES OF STP STRUCTURE



The PET 2023-2026 **does not include a budget**; it only identifies the funding entities

An annual and overall **budget estimate** is included in the **balanced scorecard** as an internal working tool
225,8 millions €

MAIN RESULTS: AXIS 1: 5 LINES. 30 ACTIONS



E1. Governance al Tourism Development

L1. Shared Management and Participation

1. Update and improvement of the Advisory Body of the Regional Tourism Board
2. Madrid tourism experts panel
3. Participation and support for managing entities and other key stakeholders
4. Partnerships with international reference entities
5. Involvement in international strategic projects
6. Cross-cutting management of public tourism policy
7. Coordinated execution management of component 14 of the MMR-collaboration with SETUR

L2. Territorial tourism development

8. Tourism Sustainability Plans in Destinations. Ordinary Edition
9. Tourism sustainability Plans in Destinations. Extraordinary Edition
10. Advisory and design of large tourism development projects
11. Support for the development of local and regional tourism strategies
12. Improvement of the tourism space in rural areas
13. Support for the region's conversion into a smart tourism destination
14. Promotion and adherence to sustainability and quality tourism recognition systems

L3. Decentralization and destination cohesion

15. Regional tourism innovation centres
16. Program for decentralized tourism events
17. Activation of the "World Heritage in Madrid" product
18. Activation of the "Villas of Madrid" product
19. Activation of the "Madrural" product

L4. Governance and tourism development

20. Ethical code of tourism for the Region of Madrid
21. Campaigns to promote responsible tourism
22. Management of carbon footprint and other decarbonation actions
23. Program to boost the consumption of local products
24. Enhancement of the responsible tourism offer of the destination
25. Identification and promotion of best practices in tourism sustainability

L5. Responsible tourism industry

26. Study and evaluation of the socioeconomic and environmental impact of projects and actions
27. Development of professional forums to promote responsible tourism
28. Establishment of a hotel observatory on sustainability
29. Development and analytical tools for improving energy efficiency in Madrid hotels
30. Support for the sector in implementing sustainability policies and promoting local product consumption

MAIN RESULTS: AXIS 1 ANALYSIS

GENERAL CONSIDERATIONS



All lines under Axis 1 were initiated in the 2023 financial year

Program 432A of the 2025 Community of Madrid general budget incorporates STP guidelines as the basis of the budget program.

The STP has a limited organic scope; in terms of defining lines of work and actions, it refers solely to the competencies of the DGTH.

MAIN RESULTS: AXIS 1 PERFORMANCE ANALYSIS : BALANCED SCORECARD



BSC:

- planned budget for the 2023-2026 period,
- breakdown by each financial year, funding entities,
- rate of compliance, rate of execution,
- and planned timeframe

It is a living document, updated every six months, although not every six-month period records have been preserved

The total expected budget for the 2023-2026 STP period
€225,826,690

The overall budget allocated for Axis 1 amounted to **€117,895,000**; as of December 31, 2025, **€117,830,655** had been spent, representing nearly **100% of the initial allocation.**

Of the total budget executed for Axis 1, €117,830,655, **83%** was financed with funds from the **PRPT (NextGen)**, Component 14

MAIN RESULTS: AXIS 1 PERFORMANCE ANALYSIS : BALANCED SCORECARD

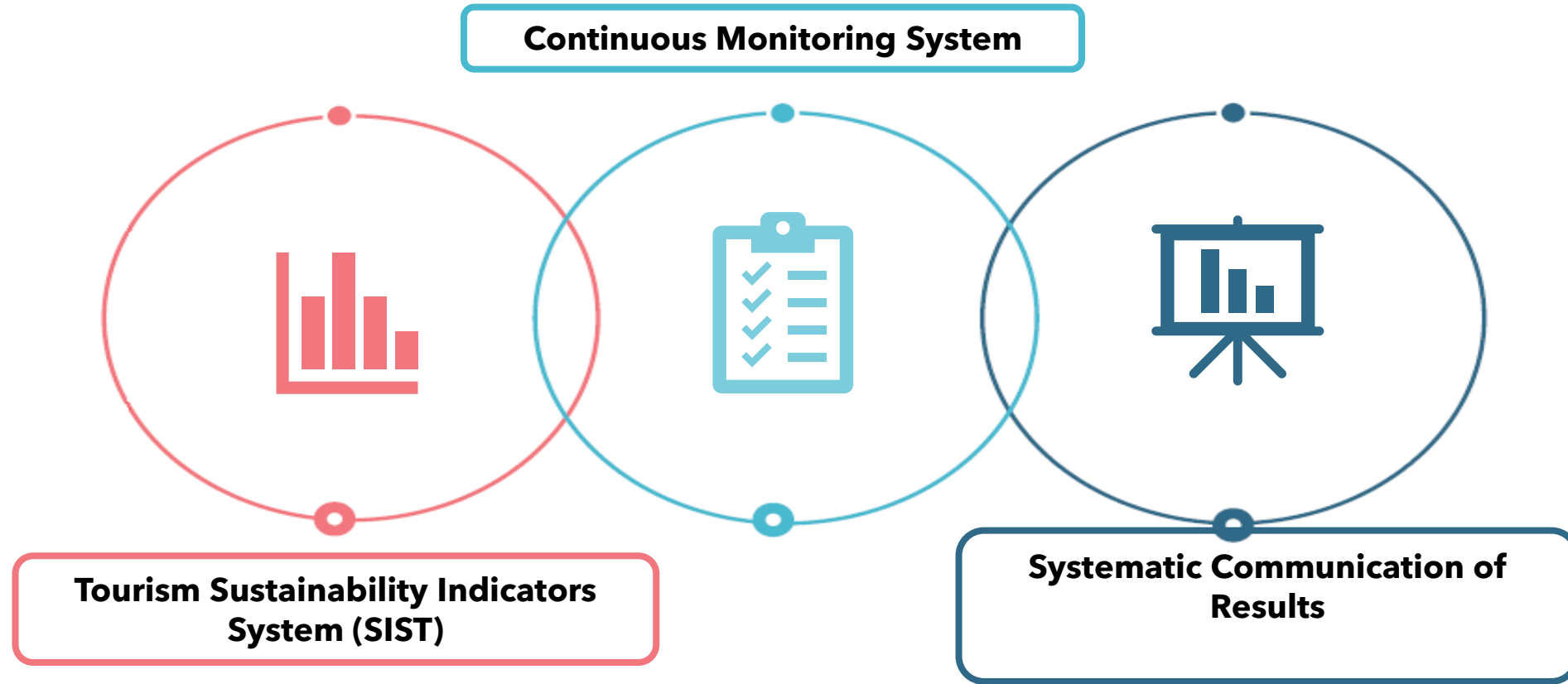


At the BSC, there are difficulties in allocating expenses related to actions that affect multiple action lines or initiatives

The **level of implementation** for Axis 1: the actions that have been initiated and are still underway, or that have already been completed, stands at around **75%**. The **budget execution rate** for Axis 1 stands at **nearly 100%**

The **objectives** included in the STP are quite **generic**; and neither the STP **nor** the BSC include **indicators that allow for measuring the level of implementation** that would enable adequate monitoring during implementation, regardless of the final outcome, except for the actions (9) that are defined in the report on **budget program 432A**, where **implementation indicators** are indeed **established**

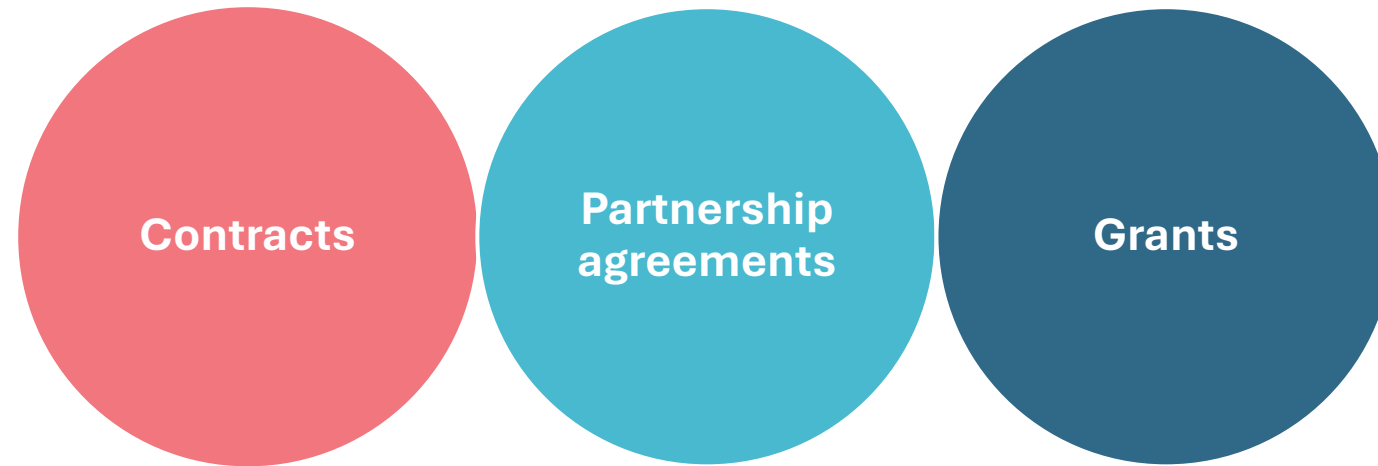
MAIN RESULTS: AXIS 1 PERFORMANCE ANALYSIS : MONITORING



MAIN RESULTS: AXIS 1 : COMPLIANCE ANALYSIS



To implement the actions outlined in the STP, promotional **campaigns** have been carried out, **support initiatives** for various products and local entities have been rolled out, **various types of tools** have been developed, and **events** throughout the region have been **promoted**, among other initiatives



No significant issues have been detected

High degree of achievement of the objectives, although there is **difficulty in measuring progress** due to the lack of indicators for monitoring and measuring implementation

The Community of Madrid has seen the largest increase in total tourism expenditure in the whole country; however, given **the cross-cutting nature of tourism initiatives**, the results cannot be attributed solely to the impact of the measures set out in the STP, even though the Community of Madrid is the public body that allocates the largest budget and has exclusive powers in the region.

Proper compliance with law in the implementation of signed agreements and contracts, as well as in the call for applications and the payment of grants awarded

MAIN RECOMMENDATIONS



Future Strategy: implementation of **action plans on an annual basis**, setting out specific projects and actions with **specific and measurable objectives**, as assessed through indicators, and with a **budget** allocated on both an annual and an overall basis.

Strengthen **inter-departmental coordination**, including initiatives with an impact on tourism undertaken by other regional ministries and **local authorities**, as well as by **any other public body or company within the Community of Madrid** that carries out initiatives with a direct impact on tourism in the region

It is recommended that the DGTH **keep** separate records of the **half-yearly BSCs** as they are completed

It would be useful to include data on **actual expenditure** in the **BSC** and compare it with the **budgeted amount** in order to analyse any discrepancies that may arise, and to include this data in the evaluation reports produced

Thank you very much!!

