

The payment of state matching funds to universities

The audit concerned matching funds paid to universities by the state, which are based on the amount of capital donations collected by universities. The state has paid universities over 733 million euros in matching funds and capitalises universities by a total of 836 million euros, so matching funds are a financially substantial item.

The objective of the audit was to examine the regularity of capital collection procedures influencing the size of matching funds, the propriety of the monitoring of the grounds for payment, the nature of collected capital as genuine and new private capital according to requirements, and the propriety of the information provided on collected private funding.

The audit was conducted in both foundation universities, ten public corporation universities and the Ministry of Education and Culture.

The audit found that universities' capital collection has been a long and multi-stage decision-making process that in most respects has been carried out properly. In evaluating the nature of donations on the basis of relevant documentation, the audit nevertheless found that universities have received in the form of matching funds from the state, contrary to the budget and decisions, unjust enrichment whose total amount is difficult to estimate as a result of the openness to interpretation of the conditions for collecting capital. Universities have received matching funds for donations that contain conditions or application purposes as well as donations made in some other form besides money. The definition of genuine and new private capital has vacillated since 2008 and to some extent during the continuing collection of capital.

The Ministry of Education and Culture has not given universities guidelines on the collection permit procedure or a deed of donation model that would have unambiguously met the conditions for receiving matching funds. When the collection of capital began in

2008 the ministry informed universities that they should send copies - with necessary supplementary information - of deeds of donation, decisions or bank transfers that they want to be considered in decisions on the state's financial investments to the ministry by 15 January 2011. The ministry rescinded the obligation to supply documents, however, and called for universities' own auditors to ensure that donations qualify for matching funds.

Universities' matching fund notifications to the Ministry of Education and Culture have been made according to different principles and contain many performances that are not eligible for matching funds according to decisions and guidelines or whose eligibility for matching funds has not been documented sufficiently. There have also been gaps in control of the grounds for payment both at the Ministry of Education and Culture and at universities.

Universities have had a strong interest in making as many received donations as possible eligible for matching funds, since these are 2.5 times the amount of a donation that is eligible for matching funds. Since capital collection documents have not had to be sent to the Ministry of Education and Culture, the ministry has not been aware of the effect of universities' different interpretations concerning eligibility for matching funds. According to audit findings, as a result universities have not been treated equally in decision-making.

The National Audit Office considers that in bringing capital collection to a close, the Ministry of Education and Culture should ensure universities' equal treatment throughout the entire capital collection period. The ministry should also make sure that unjust enrichment that universities have received from the state is recovered.