

## Public benefit from the State funding in the field of professional theatre and music — non-traceable

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The possibilities of the society to ascertain how effectively taxpayers' money is spent in order to achieve the national cultural policy objectives in the field of professional theatre and music are still limited, the State Audit Office concludes. The absence of operational strategies of theatres and concert organisations, a lack of comprehensive information on the market of theatre and music, unnecessary bureaucracy demanding formal reports, and different grant calculation principles are the conditions which raise questions about work effectiveness of the Ministry of Culture in the field of professional theatre and music.

“Funding for culture is a long-term investment in national development. In the field of culture, as well as in any other sector, it is necessary to assess whether the invested funds pursue the objectives and whether there are any objectives set at all. The society, by paying taxes, finances 14 State professional theatres and concert organisations, and this sum is not small — on average 23 million euros annually. The Ministry of Culture must wisely assess and work so that the contribution of the society transforms into a far-sighted investment in the future of the State. Unfortunately, we see certain drawbacks in this work. There are no grounds to believe that the field of professional theatre and music requires an exceptional status in respect of effective, expedient and wise use of taxpayer's money,” Auditor General Elita Krūmiņa points out.

In the course of the audit it was concluded that the Ministry of Culture only partly complies with the best practice in the management of the state-owned enterprises defiend by the OECD. Although the Ministry of Culture is convinced that state-owned enterprises are the best form of the involvement of the State in the field of professional theatre and music, still no assessment has been carried out with regard to the role of the State theatres and concert organisations and the position of these services on the market.

Most professional theatres and concert organisations are still working without a clear operational strategy, the tasks assigned thereto do not cover all the priorities of the cultural policy and in many instances funding is allocated based upon historical data. The Ministry of Culture accents that the state-owned enterprises ensure a higher quality standard. However, when calculating the State budget grants, an indicator which could be characterised as a quality descriptive indicator, is taken

into account only in respect of theatres — the number of nominations for the “Spēlmaņu nakts” Awards, yet this indicator on average constitutes only 1 per cent of the amount of the grant.

Part of performance indicators set forth by the Ministry are not reached by theatres and concert organisations from year to year. Moreover, certain indicators are not achieved up to the degree of even up to 800 per cent that, in the opinion of auditors, indicates to a formal approach of the Ministry when setting the results to be achieved by the state-owned enterprises.

The assessment of financial performance, which is required to make decisions, is superficial and does not support the conclusions made at. At the same time four times a year the Ministry of Culture requests theatres and concert organisations to submit massive reports that can be used neither to control the use of the allocated State funds nor to assess the overall financial situation of the state-owned enterprises.

The State Audit Office carried out a regulatory and performance audit on the management of the state-owned enterprises by the Ministry of Culture with an aim to ascertain whether the Ministry of Culture, while managing its state-owned enterprises, complies with the requirements specified by the legal regulations and the best practice as regards the management of the state-owned enterprises. The audit was conducted for a period from 1 January 2014 by 30 June 2017.