



Extract from the report to the  
Public Accounts Committee on  
remuneration for members of  
government bodies

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## I. Introduction and conclusion

1. This report is about remuneration for members of government councils, boards, commissions, committees, etc. The examination was initiated by Rigsrevisionen in April 2010 and concerns payments made in 2009.

2. Since 1998, the ministries have been authorised to decide on matters concerning remuneration for members of government bodies. The Ministry of Finance has laid down the rules governing remuneration in Circular no. 186 of 2 November 1998 on separate fees, etc., which is supplemented by chapter 10.13 of the Personnel Administration Guideline issued by the State Employer's Authority.

The rules governing remuneration for non-government employees and government employees serving on government bodies are not identical. Non-government employees are generally allowed to receive separate fees when they perform tasks of this nature in the state. Government employees, on the other hand, should be paid in accordance with the collective agreements and other agreements that are providing the basis for their principal employment. This means that payment should be provided as an allowance or payment for additional work performed.

The rules are different because tasks performed by government employees on government bodies are considered part of the duties that the government employees are generally required to perform and are therefore covered by their basic salary. Government employees may only in "very exceptional circumstances" receive separate fees for tasks performed on government bodies. According to the circular, the rate per hour is maximum DKK 500 (October 1997 level) corresponding to approximately DKK 650 on current level. This maximum applies to fees as well as to allowances for judges and employees at institutions of higher education and research institutions where special agreements have been made in compliance with the rules of the circular.

3. Separate fees accounted for approximately DKK 138 million of government's expenditure in 2009. To this should be added expenditure for remuneration for government employees provided by the principal employer as part of the employee's salary package and covering, for instance allowances or payments for additional work performed.

4. The objective of Rigsrevisionen's examination is to clarify and assess remuneration for members of government bodies. The examination answers the following three questions:

- Are government employees serving on government bodies paid in accordance with the circular and guideline currently in force?
- How is the relation between workload and remuneration for members of government bodies?
- Has the Ministry of Finance followed up on the application of the circular?

The rules governing remuneration for members of government bodies are set out in the Circular on separate fees, etc. (Circular no. 186 of 2 November 1998) issued by the Ministry of Finance.

The circular is supplemented by chapter 10.13 of the Personnel Administration Guideline issued by the State Employer's Authority.

Rigsrevisionen's examination of the ministries' administration in this area is based on a review of practice in six ministries: The Ministry of Finance, the Ministry of Interior and Health, the Ministry of Culture, the Ministry of Science, Technology and Innovation, the Ministry of Education and the Ministry of Economic and Business Affairs.

### MAIN CONCLUSION

Rigsrevisionen estimates that approximately 460 government bodies fall within the scope of the circular from 1998 on separate fees issued by the Ministry of Finance. The examination of remuneration of members of government bodies is based on a review of practice in six ministries, accounting for 262 government bodies with a total of 2,949 members.

The Ministry of Finance is responsible for the administration of the government's overall responsibilities as an employer and is required to monitor the development in the areas of wages, salaries and employment. As part of its responsibilities, the Ministry has laid down the rules governing remuneration for members of government bodies. The rules appear from the circular on separate fees.

The Ministry of Finance is responsible for issuing the rules governing the area and is thereby under obligation to provide advice to the ministries and monitor that the rules have the intended effect. The authority to decide on remuneration for members of government bodies has been decentralized and the ministries now also have opportunity to administer the rules differently within the framework of the circular and adapt the administration to the special requirements of the individual ministry.

Rigsrevisionen is of the opinion that the ministries' administration of remuneration for employees serving on government bodies is not entirely satisfactory, as most of the payments made to government employees are not in compliance with the circular and the attached guideline. Moreover, evidence of the relation between fee paid and workload is missing in many instances.

Rigsrevisionen also established that the Ministry of Finance in spite of indications that the rules are difficult to administer has not enquired into the ministries' application of the circular. Rigsrevisionen finds that the Ministry of Finance should have followed up the indications and assessed whether the rules have the intended effect.

The Ministry of Finance has stated that the State Employer's Authority will evaluate the set of rules on separate fees as soon as possible. Rigsrevisionen finds this satisfactory.

The main conclusion is based on the following findings:

### Remuneration for government employees serving on government bodies

**Pursuant to the current circular, government employees serving on government bodies should as a general rule be paid in accordance with collective agreements and other agreements providing the basis for the principal employment. Government employees may only in “very exceptional circumstances” receive separate fees.**

**With the exception of judges, however, government employees are not being paid for duties performed on government bodies in compliance with the current circular and guideline. The reason is that the ministries have made the assessment that separate fees can be paid to government employees freely in spite of the fact that the circular emphasizes that exceptional circumstances must exist to warrant such payments.**

**Payments provided to government employees other than separate fees are initiated by the ministry under which the respective government body belongs. Thus compliance with the legal employment terms cannot be ensured and neither can the principal employer’s assessment of the payment in relation to the workload. Rigsrevisionen finds that the principal employer should amount of the potential payment and be in charge of payment.**

#### *The ministries’ decisions on payment of separate fees to government employees*

- The Ministry of Science, Technology and Innovation, and the Ministry of Education have decided that a greater number of government employees than indicated in the circular are entitled to separate fees. The criterion “very exceptional circumstances” has not been applied when the two ministries have decided that respectively 48 of 48 and six of seven government employees serving on government bodies should receive a separate fee. Rigsrevisionen’s audit showed that the ministries under which the government bodies belonged made their decision on the payment of separate fee without consulting the principal employers of the government employees’ to discuss the relation between the task assigned and the principal employment. The Ministry of Culture has stated that generally it does not discuss the relation between the duties to be performed on the government body and the principal employment with the members’ principal employers, as the Ministry is of the overall opinion that there is no relation between the members’ employment in the state and the tasks they are performing on the government body. Rigsrevisionen does not consider the practice of the Ministry of Culture to be in compliance with the circular. Rigsrevisionen agrees with the Ministry of Finance that the ministry, which is responsible for the government body in questions, should discuss this relation with the principal employer before a separate fee or other payment is provided to the government employee serving on a government body.

#### Principal employer

The government employee’s normal place of work in the state.

### *Government employees receiving other payment than separate fees*

- Judges are being paid in accordance with special agreements made in compliance with the rules of the circular. The Ministry of Culture and the Ministry of Interior and Health have in accordance with the rules of the circular entered an agreement with the organization authorized to negotiate on behalf of the employees, on allowances to employees at institutions of higher education and research institutions. Moreover, the Ministry of Culture has, also in compliance with the rules, entered an agreement with the principal employer on providing allowances to government employees in other government entities. The two ministries are in charge of payment of all these allowances and it is therefore not possible to ensure that the legal requirements to the employment are being complied with. Moreover, the principal employer is thus not able to assess the payment in relation to workload. The two ministries have stated that in future they will have more focus on the issue and possibly change their practice. Rigsrevisionen finds that the principal employer should determine the amount of potential payment and be in charge of the actual payment.

### **Relation between payment and workload in government bodies**

**The six ministries under examination have in many instances not ensured the relation between remuneration for members serving on government bodies and workload.**

- Significant lack of transparency characterizes the way in which the ministries under examination determine the rates underlying fixed annual amounts that are provided to members of government bodies. The ministries do not know if they are getting the hours they have paid for and are unable to provide evidence that the hourly rate, which is providing the basis for the calculation of the annual amounts, is fixed within the maximum limit.

### **The Ministry of Finance's follow-up on the application of the circular**

**The Ministry of Finance is issuing the rules governing the area of wages, salary and employment policies and has in that capacity provided advice to the ministries on the rules governing fees for members of government bodies. The ministries are responsible for ensuring compliance with the circular, but based on the indications that the rules are difficult to administer, the Ministry of Finance should have examined the ministries' application of the circular following the decentralisation in 1998. Rigsrevisionen finds that the Ministry of Finance should have followed up the indications and assessed whether the rules have the intended effect.**

**The Ministry of Finance has stated that the State Employer's Authority will evaluate the set of rules on separate fees as soon as possible. Rigsrevisionen finds this satisfactory.**

- The Ministry of Finance has provided advice to the ministries on the interpretation of the rules since the decentralisation in 1998. The Ministry of Finance has not examined whether the ministries have administered the circular in accordance with intentions, nor assessed whether clarification or simplification of the rules was required.

Payments made by the ministry under which a government body belongs should be based on an hourly rate of maximum DKK 500 (October 1997 level), corresponding to approximately DKK 650 on current level.