



International Seminar on October 23rd, 2015:

**“Auditing in the field of culture -
exchange of experiences on the audit approach
and findings
arising particularly from the promotion of high art”**

Session 2:

**“Audit procedures and experiences in the area of culture
for different legal forms”**

Cultural Metropolis Berlin



Staatsoper Unter den Linden

Operas



Theatres

Volksbühne Berlin



UNESCO-World Cultural Heritage
Museumsinsel

Museums



Concerts

Philharmonie Berlin



Golden Bear (at the Berlin Film Festival)

Agenda

- **Promotion of culture as a task of regional politics**
- **Expenditures in specific areas**
- **Legal forms of the promoted cultural institutions**
- **Audit rights**
- **Audit approaches**
- **Selected audit findings**
- **Current challenges**

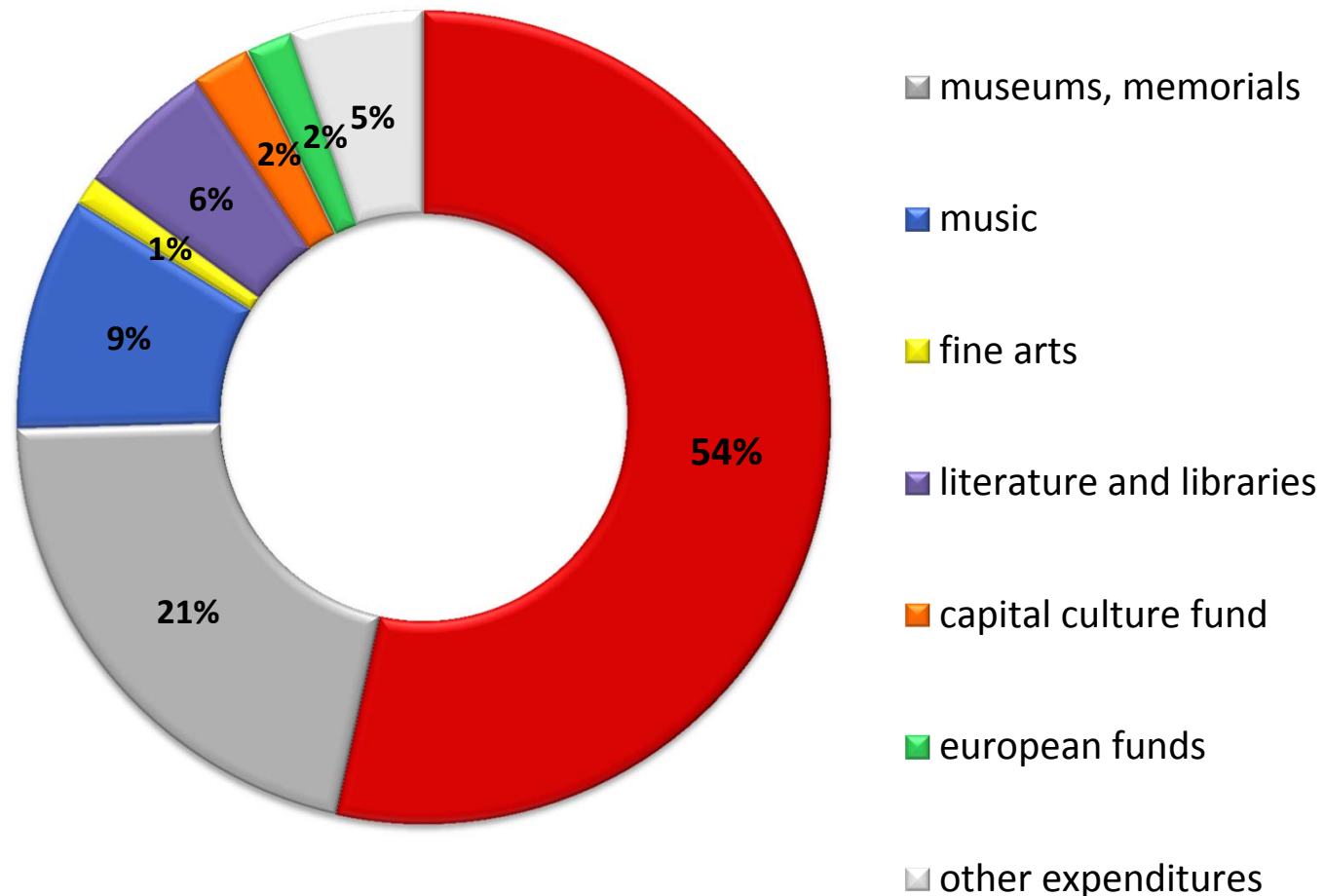
Promotion of culture as a task of regional politics

(Objectives of the legislative period 2011-2016)

- **Consolidation and further development of cultural attractions in Berlin** – as a special mixture of cultural heritage, modern high art with operas, theatres, museums and concert halls, important memorial sites and a professional free art scene – e.g. by
 - **commitment for the realisation of the Humboldt-Forum,**
 - **constant grants** for state theatres, operas and state museums; planning security for private theatres,
 - **intensified promotion of the free scene,**
 - **promotion of the cultural education** (project fund)

Expenditures in specific areas

Expenditures 2014: € 425 million (in %)
(Budget of Berlin 2014 in total: € 23.4 billion)



Legal forms of the promoted cultural institutions

- **Public enterprises:**
four theatres and the Berlin Concert Hall
- **Foundations under public law:**
Berlin Opera Foundation (three operas and state ballet), four state museums, three memorial sites, Berliner Philharmoniker Foundation and Foundation Zentral- und Landesbibliothek
- **Shares in private limited companies:**
a hundred per cent shares in a private operated theatre, in the Friedrichstadtpalast Berlin (the biggest revue theatre of Europe) and in the Kulturprojekte Berlin GmbH (e.g. responsible for major events)

Moreover, Berlin is **allocating grants** to **private** theatres, memorial sites, orchestras, literature institutions, institutions of fine arts and free groups (legal forms: especially private limited companies, companies constituted under civil law, registered associations, foundations under civil law)

Audit rights

According to the budget law the Court of Audit of Berlin is competent to audit:

- the **budget and financial management** of Berlin and of the **public enterprises** (examples: tasks of the administration of cultural affairs , budget management of the state theatres),
- the **budget and financial management** of the **foundations under public law** (examples: foundations of museums, Berlin Opera Foundation , Berliner Philharmoniker Foundation),
- the **activities of Berlin in private enterprises**, in which Berlin is shared (example: Friedrichstadtpalast),
- the **budget and financial management of corporate bodies under private law**, e.g., if they receive grants on the basis of a law, if an audit of the Court of Audit of Berlin was arranged or if such audit is fixed in the statutes of association (example: Bauhaus Archiv GmbH),
- at **institutions outside the administration**, e.g., if they receive public **grants** from Berlin or accomplish (as majority-owned bodies of Berlin) public tasks and receive budget funds for these tasks.

Audit approaches

Essential principles of the Court of Audit of Berlin for audit planning:

- topicality
- orientation towards risks
- relevance
- coverage of the audit field

That implies the following activities in the forefront of the audits:

- **Continuous observation** of the (financial) development of the addressees of audit reports (proceedings of parliament and media coverage),
- **use of administrative controlling tools** to identify risks and priorities of the audits,
- **long-term audit planning for major cultural institutions** with a complex corporate group-like structure,
- **advising the administration** on necessary regulations, especially in case of formation of new cultural companies under public law.

Selected audit findings

During the last years the Court of Audit of Berlin has reported primarily about the following findings to the Berlin Parliament:

- **budget and financial management of the Berlin Opera Foundation** (founded as from January 2004),
- **comparison between the Komische Oper Berlin and the Volksoper Wien GmbH on the basis of indicators,**
- **formation of the Berlin Wall Foundation** in September 2008 (merging of a memorial and a site of remembrance, which were run by two private associations before),
- **promotion of the free dance scene,**
- **project promotions for two private theatres.**

Audit challenges in the culture sector

- **paying attention to the artistic freedom in the evaluation of audited issues,**
- **loss of information due to gaining of juridical independence of state cultural institutions,**
- **increasing complexity of the audits (e.g. in case of mixed financing),**
- **new legal aspects concerning the application of the regulations for public funds (e.g. creation of reserves),**
- **guarantee of the right of the Court of Audit to audit new founded subsidiary companies.**