

The General Directorate of Customs had errors in the publication of contracts, as well as in the valuation of assets. However, the audit did not find any uneconomical expenditures

Press release on Audit No. 19/02 - 6 January 2020

The Supreme Audit Office examined the management of the General Directorate of Customs (GDC) with the state's assets and funds between the years 2017 and 2018. The auditors did not find inefficient and uneconomical spending of funds, however the GDC did err in the publication of contracts into the contract register, in the inventory and valuation of assets, as well as in programme financing.

The General Directorate of Customs failed to publish a total of 19 contracts, amounting to more than CZK 260 million, into the contract register within the period and in the format required by law. For example, several contracts were published after more than one year since their conclusion. However, there is a legal obligation to publish a contract within 30 days.

Other contracts were incorporated into the register by the GDC in a format which did not comply with the law. A machine-readable format was required by the law. Contracts amounting to CZK 170 million were cancelled from the outset because of this error.

However, part of the performance of these contracts was paid by the GDC. Therefore, the SAO notified the Tax Office of a suspected breach of budgetary discipline amounting to a total of CZK 125 million. "This is also a problem with other institutions and the SAO has no choice but to submit a notification to the tax authorities. In order to remedy this situation, it would be helpful if the information system into which the contracts are sent would not accept contracts in a format different from the one required by law," the President of the SAO Miloslav Kala indicated a possible solution.

Auditors also found errors in the programme from which the GDC gained funds to finance the provision of technical equipment, the renovation of buildings or movable property. In the case of two events funded under this programme, the General Directorate of Customs amended some of the parameters in such a way that they might lead to inefficient and uneconomical spending of state resources in the future. For example, in the context of the development of an information system aimed at processing taxes and fees more effectively, the GDC altered a specific parameter into a general description referring to a 'compliance of the application with the legislation'. However, such an indicator does not make it possible to determine whether the project produces results set out by the GDC.

According to the auditors, the General Directorate of Customs is dependent on the services of one supplier when it comes to building a data warehouse. Firstly, due to the exclusive rights of the current supplier and secondly, due to technical reasons. According to the contract, the GDC always pays the same hourly rate regardless of whether a task is performed by a manager or by an ordinary employee. However, the hourly rates of different employees vary

considerably. At the same time, the General Directorate of Customs did not ask for a breakdown of the hours worked, depending on the precise nature of the work involved.

In addition, the GDC has failed to act in accordance with the law when it comes to the inventory of long-term assets. For example, the book inventory did not reveal that it kept passenger cars amounting to more than CZK 1,5 million in the category 'not in service', even though they have been in use since 2014. Also, the General Directorate of Customs kept in its records the renovation of an entrance hall worth for more than CZK 1 million crowns as a means of transport.