



FOLKETINGET  
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# Grant administration at the Danish Arts Foundation

# 1. Introduction and conclusion

## 1.1. Purpose and conclusion

1. This report concerns the Danish Arts Foundation's administration of grants. The Ministry of Culture is responsible for the Arts Foundation. The Agency for Culture and Palaces serves as secretariat for the Arts Foundation and has responsibility for the administration of the funding allocated to the foundation.

The study was initiated in December 2018 at the request of the Danish Public Accounts Committee. The committee's request was based on the assessment made by Rigsrevisionen in its reports on the audit of the Danish government accounts for 2013 and 2014 that the administration of government funding should be improved, including funding administered by the Agency for Culture and Palaces.

2. The purpose of the Arts Foundation is to promote the arts in Denmark and Danish art abroad. The Arts Foundation is a special administrative unit established under the arm's length principle, meaning that the foundation is under the authority of the Ministry of Culture regarding the legality of decisions made by the foundation. However, the ministry does not have authority to change priorities set by the foundation within the regulatory framework. The foundation consists of 12 committees with expertise within various artistic genres that annually allocate funds of more than DKK 500 million to a broad range of art forms.

3. The purpose of the study is to assess whether the Ministry of Culture has organised grant administration at the Arts Foundation in a way that supports the grant recipients' performance against the objectives set, in compliance with the regulations and principles governing effective grant administration. The report answers the following questions:

- Have the Arts Foundation and the Agency for Culture and Palaces established an effective grant-awarding process?
- Have the Arts Foundation and the Agency for Culture and Palaces established an appropriate process for grants monitoring?



## Conclusion

It is Rigsrevisionen's assessment that the Ministry of Culture has not organised grant administration at the Arts Foundation to the extent required to support the grant recipients' performance against the objectives set. In a number of cases, the award criteria applied by the Arts Foundation are not sufficiently clear and in most cases, the foundation fails to document why some applicants are awarded grants while others are unsuccessful in their applications. Thus, the foundation's award process is not sufficiently transparent, which may lead to speculation about the extent to which the grant recipients meet the eligibility criteria. The Agency for Culture and Palaces has defined a clear framework for the monitoring of grants, but has failed to follow its own guidelines in approx. 16% of the cases. The agency is therefore unable to provide documentation that the grant recipients have used their grant in compliance with its purpose and met the objectives set.

It is Rigsrevisionen's assessment that the process for awarding grants adhered to by the Arts Foundation and the Agency for Culture and Palaces is not sufficiently transparent and well defined. The Arts Foundation has not set up clear award criteria for all funding schemes in order to ensure the transparency of the process. Rigsrevisionen recognises the difficulty of making transparent and operational definitions of artistic quality and talent. We also recognise that assessment of the applications involves making professional judgments that are difficult to document. However, some committees have defined more transparent award criteria than others. The study also found that the Arts Foundation's processing of applications is uniform across the committees. The Agency for Culture and Palaces advertises all funding schemes, but not all the schemes specify the award criteria against which the applications are assessed. Moreover, in most cases, the Arts Foundation has failed to document why some applicants have been awarded a grant, while others have been unsuccessful.

The study found that the Agency for Culture and Palaces underpins the Arts Foundation's compliance with the rules concerning conflicts of interest.

Rigsrevisionen's review of a representative sample of cases shows that the letters of confirmation sent to the grant recipients by the Agency for Culture and Palaces provide comprehensive information on the terms and conditions applying to the use of the grant. On the other hand, approx. 19% of the agency's grant rejection letters either do not provide sufficient reasons for the rejections, show inconsistencies between the criteria listed in the funding programme and the criteria referred to in the rejection letter, or are referring to a statutory framework that is not applicable. Moreover, the reference to the statutory framework is inadequate in approx. 8% of the cases.

It is Rigsrevisionen's assessment that the Arts Foundation and the Agency for Culture and Palaces are not monitoring grants effectively. The agency has set up a clear framework for monitoring grants, but Rigsrevisionen's review of cases shows that the agency has failed to monitor financial progress and performance against objectives set of approx. 16% of the project and operating grants. Furthermore, the Arts Foundation's evaluation of schemes is not consistently systematic and well documented.

Rigsrevisionen considers it a positive sign that the Agency for Culture and Palaces in 2018 and 2019 has taken steps to increase the transparency of grant administration and to improve the basis for assessing whether grant recipients meet the objectives set.