



Audit Report

No 23/04

State funds earmarked for the support of sport and sports representation and state property and funds managed by the National Sports Agency

The audit has been included in the audit plan of the Supreme Audit Office (hereinafter the “SAO”) for 2023 under No 23/04. The audit was headed and the Audit Report drawn up by the SAO member JUDr. Ing. Jiří Kalivoda.

The aim of the audit was to verify whether the state funds earmarked for the support of sport and sports representation were spent effectively and in accordance with legal regulations and whether the National Sports Agency managed the state property and funds provided for its activities economically and in accordance with legal regulations.

The audit was conducted at the audited entities from January to September 2023.

The audited period was 2019–2022; both the previous and subsequent periods were also considered for contextual reasons.

Audited entities:

The Ministry of Education, Youth and Sports (hereinafter the “MoEYS”);

The National Sports Agency, Prague (hereinafter the “NSA”).

The **SAO Board**, at its 18th meeting held on 11 December 2023,

approved, by Resolution No 5/XVIII/2023,

the **Audit Report** as follows:

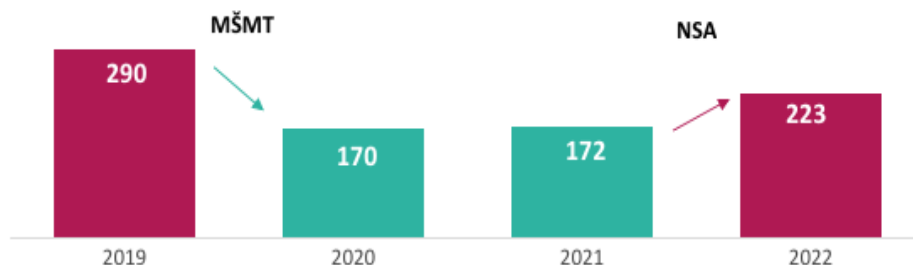
SUPPORT OF SPORT IN THE CZECH REPUBLIC AND THE MANAGEMENT OF THE NSA



NSA	CZK 88 mil.	CZK 7 mil.
Data on management in 2022	Operating costs	Value of fixed assets

Failure to achieve the expected benefits of the establishment of the NSA²
Shortcomings in the management and non-functional internal control system of the NSA
Failure to evaluate the effectiveness and efficiency of the support of sport

The average number of days spent on processing the applications of the *MY CLUB* subsidy call.



¹ Data on the number of registered sports organisations pursuant to Section 3f of Act No 115/2001 Coll., on the support of sport, as at 16 August 2023; register (hereinafter the “Sports Register”).

² In particular, in terms of enhancing the transparency in the distribution of funds and introduction of a functional system for evaluating the use of funds.

I. Summary and Evaluation

The SAO carried out an audit of the state funds earmarked for the support of sport and sports representation spent by the MoEYS and the NSA and state property and funds managed by the National Sports Agency. The aim of the audit was to verify whether the state funds earmarked for the support of sport and sports representation were spent effectively and in accordance with legal regulations and whether the National Sports Agency managed the state property and funds provided for its activities economically and in accordance with legal regulations.

In the audited period, the MoEYS and the NSA spent funds for the support of sport in the amount of CZK 26.5 bil.; however, neither the MoEYS nor the NSA set the objectives for the support of sport of children and youth and their coaches and the support of representing athletes so as to enable the evaluation of the impact of the funds spent. Therefore, the MoEYS and the NSA did not monitor and evaluate the effectiveness and efficiency of the funds spent. Furthermore, the NSA did not verify the use of the subsidies by the beneficiaries and compliance with the conditions thereof in the final settlement of the subsidies. Additionally, the application administration process at the MoEYS and the NSA was too lengthy in the case of one-fifth of the subsidy calls audited. In some cases, the MoEYS and the NSA did not proceed in the provision of subsidies transparently and in accordance with legal regulations. The expected benefits of the establishment of the NSA have not been achieved.

In some cases, the NSA did not manage the state property and funds effectively, economically and in accordance with legal regulations. For example, the NSA unjustifiably reduced the revenues from assets when it allowed other legal entities to use a larger part of the ski and ski jumping area in Harrachov, which the NSA manages. The NSA did not comply with legal regulations in the award of public contracts. The NSA spent funds on transactions that were not substantiated by valid contracts. The NSA did not establish a functional internal control system to ensure the economical, efficient and effective performance of state administration.

The overall evaluation is based on the following main audit findings:

1. Failure to evaluate the effectiveness and efficiency of the support of sport

The MoEYS has set strategic objectives in the Sport Concept³ (hereinafter the “Concept 2025”). The strategic objectives did not contain measurable indicators for their monitoring and evaluation of the extent of their fulfilment. This lack did not allow for the evaluation of the effectiveness and efficiency of the funds spent to meet the required objectives in sport. Furthermore, the MoEYS did not set measurable indicators in other documents, and the NSA failed to supplement measurable indicators. The NSA also failed to develop a plan of specific measures to meet the strategic objectives for 2022 to 2023 imposed by the Government of the Czech Republic⁴. In the audited period, the NSA did not carry out regular or final evaluations of the achievement of programme and call objectives. The NSA did not review the final evaluation or settlement of subsidies for beneficiaries. In several cases, the SAO found shortcomings in the final evaluation of the project. The NSA did not consistently

³ Sport Concept for 2016–2025 – SPORT 2025, including the pillars, horizontal priorities and strategic objectives in eight different areas.

⁴ Government Resolution No 591 of 27 June 2016 on the Sport Concept for 2016–2025 – SPORT 2025

monitor and evaluate the effectiveness and efficiency of the expenditures in violation of the Budgetary Rules Act⁵. The NSA did not monitor and evaluate whether its expenditures accomplished the expected results.⁶

2. Non-transparent selection of beneficiaries

The MoEYS did not proceed in a transparent manner in the selection of beneficiaries in 3 out of 14 audited calls. Moreover, the MoEYS did not proceed in accordance with the principles of equality of the applicants in one of the calls.

The NSA also did not proceed in a transparent manner in the selection of beneficiaries in 5 out of 24 audited calls. In the case of two of these calls, it was also impossible to determine whether the applications that would best meet the objectives of the relevant calls were selected and supported.

3. Lengthy administration of applications

The application administration process of both the MoEYS and the NSA was lengthy for certain calls regarding investment and non-investment subsidies. For the audited investment and non-investment calls in 2019 and 2020, the MoEYS issued a subsidy decision (hereinafter "SD") after an average of 90 to 300 days and after 172 to 335 days in the case of 2021 and 2022. In addition, in 3 of the 12 investment calls audited, the NSA did not initiate any action in the application administration process within six months of submission.

For example, the administration time for the *MY CLUB* call, which was issued by both the MoEYS and the NSA, in 2019 in the case of the MoEYS averaged 290 days. In 2020, the average application administration time at the MoEYS has been reduced to 170 days. The NSA administered applications for the *MY CLUB* call for an average of 172 days in 2021⁷ and for 223 days in 2022.

4. Failure to achieve the expected benefits of the establishment of the NSA

The establishment of the NSA⁸ was intended to achieve, among other things, the increased predictability of government decision-making in the support of sport and the ability to plan the activities of sports organisations. Furthermore, it was intended to increase the transparency of the distribution of funds for the support of sport and to introduce a functional system for the evaluation of the use of the funds. From the results of the SAO's audit, it is clear the expected benefits of establishing the NSA have not been achieved.

5. Non-contractual and gratuitous use of state land by private entities

The NSA took over 46 plots of land in Harrachov, six of which had been used by tenants under contract. The NSA did not renew their existing lease contracts, but the original tenants continued to use the land thereafter free of charge. The remaining land was not leased, and yet it was demonstrably used by other entities. The NSA thus unjustifiably reduced the

⁵ Act No 218/2000 Coll., on budgetary rules and on amendments to certain related acts (Budgetary Rules).

⁶ In the form of established horizontal priorities such as stopping the decrease in the fitness of children and youth, stopping the increase in overweight and obesity among children and youth or reducing the economic participation of families in funding sport.

⁷ However, the NSA accomplished this with the help of a third-party company used by the NSA for the processing of applications. In the following year, the administration was performed solely by the NSA staff.

⁸ Explanatory memorandum to Act No 178/2019 Coll., amending Act No 115/2001 Coll., on the support of sport, as amended, and certain other acts (Amendment to Act No 115/2001 Coll., on the support of sport).

revenues from assets by at least CZK 555,365. The NSA did not utilise all legal means in asserting and defending the rights of the state as the owner⁹. The NSA did not use the assets effectively and economically to perform the functions of the state and to carry out the set activities, in violation of the Act on the Property of the Czech Republic¹⁰.

6. Shortcomings in the use of funds for the purchase of services and the acquisition of assets

In some cases, the NSA did not keep the public contract documentation that would demonstrably record the procedure of the contracting authority, thereby violating the principle of transparency.¹¹ For some contracts, the NSA did not disclose the actual price paid on its contracting authority profile.¹² NSA did not create purchase orders for the framework contract concluded in order to review project documents. Furthermore, the NSA did not submit all the information on the contracts to the Register of Contracts for publication. In some cases, the NSA spent funds on the basis of contracts that were, pursuant to the Register of Contracts Act,¹³ void from inception. As a result, the NSA did not act in accordance with legal regulations when spending funds for the purchase of services and acquisition of assets.

7. Non-functioning internal control system of the NSA

Throughout the audited period, the NSA concluded contracts and purchase orders, settled invoices and provided subsidies without following the approval procedures stipulated in the Act on Financial Control¹⁴. The NSA did not prepare an annual plan for 2023 and a medium-term internal audit plan. Furthermore, the NSA did not prepare reports on the audits performed in 2022 or an annual report on the results of the internal audit for 2022. The NSA did not implement and maintain an effective internal control system (hereinafter the “ICS”). The NSA did not verify the economical, efficient and effective performance of the public administration in accordance with the Act on Financial Control.¹⁵

8. Inadequate archiving of documents and records management on the part of the NSA

Even though the NSA had established records management and retention rules and signature rules, it did not always follow them. Some documents were not signed, dated or referenced. In addition, the NSA was missing some documents related to, e.g., acquisition of assets and public contracts. Therefore, in some cases, the NSA did not comply with the Act on Archiving and Records Management.¹⁶

⁹ The NSA did not assert the right to recover unjust enrichment from other legal entities or private individuals in time.

¹⁰ Act No 219/2000 Coll., on the property of the Czech Republic and the representation of the Czech Republic in legal relations.

¹¹ Act No 134/2016 Coll., on public procurement.

¹² Act No 134/2016 Coll.

¹³ Act No 340/2015 Coll., on special conditions governing the effect of certain contracts, the disclosure of these contracts and the register of contracts (the Register of Contracts Act).

¹⁴ Act No 320/2001 Coll., on financial control in public administration and on amendments to certain acts (the Act on Financial Control).

¹⁵ Act No 320/2001 Coll.

¹⁶ Act No 499/2004 Coll., on archiving and records management and on amendments to certain acts.

II. Information on the Audited Area

According to the Act on the Support of Sport¹⁷, the main objective of the support of sport and tourism is to improve the quality of life of citizens in all age groups. The main priorities in the field of sport are the support of sport for children and youth and their coaches and the support of athletes representing the Czech Republic. The NSA was established on 1 August 2019 for the promotion of sport and the support of athletes representing the Czech Republic. Prior to that date and for a transitional period thereafter, the MoEYS¹⁸ was competent in the relevant area or part thereof. In 2022, the NSA had 77 allocated posts. The average number of employees as FTEs in 2022 was 51, of which 22 were desk officers.

In the Czech Republic, subsidies for sport from the state budget are divided into investment and non-investment subsidies. As at 16 August 2023, 14,228 sports organisations were registered in the Sports Register. Non-investment subsidies are mainly provided to sports clubs¹⁹ as blanket subsidies. For example, the annual *MY CLUB* non-investment call provides eligible applicants with a fixed amount for each registered athlete in the club. Funds earmarked for non-investment subsidies make up the majority of the total amount of funds provided for sport from the state budget. Investment subsidies are provided to sports clubs and associations²⁰ as well as municipalities and regions. These subsidies are used to build new sports facilities or to renovate old ones.

Table 1 provides an overview of the funds provided from the state budget for sport through subsidies from the budget chapters of the MoEYS in 2019 and 2020 and the NSA in 2020 and 2022, which were subject to the audit.

Table 1 – Funds disbursed for sport²¹ (in CZK thousands)

	2019	2020	2021	2022
MoEYS	6,363,520.75	6,967,286.51	-	-
NSA	-	136,203.62	6,000,164.05	6,988,615.18

Source: prepared by the SAO based on the data from the Closing Accounts of Chapters 333 and 362 for 2019–2022.

The MoEYS and the NSA spent on the support of sport between 2019 and 2022 on average approx. 0.38% of the state budget expenditure.

¹⁷ Section 1a (1) and (2) of Act No 115/2001 Coll., on the support of sport.

¹⁸ Article II of the Transitional Provisions of Act No 178/2019 Coll., amending Act No 115/2001 Coll., on the support of sport, as amended, and certain other acts.

¹⁹ A sports club is an independent association with legal personality pursuant to Act No 89/2012 Coll., the Civil Code. According to the statutes of the Czech Union of Sports, a sports club carries out sports activities primarily in its headquarters. Its members are active in their respective sports.

²⁰ A sports association is an independent registered association of individuals or legal entities with a national scope established within the meaning of Act No 89/2012 Coll., the Civil Code. According to the statutes of the Czech Union of Sport, the main activity of the Union is to manage and organise activities in the relevant sport in the Czech Republic, represent the interests of its members and ensure the national representation of the Czech Republic in the relevant sport.

²¹ The MoEYS also disbursed funds for sport in 2021 and 2022, but these funds were not audited by the SAO, similarly to funds disbursed from other budget chapters, e.g., the Ministry of Defence pursuant to the provisions of Section 4 of Act No 115/2001 Coll.

Ministry of Education, Youth and Sports

The MoEYS is a central state administration authority, and it was competent for the state support of sport in accordance with the transitional provisions of the amendment to the Act on the Support of Sport²² until the end of 2020. In 2020, it provided financial support for sport (with the exception of new calls) and controlled its use. For the purposes of financial settlement with the state budget, the MoEYS had the status of a provider.

In 2019 and 2020, the MoEYS provided funds for the development and promotion of sport, tourism and sports representation in the form of subsidies from the state budget pursuant to the Act on the Support of Sport.²³ These funds were spent on the support of sport (in particular, of children and youth), the support of sport for all (including people with disabilities) and the support of athletes representing the Czech Republic. The activities of sports organisations, the acquisition or technical improvement of tangible and intangible fixed assets (investment subsidies) and the organisation of major sports events were also supported.

National Sports Agency

The NSA is a central state administration authority and the supreme organisation for sport. The role of sport in society as a publicly beneficial activity is defined by the Act on the Support of Sport.²⁴ The NSA is based in Prague. The NSA is headed by the Council of the NSA, consisting of a Chairman, Vice-Chairman and a Council Member. The Chairman of the NSA is a member of the Council and the Chairman thereof. The Chairman of the NSA, the Vice-Chairman of the NSA and the Council Member are appointed and removed by the Government on the proposal of the Prime Minister.²⁵

Pursuant to the Act on the Support of Sport,²⁶ among other things, the NSA prepares a draft plan of the national policy in sport and submits it to the Government for approval. The NSA also coordinates the implementation of the government-approved plan of the national policy in sport and the action plan for the support of sport and provides financial support of sport from the state budget through the programmes announced by the NSA for the development and promotion of sport, tourism and sports representation. The NSA reviews the use of the support from the state budget by its beneficiaries and parties to which the beneficiaries provide such support further in compliance with the conditions for the use of the support. The NSA also creates conditions supporting sports activities of children and youth and their coaches, development of sport for all, sports activities of handicapped people and athletes representing the Czech Republic, including the participation of representing athletes in sports events in the Czech Republic and abroad.

In 2021 and 2022, the NSA was responsible for managing state assets in the amount exceeding CZK 6 billion. However, the majority of these assets were short-term receivables related to the payment of subsidies. The NSA's costs amounted to over CZK 6 bil. in 2021 and

²² Article II of the Transitional Provisions of Act No 178/2019 Coll., amending Act No 115/2001 Coll., on the support of sport, as amended, and certain other acts.

²³ Sections 3 and 6b of Act No 115/2001 Coll. (legislation in effect until 30 July 2019) and Section 3d of Act No 115/2001 Coll. (legislation in effect until 31 March 2023)

²⁴ Section 1 of Act No 115/2001 Coll.

²⁵ Section 3 (3) and (4) and Section 3b (1) and (2) of Act No 115/2001 Coll.

²⁶ Section 3a of Act No 115/2001 Coll.

over CZK 7 bil. in 2022. The majority of these costs were transfer costs related to the payment of subsidies.

The value of fixed assets managed by the NSA as at the end of 2022 amounted to over CZK 7 mil. The operating costs of the NSA amounted to nearly CZK 113 mil. in 2021 and to nearly CZK 88 mil. in 2022 (see Annex 1 of this Audit Report).

III. Scope of the Audit

The subject of the audit was the state funds earmarked for the support of sport and sports representation and state property and funds managed by the NSA. The aim of the audit was to verify whether the state funds earmarked for the support of sport and sports representation were spent effectively and in accordance with legal regulations and whether the NSA managed the state property and funds provided for its activities economically and in accordance with legal regulations. The audited period was determined as the years 2019–2022 and also, where relevant, the period immediately before that and the period up to the completion of the audit.

The audit was carried out at the MoEYS and the NSA as the providers of support of sport. In the case of the MoEYS, the audit examined the provision of support in 2019 and 2020. In the case of the NSA, the audit examined the provision of support from 2020 onward. The audit also examined the management of the NSA from 2019 to 2022.

The audit of the MoEYS and the NSA focused on granting investment and non-investment subsidies for the support of sport from the state budget. The assessment of effectiveness consisted primarily in evaluating whether specific measurable objectives for the funds spent on sport were set, whether the fulfilment of these objectives was evaluated and whether the objectives were achieved.

At the NSA, the audit further examined:

- whether the funds were spent on the acquisition of assets, disposal of assets and on selected services with the least possible expenditure of such funds while maintaining adequate quality;
- compliance with legal regulations in the disposal of assets (acquisition of fixed assets, purchase of services, etc.);
- whether, in relation to accounting, the billing was consistent with the contracts, including the correct recognition of assets in the relevant asset accounts, at the correct valuation and in the relevant period;
- disposal of temporarily redundant fixed assets;
- records and inventory of fixed assets in 2019–2022;
- internal control system.

The compliance criteria were based on the relevant legal regulations and implementing decrees.²⁷

²⁷ Act No 115/2001 Coll.; Act No 218/2000 Coll.; Act No 219/2000 Coll.; Act No 563/1991 Coll., on accounting and Decree No 410/2009 Coll., implementing certain provisions of Act No 563/1991 Coll., on accounting, as amended, for selected entities, and Decree No 270/2010 Coll., on the inventory of assets and liabilities; Act No 134/2016 Coll.; Act No 320/2001 Coll. and Decree No 416/2004 Coll., implementing Act No 320/2001 Coll., on financial control in public administration and on amendments to certain acts (The Act on Financial Control), as

The total audited volume of assets, funds and subsidies provided amounted to CZK 3,855,403,481. The audited volume of investment and non-investment subsidies provided by the MoEYS in 2019–2020 amounted to CZK 1,618,426,597. The audited volume of investment and non-investment subsidies provided by the NSA in 2020–2022 amounted to CZK 2,224,420,190. The value of the audited assets of the NSA in the audited period amounted to CZK 3,252,877. The volume of the audited funds spent for the acquisition of assets and selected services by the NSA amounted to CZK 9,303,817.

In the case of the MoEYS, the SAO audited 12 applications for subsidies in six investment calls in the total amount of CZK 287,522,266 and 16 applications for subsidies in eight non-investment calls in the total amount of CZK 1,330,904,331. In the case of the NSA, 12 investment calls were audited, with 38 investment projects in seven completed calls audited in the total amount of CZK 645,746,061 and 64 applications for subsidies in 12 non-investment calls audited in the total amount of CZK 1,578,674,129 (see Annex 2 of this Audit Report).

During the audit, the SAO conducted a quantitative review using a standardised questionnaire in two versions for sports clubs and sports associations. The purpose of the survey was to gather information on the sports environment and its views on the support of sport. The SAO contacted 13,417 sports clubs and 229 sports associations (according to the data in the Sports Register) via the data box. Participation in the survey was voluntary, and the results were anonymised. The results of the survey are presented in Annex 3 of this Audit Report.

The SAO also conducted an international questionnaire survey as a part of the audit to obtain relevant information on sport in other countries. A total of 47 European Supreme Audit Institutions were contacted, and the SAO received replies from 17 of them – see Annex 4 of this Audit Report.

Note: The legal regulations indicated in this Audit Report are applied in their wording effective for the audited period.

IV. Detailed Facts Found in the Audit

1. Failure to evaluate the effectiveness and efficiency of the support of sport

1.1 The MoEYS did not establish measurable indicators for Concept 2025, and the NSA failed to supplement them

The MoEYS prepared Concept 2025, which was approved by the Government of the Czech Republic²⁸ in June 2016. The basic objective set out in Concept 2025 was to improve the conditions for sport and the athletes representing the Czech Republic to be in line with the importance of sport for society and individuals and to respect tradition and the sport policy of the EU.

In Concept 2025, the MoEYS set a total of 11 horizontal priorities, which took into account the areas of support within the framework of the sport policy:

- halting the decrease in the state of physical fitness of children and the youth;
- halting the increase in the prevalence of obesity in children and youth;
- increasing the level of physical literacy;
- decreasing the economic participation required of families to fund sport;
- greater transparency, reporting and openness of information in sport;
- active prevention of negative phenomena occurring in sport;
- equal opportunities;
- inter-ministerial and intersectoral approach;
- cooperation between state administration authorities and regional or local self-governing units;
- involvement of sports experts and athletes in the decision-making processes of local self-government units;
- promotion of volunteer work and coaching as a leisure activity.

The document also defined eight thematic areas containing a total of 33 strategic goals. In Concept 2025, the MoEYS has set strategic objectives that do not meet some of the SMART conditions.²⁹ The set objectives were not specific, measurable and, in some cases, achievable. E.g, strategic objectives did not contain measurable indicators that would allow for their monitoring and evaluation of the extent of their fulfilment. The NSA took over this concept from the MoEYS, but it failed to update it and add measurable indicators³⁰.

Between 2020 and 2022, the NSA acted in violation of the Budgetary Rules Act³¹ by failing to monitor and evaluate the efficiency and effectiveness of expenditure spent to achieve the expected results in terms of set horizontal priorities (e.g., halting the decrease in the state of physical fitness of children and the youth, halting the increase in the prevalence of obesity in children and youth or decreasing the economic participation required of families to fund sport) of Concept 2025.

²⁸ Government Resolution No 591 of 27 June 2016.

²⁹ SMART = Specific, Measurable, Achievable, Result focused, Time-bound.

³⁰ Resolution of the Government of the Czech Republic No 71 of 28 January 2019

³¹ The first sentence of Section 39 (3) of Act No 218/2000 Coll.

1.2 Neither the MoEYS nor the NSA have linked the measures of the action plans with the objectives of Concept 2025

The MoEYS was to prepare and submit two-year action plans³² implementing Concept 2025, four in total, to the Government. After the creation of the NSA, this duty passed to the NSA. However, the action plans and other documents did not include the measurable indicators mentioned above.

The MoEYS prepared I Action Plan³³, but the proposed measures were not linked to the specific strategic objectives set out in Concept 2025. Indicators of the implementation of the individual measures were, in some cases, general and non-specific and did not have baseline and target values defined.

The NSA prepared II Action Plan,³⁴ which also did not contain a clear link to the objectives of Concept 2025. The plan contained 16 measures. The NSA did not prepare an evaluation of these measures set out in II. Action Plan and send it to the Government of the Czech Republic for approval.

The NSA did not prepare III Action Plan³⁵ and send it to the Government for approval³⁶. The NSA has only prepared an Action Plan for 2024.³⁷ By not preparing III. Action Plan for 2022 and 2023, the NSA acted contrary to the Government Resolution³⁸. The plan was also supposed to include measures leading to the fulfilment of the objectives of Concept 2025, on the basis of which the funds from the state budget were to be allocated for the support of sport.

In accordance with the Act on the Support of Sport, the NSA maintains the Sports Register. The register serves to track the sports venues, athletes and coaches. The NSA regularly evaluates the data on sport acquired from the Sports Register. The NSA also provides subsidies from the state budget for expenditure on the acquisition or technical improvement of tangible and intangible fixed assets. However, the NSA does not have a comprehensive overview of the state of the individual sports venues, as such data is not mandatory in the Sports Register.

1.3 Neither the MoEYS nor the NSA evaluated the fulfilment of the calls

In the audited period, the NSA did not carry out an evaluation of the fulfilment of the objectives of the programmes and calls, not even in terms of continuous monitoring of the fulfilment of the indicators of individual investment and non-investment programmes. In 2019 and 2020, the MoEYS did not evaluate the calls for the support of sport either. The NSA did not establish any process for reviewing the sustainability of the investment projects. The NSA did not ensure the continuous monitoring and evaluation of the economy, efficiency

³² Government Resolution No 591 of 27 June 2016.

³³ I Action Plan for the SPORT 2025 Concept for the 2018–2019 period.

³⁴ II Action Plan for the SPORT 2025 Concept for the 2020–2021 period.

³⁵ III Action plan for the SPORT 2025 Concept for the 2022–2023 period.

³⁶ Government Resolution No 591 of 27 June 2016.

³⁷ Action Plan for 2024 (the amendment to Act No 115/2001 Coll. shortened the implementation period of action plans to one year).

³⁸ Government Resolution No 591 of 27 June 2016.

and effectiveness of the expenditures in its budget chapter in accordance with the Budgetary Rules Act.³⁹

The NSA's failure to evaluate the programmes and calls in connection with the lack of methodology for the evaluation of the sustainability of the investment projects results in a lack of relevant data on the results, impacts and fulfilment of the public needs in relation to sport.

1.4 The NSA did not review the final evaluations or settlements of the subsidies granted via the established procedures and completing the checklist

In all subsidy calls, the NSA required the beneficiaries to submit a final evaluation of the project (for investment subsidies) and settlement of the subsidy (for non-investment subsidies). The NSA established a procedure for the review of the final settlement in the form of a checklist, which it did not follow. For each final settlement of a subsidy, the NSA should have assessed the submission of the required documentation and the basic information on the settlement of the subsidy. The SAO selected a sample of 17 final evaluations of projects and 64 settlements of subsidies for audit. Using this sample, the SAO found that in none of the 81 cases did the NSA carry out the review of the final evaluation of the project or the settlement of the subsidy in accordance with the established procedure, including the completion of the checklist.

In four cases, the SAO found shortcomings in the final evaluation of the project. In the *Movable investments 2021* call, the beneficiaries did not comply with the conditions under which they were granted the subsidy. Two beneficiaries failed to provide complete documentation for the final evaluation, so it is unclear whether they had complied with the conditions and purpose of the subsidy granted. Another beneficiary did not acquire the tangible fixed assets declared in the application for subsidy and did not reimburse the NSA for a proportional part of the subsidy in the amount of CZK 807,233. In the fourth case, the beneficiary failed to provide complete documentation for the final evaluation and did not comply with the amount of financial participation in accordance with the SD.

The NSA did not review the documentation for the settlement of the subsidy. Thus, it did not reveal obvious shortcomings, on the basis of which it was supposed to request the beneficiary to remedy the situation or to reimburse the subsidy or part thereof in accordance with the Budgetary Rules Act⁴⁰.

The NSA did not systematically review the use of the funds for the support of sport from the state budget by the beneficiaries, despite having the documents for final evaluation or settlement available. Furthermore, the NSA acted in violation of the Budgetary Rules Act⁴¹ by failing to monitor and evaluate the economy, efficiency and effectiveness of the funds spent from its budget chapter.

The NSA has set the number of public administration audits for its investment programmes based on the amount of public funds provided or the number of beneficiaries. It is clear from the audit plans for 2022 and 2023 that the NSA carries out public administration audits at

³⁹ Section 39 (3) of Act No 218/2000 Coll.

⁴⁰ Section 14f (1) of Act No 218/2000 Coll.

⁴¹ Section 39 (3) of Act No 218/2000 Coll.

the beneficiaries. The number and selection of the public administration audits carried out was significantly lower than that set by the NSA for the individual investment programmes.

The NSA acted in violation of the Act on Financial Control⁴² by failing to carry out ongoing public administration audits of the management with public funds.

2. Non-transparent selection of beneficiaries

2.1 In three of the calls, the MoEYS did not proceed in a transparent manner

The MoEYS carried out a substantive evaluation of the applications⁴³ in the *V3 Sport* call. The evaluation committee of the MoEYS did not always proceed in accordance with the call in determining the ranking of the applications in the event they received the identical number of points. The committee opted for different criteria for assessing the applications **in the event they received the same number of points** than those set out in the call. Moreover, it is not clear how the committee determined the ranking in the case the applications received the same score even under these criteria. The SAO does not consider this method of the MoEYS in the evaluation of applications in the *V3 Sport* call transparent.

In the *VSA 2019* call, the MoEYS did not justify why it decided contrary to the recommendations of the expert evaluation committee in the case of 13 applications. In six cases, the applications recommended by the committee for funding were not supported, in two cases, the MoEYS supported applications that the committee did not recommend for funding, and in five cases, the MoEYS adjusted the amount of subsidy recommended by the committee. The SAO does not consider the MoEYS's procedure in these cases to be transparent.

In the case of the *TALENT 2019* call, the MoEYS decided to fund 23 applications that did not achieve the minimum number of points required in order to grant the subsidy in accordance with the conditions of the call. In the case of these applications, the MoEYS adjusted the average score to the required minimum score. The MoEYS has justified this decision by ensuring the support of the education of talented youth. The MoEYS did not fund six other applications that did not achieve the minimum score. These applications were submitted by sports associations applying for subsidy in this type of call for the first time. Thus, the MoEYS supported projects of lower quality that did not achieve the minimum score in the substantive evaluation required in the call. The SAO does not consider the procedure of the MoEYS described above to be economical, as the MoEYS did not use public funds for the support of the education of talented youth with the least possible expenditure while maintaining adequate quality of the projects. At the same time, this procedure of the MoEYS was discriminatory towards six of the applicants, who did not achieve the minimum score either, but were not granted support. In these cases, the MoEYS acted contrary to the principles of equality of the applicants and impartiality of the administrative authority set out in the Code of Administrative Procedure.⁴⁴

⁴² Section 11 (3) and (4) of Act No 320/2001 Coll.

⁴³ The substantive evaluation of the application constitutes the second phase of the evaluation, following the formal evaluation of the application. In the substantive evaluation, the subsidy provider assesses the application according to the scoring criteria set out in the call. The subsidy provider also usually determines the minimum number of points that an application must achieve in order to be eligible for subsidy.

⁴⁴ Section 7 (1) of Act No 500/2004 Coll., the Code of Administrative Procedure.

In the cases above, the MoEYS violated the rules set for the selection of beneficiaries. This procedure led to non-transparent and, in one case, discriminatory selection of beneficiaries and insufficient openness of the process for granting subsidies.

2.2 In five of the calls, the NSA did not proceed in a transparent manner

The NSA carried out a substantive evaluation of the applications in investment calls *Supraregional sports infrastructure 2021*, *Regions 2021* and *Standardised sports infrastructure*. The NSA subsequently compiled and published the list of supported applications, however, without providing scores for the individual applications. In fact, the NSA did not create a scoring system. Therefore, the actual order of supported and unsupported applications cannot be determined. This procedure of the NSA cannot be considered transparent.

Furthermore, the NSA did not follow the principle of a time-limited call⁴⁵ for investment calls *Regions SK/TJ 2022* and *Regions ÚSC 2022*. The NSA subsequently compiled and published the list of supported applications, however, without providing scores for the individual applications. In fact, the NSA did not create a scoring system. Therefore, the actual order of supported and unsupported applications cannot be determined. The procedure of the NSA was not transparent, and it is not possible to determine whether the applications that would meet the objectives of the call most effectively were selected and supported.

3. Lengthy administration of applications

The MoEYS carried out the evaluation and selection of applications in the *MY CLUB* calls in waves throughout nearly an entire year for which the subsidy was intended. For example, in the case of the *MY CLUB 2019* call, more than half of the applications were only approved for funding in the second half of 2019. A total of 9% of applications were then approved in November 2019, i.e., more than a year after the deadline for the submission of applications. Therefore, the average application administration time in the relevant year was 290 days, as shown in Table 2. In the case of the *MY CLUB 2020* call, the MoEYS processed the majority of applications (over 90%) during the first half of 2020. The average application administration time in the relevant year was 170 days (see Table 2).

⁴⁵ The principle of a time-limited call is that the applications submitted in the call are evaluated all at once after the call is closed and the applications are supported in the order corresponding to the number of points acquired in the qualitative evaluation.

Table 2 – Average subsidy procedure time at the MoEYS in 2019–2020 (in days)

Call	2019	2020
Non-investment subsidies		
MY CLUB	290	170
ORGANISATION OF SPORT	130	160
REPRE	115	150
TALENT	160	120
VSA	180	150
Investment subsidies		
V3 Sport 2019 / V5 Sport 2020	300	260
V4 Sport 2019 / V6 Sport 2020	300	260
Acquisition of individual movable assets	120	90

Source: Prepared by the SAO using data provided by the MoEYS.

The NSA administered the applications in the calls *MY CLUB 2021* and *MY CLUB 2022*. Table 3 shows that the average application administration time in the *MY CLUB 2021* call was 172 days. As of 30 November 2020, the NSA used a third-party company to process the applications, as is the case in this call. The NSA has justified this by the lack of the NSA's staff. In the case of the *MY CLUB 2022* call, the application administration time was 223 days, and this call was again administered by the NSA's staff only.

In the case of the NSA, the SAO also focused on other selected non-investment calls and the application administration time. In the case of three non-investment calls (see Table 3), **where only a formal review of applications was carried out**, the application administration process of the NSA in 2021 was overly lengthy. **The SDs were issued on average after 198 and up to 291 days (see Table 3).**

Table 3 – Average subsidy procedure time at the NSA in 2021–2022 (in days)

Call	2021	2022
Non-investment subsidies		
MY CLUB	172	223
Movement and health 2021	225	-
Operation and maintenance	291	-
Support SK/TJ ZPS 2021	198	-

Source: Prepared by the SAO using data provided by the NSA.

In addition, in the case of investment projects, the SAO also examined the beginning of the process of formal⁴⁶ and substantive evaluation of applications by the NSA. The NSA's application administration process in the case of three calls (see Table 4) was overly lengthy as well. The period between the submission of the application and the start of the formal evaluation by the NSA exceeded 172 days. Therefore, the NSA did not initiate a single step in the application administration process during this six-month period.

⁴⁶ Formal evaluation verifies that the applicant is eligible and that the application is complete, i.e., contains all the required information and attachments.

Table 4 – Average time before the initiation of formal evaluation in 2022 (in days)

Call	2022
Investment subsidies	
Sports infrastructure – Investments up to CZK 10 mil.	218
Cabin 2021	335
Regions 2021	172

Source: Prepared by the SAO using data provided by the NSA.

4. Failure to achieve the expected benefits of the establishment of the NSA

Since 2019, in order to ensure the continuous support of sport, there has been a gradual transfer of competence from the MoEYS to the NSA. On the basis of a delimitation protocol and amendments thereto, 30 job positions were delimited from the MoEYS to the NSA, but not all of them were filled. In fact, only 13 employees were transferred to the NSA in four waves.

The establishment of the NSA on the basis of the amendment to the Act on the Support of Sport⁴⁷ was intended to increase the predictability of the government decision-making regarding the support of sport. Therefore, sports organisations should be able to plan their activities better based on such predictability. Furthermore, it was intended to increase the transparency of the distribution of funds for the support of sport and to introduce a functional system for the evaluation of the use of the funds, thereby increasing the efficiency of the expenditures. However, the SAO found that due to:

- the failure to monitor and evaluate the economy, effectiveness and efficiency of the expenditures in the NSA's budget chapter in accordance with the Budgetary Rules Act⁴⁸ (see Chapter IV, Clause 1 of this Audit Report);
- the failure to evaluate programmes and calls (see Chapter IV, Clause 1.3 of this Audit Report);
- the lack of review of the final settlement of the subsidies granted (See Chapter IV, Clause 1.4 of this Audit Report);
- the length of administration of the subsidy procedures (see Chapter IV, Clause 3 of this Audit Report);
- the extent of shortcomings identified in the NSA's internal control system (see Chapter IV, Clause 7 of this Audit Report);
- the ineffectiveness of the control system that would prevent the provision of subsidies to applicants who have violated the conditions for drawing support from the state budget in recent years.⁴⁹

there was no increase in the transparency of spending. No functional system for the evaluation of the use of funds was implemented. The SAO's findings coincide with the opinions of the sports clubs and associations expressed through the questionnaire survey. For example, 55.8% of sports clubs that had experience with the subsidy procedure of both

⁴⁷ Explanatory Memorandum to Amendment to Act No 178/2019 Coll.

⁴⁸ Section 39 (3) of Act No 218/2000 Coll.

⁴⁹ In at least five cases, the NSA provided subsidies to beneficiaries who had previously violated the conditions for granting the subsidy. The MoEYS had a control system in place to ensure that subsidies were provided only to eligible applicants.

the MoEYS and the NSA answered that there was no improvement in the transparency of the evaluation of the applications. In contrast, only 25.7% of sports clubs believe that the NSA evaluates applications more transparently. According to the sports associations, other expected impacts of establishment of the NSA, such as the increased predictability in the provision of support or improved management in sport by the NSA, have not come into fruition.⁵⁰

5. Non-contractual and gratuitous use of state land by private entities

As of 31 December 2021, the Office for Government Representation in Property Affairs (hereinafter “OGRPA”) transferred a total of 46 plots of land to the NSA. This land included 29 plots of land and 17 building plots, i.e., plots with buildings constructed on them. The land in question in the total book value of CZK 1,808,575 is located in the ski and ski jumping area in Harrachov. Their total area is 295,923 m². On the basis of extracts from the land register and cadastral maps, the SAO verified the nature and the use of the transferred land in the cadastral area of Harrachov. This land mainly included the ski trails on Čertova hora and ski chairlifts, including buildings of other owners without house numbers.

Along with the real property, the NSA took over two lease contracts for six plots of land⁵¹ concluded with two different entities from OGRPA. After the expiration of these contracts, the NSA did not renew the original lease contracts. However, as of the conclusion of the SAO’s audit, the land was in continued use by the original tenants. The NSA unjustifiably reduced the income from real property by at least CZK 441,000 in the case of one lease contract and by at least CZK 114,365 in the case of the second lease contract. No new lease contracts were concluded by the NSA prior to the conclusion of the SAO’s audit. The NSA allowed gratuitous use of the real property in question by other entities without legal title. Therefore, the NSA acted in violation of the Act on the Property of the Czech Republic⁵², as it unjustifiably reduced the revenue from assets by at least CZK 555,365.

Furthermore, the NSA did not monitor whether the tenants paid their liabilities in duly and timely manner under the contracts in the total amount of CZK 220,547 in rent starting from the acquisition of the title to managing the property, i.e., from 1 January 2022 until the expiration of the contracts⁴⁷. The NSA thereby acted in violation of the Act on the Property of the Czech Republic.⁵³

The NSA did not have any lease contracts for the remaining 40 plots of land in the audited period. It has been established from publicly available sources that the land has also been demonstrably used by other entities. For example, the NSA property included a chairlift that is in operation all year-round, a hotel and stands with refreshments.

The NSA acted in violation of the Act on the Property of the Czech Republic⁵⁴ by not using the real property (46 plots of land with a total area of 295,923 m²) effectively and

⁵⁰48.7% of sports associations believe that the NSA does not provide better management in sport and further 61.3% of sports associations believe that the establishment of the NSA has not resulted in better predictability in the provision of state support.

⁵¹ The first lease contract for one plot of land was concluded for the period until 28 February 2022, the second lease contract for five plots of land was concluded for the period until 31 December 2022.

⁵² The second sentence of Section 14 (1) of Act No 219/2000 Coll.

⁵³ Section 14 (5) of Act No 219/2000 Coll.

⁵⁴ The first sentence of Section 14 (1) of Act No 219/2000 Coll.

economically to perform the functions of the state and to carry out specified activities in the period from the acquisition of the title to managing said property, i.e., from 1 January 2022 up until the end of the SAO's audit.

Furthermore, the NSA acted in breach of the Act on the Property of the Czech Republic⁵⁵ by failing to use all legal means and defending the rights of the state as the owner by not asserting the right to recover unjust enrichment from other legal entities or private individuals using the aforementioned real property.

There was no statute of limitations on the right to recover unjust enrichment before the SAO's audit was completed.

6. Shortcomings in the use of funds for the purchase of services and the acquisition of assets

The audit examined six contracts for the provision of legal services concluded by the NSA between 2020 and 2022. On the basis of these contracts, the NSA spent a total of CZK 1,953,832, incl. VAT. Three of these contracts were concluded on the basis of market surveys or tenders, the remaining three were concluded on the basis of statutory exemptions.

The audit also examined three public contracts (hereinafter "PC") awarded through the National Electronic Tool (hereinafter the "NET") in the total value of CZK 3,632,856, excl. VAT. One of the PCs in question was for the assessment of project documentation and two PCs were for two information systems.

6.1 Legal services contracted on the basis of a statutory exemption

On the basis of a statutory exemption, the NSA concluded two contracts with a law firm in 2021 and one contract with another law firm in 2022 to represent the NSA in administrative and judicial proceedings.

The contracts dating to 2021, which the NSA submitted for publication in the Register of Contracts, did not contain information required by law – the value of the subject-matter of the contract⁵⁶, even though the NSA could have determined such value based on the hourly rate and the expected duration. Pursuant to the Act on the Register of Contracts⁵⁷, a contract published without the value of the subject-matter of the contract is not considered published in the Register of Contract. A contract that is not published in the Register of Contracts is subject to the sanction pursuant to the Act on the Register of Contracts⁵⁸, namely the contract being void from the outset. Therefore, in the audited period, the NSA spent funds in the total amount of CZK 536,423, incl. VAT, on the basis of void contracts.

In this manner, the NSA spent funds in the total amount of CZK 536,423, incl. VAT, without due legal reason. According to the SAO, these facts indicate a breach of the budgetary discipline.⁵⁹

⁵⁵ Section 14 (4) of Act No 219/2000 Coll.

⁵⁶ Section 5 (5)(c) of Act No 340/2015 Coll.

⁵⁷ Section 5 (5) of Act No 340/2015 Coll.

⁵⁸ Section 7 (1) of Act No 340/2015 Coll.

⁵⁹ Section 3 (e) and Section 44 (1)(a) of Act No 218/2000 Coll.

6.2 Legal services awarded on the basis of tenders

Based on the tender procedures concluded via NET, the NSA has concluded a contract on the provision of legal and economic consultancy in 2020 and two other contracts with two legal firms on the provision of legal services and advice in 2022. For both contracts dating to 2022, the NSA did not disclose the actual price paid in 2022 on its contracting authority profile. The NSA did so in violation of the Public Procurement Act.⁶⁰

In addition, in the case of the 2020 contract and one of the 2022 contracts, the NSA did not keep the PC documentation to unequivocally demonstrate the contracting procedures.

The NSA violated the principle of transparency stipulated in the Public Procurement Act⁶¹ by failing to prepare and keep the documentation for the aforementioned PCs, which ultimately prevented its effective control.

6.3 Public contract for the assessment of project documentation

The NSA concluded framework contracts with two contractors. Based on purchase orders, the contractors were commissioned for expert assessment of project documents in accordance with the 3E principles.⁶² The NSA did not prepare documentation for this PC, which ultimately prevented its effective control and review, and thereby violated the principle of transparency stipulated in the Public Procurement Act⁶³. The NSA submitted the framework contracts for the assessment of project documents for publication in the Register of Contracts, which contained incorrect price or value of the subject-matter of the contract pursuant to the Register of Contracts Act.

The NSA also did not prepare written purchase orders on the basis of which it required performance from the contractors in accordance with rules set by the NSA. On the basis of four handover protocols, the contractors issued invoices for the assessment of project documents in amounts exceeding CZK 50,000, excl. VAT. The total amount of the invoices issued amounted to CZK 1,175,750, excl. VAT. The NSA acted in violation of the Register of Contracts Act⁶⁴ by failing to submit the individual purchase orders for publication in the Register of Contracts, thereby rendering them void from the outset, or ineffective, under the Register of Contracts Act⁶⁵. **By doing so, the NSA spent funds in the total amount of CZK 1,175,750, excl. VAT, without due legal reason. According to the SAO, these facts indicate a breach of the budgetary discipline.**⁶⁶

6.4 Public contract for the creation of the Sports Register

In May 2020, based on the results of a tender, the NSA concluded a contract with a contractor for the development of an information system for the Sports Register. In February 2021, the NSA concluded an amendment to the contract, the subject of which was the adjustment of the performance deadlines and postponement of the deadline for the

⁶⁰ Section 219 (3) of Act No 134/2016 Coll.

⁶¹ Section 6 (1) of Act No 134/2016 Coll.

⁶² Principles of effectiveness, efficiency and economy.

⁶³ Section 6 (1) of Act No 134/2016 Coll.

⁶⁴ Section 5 (2) of Act No 340/2015 Coll.

⁶⁵ Section 6 (1) in conjunction with Section 7 (1) of Act No 340/2015 Coll.

⁶⁶ Section 3 (e) and Section 44 (1)(a) of Act No 218/2000 Coll.

completion of the work. The NSA did not submit the concluded amendment for publication in the Register of Contracts within the statutory deadline, thereby violating the Register of Contracts Act, rendering the amendment void from the outset⁶⁷. The NSA acted in violation of the Public Procurement Act⁶⁸ by failing to publish the actual paid prices for the performance of the PC in 2020 and 2021 within the set deadlines on its contracting authority profile. The NSA did not prepare documentation for this PC, which ultimately prevented its effective control and review, thereby violating the principle of transparency stipulated in the Public Procurement Act⁶⁹.

6.5 Non-transparent acquisition of assets

Of the movable assets, 83 randomly selected items of acquired assets with a purchase value of approx. CZK 6,240,561, i.e., approx. 33% of the assets acquired, were audited. The audit found that the acquired assets were always part of a larger order or a contract concluded.⁷⁰ These purchases concerned computer equipment and furniture.

In the case of one of the six audited contracts, the NSA did not solicit at least three applicants in the tender procedure before concluding the contract. Furthermore, in the case of 2 out of 14 orders, the NSA did not perform a market survey to determine the prices usual at the given time and place. The NSA did not act in accordance with the rules set by the NSA itself. In all three cases, the NSA failed to prepare documentation for these PCs, which ultimately prevented effective control and review, thereby violating the principle of transparency stipulated in the Public Procurement Act⁷¹.

7. Non-functioning internal control system of the NSA

The NSA established a separate internal audit unit within its internal structure, which reported directly to the Chairman of the NSA. However, from 1 June 2022 until 17 April 2023, the position of the NSA's internal auditor was empty. The NSA did not prepare an annual internal audit plan for 2023 and a medium-term internal audit plan for 2023–2025. Furthermore, the NSA did not prepare reports on the audits performed in 2022 and 2023 or an annual report on the results of the internal audit for 2022.⁷² The NSA violated the Act on Financial Control⁷³ by not having the NSA's internal auditor develop a medium-term plan for 2023–2025 or an annual internal audit plan for 2023. Neither the medium-term plan for 2023–2025 nor the annual internal audit plan for 2023 could have been discussed with the Chairman of the NSA and, therefore, approved.

The NSA did not prepare reports on audits performed in 2022 or an annual internal Audit Report for 2022 with recommendations to improve the ICS, prevent or mitigate risks and take measures to remedy the identified shortcomings. In 2022, the NSA did not review the effectiveness of the ICS pursuant to the Act on Financial Control.⁷⁴

⁶⁷ Section 5 (2) of Act No 340/2015 Coll. and Section 7 (1) of Act No 340/2015 Coll.

⁶⁸ Section 219 (3) of Act No 134/2016 Coll.

⁶⁹ Section 6 (1) of Act No 134/2016 Coll.

⁷⁰ The SAO audited six contracts, 14 purchase orders and a total of 22 invoices.

⁷¹ Section 6 (1) of Act No 134/2016 Coll.

⁷² Sections 25 and 31 of Act No 320/2001 Coll.

⁷³ Section 30 (5) of Act No 320/2001 Coll.

⁷⁴ Section 30 (7) of Act No 320/2001 Coll.

The SAO examined whether the NSA performed management control prior to the occurrence of liability on a sample of 116 transactions (12 purchase orders, seven contracts and 97 SDs). The SAO found that in the case of 25 SDs issued and three contracts or purchase orders concluded, the preliminary management control in the management of public expenditure within the meaning of the Act on Financial Control and the implementing decree⁷⁵ did not ensure the approval of the management control procedures. The NSA did not perform a preliminary management control prior to the occurrence of liability pursuant to the implementing decree⁷⁶ and did not verify the necessity of the anticipated transaction to meet the stated objectives and approved goals. The NSA did not implement and maintain the ICS in accordance with the Act on Financial Control⁷⁷, which would create conditions for the economical, efficient and effective performance of public administration.

Then SAO examined whether the NSA performed management control after the occurrence of liability on the selected sample of 114 transactions (21 invoices and 93 subsidies paid). In the case of 20 invoices and 15 subsidies paid from the audit sample, the NSA did not act in accordance with the Act on Financial Control and the implementing decree when conducting preliminary control in the management of expenditure after the occurrence of liability.⁷⁸ As a part of the approval procedures, the authorising officer and the Chief Accountant of the NSA made the approvals after the invoices were due or the subsidies paid. The NSA did not implement and maintain the ICS in accordance with the Act on Financial Control⁷⁹, which would create conditions for the economical, efficient and effective performance of public administration.

The NSA paid seven of the 21 invoices from the audit sample in the total amount of CZK 2,696,699 overdue. By settling liabilities past due date, the NSA exposed itself to the risk of contractual penalties imposed by suppliers. This is evidence of a non-functional ICS.

The above demonstrates that the ICS of the NSA in the audited period was non-functional. Throughout the audited period, contracts and purchase orders were concluded and invoices and subsidies paid without complying with the approval procedures stipulated in the Act on Financial Control and its implementing decree.

The NSA did not carry out any regular controls (e.g., local investigation) of the investment subsidies and did not review the final settlement of investment and non-investment subsidies. Therefore, the NSA acted in violation of the Act on Financial Control⁸⁰ by failing to carry out ongoing and follow-up controls of the management with public funds. Furthermore, the NSA acted in violation of the Act on Financial Control⁸¹, by the head of the public administration authority failing to implement and maintain the ICS. Therefore, the NSA acted in violation of the Act on Financial Control⁸² by failing to verify the economical, efficient and effective performance of the public administration. The criteria for assessing

⁷⁵ Section 26 (1) of Act No 320/2001 Coll. and Section 10 of Decree No 416/2004 Coll.

⁷⁶ Section 13 of Decree No 416/2004 Coll.

⁷⁷ Section 25 of Act No 320/2001 Coll.

⁷⁸ Section 26 (1), (2) and (4) of Act No 320/2001 Coll. in conjunction with Section 6 (2)(a) and Section 11 (1) of Act No 320/2001 Coll. and in conjunction with Section 14 (1), (2) and (4) of Decree No 416/2004 Coll.

⁷⁹ Section 25 of Act No 320/2001 Coll.

⁸⁰ Section 27 of Act No 320/2001 Coll. in conjunction with Section 11 (3) and (4) of Act No 320/2001 Coll.

⁸¹ Section 25 of Act No 320/2001 Coll.

⁸² Section 4 (1)(d) of Act No 320/2001 Coll.

the economical, efficient and effective performance of the public administration have not been established by the Chairman of the NSA within the meaning of the Act on Financial Control.⁸³

8. Inadequate archiving of documents and records management on the part of the NSA

The SAO found the following shortcomings related to archiving:

- missing documents related to the acquisition of assets;
- undated records of inventory reviews performed by the sub-inventory committee;
- missing and unsigned documents or documents without identifiers in the public contract files;
- missing identifiers for contracts on the provision of legal services;
- missing final evaluations of projects in investment subsidies files;
- missing final project reports;
- missing annual internal audit plan for 2023 and medium-term plan for 2023–2025.

The NSA acted in violation of the Act on Archiving and Records Management⁸⁴ by not clearly labelling documents⁸⁵ under the Act. These documents were prepared by the NSA along with the documents it received. Such documents were not kept in accordance with the Act on Archiving and Records Management.⁸⁶ Such conduct did not ensure the unique identification of the documents, which in turn could create room for arbitrary manipulation. Furthermore, the NSA acted in violation of the Act on Archiving and Records Management⁸⁷ and retention rules by failing to label documents with file numbers, retention characteristics and retention periods.

⁸³ Section 4 (2) of Act No 320/2001 Coll.

⁸⁴ Section 64 (2) of Act No 499/2004 Coll.

⁸⁵ Section 2 (e) of Act No 499/2004 Coll.

⁸⁶ Section 68 (1) of Act No 499/2004 Coll.

⁸⁷ Section 66 (3) of Act No 499/2004 Coll.

List of Abbreviations

VAT	Value Added Tax
GDP	Gross Domestic Product
Concept 2025	Sport Concept for 2016–2025 – SPORT 2025
MoEYS	Ministry of Education, Youth and Sports
NET	National Electronic Tool
SAO	Supreme Audit Office
NSA	National Sports Agency
SD	Subsidy Decision
OGRPA	Office for Government Representation in Property Affairs
ICS	Internal Control System
PC	Public Contract

List of Annexes:

- Annex 1: Management of the National Sports Agency
- Annex 2: Granting of Subsidies
- Annex 3: SAO Questionnaire Survey
- Annex 4: International Comparison

Management of the National Sports Agency

The value of the NSA's assets, expressed in terms of net asset value as at the last day of 2022, amounted to approx. CZK 6.8 bil. Compared to 2020, the value of assets increased by CZK 6.6 bil., mainly due to an increase in current assets caused by an increase in short-term advances for transfers due to the provision of support of sport.

Table 1 – Selected items from the balance sheet of the National Sports Agency (in CZK)

	Assets	Net values			
		as at	as at	as at	as at
		31 December 2019	31 December 2020	31 December 2021	31 December 2022
	Total assets	3,652,221.00	145,089,426.91	6,028,550,206.54	6,780,019,907.31
A.	Fixed assets	2,710,215.00	4,979,546.43	28,029,677.08	1,333,719,409.31
A.I.	Fixed intangible assets	0.00	1,801,790.00	2,563,742.48	1,595,009.48
A.I.2.	Software	0.00	0.00	2,563,742.48	1,516,964.48
A.II.	Fixed tangible assets	2,710,215.00	3,177,756.43	6,640,184.10	5,492,285.20
A.II.1.	Land	0.00	0.00	1,808,574.50	1,808,574.50
A.II.4.	Individual tangible movable assets and sets of tangible movable assets	2,710,215.00	3,177,756.43	4,380,302.59	3,683,710.70
B.	Current assets	942,006.00	140,109,880.48	6,000,520,529.46	5,446,300,498.00
B.II.	Short-term receivables	0.00	136,343,383.04	5,993,570,178.36	5,441,781,500.98
B.III.	Short-term financial assets	942,006.00	3,766,497.44	6,950,351.10	4,518,997.02

Source: NSA's balance sheets for 2019, 2020, 2021 and 2022.

The total cost of core activities for 2022 amounted to CZK 7 bil., which was an increase in the amount of CZK 6.8 bil. compared to 2020. This increase was due to the provision of subsidies to the beneficiaries and their reflection in an increase in the cost of the transfers.

The NSA did not carry out any economic activity during the audited period.

Table 2 – Selected items from the profit and loss account of the National Sports Agency (in CZK)

	Selected costs	2019	2020	2021	2022
A.	Total costs	5,355,989.11	215,856,286.73	6,142,926,280.22	7,035,385,621.28
A.I.	Operating costs	5,355,989.11	60,603,455.13	112,942,326.52	87,975,525.18
A.I.1.	Material consumption	107,299.46	1,393,163.23	1,158,813.98	850,211.14
A.I.2.	Energy consumption	19,664.20	252,573.54	240,994.02	487,781.34
A.I.8.	Repairs and maintenance	0.00	44,193.90	54,521.00	216,504.18
A.I.9.	Travel costs	241,229.00	458,281.12	181,315.73	1,516,089.48
A.I.10.	Representation costs	9,267.00	446,741.85	232,855.15	1,722,473.03
A.I.12.	Other services	320,532.47	15,722,685.54	20,484,635.50	23,984,032.79
A.I.13.	Personnel costs	2,319,886.00	26,462,513.00	35,094,820.00	35,712,405.00
A.I.14.	Statutory social insurance	754,061.00	8,388,898.00	11,443,624.99	11,680,706.00
A.I.16.	Statutory social costs	23,803.00	753,317.44	1,394,682.08	1,534,193.61
A.I.23.	Other fines and penalties	0.00	0.00	1,135,930.00	838,802.82
A.I.28.	Depreciation of fixed assets	0.00	2,473,010.00	1,418,713.00	2,339,768.00
A.I.35.	Cost of low-value fixed assets	1,555,746.98	2,084,663.43	1,222,435.41	578,432.53
A.I.36.	Other operating costs	0.00	2,123,414.08	38,873,554.10	4,020,135.84
A.III.	Transfer costs	0.00	155,252,831.60	6,029,983,332.82	6,947,218,646.68
A.III.1.	Transfer costs of selected central government institutions	0.00	155,252,831.60	6,029,983,332.82	6,947,218,646.68

Source: NSA's profit and loss accounts for 2019, 2020, 2021 and 2022.

Granting of Subsidies

The SAO's audit examined the amount of state budget funds spent by the MoEYS and the NSA on sport in relation to the total state budget and gross domestic product (hereinafter "GDP").

Table 3 – Amount of subsidies provided for sport (in CZK mil.)

Indicator	2019	2020	2021	2022
Amount of subsidies provided for sport from the state budget	6,364	6,757	6,012	6,989
Actual state budget expenditure	1,551,738	1,842,929	1,906,925	1,984,809
GDP*	5,791,498	5,709,131	6,108,717	6,785,852
The ratio of the amount of subsidies for sport provided from the state budget to the total state budget expenditure	0.41%	0.37%	0.32%	0.35%
The ratio of the amount of subsidies for sport provided from the state budget to GDP	0.11%	0.12%	0.10%	0.10%

Note: *Government's Draft State Closing Account of the Czech Republic for 2022.

Source: prepared by the SAO on the basis of the data from the Czech Statistical Office.

Table 3 shows that the amount of subsidies provided for sport in relation to GDP varied between 0.10% and 0.12% throughout the period under review. Compared to the level of state budget expenditure, this rate ranged from 0.32% to 0.44%.

Audited investment calls:

Ministry of Education, Youth and Sports:

- Acquisition of individual movable assets 2019
- Acquisition of individual movable assets 2020
- V3 Sport, investments 2019/2020
- V4 Sport, investments 2019/2020
- V5 Sport, investments 2020 for SK and TJ
- V6 Sport, investments 2020 for ÚSC

National Sports Agency:

- Call No 12/2020 Sports infrastructure – Investments up to CZK 10 mil.
- Call No 13/2020 Sports infrastructure – Investments up to CZK 10 mil.
- Call No 14/2020 Standardised infrastructure
- Call No 5/2021 Movable investments 2021
- Call No 6/2021 Supraregional sports infrastructure 2021
- Call No 7/2021 Movable investments 2021 parasport
- Call No 8/2021 Cabin 2021
- Call No 11/2021 Regions 2021
- Call No 18/2022 Regions SK/TJ 2022
- Call No 19/2022 ÚSC Regions 2022
- Call No 20/2022 Standardised sports infrastructure
- Call No 34/2022 Movable investments – development of the material and technical base of sports associations 2022–2023

Audited non-investment calls:

Ministry of Education, Youth and Sports:

- MY CLUB 2019
- MY CLUB 2020
- Organisation of sport 2019 – Sports associations
- Organisation of sport 2020 – Sports associations
- TALENT 2019
- TALENT 2020
- VSA 2019
- VSA 2020

National Sports Agency:

- Call No 17/2021 Support of union sports organisations participating in the 2022 Olympic Games
- Call No 2/2022 Support of the state representation of women's collective sports LOH 2028 for the year 2022
- Call No 3/2021 Major sporting events of extraordinary importance 2021
- Call No 12/2021 Major sporting events of extraordinary importance 2021 2nd round
- Call No 7/2020 Movement and health 2021
- Call No 8/2020 Operation and maintenance 2021
- Call No 11/2020 Support SK/TJ ZPS 2021
- Call No 18/2021 Support of sports organizations of a union nature 2022
- Call No 16/2022 Support of sports organizations of a union nature 2022 – 2nd round
- Call No 5/2022 Overarching sports organization 2022
- Call No 14/2021 MY CLUB 2022
- Call No 14/2022 My club MY CLUB – 2nd round

SAO Questionnaire Survey

During the audit No 23/04, the SAO conducted a quantitative review using a standardised questionnaire in two versions for sports clubs and sports associations. The purpose of the survey was to gather information on the sports environment and its views on the support of sport. The SAO contacted 13,417 sports clubs and 229 sports associations (according to the data in the Sports Register as of 31 March 2023) via the data box. A total of 7,105 respondents answered this questionnaire (52% return rate).

The questionnaire for sports clubs contained 13–16 questions (depending on the filtering of answers), the questionnaire for sports associations contained 8–14 questions. The last question in both versions of the questionnaires was used to complement or express the respondent's attitude. Some questions in the questionnaire offered an open-ended response.

The survey was conducted between 24 May and 4 July 2023.

A link to an interactive display of the data found in the audit is available here:

<https://www.nku.cz/scripts/detail.php?id=14142>



International Comparison

The SAO conducted an international questionnaire survey as a part of the audit No 23/04 to obtain relevant information on sport in other countries. The SAO contacted 47 EU Supreme Audit Institutions associated in EUROSAI and received a total of 17 responses. The survey was conducted between 31 May and 13 July 2023.

A link to an interactive display of the data found in the audit is available here:

<https://www.nku.cz/scripts/detail.php?id=14143>

