

Public spending on the COVID-19 “compensation bonus”

Compliance and performance audit

Published: 29.5.2023



FULL REPORT (CS)



What we assessed and why

We assessed the effectiveness and regularity of spending on the COVID-19 “compensation bonus”, and whether the Czech Financial Administration’s control system had resulted in the use of the bonus in accordance with the law.

We carried out the audit as we had identified various risks, including funds being used inefficiently for direct support through the “compensation bonus”, the Czech Financial Administration not taking action in response to misuse of the bonus, and the Tax Portal not being used to submit forms directly online.

What we found

The conditions for paying the compensation bonus were laid down only in general terms in the first law on the bonus. Subsequent laws were tightened up, which significantly reduced the total number of beneficiaries. Between 2020 and 2022, self-employed people who met the legal requirements (mainly restrictions on activities in connection with government measures) were entitled to the bonus. The legal act governing the bonus was also amended to extend eligibility to people working for certain limited liability companies or outside an employment relationship granting access to sickness insurance. The daily allowance payable under the scheme ranged from CZK 350 to CZK 1 000, depending on the type of beneficiary and the period during which it was paid. The compensation bonus thus provided direct support to certain people negatively affected by the COVID-19 pandemic or related government restrictions. Between 2020 and 2022, almost three million applications for the compensation bonus were submitted and almost CZK 50 billion was paid.

The staff managing the compensation bonus only verified the validity and correctness of payments after they had been made. On the basis of these checks, the Czech Financial Administration requested reimbursements totalling approximately CZK 134 million.

In some cases, the compensation bonus was misused. The Czech Financial Administration sent 162 notifications of misuse, for a total of almost CZK 70 million. We found there was a risk that 1 490 entities had intentionally started a business with the sole aim of receiving the bonus. CZK 39.2 million in compensation bonuses was paid to these entities in 2020, even though they were not entitled to them. For 46 of them, we assessed this risk as significant.

CZECH REPUBLIC

Nejvyšší kontrolní úřad



Managing the compensation bonus was an administrative burden because there was no way of processing applications automatically. Administrative expenses for the bonus amounted to more than CZK 450 million. The processing of duplicate applications, of which more than 200 000 were submitted, was also an issue. The processing of duplicates accounted for around 5 % of total administrative cost, or close to CZK 25 million.

What we concluded

The compensation bonus served its purpose of mitigating the impact of government measures on self-employed people in particular. Compared to COVID-19 support in other countries, it can be concluded that the Czech Republic paid this aid sufficiently quickly. However, it was misused in some cases. Some people who were not entitled to the bonus received it nonetheless. We recommended that the Czech Financial Administration verify the eligibility requirements for receiving the bonus. We further noted that managing the bonus was an administrative burden, because application data had to be entered into the IT system manually.