

Funding from the State budget and the European Union to promote employment

Compliance and performance audit

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FULL REPORT (CS)



What we assessed and why

We audited the Antivirus Programme short-time work scheme, in which CZK 51.2 billion was provided to employers for job retention. In addition, we examined three projects carried out by the Czech Labour Office (Supporting flexible employment (FLEXI), Promoting employment of long-term registered jobseekers (PDU), and Outplacement (OUT)) that were funded from the European Social Fund. The CZK 2.2 billion provided for these projects was intended to support the development of flexible forms of employment, boost employment rates and employability of long-term registered jobseekers, and mitigate the negative effects of the COVID-19 pandemic on the job market. We also audited the Czech Social Security Administration's provision of the "attendance allowance" measure during the COVID-19 pandemic.

What we found

The Ministry of Labour and Social Affairs had designed the Antivirus Programme so that support was provided to employers who had increased their net turnover, profits and number of employees at the time of the COVID-19 outbreak. The money spent in such cases did not serve the main purpose of the Antivirus Programme. According to our findings, the Ministry of Labour and Social Affairs had set up one of the three short-time work schemes in the Antivirus Programme contrary to the established principle that the cost of maintaining jobs should be shared between state, employer, and employee. Had the Ministry of Labour and Social Affairs complied with this principle, state budget expenditure for the Antivirus Programme would have been up to CZK 4.4 billion lower. The Ministry of Labour and Social Affairs had also failed to comply with the established rules for granting public support measures. Wage compensation under the Antivirus Programme was repeatedly granted without prior approval by the European Commission, thereby infringing the basic rules on the granting of public support measures laid down in the TFEU. The Ministry of Labour and Social Affairs thus did not comply with Act No 215/2004. The Ministry of Labour and Social Affairs and the Czech Labour Office did not monitor and evaluate the impact of the Antivirus Programme and, at the same time, did not check the fulfilment of conditions.

CZECH REPUBLIC

Nejvyšší kontrolní úřad



We also found that some of the funds in the FLEXI project were used inefficiently by the Czech Labour Office, and that the same applied to funds for assisting long-term registered jobseekers in the PDU project and for training courses in the OUT project. This was because activities and objectives of these three projects weren't accomplished to the extent and in the way that was intended. We also identified shortcomings at the Ministry of Labour and Social Affairs in terms of how the system was set up to evaluate applications for support, how projects were selected for support, and how the project benefits were monitored.

There were no shortcomings in the provision of the emergency allowance by the Czech Social Security Administration.

What we concluded

The COVID-19 pandemic revealed shortcomings in the strategic management and legislation of active labour market policies in the Czech Republic (for example, the absence of a short-time working scheme and an unclear definition in the Labour Code of the conditions for paying wage compensation). There were also shortcomings in the provisions for using analytical data and in the interconnection of public administration information systems, which limited the state's capacity to target public support measures or monitor and evaluate them subsequently.