



Extract from the report to the
Public Accounts Committee on
the adult education centres' (VUCs)
administrative and salary expenses

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1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns how the Danish adult education centres (referred to as VUCs) manage salary expenses for top management, expenses for mileage, official journeys and entertainment.

The programmes offered by the VUCs range from upper secondary education like, for instance, Higher Preparatory Examination (in Danish HF), to general education programmes directed at adults and young people who want to supplement and enhance, for instance, the skills in maths and Danish that they acquired during elementary school.

The VUCs are public independent institutions belonging under the Ministry for Children, Education and Gender Equality. Each VUC is headed by a board and a managing director, headmaster or principal is responsible for the daily management. The ministry has delegated supervision of the VUCs to the National Agency for Quality and Supervision.

There are 31 VUCs in Denmark. Seven of these are administered by other schools and 24 of the VUCs have their own administrative function. The study does not include all 31 VUCs; salary expenses for senior management have been examined at five VUCs and expenses concerning mileage, official journeys and entertainment have been examined at 16 VUCs.

2. Rigsrevisionen initiated the study because its report to the Public Accounts Committee on the audit of the Danish government accounts for 2014 established that the technical schools, which also belong under the ministry, were facing certain challenges in relation to the management of salaries, mileage, official journeys and entertainment.

The government regulations concerning mileage, official journeys and entertainment invite the institutions to adapt the regulations to local conditions and elaborate internal guidelines. If the individual institutions fail to elaborate internal guidelines, there is a risk that funds are not used economically. The individual incidents of ineffective use of funds for mileage, official journeys and entertainment do not generally involve large amounts. However, with some 1,100 institutions belonging under the ministry, large amounts will accumulate over time and the total expenses of the institutions may end up being considerably higher than they need to be. The VUCs should therefore have focus on value for money in their administration to ensure that the funds are used for the intended purposes.

The purpose of the study is to examine whether the VUCs manage salaries, mileage, official journeys and entertainment expenses in a satisfactory manner and whether the supervision provided by the ministry in this respect is appropriate.

CONCLUSION

It is Rigsrevisionen's overall assessment that salaries, mileage, official journeys and entertainment are too often not managed in a satisfactory manner by the VUCs, which limits the VUCs' possibilities of managing these expenses effectively. It is also Rigsrevisionen's assessment that the supervision carried out by the National Agency for Quality and Supervision on behalf of the ministry is not entirely adequate to ensure effective use of the funds.

The examination of five VUCs shows that fixed salary and pension payments to senior management are generally correct, whereas performance-based salary payments, which average approximately DKK 114,000 and should be calculated based on the achievement of the targets set in the respective managers' performance contracts, are only fully documented by one of the five VUCs.

The examination of 16 VUCs shows that they generally do not have internal guidelines for mileage reimbursement, official journeys and entertainment that support appropriate management and effective use of public funds. Most of the VUCs have not clarified when staff should be allowed to apply the high mileage reimbursement rate, which means that mileage is too often reimbursed at the high rate. The documentation of official journeys and entertainment activities often lack adequate explanations of purpose of event and participants, which makes it difficult for the VUCs to determine whether funds have been used effectively also for these activities. In addition to that, the VUCs pay expenses that go beyond the purpose of the institutions and what is customary in the public sector.

The study also shows that most of the VUCs do not in book the expenses in accordance with the government's chart of accounts. As an example, half of the vouchers that Rigsrevisionen reviewed concerning official journeys and entertainment were booked incorrectly. As a result, the board and management do not have a solid basis for assessing whether a VUC has managed official journeys and entertainment effectively.

It is Rigsrevisionen's assessment that the managements of the VUCs are not sufficiently focused on the managing mileage, official journeys and entertainment.

Lastly, the study shows that the National Agency for Quality and Supervision has well defined processes for its supervision of the VUCs. However, neither the agency's centralised supervision nor the de-centralised supervision that is carried out by the boards – and is based on work done by the auditors – identified the weaknesses in the management of the VUCs. In connection with their theme-based supervision, the Ministry for Children, Education and Gender Equality and the National Agency for Quality and Supervision – who together supervise 1,100 institutions – are considering expanding sampling and applying more indicators to ensure that funds are used effectively. This initiative is welcomed by Rigsrevisionen.