Risks related to the use of aid for recreational sport

Executive summary

Recreational sport is, by nature, non-competitive physical exercise, which aims to sustain and improve health. In 2002 a total of 6.3 million kroons were allocated from the state budget to the county governments and sports organisations for supporting recreational sport. The SAO referred, on sample basis, to the Tartu and Ida-Viru County Governments, the Ida-Virumaa Sports Federation and the non-profit associations Estonian Sports Association Kalev and the Union of Estonian Senior Sportsmen for auditing the risks jeopardising the use of this money and the extent to which these risks have occurred.

Material findings and conclusions

- Recreational sporting events should be aimed at organising and expanding the sport activities of amateur sportsmen in the area concerned. The law defines recreational sport as non-competitive physical exercise, but the aid for recreational sport is used also for holding various sporting events.
- Although the Sport Act stipulates that the state budget funds are used to support national sport programs, including recreational sport programs, it does not define the concept of sport program. Neither does the Act establish the eligibility criteria.
- In the recent years as much as 70 % of the funds has been distributed through county governments, although the Act does not provide for such distribution arrangements. Furthermore, the Regulation of the Minister of Culture does not specify whether the aid allocated to county governments is to be used by them or to be redistributed.
- The contracts made with beneficiaries do not set out the specific activities for which the aid is designed. No contracts are concluded with those end users of aid, who receive money through the county governments – control over the use of aid is even further complicated by the fact that the legal provisions do not define exactly the purposes for which the aid may be used.
- Both the Tartu and the Ida-Viru County Governments had not established the procedural arrangements for the distribution of funds, leaving unmanaged the risk that beneficiaries are not treated equally. Also, the requirement to publish the names of beneficiaries on the web page of the County Government, contained in the contract entered into with the Ministry, had been ignored. No reports on the use of the aid were required from the beneficiaries.
- Not all sports associations have not established rules for the distribution of aid amounts to member organisations and regional clubs, and have not always required the submission of reports.
- Although the sole eligibility criteria set out in the Act is that entities are eligible from their second year of operation, this requirement has not been always complied with.

Main proposals

- To prepare a draft of an act amending the Sport Act in order to define the concepts of sport program and recreational sport program and lay down the principles of supporting recreational sport. To specify the definition of recreational sport in the Act.
- To develop the principles of distributing aid amounts to sports organisations and to provide for, by means of a Regulation of the Minister of Culture, the criteria for aid awards by the Ministry of Culture, the county governments and sports associations.
- To lay down in a Regulation that the regional procedure for aid awards should be developed for cases where funds are distributed locally.
- To set out, in the contracts concluded with the beneficiaries, the obligations of beneficiaries and the penalties for contract breach.
- To improve control, incl. to establish a reporting requirement with regard to the use of aid for recreational sporting events.

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In the letter of response the Minister of Culture touched upon all the proposals made in the report and announced that the preparation of the draft of amendments to the Sport Act has been included in the Ministry’s work plan for 2003. The draft specifies the essential concepts, e.g. recreational sport, and

revises the bases of financing.

The Minister of Culture took account of the rest of the proposals by adopting Regulation 2 of January 20, 2003 titled "Amendment of Regulation 1 of January 10, 2001 of the Minister of Culture "Procedure for Distributing Funds Allocated for Supporting Sports from the State Budget to the Ministry of Culture"" and by revising the form of contracts to be concluded with the country governments and sports organisations.

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The SAO finds that the implemented as well as the envisaged measures contribute to the management of risks related to the payment of aid for recreational sport.

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