Planning of public investments for general education schools and the use of such funds

Audit Report No 2-5/04/105 of September 20, 2004

Executive summary

The State Audit Office (SAO) has audited the use of investment aid allocated to municipalities for the maintenance of school buildings. The audit investigated how the planning of investments for general education schools was carried out, whether the funds earmarked for investment had been used to the purpose and how government supervision of the use of funds had been organised. With the above in view, the use of investments was audited in 13 municipalities and request for information was sent to 15 county governments and 111 municipalities.

In 2003 the Government paid approximately 250 million kroons in investment aid to municipalities. Almost 230 million kroons have been appropriated in the 2004 state budget as investment aid to municipalities.

Relevant observations

The choice of investment projects is not transparent. The Ministry of Education and Research has not established definite criteria for the selection of investment projects, thus it is obscure on what basis the specific projects were selected. Totally non-transparent was the choice of schools receiving investment aid under the project "The School of the 21st Century". This may result in a situation where investments are allocated to schools which are not viable or where the completion of the already started investments projects is not ensured.

The SAO did not discover substantial errors or irregularities in the use of funds allocated to municipalities for investment. However, there were infringements of the regulations on public procurement, and some municipalities did not meet the requirement for self-financing or use the monies to the purpose.

Government control over the use of educational investments in municipalities is weak. In 2003 no reports were invited on the purposeful use of funds allocated as investment aid to municipalities or on the fulfillment of project objectives. Further, it has not been nationally regulated which entity is responsible for exercising control over the purposeful use of the funds earmarked for investment.

Main proposals

In order to improve the planning of investment aid to municipalities and to make investment decisions more transparent, the SAO recommends that the Minister of Education and Research:

- Bring the planning and coordination of educational investments under common administration.
- Draw up a national development plan for the network of schools.
- Develop specific assessment criteria for investment decisions and ensure adherence to those criteria when making investment decisions.

For a better management of investments the SAO recommends that the Minister of Education and Research:

- Require a report on public procurement from the municipalities entitled to investment aid and justification of the selected procurement procedure.
- Ensure that the municipalities comply with the commitments they assumed with respect to the rate of self-financing.
- Ensure that the municipalities use the earmarked funds to the purpose.

In order to improve supervision of the use of investment aid the SAO recommends:

- Exercising control over compliance with agreements made by the municipalities and verification of accuracy of the reports submitted by the municipalities.

Reply of the Minister of Education and Research

The Minister of Education and Research did not consider right the continuation of the current system of investment aid allocation and he also recognized the need for pooling student capitation fees and the monies earmarked for investment. The Minister assented to the majority of the SAO observations and proposals, but dissented from the proposal for intensifying control over public procurement in the municipalities entitled to investment aid. In the view of the Minister of Education and Research, it is not the responsibility of the Ministry of Education and Research.

The full text of the reply of the Minister of Education and Research is presented in the annex.

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