



Extract from the report to the  
Public Accounts Committee on  
unintended use of the Danish AMU system  
(adult vocational training programmes)

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## I. Introduction and conclusion

1. This report is about the activities launched by the Ministry of Children and Education to prevent unintended use of adult vocational training programmes (AMU). Rigsrevisionen started the study in the spring 2012 at the request of the Danish Public Accounts Committee. The request was prompted by media coverage of a number of concrete examples of unintended use of the AMU system.

2. AMU courses constitute a significant part of the government-supported training activities provided to skilled as well as unskilled adults in Denmark. In 2011, payments made within the framework of the AMU system totalled just under DKK 1.8 billion. Half of this amount was funded by the Danish government and transferred to the schools as grants. The balance was financed by the employers and transferred to companies and participants in the training activities in the form of compensation for loss of earnings.

3. There are currently more than 3,000 different, short vocational training activities available – typically courses with a duration of a few days. In 2011, approximately 720,000 individuals (full-time equivalent approximately 10,000) participated in vocational training activities. 95 schools are currently approved providers of AMU courses. 83 schools are independent institutions providing vocational training and 12 schools are private.

4. In 2003, following a parliamentary resolution, the Ministry of Children and Education implemented a reform of the AMU system designed to make the system more flexible and thus better positioned to meet the market demand for qualified labour. With the reform, the schools were allowed more freedom to organize AMU courses that met the requirements of the companies. For instance, courses could be held at the premises of the companies. Also the private actors' opportunities to provide AMU programmes were extended.

The reform also led to changes in the framework within which schools, companies and private course providers operate, and these changes increased the risk of unintended use of the AMU system. In the years following 2009, the ministry has seen an increase in the number of cases where certain actors have used the system contrary to the act or the intent of the act.

5. The objective of the study is to assess the activities launched by the Ministry of Children and Education to prevent unintended use of the AMU system, including the efforts made by the ministry to ensure that the schools supervise their AMU activities. The report answers the following questions:

- Has the Ministry of Children and Education's supervision prevented unintended use of the AMU system?
- Do the schools keep check on the implementation of their AMU activities to ensure that they are implemented in compliance with the rules?
- Are there indications of unintended use of the AMU system?

Grants provide the financial basis for the AMU system. The schools receive taximeter-based grants and the participants or companies receive compensation (VEU) for loss of earnings and subsidies for transportation, food and lodging.

The duration of an average AMU course is four days. An AMU programme may include several individual AMU courses, which in combination constitute a full education within a specific industry, ie the retail trade, cleaning or scaffolding.

## MAIN CONCLUSION

The Ministry of Children and Education has not in time and to the extent required adapted its supervision to address the risks of unintended use of the AMU system that emerged after the implementation of the AMU reform in 2003.

With the reform, the schools and companies were presented with new flexible framework conditions for the use of the AMU system. Subsequently, it turned out that the schools and companies had common interests in using the AMU system contrary to its intent. Up to 2009, the ministry felt confident that the AMU system was administered with due care by all parties involved. The ministry's efforts to prevent unintended use of the AMU system were therefore limited.

As from 2009, the ministry stepped up its guidance to the schools on the rules governing the area. The ministry has also introduced a zero-tolerance policy, which means that financial sanctions may be imposed on the schools if their AMU activities are not organised in compliance with the rules. In severe cases, the schools may even lose their right to provide AMU courses. As from 2012, the ministry also undertakes inspections of the courses.

The unemployment insurance funds pay out the compensation for loss of earnings (VEU) to approximately 90 per cent of all participants. The Ministry of Children and Education has not supervised the unemployment insurance funds' payment of compensation.

The majority of the schools state that they keep check on their AMU courses, but Rigsrevisionen's study shows that only very few of the schools have established control systems that reflect the recommendations made by the ministry. In the opinion of Rigsrevisionen, most schools have therefore not regularly and actively ensured that the training activities offered are in compliance with the rules.

It is Rigsrevisionen's assessment that the limited control performed by the schools makes it imperative for the ministry to focus on preventing unintended use of the AMU system through active supervision and dialogue with the schools. Rigsrevisionen finds that the extent of unintended use of the AMU-system could have been limited if the Ministry had taken action earlier. Naturally, Rigsrevisionen acknowledges that supervision cannot eliminate unintended use of the AMU-system.

Rigsrevisionen welcomes that the ministry in 2011 established the Danish Quality and Supervision Agency in order to gather all supervision activities relating to the AMU system in one unit. 18 months after the establishment of the agency, the ministry has, however, not yet decided how the supervision should be organised. Rigsrevisionen finds this unsatisfactory.

The main conclusion is based on the following sub-conclusions:

*Has the Ministry of Children and Education's supervision prevented unintended use of the AMU system?*

The reform of the AMU system in 2003 gave the schools new opportunities to offer AMU courses and made the AMU system more flexible and accessible to both schools and companies. However, as a consequence of the reform certain schools and companies received support relating to the AMU system to which they were not entitled; the schools received government grants and the companies' compensation for loss of earnings without being entitled to such support.

The Ministry of Children and Education's supervision has generally not been directly focused on unintended use of the AMU system. In 2009, the ministry intensified its efforts to prevent unintended use of the AMU system and processed more cases concerning the use of the system, tightened relevant legislation and increased its guidance of the schools.

The responsibility for the ministry's supervision rested with various sections within the ministry, which therefore did not have a clear overview of the activities in the area. The ministry therefore decided to transfer the responsibility for the supervision of the AMU system to the Quality Assurance and Supervision Agency in March 2011. As of yet, the ministry has, however, not laid down a strategy for the organization of the future supervision.

The study showed that the ministry in the period 2001-2012 did not supervise the unemployment insurance funds, which are administering the payments of compensation of loss of earnings and transport subsidies to approximately 90 per cent of the participants in AMU training activities. In the opinion of Rigsrevisionen, this means that the ministry does not know whether the unemployment insurance funds have calculated and paid compensation for loss of earnings and transport subsidies to participants and companies on an adequate basis. Rigsrevisionen finds that, in the future, the ministry should also supervise the unemployment insurance funds' administration of the compensation for loss of earnings.

*Do the schools keep check on the implementation of their AMU activities to ensure that they are implemented in compliance with the rules?*

The schools implement the obligatory control of the documentation that is required for the schools to receive subsidy funds. Yet, only a minority of the schools keep check on their AMU activities regularly. Only 20 out of 95 schools have access to detailed guidance on how to perform their control in compliance with the recommendations of the Ministry of Children and Education.

Rigsrevisionen finds that the more AMU activities a school is providing and the further away from the teaching place the school is located, the more important it is for the schools to keep check on their activities on a regular basis.

Rigsrevisionen's study has shown that the control measures available to the largest schools are not more elaborate than those available to the smaller schools. As an example, the systems of controls employed by six of the 10 largest schools are quite limited in spite of the fact that they subcontract the organization of courses to other schools and outsource courses to private training providers.

Generally, the systems of control at all 95 schools are more elaborate the further away from the actual place of training the school is located, although not all the schools are systematic in their approach to the control. Rigsrevisionen finds that the schools are not sufficiently focused on checking courses that are provided at the premises of the companies or courses where the teachers are not on the permanent staff. Courses of this nature entail particular risk of unintended use of the AMU system.

*Are there indications of unintended use of the AMU-system?*

Rigsrevisionen has carried out unannounced inspections of randomly selected AMU courses and found indications of unintended use of the AMU system; production taking place during class hours and shorter course days.

Rigsrevisionen is of the opinion that in order to provide adequate supervision of the AMU system, the Ministry of Children and Education should include unannounced inspections of the risk areas where the schools' systems of control are particularly weak. The ministry is currently pursuing this strategy through the work of the *Task-Force AMU*, which was established in May 2012.