



Audit Report from Audit

20/12

State funds provided for drug policy programmes

The audit was included in the audit plan of the Supreme Audit Office (hereinafter the “SAO”) for 2020 under number 20/12. The audit was managed and the Audit Report drawn up by SAO member Mr Adolf Beznoska.

The aim of the audit was to verify whether the funds allocated for drug policy programmes were spent effectively and thus contributed to the fulfilment of the objectives set for this area.

The period under review was 2016–2019; and both the previous and subsequent periods were also considered for the sake of comparison. The audit was carried out between May and December 2020.

Audited entities:

The Office of the Government of the Czech Republic; the Ministry of Justice; the Ministry of Education, Youth and Sports; the Ministry of Health; A.N.O. – the Association of Non-State Organizations, Prague; KAPPA-HELP, z.s, Přerov; Magdaléna, o.p.s., Mníšek pod Brdy; P-centrum, spolek, Olomouc; POINT 14, z.ú., Plzeň; PREVENT 99 z.ú., Strakonice; PROGRESSIVE, o.p.s., Prague; Podané ruce o.p.s., Brno; Centre for Prevention and Treatment of Drug Addictions – DROP IN, o.p.s., Prague.

At its 7th session held on 19 April 2021, the **SAO Board** **approved** by Resolution No. 9/VII/2021 the **Audit Report** as follows:

Drug policy programmes

CZK 849 million

total amount of subsidies provided by the Office of the Government of the Czech Republic, the Ministry of Education, Youth and Sports, the Ministry of Justice, and the Ministry of Health within the framework of drug policy programmes for the years 2016 to 2019

CZK 95 million

the amount of subsidies audited by the SAO at subsidy providers

90

number of subsidies audited by the SAO at their providers

CZK 11.35 million

ineffective expenditures

CZK 66 million

the amount of subsidies audited by the SAO at subsidy beneficiaries

54

number of subsidies audited by the SAO at their beneficiaries

CZK 257,000

ineligible expenditures

I. Summary and Evaluation

The SAO audited drug policy programmes. The aim of the audit was to verify whether the funds earmarked for drug policy programmes were spent effectively and thus contributed to the fulfilment of the objectives set for this area.

The audit focused on expenditures from the state budget chapters 304 – *Office of the Government of the Czech Republic*, 333 – *Ministry of Education, Youth and Sports*, 335 – *Ministry of Health* and 336 – *Ministry of Justice* earmarked for drug policy programmes.

Despite the considerable amount of money spent, the strategic objectives in the field of drugs have not been met and the implementation of the objectives of the individual action plans was also insufficient in the audited period.

According to the SAO, funds from the drug policy programme were not always spent effectively.

Subsidies in the amount of CZK 11.35 million that the Office of the Government of the Czech Republic provided for supplemental project financing at the very end of the year did not have a significant impact on the achievement of the objectives of the supported projects.

The SAO also found that the Ministry of Justice and the Ministry of Education, Youth and Sports did not set measurable objectives in their drug policy programmes to assess their real impact.

All the audited ministries and the Office of the Government of the Czech Republic made mistakes in the process of granting and administering subsidies and their control systems failed. Moreover, in some cases the allocation of subsidies was completely non-transparent.

Problems were also identified in the case of subsidy beneficiaries.

In 2020, the funds and subsidy titles of the drug policy programme were centralised in the budget chapter of the Office of the Government of the Czech Republic. In the area of drug measures, the Office of the Czech Republic is trying to respond to the situation related to the COVID-19 pandemic.

The summary and evaluation is based on the following main findings of the audit:

1. The objectives of the *National Drug Policy Strategy for 2010–2018* were not met.

In 2018, the Office of the Government of the Czech Republic conducted an evaluation of the *National Drug Policy Strategy 2010–2018* (hereinafter also referred to as the "2018 Strategy"). Despite the fact that the Office of the Government of the Czech Republic did not have all the relevant information in the last year the Strategy was in effect, it concluded that only one of the four targets set in the 2018 Strategy had been met in the area of illegal drugs, with the same being true for gambling. In the area of alcohol and tobacco control, targets were not met at all or only partially. The objectives of the individual action plans meant to help implement the 2018 Strategy were not met by more than 40%, despite the fact that the state spent hundreds of millions of crowns annually on their implementation through subsidy programmes.

2. Some ministries did not set objectives for anti-drug programmes and some did not carry out impact assessments of the provided subsidies.

The subsidy programmes through which the Ministry of Justice and the Ministry of Education implemented the state's drug policy did not have measurable and evaluable objectives or indicators of their effectiveness. Neither an evaluation of the fulfilment of the purpose nor an evaluation of the impact of the spent funds was carried out by the Ministry of Education, Youth and Sports and the Ministry of Health.

3. Subsidies paid by the Office of the Government of the Czech Republic within the framework of supplemental project financing in 2019 cannot be considered effective.

The subsidies in the area of drug policy were paid out for one calendar year in the audited period. In 2019, the Office of the Government of the Czech Republic increased the subsidy funds as part of supplemental financing for selected projects at the very end of the year, at which point it was no longer possible to significantly influence the outputs of individual projects.

4. At the Ministry of Education, Youth and Sports, it was not possible to separate the funds for drug policy from other subsidies.

The Ministry of Education, Youth and Sports has not consistently separated the area of drug policy prevention and the area of crime prevention (or social prevention) in the subsidies provided. Thus, it was unable to correctly report expenditures classified under the expenditure indicator *Drug Policy Programme* and therefore could not systematically monitor and evaluate the effectiveness of expenditure in its chapter.¹

5. Numerous deficiencies were found in the subsidy process and its administration for all audited subsidy providers.

The Office of the Government of the Czech Republic and individual ministries made mistakes in the provision and administration of subsidies for drug policy. The shortcomings consisted in violations of legislation, the methodology applied at individual ministries and incorrectly established processes. Their internal control systems failed because errors were not detected in time.

6. Decision-making on the allocation of subsidies was not transparent in some cases.

The application evaluation process was not entirely transparent. The Ministry of Education, Youth and Sports and the Ministry of Health also supported projects that did not meet all the requirements or did not receive the required number of points from independent evaluators. The Ministry of Education, Youth and Sports even approved and paid subsidies to a natural person who was involved in the administration of the subsidies.

7. Subsidy providers did not respond consistently to non-compliance by subsidy beneficiaries.

In the case of a number of projects, the documentation available to the relevant provider showed that the beneficiary of the subsidy does not meet or did not fulfil one of the conditions for drawing of the subsidy. However, the relevant provider failed to respond to this situation in an appropriate manner and failed to take corrective measures.

¹ The provisions of Section 39(3) of Act No. 218/2000 Coll. on budgetary rules and on amendments to certain related acts (Budgetary Rules).

8. Two subsidy providers did not carry out sufficient audit of beneficiaries.

In the case of subsidies intended for drug policy, ongoing and ex-post controls carried out by the provider on the beneficiaries are a tool to verify compliance with the conditions for the drawing of the subsidy and to assess the effectiveness, efficiency and economy of the funds spent. However, in the audited period, the Ministry of Health conducted a public administration control of subsidies directly at their beneficiaries in only one case, which represented only 2.6% of all funds provided in the relevant year. In the period of 2016–2019, the Ministry of Education, Youth and Sports carried out audits on 3.6% of the provided funds. In contrast, the Office of the Government of the Czech Republic, especially using follow-up audits, has examined more than 13% of the volume of support provided and the Ministry of Justice has continuously examined more than one-third of all subsidies from the drug policy programme.

9. Some beneficiaries did not comply with the conditions for receiving subsidies.

In some cases, the beneficiaries did not meet the conditions set by the providers for the implementation of the projects. The shortcomings of the subsidy beneficiaries consisted mainly in:

- exceeding the limit set for staff salaries covered by the subsidy;
- budget overruns on individual items;
- reimbursement of unrecognised costs.

Based on the ascertained facts, the SAO filed a notification with the tax authority of a breach of budgetary discipline² totalling CZK 256,548.

10. Drug policy centralisation

In 2020, the drug policy was effectively centralised towards the Office of the Government of the Czech Republic, thus unifying subsidy titles and funds, which can produce more efficient processes and a reduction in the administrative burden for applicants or beneficiaries of subsidies in this area. The Office of the Government of the Czech Republic, which is fully responsible for drug policy in the Czech Republic, will have a better overview of supported projects and services, can simplify administration and increase coordination of support and better target the funds spent in this area. However, a longer period of time will be needed to evaluate the entire centralisation process.

11. Drug policy during the COVID-19 pandemic

The Office of the Government of the Czech Republic has prepared an analysis of the situation affected by the COVID-19 epidemic. A more detailed analysis is also included in the *Annual Report on the State of Drugs in the Czech Republic 2019*, which was published in October 2020. Several recommended practices have been developed, especially for the provision of addiction services. The Office of the Government of the Czech Republic responded to the negative impacts of the COVID-19 pandemic by announcing a second call for subsidies in April 2020. According to the published priorities, this call prioritises the financial provision of solutions to the negative impacts caused by the COVID-19 pandemic in addiction services.

² Section 44(1)b) of Act No. 218/2000 Coll.

II. Information on the Audited Area

Drug policy is a comprehensive and coordinated set of measures aimed at addressing the problems of legal and illegal substances and pathological gambling. It aims to reduce the use of all types of drugs and eliminate the potential risks and harms to individuals and society that can result from their use.

Responsibility for the development and implementation of drug policy lies with the Government of the Czech Republic. The Government implements and coordinates individual measures in the field of drug policy through the Government Council for Drug Policy Coordination ("GCDPC"), chaired by the Czech prime minister, as well as through relevant ministries and other involved entities. The implementation and coordination of drug policy at the national and local level is regulated by Act No. 65/2017 Coll. on the protection of health against the harmful effects of addictive substances. The basic strategic documents of the drug policy effective in 2016–2019 were the *National Drug Policy Strategy for 2010–2018*³ and the related *National Strategy for the Prevention and Reduction of Harm Associated with Addictive Behaviour for 2019–2027*⁴ ("Strategy 2027").

The funding system for drug policy projects is multi-sourced. Non-profit organisations operating in this area receive funding mainly from public budgets, i.e., primarily in the form of subsidies from drug policy programmes, subsidies to support social services and subsidies from the budgets of local governments. Non-profit organisations also obtain funds from other domestic sources, i.e., foundations, collections, sponsorship donations, income from clients, etc., and from foreign sources.

The **Office of the Government of the Czech Republic** operates as a central state administration body⁵ and performs tasks related to the professional, organisational and technical support of the activities of the Government of the Czech Republic, its bodies, members of the Government who are not in charge of a ministry or other office, and bodies stipulated by a special law or so decided by the Government⁶. The Office of the Government of the Czech Republic is the administrator of the state budget chapter 304 – *Office of the Government of the Czech Republic*, from which funds were issued in the audited period under the expenditure indicator *Drug Policy Programme*.

The permanent advisory, initiation and coordinating body of the Government of the Czech Republic in matters of drug policy is the GCDPC, which falls under the authority of the Office of the Government of the Czech Republic. The GCDPC currently has 19 members. The GCDPC also has working bodies – committees and working groups. The Government of the Czech Republic has also established the position of the national drug policy coordinator, who is also the executive vice-chair of the GCDPC and director of the Drug Policy Department of the Office of the Government of the Czech Republic. The Office of the Government of the Czech Republic also coordinates drug policy, cooperates with local authorities and provides methodological supervision to regional drug coordinators.

³ The Strategy was approved by Government Resolution No. 340 of 10 May 2010 *on the National Drug Policy Strategy for 2010–2018*.

⁴ The Strategy was approved by Government Resolution No. 329 of 13 May 2019 *on the National Strategy for the Prevention and Reduction of Harm Associated with Addictive Behaviour 2019–2027*.

⁵ Section 2 of Act No. 2/1969 Coll. on the establishment of ministries and other central state administration bodies of the Czech Republic.

⁶ Section 2(2) of Act No. 2/1969 Coll.

The Ministry of Health is the central state administration body for health services; public health protection; medical research activities; health service providers under direct management; handling addictive substances, preparations, precursors and auxiliary substances; the search, protection and use of natural healing sources; natural health spas and sources of natural mineral waters; medicines and medical devices for the prevention, diagnosis and treatment of people; health insurance and the health information system; for the use of biocidal products and the marketing of biocidal products and active substances.⁷ The Ministry of Health is the administrator of the state budget chapter 335 – *Ministry of Health*, from which funds were issued in the audited period under the expenditure indicator *Drug Policy Programme*.

In drug policy, the Ministry of Health is responsible for drafting legislation on the legal treatment of addictive substances, preparations, precursors and excipients. It authorises the handling of addictive substances, preparations containing them, precursors and auxiliary substances; authorises the import and export of these substances; carries out audit activities and performs reporting duties on the import, export, production and consumption and stock levels of these substances to UN and EU bodies. It is also responsible for drafting legislation on protection against harm caused by tobacco products, alcohol and other addictive substances, including treatment for addictive diseases, for the implementation and financing of such treatment, and for the professional training of the ministry's staff and drug policy in the field of legal addictive substances.

The Ministry of Education, Youth and Sports is the central state administration authority for pre-schools, schools, primary schools, secondary schools and universities, for science policy, research and development, including international cooperation in this field, and for scientific degrees, for state care for children, youth and physical education⁸. The Ministry of Education, Youth and Sports is the administrator of the state budget chapter 333 – *Ministry of Education, Youth and Sports*, from which funds were issued in the audited period under the expenditure indicator *Drug Policy Programme*.

The Ministry of Education, Youth and Sports is primarily responsible for the primary prevention of the use of all types of drugs by children and adolescents, for the implementation of prevention programmes in schools and educational institutions, and for the financing of other prevention programmes implemented by state and non-state organisations. It is also responsible for the professional training of teaching staff for effective preventive action in teaching, education and upbringing of children and young people. Within the framework of special education, it is responsible for providing early intervention and crisis intervention programmes and therapeutic and educational care for children and adolescents who experiment with or abuse drugs.

The Ministry of Justice acts, among other things, as the central state administration body for prisons and the Prison Service of the Czech Republic falls under its authority⁹; it is also the central state administration body for probation and mediation¹⁰. The Ministry of Justice is the administrator of the state budget chapter 336 – *Ministry of Justice*, from which funds were issued in the audited period under the expenditure indicator *Drug Policy Programme*.

⁷ Section 10(1) of Act No. 2/1969 Coll.

⁸ Section 7(1) of Act No. 2/1969 Coll.

⁹ Section 11(3) of Act No. 2/1969 Coll.

¹⁰ Section 11(4) of Act No. 2/1969 Coll.

The Ministry of Justice is responsible for drafting legislation in the field of criminal law. It creates the conditions for the activity of courts and prosecutors in matters concerning drug-related crime. It oversees the activities of the Probation and Mediation Service, diversions in criminal proceedings or alternatives to imprisonment. It is responsible for the implementation of prevention, treatment and risk minimisation services and appropriate assistance to persons addicted to addictive substances in conditions of detention, imprisonment and pre-trial detention. It is also responsible for the professional training of judges, prosecutors and staff of the Prison Service of the Czech Republic and the Probation and Mediation Service.

The following table shows the total actual expenditure of the individual chapters of the state budget in the drug policy framework.

Table 1: Actual expenditures from individual chapters of the state budget classified under the expenditure indicator *Drug Policy Programme* in 2016–2019 (CZK in thousands)

State Budget Chapter	2016	2017	2018	2019	Total
304 – Office of the Government of the Czech Republic	126,667.00	141,499.00	189,106.00	231,090.00	688,362.00
335 – Ministry of Health	19,987.00	35,103.00	42,653.00	30,071.00	127,814.00
333 – Ministry of Education, Youth and Sports	11,963.18	12,058.50	11,982.62	19,011.70	55,016.00
336 – Ministry of Justice	8,553.91	16,494.22	16,342.49	14,362.87	55,753.49
Total	167,171.09	205,154.72	260,084.11	294,535.57	926,945.49

Source: closing accounts of selected state budget chapters.

The vast majority of funding from drug policy programmes was provided in the form of subsidies. The largest part of these subsidies was directed towards tackling the problem of illegal drugs. The non-investment subsidies were provided by the Office of the Government of the Czech Republic and the Ministry of Health mainly to non-state non-profit organisations providing contact and counselling services, outpatient treatment, outreach programmes, aftercare programmes, primary prevention, substitution treatment, inpatient care and others. The Ministry of Education, Youth and Sports' subsidy programmes have supported projects to help educate children and young people, to improve their health, to adopt positive social behaviour and personal development, and educational activities for teaching staff in these areas. The Ministry of Justice has supported projects that respond to the specific needs of drug users in custody or in prison, usually six months before the expected end of a prison sentence or punitive measure, or three months before the legal conditions for applying for parole arise, when aftercare plans are developed.

In the audited years 2016–2019, the largest provider of state subsidies in the anti-drug area was the Office of the Government of the Czech Republic, which provided funds in this form in a total amount exceeding CZK 638 million. This amounted to over three-quarters of all subsidies provided for drug policy programmes from the state budget. The following table shows the amount of subsidies provided by the Office of the Government of the Czech Republic and individual ministries within the framework of the drug policy.

Table 2: Subsidies under drug policy programmes provided by the Office of the Government of the Czech Republic and individual audited ministries in 2016–2019 (CZK in thousands)

Subsidy provider	2016	2017	2018	2019	Total
Office of the Government of the Czech Republic	118,234.00	128,902.00	174,677.00	216,199.00	638,012.00
Ministry of Health	19,987.00	35,103.00	42,653.00	30,071.00	127,814.00
Ministry of Education, Youth and Sports	11,916.80	11,842.22	11,882.62	19,366.11	55,007.75
Ministry of Justice	4,200.00	8,000.00	7,963.00	8,000.00	28,163.00
Total	154,337.80	183,847.22	237,175.62	273,636.11	848,996.75

Source: summaries of subsidies provided by the Office of the Government of the Czech Republic and individual ministries.

Each year, the Office of the Government of the Czech Republic and individual ministries announced and published on their websites calls for applications for non-investment subsidies to finance projects in the field of drug policy. In these calls, they defined the priority areas of support and the range of eligible applicants for subsidies, set out the requirements for subsidy applications, the subsidy procedure and the basic conditions for the implementation of projects. The specific conditions for drawing on and using the subsidy were subsequently set out for the beneficiaries in the decisions on granting the subsidy.

In addition to the regular subsidy rounds, in the audited years of 2016–2019, the Office of the Government of the Czech Republic also announced extraordinary subsidy rounds or supplemental financing of already supported projects. The Ministry of Health announced two rounds of subsidies for 2017 due to the fact that not all funds from the subsidy programme for that year were used.

Individual projects could be funded from multiple sources. The standard support from the state budget was up to 70% for individual projects, while the remaining part was financed from the budgets of regions, municipalities, public collections, donations, own resources, etc.

In 2019, the Government in a resolution¹¹ decided to centralise the funds and subsidy titles of the drug policy programme from the budgets of the Ministry of Health and the Ministry of Justice under the budget chapter of the Office of the Government of the Czech Republic. Beginning in 2020, the Office of the Government of the Czech Republic will announce a subsidy procedure for the area of drug policy and the Ministry of Education, Youth and Sports will continue to provide subsidies only to a narrowly defined group of applicants.

III. Scope of Audit

The subject of the SAO audit was funds earmarked for drug policy programmes. The audited period was 2016–2019; both the previous and subsequent periods were also considered for the sake of comparison. The audited entities were the Office of the Government of the Czech Republic, the Ministry of Education, Youth and Sports, the Ministry of Health, the Ministry of

¹¹ Resolution of the Government of the Czech Republic of 22 July 2019 No. 532 *on a change in the system of financing addiction services – centralisation of funds and subsidy titles of the Drug Policy Programme of the Ministry of Education, Youth and Sports, the Ministry of Health and the Ministry of Justice in budget chapter 304 – Office of the Government starting in 2020.*

Justice and selected beneficiaries of subsidies from among non-governmental non-profit organisations.

The aim of the audit was to verify whether the funds earmarked for drug policy programmes were spent effectively and thus contributed to the fulfilment of the objectives set for this area.

The three audited areas were:

- 1. coordination and management;**
- 2. the provision of subsidies from individual chapters of the state budget;**
- 3. the use of subsidies by their beneficiaries.**

The coordination and management of the drug policy system was audited at the Office of the Government of the Czech Republic. From 2020, subsidies from the drug policy programme are almost exclusively provided by the Office of the Government of the Czech Republic, so the transition to this central method of providing subsidies was reviewed. At the same time, it was investigated whether the Office of the Government of the Czech Republic was taking steps to mitigate the negative consequences of the COVID-19 pandemic in the area of addictive behaviour.

In the case of the providers of subsidies, i.e., the audited entities, which were the Office of the Government of the Czech Republic, the Ministry of Health, the Ministry of Education, Youth and Sports and the Ministry of Justice, the audit focused on the compliance of the announced subsidy programmes with the strategic objectives of the drug policy, the targeting of subsidies, the establishment of conditions for their provision and use, the fulfilment of the set objectives, transparency in the selection of projects for support, administration of the subsidy procedure and projects from the call and submission of the subsidy application to the settlement and evaluation of the projects. Furthermore, the audit examined the arrangement and functionality of internal control systems and the method of monitoring, evaluation and control of the progress of individual projects and the entire programme. The performance of audit activities carried out at subsidy beneficiaries was also examined. **The SAO audited 90 projects that received a total of nearly CZK 95 million.** An overview of the number and financial volume of subsidies audited for each provider is given in the following table.

Table 3: Audit Sample of Subsidies Controlled with Their Providers

Subsidy provider	Number of subsidies controlled	Volume of audited subsidies (in CZK)
Office of the Government of the Czech Republic	21	37,619,000
Ministry of Health	18	21,683,933
Ministry of Education, Youth and Sports	20	7,472,857
Ministry of Justice	31	28,163,460
Total	90	94,939,250

Source: audit reports of individual audited entities.

A **sample of nine non-state non-profit organisations** was selected for the audit of beneficiaries of non-investment subsidies, which during the audited period of 2016–2019 **received almost one-third of the total amount of all subsidies from drug policy programmes** provided by the Office of the Government of the Czech Republic, the Ministry of Health, the Ministry of Education, Youth and Sports and the Ministry of Justice.

The beneficiaries of the subsidies were examined to ensure that the funds were spent in accordance with the legal provisions and conditions set by the subsidy provider and that the

required output was achieved. **The SAO audited 54 projects that received a total of nearly CZK 66 million.** An overview of the number and financial volume of subsidies audited for each beneficiary is given in the following table.

Table 4: Audit Sample of Subsidies Audited with Their Beneficiaries

Subsidy beneficiary	Number of subsidies audited	Volume of audited subsidies (in CZK)
A.N.O. – Association of Non-State Organisations	6	5,202,000
KAPPA-HELP, z.s.	10	3,229,750
Magdaléna	4	6,922,028
P-centrum, association	8	3,953,985
POINT 14, z.ú.	2	674,000
PREVENT 99 z.ú.	2	3,042,141
PROGRESSIVE	6	15,013,000
Podané ruce o.p.s.	10	13,455,189
DROP IN	6	14,986,216
Total	54	66,478,309

Source: audit reports of individual audited entities.

The audit criteria were based on legal regulations, in particular Act No. 218/2000 Coll., Act No. 320/2001 Coll. on financial control in public administration and on amendments to certain acts (Financial Control Act), and the relevant decrees; the *Government's Principles for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by the Central Bodies of State Administration*¹², the *Rules for Spending State Budget Funds on Drug Policy*¹³, the methodological materials relating to individual programmes and the decision on the provision of subsidies.

Note: The legal regulations contained in this Audit Report are applied in the version effective for the period under review.

IV. Detailed Facts Uncovered by the Audit

1. The objectives of the *National Drug Policy Strategy for 2010–2018* were not met.

The 2018 Strategy was a key conceptual document of the Government of the Czech Republic and a programme expression of the Government's intentions and approach to addressing the problem of substance use and problem gambling. The 2018 Strategy also included a set of measures aimed at achieving the objectives elaborated further in the action plans for the implementation of the 2018 Strategy, including quantification or definition of the necessary resources for its implementation. **The following table summarises the pillars and main objectives of the drug policy until 2018.**

¹² The material was approved by Government Resolution No. 92 of 1 February 2010 *on the Government Principles for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by Central Government Bodies.*

¹³ The material was approved by Government Resolution No. 283 of 18 April 2012 *on the Rules for the Spending State Budget Funds on Drug Policy.*

Table 5: Objectives and Pillars of Drug Policy according to the 2018 Strategy

	Objective I	Objective II	Objective III	Objective IV
Strategic objective	Reduce the rate of experimental and casual substance use, particularly by young people, and reduce the rate of gambling among children and young people.	Reduce the rate of problem and heavy substance use and problem gambling.	Reduce the potential risks associated with substance use and problem gambling for individuals and society.	Reduce the availability of addictive substances, especially for young people, and strengthen legal regulation of gambling.
Drug policy pillars	Primary prevention	Treatment and social inclusion	Risk reduction	Reducing the availability of addictive substances and the risk of gambling

Source: *National Drug Policy Strategy 2010–2018.*

No performance indicators or methods of evaluating their fulfilment have been assigned to the individual objectives of the 2018 Strategy.

The 2018 strategy was developed through a total of six thematic action plans (for illicit drugs, gambling, alcohol and tobacco), which served as an implementation tool defining objectives, resources, responsibilities, activities and timeframes. The Office of the Government of the Czech Republic prepared four summary evaluation reports on the action plans for which it was responsible as part of the implementation of the 2018 Strategy. The Ministry of Health produced one evaluation document on the *Action Plan for Tobacco Control in the Czech Republic 2015–2018*. The Ministry of Health, which is responsible for this *Action Plan*, has not prepared a summary evaluation of the *Action Plan to Reduce Alcohol-Related Harm in the Czech Republic 2015–2018*. The following table summarises the overall assessment of the fulfilment of the tasks/activities of the individual action plans.

Table 6: Overall Evaluation of the Fulfilment of the Tasks/Activities of the Individual Action Plans

Action Plan	Responsible entity	Number of tasks/activities			
		Fulfilled	Partially fulfilled	Not fulfilled/not assessed	Total
Action Plan 2010–2012	OoG	109	34	42	185
Action Plan 2013–2015		56	26	18	100
Gambling Action Plan 2015–2018		40	11	13	64
Illicit Addictive Substance Action Plan 2016–2018		63	24	15	102
Action Plan for Tobacco Control in the Czech Republic 2015–2018	Ministry of Health	27	28	1	56
Action Plan to Reduce Alcohol-Related Harm in the Czech Republic 2015–2018		?	?	?	55

Source: summary reports on the fulfilment of the individual action plans for the implementation of the 2018 Strategy.

Overall, the tasks and activities set out in the four action plans under the **responsibility of the Czech Government Office** were implemented at 59.4%. **21.1% were only partially met and 19.5% were not met at all.**

Of the 56 activities planned in the *Action Plan for Tobacco Control in the Czech Republic 2015–2018*, which was under **the responsibility of the Ministry of Health**, only one was not fulfilled; 48.2% of all planned activities were completely fulfilled.

In 2018, the Office of the Government of the Czech Republic prepared the *Evaluation of the National Drug Policy Strategy 2010–2018* ("2018 Evaluation"), i.e., an overall evaluation of the 2018 Strategy. The 2018 Evaluation was therefore prepared in the last year the 2018 Strategy was in effect, even though at that time the Office of the Government of the Czech Republic could not have had all the information from the last year in this area. An overview of the fulfilment of the objectives of the 2018 Strategy according to the evaluation produced by the Office of the Government of the Czech Republic is presented in the following table.

Table 7: Overall Evaluation of the Fulfilment of the Objectives of the 2018 Strategy According to the 2018 Evaluation

	Objective I	Objective II	Objective III	Objective IV
Illicit drugs	fulfilled	not fulfilled	partially fulfilled	not fulfilled
Alcohol area	partially fulfilled	partially fulfilled	partially fulfilled	not fulfilled
Tobacco control area	partially fulfilled	partially fulfilled	partially fulfilled	not fulfilled
Gambling area	partially fulfilled	partially fulfilled	cannot be evaluated	fulfilled

Source: *Evaluation of the National Drug Policy Strategy 2010–2018*.

According to the 2018 Evaluation, only Objective I was fulfilled in the area of illicit drugs, while the other objectives were clearly not fulfilled. Based on the 2018 Evaluation, the objectives in the area of alcohol and tobacco control were not fulfilled at all or were only

partially fulfilled. In the area of gambling, only Objective IV was fulfilled and the other objectives could not be verified or were only partially fulfilled.

The existing strategy in the field of drugs is the *National Strategy for the Prevention and Reduction of Harm Associated with Addictive Behaviour 2019–2027*. This strategy now also focuses on the issue of medicinal products containing psychoactive substances, cannabis and cannabinoids, the abuse of the internet and new technologies in Czech society.

In spite of the considerable invested funds, the Czech Republic has long occupied the "top" positions in international comparisons in the area of alcohol and tobacco consumption (see Annex).

2. Some ministries did not set objectives for anti-drug programmes and some did not carry out impact assessments of the provided subsidies.

In the audited period, the main objectives of the drug policy binding both for the Office of the Government of the Czech Republic and for individual ministries were set in the 2018 Strategy and the Strategy 2027. These general objectives were further elaborated at the level of individual ministries.

The SAO audit verified that although the Ministry of Justice formulated the drug policy in its own concept of the prison system¹⁴, it did not set out indicators in any conceptual documents that would enable the evaluation of the progress of its drug policy. **The objectives of the actual drug policy subsidy programme in prisons were not set by the Ministry of Justice at all.** The SAO audit also found that the **Ministry of Justice did not set any indicators in the decisions on granting subsidies which were to be fulfilled by the implementation of the project** under the drug policy programme in the audited period. It also made no reference in the decisions granting subsidies for 2016, 2017 and 2018 to the indicators provided in the subsidy applications that these values were binding.

The **Ministry of Education, Youth and Sports also did not define any measurable objectives, indicators or any other indicators** for the drug policy programme in the audited period which would enable the evaluation of the impact of the support provided or the fulfilment of the strategic objectives in the field of state drug policy. Thus, the Ministry of Education, Youth and Sports could not evaluate the economy, efficiency and effectiveness of spending for this purpose in the audited period because it did not have adequate data for this purpose. The **Ministry of Education, Youth and Sports did not systematically evaluate the impact of its drug policy programme** and thus did not fulfil its legal obligation to systematically monitor and evaluate the economy, efficiency and effectiveness of spending in its chapter¹⁵ in the audited period; it only monitored the fulfilment of the objectives of individual projects set by the applicants or beneficiaries themselves in their applications for subsidies.

The Ministry of Health **did not produce any analysis or other materials for the ongoing or final evaluation of its drug policy programme** for 2016–2019.

3. Subsidies paid by the Office of the Government of the Czech Republic within the framework of supplemental project financing in 2019 cannot be considered effective.

Subsidies in the area of drug policy were distributed by the Office of the Government of the Czech Republic and by individual ministries within the framework of announced subsidy

¹⁴ *Concept of the Prison System up to 2025.*

¹⁵ Section 39(3) of Act No. 218/2000 Coll.

procedures and were always intended for only one calendar. In addition to the regular subsidy procedures, in the audited period of 2016–2019 the Office of the Government of the Czech Republic also announced extraordinary subsidy procedures and in 2018 and 2019 also published a call for supplemental financing. In 2019, the Office of the Government of the Czech Republic allocated CZK 77 million for a call for proposals for the supplemental financing of existing projects. This strengthening of the subsidy programme was approved by the Government of the Czech Republic on 25 November 2019, with applications for supplemental funding to be sent by 4 December 2019. On 17 December 2019, the GCDPC decided to distribute subsidy funds in the total amount of CZK 11,348,000. In a sample of five audited projects provided **supplemental financing**, the SAO found that the **funds were sent to the beneficiaries on 23 December 2019, i.e., eight days before the end of the year** in which the projects were to be implemented.

The lack of the need to announce a call for supplemental funding is also evident from the fact that applicants submitted applications for subsidies totalling CZK 12,243,570, i.e., just under 16% of the allocated funds.

The use of funds provided by the Office of the Government of the Czech Republic through the call for the supplemental financing of projects in 2019 cannot be considered effective. The Office of the Government of the Czech Republic could not significantly influence the results of individual projects with these funds, so the money paid out at the very end of the year served only to improve the financial situation of their beneficiaries.

4. At the Ministry of Education, Youth and Sports, it was not possible to separate the funds for drug policy from other subsidies.

At the Ministry of Education, Youth and Sports, subsidies from the drug policy programme were paid in the audited period together with subsidies from the social and crime prevention programme. The Ministry of Education, Youth and Sports was not able to document how and on the basis of what criteria it decided whether the subsidy for a specific project would be classified under the binding expenditure indicator of the state budget, *the Drug Policy Programme* or the *Social and Crime Prevention Programme*. Although the funds allocated by the state budget for the individual programmes cannot be confused, the applications for subsidies or supported projects within the framework of the drug policy included in the audit sample at the subsidy provider, i.e., the Ministry of Education, Youth and Sports, focused both on preventive activities in the field of drugs and on activities in the field of social prevention and crime prevention. Given that the projects supported by the Ministry of Education, Youth and Sports from the drug policy programme were generally focused on the prevention of risky behaviour, the **Ministry of Education, Youth and Sports did not respect the purposefulness of the state budget resources, which is determined by its binding indicators**¹⁶.

Because the Ministry of Education, Youth and Sports did not consistently separate the area of drug policy prevention and the area of crime prevention or social prevention within the subsidies provided, it made it impossible to correctly report expenditures classified under the expenditure indicator *Drug Policy Programme*. Thus, the fulfilment of the purpose of the state budget funds cannot be objectively assessed and evaluated in the case of funds provided from the state budget chapter 333 - *Ministry of Education, Youth and Sports* within the *Drug Policy Programme* expenditure indicator. As a result of the facts described above, the **Ministry of**

¹⁶ Section 21(1) of Act No. 218/2000 Coll.

Education, Youth and Sports could not systematically monitor and evaluate the effectiveness of spending in its chapter¹⁷.

5. Numerous deficiencies were found in the subsidy process and its administration for all audited subsidy providers.

In the audited period, the providers of support within the framework of the drug policy should have been guided in the provision and administration of subsidies primarily by legal regulations, but also by the rules they themselves set for individual subsidy calls. In some cases, however, the Office of the Government of the Czech Republic and the audited ministries did not follow the established procedures and violated the rules. **The SAO found the following deficiencies at providers** in an audit of a sample of selected subsidies:

- The Ministry of Education, Youth and Sports and the Ministry of Health have not developed a binding application form containing all the elements stipulated by law¹⁸. Moreover, the Ministry of Education, Youth and Sports also set up the electronic form for accounting incorrectly, making it impossible for subsidy beneficiaries to submit their accounts without inaccuracies.
- The Office of the Government of the Czech Republic issued two amendment decisions on the provision of subsidies after the end of the calendar year for which the subsidy was provided.
- In a number of cases, both the Office of the Government of the Czech Republic and the audited ministries issued decisions on the provision of subsidies late and therefore could not disburse the subsidies by the deadline, i.e., by 31 March of the fiscal year¹⁹. The decisions issued on the granting of subsidies did not always meet all the formal requirements set out in the law²⁰.
- For five subsidies, the Ministry of Health changed the rights and obligations of the subsidy beneficiaries and the binding parameters of the projects, in particular the amount of the project budget or the share of the state subsidy in its financing, only by informal approval or acknowledgement, without issuing the relevant amendment decisions.
- For the majority of the audited subsidies, the Office of the Government of the Czech Republic and the Ministry of Education, Youth and Sports did not fulfil the obligation to publish the documents related to the subsidies through the information system of the Ministry of Finance (dotinfo.cz)²¹.
- In 12 cases, the Ministry of Education, Youth and Sports did not carry out a preliminary financial control in accordance with the legal regulations before issuing a decision on the subsidy.²²

¹⁷ Section 39(3) of Act No. 218/2000 Coll.

¹⁸ Section 14(3) of Act No. 218/2000 Coll.

¹⁹ The provisions of the second part of paragraph 8 of the *Principles of the Government for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by the Central Bodies of State Administration*.

²⁰ Section 14(4) of Act No. 218/2000 Coll. and Section 69 (1) of Act No. 500/2004 Coll., the Administrative Code.

²¹ Section 18a(1) and (5) of Act No. 218/2000 Coll.

²² Sections 11(2), 26(1) and 6(2)a) of Act No. 320/2001 Coll.

- The Ministry of Health set deadlines for the submission of financial settlements for the beneficiaries of subsidies in violation of the relevant decree²³. Moreover, the condition of multi-source financing and mandatory co-financing for the subsidy beneficiary was set by the Ministry of Health in several cases of methodologies for providing subsidies in violation of the Government's principles for providing subsidies²⁴. If these stricter rules had been applied consistently by the Ministry of Health, 17 of the 18 projects audited would not have met the mandatory co-financing requirement. The Ministry of Health has also set out conditions for subsidy beneficiaries in the decisions on the provision of subsidies in some cases differently from those set out in the relevant methodology for the providing subsidies.

As the **internal control systems of the subsidy providers** did not prevent the above errors in time, they **cannot be considered as properly set up and fully functional**.

6. Decision-making on the allocation of subsidies was not transparent in some cases.

The applications submitted on the basis of the calls of the Office of the Government of the Czech Republic and individual ministries were evaluated by the subsidy providers both in terms of formal requirements and substantive aspects. However, the full rules for evaluating applications were not always published, so subsidy applicants were unable to know in advance how their applications would be evaluated. This has meant that the subsidy process was not entirely transparent. The **SAO believes the reduced transparency of the evaluation process was the result of the following circumstances:**

- The Ministry of Education, Youth and Sports did not publish the criteria for the substantive evaluation of subsidy applications in the relevant methodology for the subsidies provided for 2016 or in any other way, and for the subsidies provided for 2017 and 2018 it did not publish the weights of individual criteria or the scoring scales to be applied in the substantive evaluation of subsidy applications.
- In the case of subsidies provided by the Office of the Government of the Czech Republic for 2017, although applicants for subsidies were generally informed in the relevant directive governing the subsidy procedure as to which aspects the applications would be assessed, the exact form of the criteria, and in particular their scoring weights and assessment procedures, were not available to applicants when submitting their applications.
- Although the Ministry of Justice set out clear and specific criteria for the evaluation of applications for subsidies in the 2016, 2017 and 2018 methodology for the provision of subsidies, it did not specify the maximum number of points that could be obtained for fulfilling each criterion. The Ministry of Justice also erred in 2017–2019 by failing to

²³ Section 9(1) and (2) of Decree No. 367/2015 Coll. on the principles and deadlines for financial settlement of terms with the state budget, state financial assets and the National Fund (Financial Settlement Decree).

²⁴ The provisions of the second part of paragraph 7 and paragraph 10 of the *Principles of the Government for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by the Central Bodies of State Administration*.

publish on its website a list or ranking of successful applications that passed the subsidy selection process by the established deadline²⁵.

In a number of cases, the ministries also violated the legislation and their own rules for the provision of subsidies and also supported applications that did not meet the conditions of the relevant call for proposals. In the audited period, **the providers of subsidies created an uneven playing field and a non-transparent and discriminatory environment** for subsidy applicants. The SAO considers the following to be significant errors committed by the ministries:

Ministry of Health

- 1) In one case, the Ministry of Health did not reject a subsidy application despite the fact that the applicant did not meet the condition of being debt-free to the financial authority set out in the relevant methodology for providing subsidies for 2016 and instead supported it with a subsidy of CZK 57,900.
- 2) In two cases (subsidies for a project implemented in 2016 and 2018) in which the applicant did not meet the deadline for submitting the application set out in the relevant methodology, or when the application was not demonstrably received by the above deadline, the Ministry of Health did not exclude these applications from the subsidy procedure and supported the projects with a total amount of CZK 1,371,265 and CZK 2,490,400 respectively.
- 3) The Ministry of Health supported an applicant that did not specify the purpose of the subsidy in two applications for subsidies in the total amount of CZK 150,000²⁶, without asking the applicant to complete them.
- 4) The Ministry of Health supported applications that did not contain complete required annexes, did not ask for their completion and thus accepted them in incomplete form:
 - in three cases of applications for subsidies for 2016, on the basis of which it provided subsidies in the total amount of CZK 4,146,227;
 - in four cases of applications for subsidies for 2017, on the basis of which it provided subsidies in the total amount of CZK 3,788,678;
 - in three cases of applications for subsidies for 2018, on the basis of which it provided subsidies in the total amount of CZK 7,587 050;
 - in two cases of applications for subsidies for 2019, on the basis of which it provided subsidies in the total amount of CZK 3,071 287;
- 5) in two cases the Ministry of Health did not archive the opposing opinions for the projects, which were part of the evaluation of the applications²⁷.

Ministry of Education, Youth and Sports

- 1) In one case, the Ministry of Education, Youth and Sports fully supported an application for a 2019 subsidy of CZK 700,000 that received less than 36 points from independent

²⁵ The second part of paragraph 5 of the *Principles of the Government for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by the Central Bodies of State Administration*.

²⁶ Section 14(3)c) of Act No. 218/2000 Coll.

²⁷ The Ministry of Health thus violated the obligation to preserve documents pursuant to Section 3(1)a) in conjunction with Section 2(e) of Act No. 499/2004 Coll. on archives and records management and on amendments to certain acts.

evaluators, although the subsidy should have been reduced to 50% of the requested amount in this case.

- 2) In three cases, the Ministry of Education, Youth and Sports supported subsidy applications for 2019 with a total amount of CZK 1,277,200 that received less than 30 points from independent evaluators and therefore should not have been supported at all; in one case the full amount was supported, i.e., in the amount of CZK 332,000. Also supported was a subsidy application that received 0 points in one evaluation and only 15 points in a second evaluation. In this case, it was an application that should have already been excluded from the subsidy procedure on the basis of missing elements (point 5).
- 3) In three cases, the Ministry of Education, Youth and Sports provided subsidies that accounted for more than 70% of the total project costs without proper justification²⁸, and in these cases the subsidies were provided to natural persons.
- 4) In one case, the Ministry of Education, Youth and Sports did not reject and supported an application for a subsidy for 2016 in the amount of CZK 337,210 that failed to include all the mandatory annexes and was signed by a person who did not submit a power of attorney to act on behalf of the applicant.
- 5) In one case, the Ministry of Education, Youth and Sports did not exclude and supported with CZK 332,000 an application for a subsidy for 2019 that did not contain a justification of the project's significance or the applicant's personal ID number in violation of the relevant methodology²⁹.
- 6) In one case, the Ministry of Education, Youth and Sports did not have the application evaluated by two evaluators.

In the audited period, the Ministry of Education, Youth and Sports was the only ministry to provide subsidies to natural persons as part of its drug policy. **The Ministry of Education, Youth and Sports approved two subsidy applications for 2017 and 2018 and, on the basis of these applications, provided subsidies totalling CZK 656,640 to an individual who was directly involved in the administration of the subsidies and the evaluation process.** The Ministry of Education, Youth and Sports made the process of evaluating applications for subsidies or submitted projects to be non-transparent and discriminatory for the subsidies earmarked for 2017 and 2018.

7. Subsidy providers did not respond consistently to non-compliance by subsidy beneficiaries.

In addition to compliance with the legal regulations, the Office of the Government of the Czech Republic and the audited ministries involved in drug policy should have ensured equal access to all subsidy beneficiaries and consistently enforced compliance with all conditions. During the audit, the SAO found that with a number of projects it was already apparent from the documents available to the relevant provider that the beneficiary of the subsidy did not fulfil or did not properly document any of the conditions for the use of the subsidy. **Subsidy providers did not always consistently require** subsidy beneficiaries to **comply with**

²⁸ The second part of paragraph 7 of the *Principles of the Government for the Provision of Subsidies from the State Budget of the Czech Republic to Non-State Non-Profit Organisations by the Central Bodies of State Administration*.

²⁹ Section 14 (3)a) of Act No. 218/2000 Coll.

established **rules** and did not respond appropriately to violations in the given situation. **In its audit of selected subsidies, the SAO identified the following irregularities with the Ministry of Health, the Ministry of Education, Youth and Sports and the Office of the Government of the Czech Republic:**

- In three cases, the Ministry of Health did not have information on whether a position, the labour costs of which the applicant was to cover with part of the subsidy, was actually filled at the time of project implementation and by whom. In these cases, the Ministry of Health did not verify whether the drawing of the subsidy for this position was justified.
- In four cases, the Ministry of Health did not require the beneficiaries of the subsidy to fulfil the condition of submitting a report of an independent auditor on the audit of the management of state budget funds.
- In a number of cases of audited projects supported by the Ministry of Health, the data in the final report on project implementation did not match the data in the final project statement, different versions of these documents were submitted, or they were submitted in incomplete form or with incorrect data. Nevertheless, the Ministry of Health did not ask the recipient to take corrective measures redress, justify the discrepancies or provide relevant documents and they accepted the documents in this form without verifying their credibility.
- In one case, instead of sending a request for reimbursement of a proportionate part of the subsidy, the Ministry of Health suggested that the beneficiary adjust and distort the reported costs of the project and submit a revised invoice. The Ministry of Health also accepted backdated invoices.
- In three cases of the audited projects, the Ministry of Education, Youth and Sports ignored a fundamental violation of the conditions for granting the subsidy. In one case the beneficiary did not meet the overall budget and the project objective, in a second case the same beneficiary did not meet the overall budget and co-financing rate of the project in the following year, and in a third case another beneficiary did not fulfil the project objective. In all three cases, the beneficiaries were natural persons. The Ministry of Education, Youth and Sports did not take the appropriate steps against the beneficiary of the subsidy for these violations, nor did not recover the funds in the total amount of CZK 754,248 used in violation of the conditions set out in the decisions on the provision of the subsidy.
- The Office of the Government of the Czech Republic accepted the invoices of several projects which showed that the items mentioned in the subsidy, e.g., the purchase of computer equipment, were acquired only at the end of the year for which the subsidy was granted and thus may not have been necessary to achieve the purpose set out in the decision to grant the subsidy. The high risk of inexpediency of the acquired items was not verified by the Office of the Government of the Czech Republic.

In the audited period, the described **procedure of individual providers of subsidies within the framework of drug policy created unequal conditions** for the beneficiaries of subsidies. **These facts also indicate that their internal control systems are not functioning.**

8. Two subsidy providers did not carry out sufficient audit of beneficiaries.

Providers are obliged to carry out public administration controls on subsidy beneficiaries³⁰. In the audited period, the Office of the Government of the Czech Republic and the individual ministries should have ensured that the audit activities of the beneficiaries of funds from drug policy programmes were of sufficient scope and suitable quality. The ongoing and subsequent control of subsidy beneficiaries makes it possible not only in the case of subsidies earmarked for drug policy to verify compliance with the conditions for using the subsidy and to assess the effectiveness, efficiency and economy of the funds spent.

In the audited period, **the Ministry of Health carried out only one control** of a subsidy beneficiary in 2016 within the framework of the drug policy. This was a follow-up public administration control of a project from 2015, the implementation of which was funded by the Ministry of Health in the amount of CZK 500,000, i.e., **2.6% of the subsidies provided** for drug policy in 2015. In the other years of the audited period, the Ministry of Health did not carry out any further follow-up or regular checks.

In the audited period, the **Ministry of Education, Youth and Sports carried out a total of four regular controls and seven follow-up controls** of subsidies at beneficiaries. In 2016, the Ministry of Education, Youth and Sports carried out one regular control of a project for which it provided a subsidy of CZK 183,581, and in 2017 it carried out three regular inspections of projects for which it provided subsidies totalling CZK 338,089. In the other years of the audited period, no regular controls were carried out. In 2019, the Ministry of Education, Youth and Sports carried out a follow-up public control of seven projects whose implementation was supported with funds totalling CZK 1,482,497. Four projects were from 2017 and three from 2018. Thus, in total, only 2.2% of the subsidies provided for drug policy were controlled in follow-up controls during the audited period. The **scope of all controls** carried out in 2016–2019 **did not even reach 3.7% of all subsidy funds** paid out by the Ministry of Education, Youth and Sports in this period.

During the audited period, the Ministry of Justice carried out regular controls of subsidy beneficiaries on an annual basis. In total, **11 of them were carried out** in 2016–2019 to examine subsidies in the total amount of CZK 9,369,706, i.e., **33.3% of the total amount of funds provided** in this period. The Ministry did not carry out follow-up public administrative controls in the audited period.

The Office of the Government of the Czech Republic carried out regular controls of subsidy beneficiaries only in 2016. There were 12 regular controls of projects for which subsidies totalling CZK 6,342,000 were provided. In the other years of the audited period, the Office of the Government of the Czech Republic did not carry out regular controls, but subsequent public administrative controls were carried out by the Office of the Government of the Czech Republic annually during the audited period. In 2016–2019, the **Office of the Government of the Czech Republic carried out a total of 119 controls** and controlled subsidies amounting to CZK 67,691,000, which is **13.2% of the total volume of subsidies** provided in this period.

9. Some beneficiaries did not comply with the conditions for receiving subsidies.

The SAO audited nine beneficiaries of subsidies from non-governmental non-profit organisations. A total of 54 subsidies in a total amount of CZK 66,478, 309 provided by the Office of the Government of the Czech Republic, the Ministry of Education, Youth and Sports,

³⁰ Section 8(2) of Act No. 320/2001 Coll.

the Ministry of Health and the Ministry of the Justice were audited. The SAO did not find that funds were spent imprudently by any of the beneficiaries in the implementation of the projects. The **SAO found that beneficiaries of the subsidies were** guilty of irregularities, which consisted in the **violation of the conditions set out in the decisions on granting the subsidies. Specifically, these deficiencies were:**

The DROP IN beneficiary committed a breach of the obligations set forth in the subsidy decision by paying ineligible costs. Specifically, the beneficiary included the amount of CZK 24,817.10 for the purchase of a laptop in project costs covered by the subsidy, even though these costs were not established in the subsidy budget.

In the case of KAPPA-HELP, z.s., problems were found in two projects. In one case, subsidy funds were used to cover ineligible expenses of CZK 2,000. In the second case, the maximum share of the subsidy for financing the service provided by the project was not respected. Moreover, in this case, the beneficiary of the subsidy did not comply with the amount and composition of the total project costs.

The subsidy beneficiary Magdaléna, o.p.s., erred in the case of three projects. This beneficiary breached the obligations set out in the subsidy decision by exceeding the maximum limit for the application of the gross monthly salary of project employees. In one project, the beneficiary used the subsidy to cover the personnel costs and mandatory health insurance and social security contributions of two non-healthcare workers, even though project conditions did not permit this particular use of funds. In one case, subsidy beneficiary Magdaléna, o.p.s. also failed to substantiate the amount of labour costs with actual work done on the project. The beneficiary of the subsidy thus committed an unjustified use of funds in the total amount of CZK 209,582.84. In addition, in one case this beneficiary did not meet the training requirement for one employee providing selective primary prevention, which was required by the Ministry of Education, Youth and Sports as the provider of the subsidy. However, the Ministry of Education, Youth and Sports did not dispute this shortcoming and provided the subsidy anyway.

For two of the audited projects, subsidy beneficiary PROGRESSIVE, o.p.s., did not comply with the obligation set out in the decision granting the subsidy, as it used part of the provided funds in the total amount of CZK 20,148 to cover costs unrelated to the project.

Based on the ascertained facts, the SAO filed a notification with the tax authority of a breach of budgetary discipline³¹ totalling CZK 256,547.94.

10. Drug policy centralisation

In Resolution No. 532 of 22 July 2019, the Czech Government approved the centralisation of funds allocated from the state budget for subsidy programmes for drug policy. The Ministry of Health and the Ministry of Justice are no longer to announce subsidy procedures for drug policy. From state budget chapter 333 – *Ministry of Education, Youth and Sports*, subsidies are to continue to be provided only to a narrowly defined circle of applicants, while according to Act No. 355/2019 Coll. on the state budget of the Czech Republic for 2020, CZK 3.7 million was earmarked from this chapter for the drug policy programme, while Act No. 600/2020 Coll. on the state budget of the Czech Republic for 2021 again allocated CZK 3.7 million for this purpose.

³¹ Section 44(1)b) of Act No. 218/2000 Coll.

The centralisation of drug policy towards the Office of the Government of the Czech Republic was based on negotiations between ministries, an analysis of the system of financing addiction services prepared by the Office of the Government of the Czech Republic and other materials. While the Office of the Government of the Czech Republic will carry out a comprehensive evaluation of the benefits of centralising subsidy funds after the conclusion of the 2020 subsidy year, already now it can be stated that this step has brought about a streamlining of processes and a reduction of the administrative burden for applicants or beneficiaries of subsidies. From the point of view of the Office of the Government of the Czech Republic and the GCDPC, the centralisation has created a greater overview of the supported projects and services, better targeting of support and a simplification of support coordination. According to the statement by the Office of the Government of the Czech Republic, the centralisation was also welcomed by the beneficiaries of subsidies and non-state non-profit organisations operating in this area.

However, more time will be needed to evaluate the entire centralisation process.

11. Drug policy during the COVID-19 pandemic

During both the first and second waves of the COVID-19 pandemic, the Office of the Government of the Czech Republic communicated intensively with drug service providers. The Office of the Government of the Czech Republic also prepared an analysis of the situation affected by the COVID-19 pandemic in this area, and the material was discussed by the GCDPC. A more detailed analysis is part of the *Annual Report on the State of Drugs in the Czech Republic for 2019*³² issued in October 2020, which was discussed by both the GCDPC and the Government of the Czech Republic. In addition, the Office of the Government of the Czech Republic has developed several recommended practices, particularly for the provision of addiction services, and has reported on foreign studies on the impact of the COVID-19 pandemic.

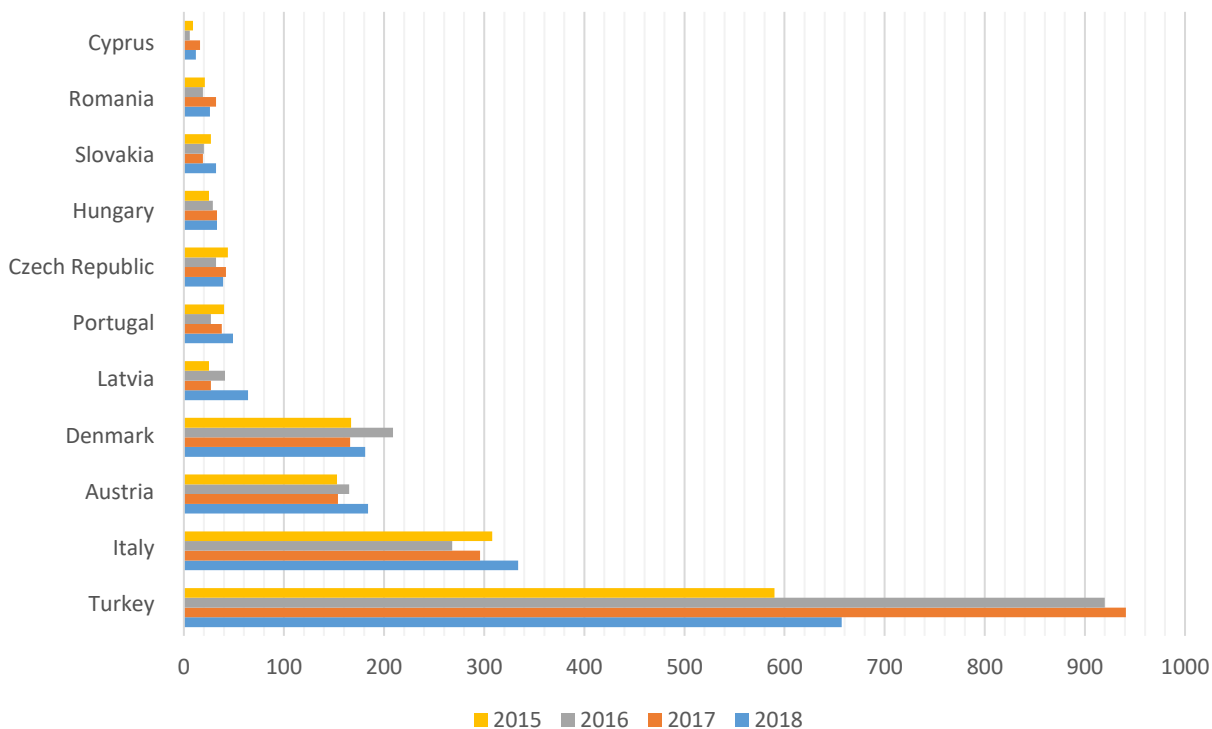
In response to the negative impact of the COVID-19 pandemic on addiction services, the Office of the Government of the Czech Republic announced a second call for subsidies in April 2020. According to the published priorities of the subsidy procedure, the call should have given priority to financial support for solutions to the negative impacts of the COVID-19 pandemic on addiction services. At the same time, the Office of the Government of the Czech Republic informed beneficiaries that they can adapt the drawing of the subsidy to the costs related to the COVID-19 pandemic in their projects in the context of the conditions of the subsidy procedure.

³² Available from https://www.vlada.cz/assets/ppov/protidrogova-politika/vyrocnizpravy/VZdrogy2019_v02_s-obalkou.pdf.

Abbreviations

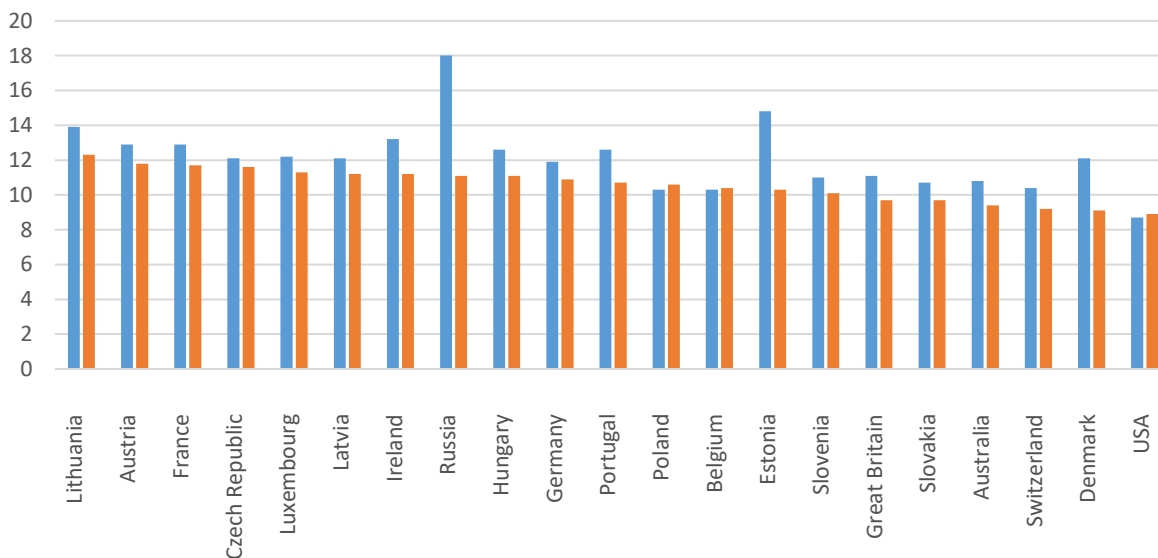
CR	Czech Republic
DROP IN	Centre for Prevention and Treatment of Drug Addiction – DROP IN, o.p.s.
EU	European Union
GCDPC	Government Council for Drug Policy Coordination
MoJ	Ministry of Justice
MoEYS	Ministry of Education, Youth and Sports
MoH	Ministry of Health
OoG CR	Office of the Government of the Czech Republic
SAO	Supreme Audit Office
UN	United Nations
2018 Evaluation	<i>Evaluation of the National Drug Policy Strategy 2010–2018</i>
2018 Strategy	<i>National Drug Policy Strategy 2010–2018.</i>
2027 Strategy	<i>National Strategy for the Prevention and Reduction of Harm Associated with Addictive Behaviour 2019–2027.</i>

Chart 1: Fatal drug overdoses (comparison of selected European countries)



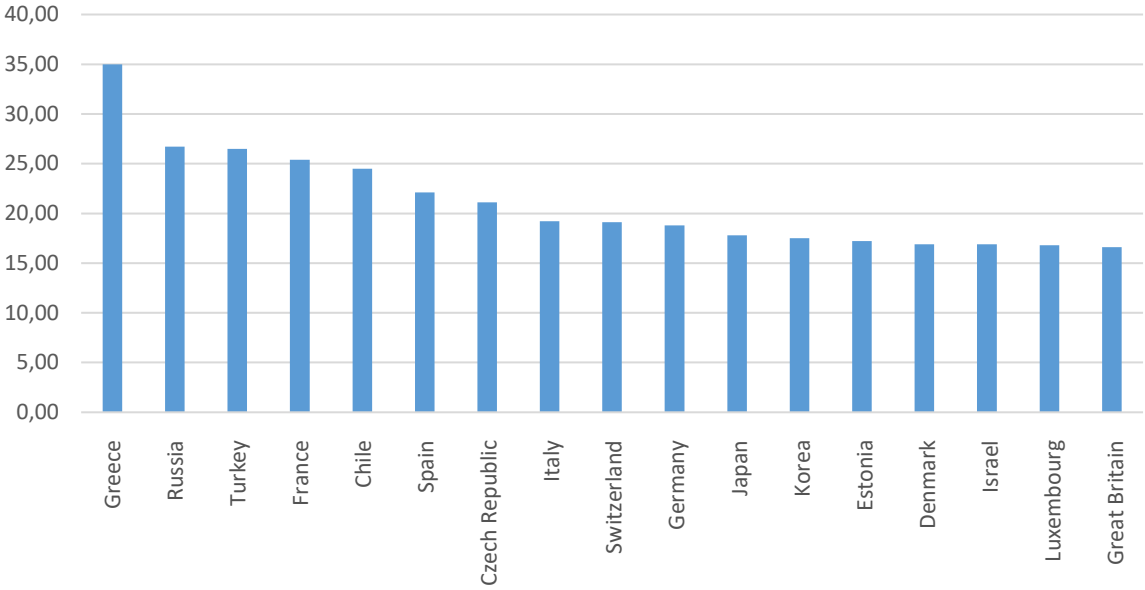
Source: European Monitoring Centre for Drugs and Drug Addiction (EMCDDA).

Chart 2: Largest alcohol consumers in the world (litres of pure alcohol consumed per person)



Source: Organisation for Economic Co-Operation and Development (OECD).

Chart 3: The world's biggest smokers – share of daily smokers in the population aged 15 and over in 2019 or latest available data (%)



Source: Organisation for Economic Co-Operation and Development (OECD).