



Extract from the report to the
Public Accounts Committee on the
Ministry of Education's Administration
of the South Slesvig grant

February
2009

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I. Introduction and Results

1. This report is about the annual grant which the Danish government provides to the Danish ethnic minority in South Slesvig. Since the 1920s, Denmark has granted financial aid to South Slesvig, and in 2009 the total grant amounts to more than DKK 500 million.

2. Rigsrevisionen has examined how the Ministry of Education has managed the grant provided for educational and cultural work in South Slesvig. The grant – which amounts to DKK 431.5 million in 2009 - is provided to various associations and organisations in South Slesvig and accounts for the better part of the total Danish grant to South Slesvig. Rigsrevisionen initiated the examination in April 2008.

3. The responsibility for the appropriation, and thereby also the responsibility for the administration of the grant for cultural affairs, rests with the Minister of Education in his/her capacity as contributor. The practical administration is, however, shared between the Ministry of Education and "Seksmandsudvalget" (committee on Danish cultural affairs in South Slesvig). In accordance with usual practice, the members of "Seksmandsudvalget" are appointed by the political parties in the Folketing (parliament) which are holding a minimum of 10 seats. The committee distributes and manages the grant, whereas the Ministry of Education is primarily providing secretariat services to the committee members and authorising the financial statements submitted by the grant recipients.

4. The objective of the examination is to assess whether the Ministry of Education, including "Seksmandsudvalget", is managing the grant in a satisfactory manner. In Rigsrevisionen's opinion, the administration of the grant is considered satisfactory if it is clear what the grant is provided for, and whether it has the intended effect.

5. Rigsrevisionen has asked the following three questions to clarify whether the Ministry of Education is managing the grant in a satisfactory manner:

- Has the Ministry set an overall framework for the administration of the grant to South Slesvig which ensures that the grant is managed in a satisfactory manner?
- Is the grant managed in a manner which ensures that the basis upon which the grant is provided is clear?
- Does the Ministry follow up on the application of the grant; is it applied in compliance with the objective of the grant scheme and is it effective?

Present members of "Seksmandsudvalget"

- Kim Andersen (MP), the Liberal Party (chairman)
- Torben Rechendorff, the Conservative Party
- Jørn Ulrik Larsen, the Socialist People's Party
- Søren Krarup (MP), the Danish Folk Party
- Bente Dahl (MP), the Social-Liberal Party
- Lise Von Seelen (MP), the Social Democrats.

RESULTS OF THE EXAMINATION

According to Rigsrevisionen's overall assessment, the grant provided for educational and cultural work in South Slesvig is not managed in a manner which ensures that it is clear what the grant is provided for and whether it has any effect. The reason is that a significant part of the tasks which a government contributor is generally required to perform, are not being performed under the current set-up for the administration of the grant.

Therefore, Rigsrevisionen recommends the Minister of Education to establish an updated model for the administration of the South Slesvig grant, according to which the Ministry of Education is responsible for the general administration of the grant, whereas "Seksmandsudvalget" represents the link between the Folketing and the Danish ethnic minority in South Slesvig.

Moreover, the grant scheme should be authorised by law and not – as it is now – by a note to the Finance Act. Such an act should specify in detail the objective of the grant and the criteria which must be met to receive the grant. The Ministry of Education has stated that it is prepared to elaborate an act on grants provided for Danish cultural affairs in South Slesvig, which determines, among other things, the objective of the grant and sets the overall framework for the grant.

This overall assessment is based on the following:

The overall framework set for the grant does not provide an adequate basis for satisfactory management of the grant

- The grant is authorised by a note to the Finance Act. Rigsrevisionen is of the opinion that legislative best practice and practical administrative considerations require more extensive grant schemes to be authorised by law.
- According to the note to the Finance Act, the objective of the grant is to provide financial aid for Danish educational and cultural work in South Slesvig. The objective is thus very broadly formulated. The objective has not been made operational, for instance by setting criteria for receipt of the grant, which "Seksmandsudvalget" is in a position to do, according to the note to the Finance Act.
- The administrative framework set for the management of the grant does not specify how, for instance, the applications forwarded by the various associations should be processed.
- In Rigsrevisionen's opinion, the current administrative practice is not entirely appropriate; for instance, the budget meetings with the South Slesvig associations and the committee's grant announcements take place early in the year compared to the budget negotiations.

The grant to South Slesvig is not managed in a manner which ensures that the basis upon which it is provided is clear. In reality, "Seksmandsudvalget" plays only an unobtrusive part in the distribution of the grant

- The associations' applications for grants include very scanty information on activities, objectives and results, and the application and accounting material is not being scrutinized. Rigsrevisionen assesses that the basis upon which grants are provided is flimsy which makes it difficult for "Seksmandsudvalget" to prioritise the applications and estimate the actual requirements of the applicants on the basis of the application material.
- Generally, grants are provided in compliance with the applications submitted by the associations and in compliance with the coordinated recommendation, which has been prepared by the South Slesvig associations, regarding the distribution of funds for construction purposes. Usually, "Seksmandsudvalget" does not impose any conditions on the associations with respect to how they should apply the grant. It turns out that seen over several years, the ratio between the grants provided to the individual associations is largely fixed, whereas the size of the grants provided to the individual associations is increasing. Against this background, Rigsrevisionen is of the opinion that the grant has assumed the character of a current operating grant.

Grant follow-up is inadequate

- The associations' independent auditors have many comments to the associations' financial statements and administration, for instance concerning incorrect statement of reserves and provisions, missing tax payments related to the fact that official residences have been let-out at a very low rent, that staff has been offered interest-free loans, etc.
- In Rigsrevisionen's opinion, the auditors' comments leave the impression that several associations are having administrative problems, and the extent of the privileges which several associations are bestowing upon their staff is somewhat unusual. Rigsrevisionen has also established inadequacies in the financial statements submitted by the associations compared to the regulations currently governing the area. Moreover, not all the recipients have submitted financial statements.
- According to Rigsrevisionen's assessment, the Ministry of Education should have followed up on the inadequacies identified in the financial statements and the critical circumstances related to the associations' application of the grants.
- The Ministry does not follow up on the activities, which the associations apply the grant for, and the grant scheme has never been evaluated.