



**FOLKETINGET
STATSREVISORERNE**



**FOLKETINGET
RIGSREVISIONEN**

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**Extract from Rigsrevisionen's report
submitted to the Public Accounts Committee**

How the Danish Ministry of Culture managed COVID-19 relief packages

1. Introduction and conclusion

1.1. Purpose and conclusion

1. COVID-19 began to spread in Denmark in the spring of 2020. The lockdown measures that were implemented for extended periods in 2020 and 2021 to prevent the spread also had a bearing on activities in the cultural sector.

The Danish parliament (the Folketinget) introduced relief packages to mitigate economic losses and other consequences of the pandemic, but also to support and re-energize the cultural sector when the lockdowns were lifted. The relief packages were intended for individuals as well as companies and agencies. When the first lockdown was imposed in 2020, no one knew for how long it would be necessary to remain under lockdown or how the pandemic would develop. The design of the relief packages was therefore subsequently adjusted on several occasions.

The Danish Ministry of Culture was responsible for managing the relief packages. The pace at which the schemes were designed and implemented meant the ministry had to balance the need to implement the support with the need to implement control measures.

From March 2020 to March 2022, the Ministry of Culture committed to supporting the cultural sector with approx. DKK 3.2 billion, divided among 44 schemes. In this report, Rigsrevisionen examines how the Ministry of Culture managed the three largest COVID-19 relief packages in the period from 2020 to 2021:

- Temporary arts funding scheme for artists with a mix of income taxed at source and gross income (the Arts Funding Scheme)
- Activity funding for cultural activities (the Activity Funding Scheme)
- Funding for reimbursement of discounted tickets and fees for participation in cultural and sports activities (the Ticket Reimbursement Scheme).

During the period examined, the Ministry of Culture implemented payments under these three schemes of just under DKK 1.3 billion, or 40% of the total payments of approx. DKK 3.2 billion made by the ministry across the 44 schemes.

The purpose of the study is to assess whether the Ministry of Culture has managed the three largest COVID-19 relief packages in a satisfactory manner. The report answers the following three questions:

- Has the Ministry of Culture implemented pre-payment and post-payment checks that ensured that only eligible applicants received compensation and received the correct amount of support?
- Has the Ministry of Culture systematically and in due time followed up on high-risk applications in the additional checks?
- Has the Ministry of Culture achieved the objectives set for case processing across the three largest COVID-19 relief packages?

In 2021, Rigsrevisionen published a report on the Danish Ministry of Industry, Business and Financial Affairs' administration of relief packages during COVID-19, which concerned the three largest relief packages managed by the ministry. That report was in 2022 followed by a report on hospital preparedness before and during the 1st wave of COVID-19, which looked at the extent to which the hospitals were prepared to cope with a pandemic.

Rigsrevisionen initiated the study in November 2021.

The Ministry of Culture does not concur with Rigsrevisionen's assessment of how the ministry has managed the schemes, including our assessment of the control system set up by the ministry and the ministry's processing of high-risk applications. The ministry's views are reflected in the report, and Rigsrevisionen has added information about the improvements that the ministry has made to the documentation requirements and the control framework in the course of the investigation period.



Main conclusion

The Ministry of Culture has not managed the three largest COVID-19 relief packages in a satisfactory manner. The ministry implemented the relief packages rapidly and generally achieved the objectives set for case processing. The ministry's control measures, however, were unsatisfactory. The consequence is an increased risk that compensation has been paid to applicants that are not eligible and that it will be difficult for the government to recover the money.

The Ministry of Culture has not implemented pre-payment and post-payment checks that adequately ensured that only eligible applicants received compensation and received the correct amount of compensation.

The Ministry of Culture has not collected sufficient documentation regarding several essential eligibility criteria of the three schemes concerning payment of compensation below DKK 500,000, including criteria concerning the amount of support. Furthermore, Rigsrevisionen assesses that one eligibility criteria under the Arts Funding Scheme was managed incorrectly, as the ministry expanded the circle of applicants based on a description of a funding scheme. Rigsrevisionen finds that the Ministry of Culture can consider it established that the recipients meet the eligibility criteria in applications involving compensation of DKK 500, 000 or more because such applications require endorsement by an auditor.

Pre-payment checks and post-payment checks are both based on solemn declarations and material produced by the applicants. Thus, inadequate pre-payment checks are not offset by adequate post-payment checks. The ministry has informed Rigsrevisionen that additional information was collected from the applicants in connection with pre-payment checks as well as post-payment checks, when it was considered necessary. Rigsrevisionen's review of selected applications shows that the information collected predominantly consists of the applicants' answers to questions and additional material produced by the applicants. The ministry has made improvements to the documentation process in the course of the investigation period. For instance, the ministry now uses public-sector data to validate the information in the post-payment checks and has tightened the documentation requirements concerning the Activity Funding Scheme.

The Ministry of Culture has not systematically and in due time carried out additional checks on high-risk applications

The study shows that most applications flagged for additional checks are processed in connection with the general post-payment checks. Post-payment checks, and thus also additional checks, for 70% of the applications under the Arts Funding Scheme, that were flagged for additional checks at the time of the pre-payment checks, have been postponed for so far eight months by the Ministry of Culture. The ministry has postponed the post-payment checks despite suspicions of fraud and the fact that the closing date for post-payment checks appears from the minister's application for funding to the Danish Finance Committee. The same applies to 61% of the applications under the Activity Funding Scheme. The ministry has not systematically selected and prioritized its processing of applications in connection with the additional checks but carried out additional checks on 11 out of 120 applications before the general post-payment checks. The Ministry of Culture has not documented risk assessments and professional judgments underlying this approach. Considering the postponement of pre-payment checks, Rigsrevisionen finds that the ministry should have identified whether additional checks should have been carried out earlier.

The Ministry of Culture largely achieved the objectives set for case processing across the three largest COVID-19 relief packages

Fifty-six per cent of all applications under the Arts Funding Scheme and 95% plus of all applications under the two other schemes were processed within the scope of the objectives. The objectives set for case processing by the Ministry of Culture were ambitious and the time limits were only slightly exceeded.