



FOLKETINGET
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RIGSREVISIONEN

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The Ministry of Children and Education's adminis- tration of the AUB-scheme

1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns the Danish Ministry of Children and Education's administration of the Danish Employers' Reimbursement System in the period from 2009 to 2018. Rigsrevisionen initiated the study in December 2019 at the request of the Danish Public Accounts Committee.

2. The Ministry of Children and Education has overall responsibility for the administration of and legislation governing the AUB-scheme. The AUB-scheme is administered by an independent institution – the Employers' Reimbursement System – and it is funded through mandatory contributions from private and public sector employers.

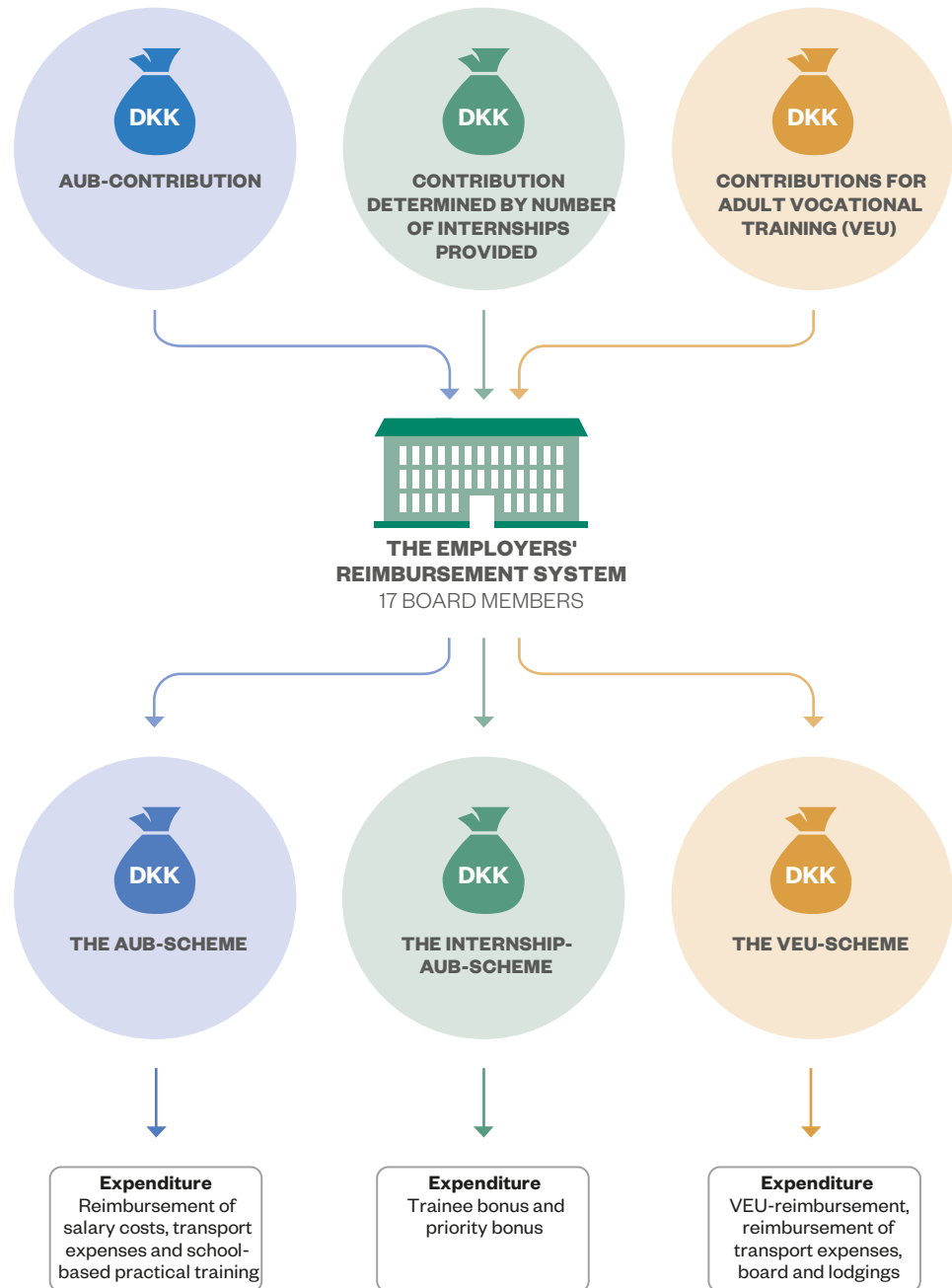
3. *The AUB-scheme* includes seven reimbursement and subsidy schemes, the purpose of which is to provide internships for vocational training programmes. Appendix 3 shows the reimbursement and subsidy schemes that are funded through the AUB contributions, including eligible recipients of reimbursement and subsidy, and the total cost of each scheme in 2018.

As will appear from figure 1, the Employers' Reimbursement System is not funding only the AUB-scheme, but also the *praktik-AUB-ordningen* (internship scheme) and the *VEU-ordningen* (adult vocational training scheme). The two schemes are described in detail in appendix 2.

The AUB-scheme

In this report, the AUB-scheme covers the seven reimbursement and subsidy schemes designed to help provide internships.

Figure 1
The Employers' Reimbursement System and associated schemes



Note: The infographic is a simplified presentation of the schemes.

Source: Rigsrevisionen.

It appears from figure 1 that the three schemes have separate streams of income and expenditure. The AUB-scheme is funded through the AUB-contribution that all private and public sector employers with minimum one full-time employee are required to pay. The size of the AUB-contribution is determined in the Act on the Employers' Reimbursement System. In 2019, the AUB-contribution was DKK 2,415 per full-time employee.

4. The purpose of the study is to assess, whether the Ministry of Children and Education has administered the AUB-scheme in a satisfactory manner in the period from 2009 to 2018. The report answers the following questions:

- Has the Ministry of Children and Education ensured an appropriate balance between the income and expenditure of the AUB-scheme?
- Has the Ministry of Children and Education followed up on the extent to which the AUB-scheme has achieved its purpose of contributing to providing the necessary number of internships?



Main conclusion

The Ministry of Children and Education has not administered the AUB-scheme in a satisfactory manner. As a result, the equity capital of the Employers' Reimbursement System, which is based on the private and public sector employers' contributions, has increased steadily. The Employers' Reimbursement System expects a financial result for 2019 of DKK 1.5 billion with an equity capital of DKK 4.6 billion. The ministry as well as the Employers' Reimbursement System expect the equity capital to increase further in the years to come.

The Ministry of Children and Education has not ensured an appropriate balance between the income and expenditure of the AUB-scheme

In the period from 2009 to 2018, the equity capital of the Employers' Reimbursement System fluctuated considerably as a reflection of the imbalance between the income and expenditure of the AUB-scheme. In the period from 2010 to 2012, the expenditure of the AUB-scheme exceeded its income, which meant that the equity capital of the Employers' Reimbursement System was negative in the years from 2010 to 2015. Temporary contributions were introduced and the AUB-contribution was increased in order to cover the deficit. The debt was fully repaid in 2016 whereupon another imbalance was created with income consistently exceeding expenditure. Since 2016, the Ministry of Children and Education has been aware that one of the most important prerequisites for the current AUB-contribution rate has not been fulfilled; namely that considerably more students should enrol in vocational training programmes immediately after primary school. This means that the ministry since 2016 has been aware of the current imbalance, but has failed to address the issue.

Having an equity capital of DKK 4.6 billion is in conflict with a note to the Act on the Employers' Reimbursement System stating that the AUB-scheme is not intended to accumulate cash. In December 2018, the Ministry of Children and Education informed the Employers Reimbursement System that the AUB-scheme is not intended to build up an equity capital of several billions Danish kroner on account of excessive differences between expenditure and income. Furthermore, it is the ministry's assessment that the AUB-scheme is subject to structural imbalance.

The Ministry of Children and Education has not followed up on the extent to which the AUB-scheme has achieved its purpose of contributing to providing the necessary number of internships

The Ministry of Children and Education has not evaluated whether the performance of the AUB-scheme, in accordance with the purpose of the act, contributes to providing the necessary number of internships. However, the ministry has compared the expenditure and performance of the *praktik-AUB-ordningen* with the former premium and bonus schemes in the area. It is the ministry's assessment that it is difficult to assess the performance of the individual initiatives, because external factors such as, for instance, economic trends, composition of education and legislation on adult vocational training programmes have a great impact on the provision of internships.