NATIONAL AUDIT
OFFICE OF LITHUANIA
• BRINGING BENEFITS •

SUMMARY OF PUBLIC AUDIT REPORT

# IS THE EFFECTIVE ACTIVITY OF THEATRE AND CONCERT INSTITUTIONS ENSURED

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# SUMMARY

## The Importance of the Audit

Theatres and concert institutions are the most important participants that ensure the implementation of the state professional performing arts policy. This policy ensures high quality and artistic level professional art performance, openness of culture and art, as well as integration to the area of international professional performing arts, creates conditions for artistic activity, vocational improvement, spread of high quality performance arts and their accessibility to all society groups in the country[1].

The Ministry of Culture shapes the policy in the area of professional performing arts upon advice of the Professional Performing Arts Council. The municipalities are responsible for the activity of their established theatres and concert institutions.

The Minister of Culture has assigned the status of professional performing arts institution to 62 theatres and concert institutions (based on the data of 31 December 2017): among which there are 4 national, 17 state, 16 municipal and other type of theatres and concert institutions, which were established by legal and natural entities (25). Through these institutions, the Ministry of Culture implements its goal – to encourage the Lithuanian works of performing arts, as well as the spread of art and culture in Lithuania and abroad. During the audited period (2014-2017), the state budget allocated 162.4M EUR to these institutions. The institutions used the funding for maintaining the infrastructure, payment of wages, creative activity and implementation of projects.

The state through the theatres and concert institutions carries-out its goals and for this purpose allocates financing, which is why it is important that the theatres and concert institutions when creating and presenting to the society their own and other performers works would maximally satisfy the expectations of society, and their activity could be evaluated by having regard to quantitative and qualitative achievements. The taxpayers should know why we have different national, state, municipal and other types of theatres and concert institutions and what kind of additional value they create for society.

In order to evaluate how the Ministry of Culture shapes the policy of professional performing arts and ensures the effective activity of theatres and concert institutions, the Supreme Audit Institution has included the audit of the activity of these institutions in to the 2018 activity program.

## The Purpose and Scope of the Audit

The purpose of the audit is to evaluate whether the effective activity of theatres and concert institutions is ensured.

The main questions of the audit:

[1] The Law on Professional Performing Arts.

- Whether the Ministry of Culture effectively shapes the professional performing arts policy;
- Whether national and state theatres, as well as concert institutions operate effectively.

The audited entities:

- The Ministry of Culture – shapes the policy of professional performing arts, organizes, coordinates and controls its implementation;
- The municipalities (Kaunas, Vilnius, Klaipėda, Panevėžys, Šiauliai) – plans the activity of municipal theatres and concert institutions in the strategic planning documents and carries-out the monitoring of the implementation of them; coordinates the participation of institutions in the international cultural programs; ensures the participation of institutions in the non-formal education programs.

We collected and analysed information from theatres and concert institutions (4 national and 16 state institutions of the area, which the Ministry of Culture manages; one state concert institution, which is subordinate to the Ministry of Interior; 16 municipal institutions). We collected and analysed data regarding the activity of other theatres and concert institutions, which were established by legal and natural entities (25). All of these institutions carryout and help to carry-out the state policy in the area of professional performing arts.

When carrying-out the audit, we analysed the theatre and concert institutions data of neighbour countries that are similar in size (Latvia and Estonia). We cooperated with the Latvian Supreme Audit Institution: in 2018, it carried-out the activity audit of state theatres and concert institutions. We met the representatives of the Latvian Ministry of Culture responsible for the shaping of professional performing arts policy. We referred to their practice when carrying-out the evaluation.

The audited period – 2014-2017. In order to evaluate the fluctuation of indicators, we gathered the 2005-2013 data, while the 2018 data we reviewed as much as it relates with changes in the system of professional performing arts institutions.

The audit was carried-out in accordance to the Public Auditing Requirements and the international standards of Supreme Audit Institutions. The scope of the audit and applied methods are more thoroughly described in Annex 2 "The Scope and Methods of the Audit" (p. 38).

## The Main Results of the Audit

During the audit, we found that the Ministry of Culture did not ensure the effective shaping of professional performing arts policy, which is why the preconditions for theatres and concert institutions to operate more effectively were not created.

### 1. The Ministry of Culture did not Ensure the Effective Shaping of Professional Performing Arts Policy

Up until now, the theatre and concert institutions network has not been evaluated, even though beginning with 2010 it was envisaged to optimize the networks of cultural institutions, which is why there is no valid data whether the goals of professional performing arts are pursued and the funds are used most effectively (Sub-Chapter 1.1, p. 12).

National institutions are allocated 3.4 times more state budget funds than state institutions, however, a more important role and requirements are not envisaged for them. Thus, it is unclear why the policy shaper has established institutions of different importance and what kind of additional value the three national theatres and one national concert institution create (Sub-Chapter 1.2, p. 14).

The Ministry of Culture has periodically collected the data regarding the activity only from state (21 out of 62) institutions and has not in its area of management determined qualitative evaluation criteria of the activity of theatres and concert institutions (20), only quantitative ones. The Ministry of Culture has never evaluated the effectiveness of the activity of theatres and concert institutions in its area of management. Thus, the Ministry shapes the policy without having all of the information regarding the activity results of all the institutions in order to be able to base its management decisions (Sub-Chapter 1.3, p. 17).

In order to ensure the functioning of national and state institutions, continuity of activities and the implementation of state cultural policy, the state basic financing is allocated in accordance to the previous year's assignations; throughout the audited period, 140M EUR were allocated for the professional performance arts institutions (i.e., on average, 35M EUR per year). In the Law on Professional Performance Arts, it is envisaged to allocate basic financing from the year 2016 in order to implement the annual creative activity program in accordance to the art activity results of the institutions. However, this provision when allocating the 2018 financing was not implemented. Thus, the financing is not yet linked to the art activity results of institutions (Sub-Chapter 1.4, p. 19).

In the Annual Procedure for Evaluating the Activity of Institutions, which has been confirmed since 2017 and according to which the annual activity results of the institutions must be evaluated and linked with basic financing, the valuation indicators are not defined or detailed and their values are not established. Which is why, preconditions exists for the Ministry and the members of Professional Performing Arts Council to unevenly apply the Evaluation Procedure (Sub-Chapter 1.4, p. 19).

## 2. It is Unclear From the Activity Indicators of National and State Theatre and Concert Institutions Whether they Operate Effectively

During the audit, the chosen and valuated quantitative activity indicators of national and state theatres and concert institutions did not show consistent or annual betterment of their activity, because during the audited period: only one institution achieved no less than 90 percent hall attendance when preparing performances; 4 (out of 20) institutions did not go on annual tours in Lithuania; 8 (out of 20) institutions conducted annual performances abroad; only 2 (out of 13) theatres conducted more than 50 education events and neither concert institution has achieved this indicator; only 7 (out of 20) institutions achieved the ratio of earned income and basic state financing (no less than 30/70 percent). Which is why, the activity of theatres and concert institutions during the audited period has not been continuously effective and should be improved (Sub-Chapter 2.1, p. 22).

Three out of four indicators associated with the quality of the activity of institutions, which were chosen by state auditors, show that the activity of institutions should be improved, because: only 6 (out of 13) theatres annually created more than 4 plays; the funding from sponsors decreased by 23 percent and this constituted for approximately 1.2 percent of institutions' funds; the institutions do not use up the capabilities of consumer questionnaires. It is to note that each year, approximately 72 percent of all "Golden Cross of the Stage" nominees were the representatives of national and state theatres, and this shows the effectiveness of creative activity of the institutions, huge achievements and quality (Sub-Chapter 2.2, p. 30).

## Recommendations

### For the Ministry of Culture of the Republic of Lithuania:

1. In order to strengthen and substantiate the role of national institutions, the requirements and functions, which meet their purpose, of the national, state and municipal theatres and concert institutions should be specified (the first main audit result).

2. In order for the professional performance arts policy to be shaped on the basis of evidence, the management model of theatres and concert institutions should be created. Which is why:

   2.1. Additional qualitative activity indicators of the institutions should be determined (the first and second main audit results);

   2.2. The Annual Procedure For Evaluating the Activity of Institutions should be specified, by detailing the activity valuation indicators and determining their values (the first main audit result);

   2.3. To periodically carry-out the evaluation of the effectiveness of institutions' activity and the conformity of the activity of institutions to the functions of national or state professional performance arts (the first main audit result);

   2.4. The financing should be linked to the annual activity valuation results of the institutions (the first main audit result);

   2.5. Annually evaluate the influence of the national program of professional performance arts (the first main audit result).

The measures for implementation of recommendations and their deadlines are provided in the report section "The Implementation Plan of Recommendations" (p. 34).