

# The Ministry of Culture distributed aid for cultural activities without any system and in a non-transparent way

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**The Supreme Audit Office has examined the resources allocated by the Ministry of Culture (MoC) for cultural activities, such as dance, theatre, literature, music, or visual arts between 2016 and 2018. The audit has shown that the distribution of this aid is fragmented. Due to the lack of an information system, it is also challenging for providers and beneficiaries, and ultimately inefficient. The MoC defined only general objectives of the aid and did not set up the indicators to be able to evaluate its added value. At the same time, it did not sufficiently check the aid beneficiaries. In addition, it made funds available in a non-transparent way by supporting projects outside the public procurement. Deficiencies have been identified by the SAO also for some beneficiaries.**

The MoC annually carries out 25 calls for the promotion of cultural activities. In the audited years, they distributed between CZK 500 and 600 million each year, in complex terms and in an ineffective manner. A total of 9 departments in the Ministry are responsible for granting subsidies, however, they do not coordinate their actions. Therefore, requirements for beneficiaries often vary, which leads to the increase of the administrative burden both for them and for the MoC. For example, if a beneficiary held a festival including theatre and dance, it had to submit two aid applications. Each public procurement was administered by another department of the Ministry, with different requirements. As a result, the beneficiary had to keep separate accounting for each part of the festival, prepare separate accounts and two final reports.

One of the reasons for such a complex allocation of aid is that the MoC still lacks an information system for its provision. The MoC gave a commitment that such a system would be created after prior SAO's audit in 2014. So far, there has not been much progress. It was only at the end of 2018 that the documents for the public procurement were prepared for the information system provider. For example, beneficiaries must repeatedly provide the same documents which they have already sent in the context of another application. Due to the absence of an information system, data about the level of the aid differed even at the MoC.

The MoC had set very general objectives for the promotion of cultural activities, such as “equality of citizens in access to cultural capital”, “mitigation of the commercialisation of the arts”, and/or “creating the conditions for the cultural needs of all citizens”. Moreover, in the case of aid, the MoC did not identify indicators according to which the contribution of the activities could be assessed.

The MoC also acted in a non-transparent manner when distributing the aid. Every year, the volume of funds that was allocated without a public procurement rose. The MoC did not, however, have any objective reason to allocate them. Whereas between 2011 and 2013, this amounted to more than CZK 68 million, between 2016 and 2018 it was over CZK 112 million. At the same time, the MoC did not sufficiently check the applicants and also granted the aid to applicants who had not met the conditions. Thus, for example, the aid was granted

even to an applicant who in the past had failed to comply with the conditions of the grant or in whose aid application basic data had been missing.

The SAO has also examined the beneficiaries for which it had verified CZK 180 million. Auditors identified shortcomings in some of them. For example, one of the beneficiaries had actual costs lower than the budget originally planned, but nevertheless used a subsidy in its full extent. Another beneficiary drew up two versions of the accounts each year. While in the first statement it recorded a profit, in the corrected statement it recorded a loss. For several years, the MoC had accepted this corrected statement without reservations and had assigned a subsidy of the amount requested to this applicant. These were tens of millions of Czech crowns. A significant proportion of these funds was intended to be returned by the beneficiary to the budget, which the MoC failed to request.

All of these shortcomings are long-term, and the MoC already committed to remedying them after the previous SAO audit in 2014. However, almost nothing has improved.