



Extract from the report to the
Public Accounts Committee on
meeting and entertainment
expenditure in the department
of the Ministry of Culture

March
2013

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I. Introduction and conclusion

1. At its meeting on 12 December 2012, the Danish Public Accounts Committee asked Rigsrevisionen to

- carry out a general assessment of the decision-making process, business procedures and internal controls in the Danish Ministry of Culture in 2011 and 2012;
- examine questionable aspects – if any – of five specific events hosted by the Ministry of Culture at The Academy for Untamed Creativity in 2011 and 2012, and assess issues of independence, the professional justification of the events and the level of costs related to the events.

2. The Public Accounts Committee's request followed a request for audit assistance forwarded to the Public Accounts Committee by the Cultural Affairs Committee on 5 December 2012; having consulted the Minister for Culture, Uffe Elbæk, the Cultural Affairs Committee – on 4 December 2012 – decided that a closer examination and clarification of possible questionable aspects of five events hosted by the Minister for Culture at the Academy for Untamed Creativity in 2011 and 2012, would be required.

3. The Public Accounts Committee considered it appropriate to widen the study to include also a more general assessment of the business procedures, etc adhered to by the department of the Ministry of Culture in connection with meetings and entertainment organised in 2011 and 2012 and involving three ministers for culture.

4. Rigsrevisionen performed the study in the months December 2012 through February 2013.

The Academy for Untamed Creativity is an umbrella organisation coordinating the activities of two schools and three associations, all active within various creative industries like, for instance, new circus, performance, theatre and design. The schools and associations under the Academy for Untamed Creativity are all independent institutions set up with each their management and board of directors.

MAIN CONCLUSION

Rigsrevisionen finds that the internal controls and business procedures of the department of the Ministry of Culture concerning meeting and entertainment costs were inadequate in 2011 and 2012. This observation is in line with the observations made and reported by Rigsrevisionen in connection with the annual audit performed in November 2012.

The audit showed that the cost of meals provided was on several occasions at a level which, according to the guidelines of the department of the Ministry of Culture, required justification and authorisation. In neither of these cases was information to justify the cost overrun provided when the budgets were approved. In several cases, alternative offers had not, contrary to the requirements of the intergroup guidelines, been obtained. Details on the participants in around half of the events were not provided in connection with the approval of the budgets. Moreover, Rigsrevisionen's review showed that a considerable proportion of entertainment expenditure had not been booked on the correct accounts, and that the department had generally failed to reclaim VAT on domestic entertainment expenditure in 2011 and 2012.

Rigsrevisionen recommends that:

- the Ministry of Culture, in connection with the authorisation of budgets, should focus more on justifying major deviations from the internal guidelines for entertainment expenditure to ensure that it is apparent that due financial considerations have been taken into account;
- the Ministry of Culture, in compliance with the ministry's intergroup guidelines, obtains several offers in connection with events costing more than DKK 25,000.

The Ministry of Culture has informed Rigsrevisionen that these recommendations will be incorporated in the ministry's instructions and guidelines. The ministry has followed up the annual audit with a review of entertainment expenditure incurred in 2012 and corrected most of the errors relating to VAT.

Rigsrevisionen is of the opinion that the arrangement of the five events at the Academy for Untamed Creativity was not, in all respects, handled entirely satisfactory. Rigsrevisionen is not – on the basis of the audit findings – in a position to establish that the Minister for Culture, Uffe Elbæk, due to personal involvement was not qualified to decide that the five events should be held at the Academy for Untamed Creativity.

Rigsrevisionen has established that the Minister for Culture did not raise the question of assessing his independence. Rigsrevisionen is not in a position to conclude that the minister should have done so. Yet, Rigsrevisionen is of the opinion that it would have been appropriate if the minister had sought to clarify his independence in relation to the Academy for Untamed Creativity when his life partner found employment with the Academy.

According to information received by Rigsrevisionen, the Ministry of Culture did consider – in May and June 2012, respectively – whether the fact that the Minister for Culture’s life partner was employed at the Academy for Untamed Creativity would disqualify the minister. In both cases, the ministry concluded that this would not disqualify the minister. The minister was not informed of these deliberations, nor were any memorandums on the issue worked out. Rigsrevisionen is of the opinion that memorandums on the assessment of the minister’s independence should have been worked out.

Rigsrevisionen has concluded that the five events were professionally justified and that the Ministry of Culture had accounted for the deliberations leading to the choice of venue for the events. The decision to have the events at the Academy for Untamed Creativity was based either on cultural-political, professional or logistic considerations.

The Ministry of Culture hosted three dinners in connection with the five events at the Academy. Rigsrevisionen established that the cost of all three dinners was considerably above the level which, according to the guidelines of the Ministry of Culture, requires justification and authorisation. Rigsrevisionen established that the over expenditure was not justified in connection with the budget approval. In two out of three instances, alternative offers were not obtained and the ministry therefore had no opportunity to consider other possible venues for the events.

The review of the five events held at the Academy for Untamed Creativity underpins the general assessment of the business procedures concerning entertainment expenditure as being inadequate and in need of improvement.