

(1) Allocation and use of the funds from the state budget programme “Contingency Funds” for media support to mitigate the consequences of the COVID-19 crisis

(2) Use of funds allocated to electronic mass media in relation to the COVID-19 crisis

(1) Financial audit

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(2) Financial audit

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[\(1\) FULL REPORT \(LV\)](#)

[\(1\) SUMMARY \(EN\)](#)

[\(2\) FULL REPORT \(LV\)](#)

[\(2\) SUMMARY \(EN\)](#)

What we assessed and why

Support for the media sector in mitigating the effects of the COVID-19 crisis is essential, both to strengthen core media activities and preserve the diversity of the media environment, and to successfully overcome the crisis in society.

In spring 2020 the Cabinet of Ministers (Cabinet) granted additional funding from the “Contingency Funds” programme to help the media overcome the pandemic and its consequences, with the following goals:

- for the Society Integration Foundation (SIF) – €1 040 928 to safeguard the operation of the Media Support Fund and ensure comprehensive public information and opinions on mitigating the crisis, to strengthen the media and guarantee objective information in the printed press and on commercial internet news portals, and to provide support for the delivery costs of press subscriptions (“Latvijas Pasts” joint-stock company) and the broadcasting costs of electronic mass media;
- for the National Electronic Mass Media Council (NEMMC) – €1 259 261, comprising:
 - €259 261 to ensure maximum awareness among the Latvian population and the effective provision of public information, and education on COVID-19;
 - €1 000 000 to provide comprehensive public information and opinions on coping with the crisis and strengthen commercial electronic mass media (EMM).

We assessed the situation and drew up two interim audit reports summarising:

- (1) information on the SIF in relation to the validity of requests for and the actual use of the additional funds allocated to mitigate the effects of COVID-19;
- (2) our verification procedures in respect of the financing required for the NEMMC to ensure the two funded activities were carried out.



What we found

- (1) We examined the validity and actual use of the funds allocated to the SIF for media support to mitigate the COVID-19 consequences.

We found that, through tendering, funding was paid to ensure business continuity and strengthen the capacity of commercial printed and digital media, as well as to generate comprehensive public information and opinions on the management of the crisis. However, we also found that the pertinent regulations did not establish eligibility criteria for media to receive this particular state aid.

Although the SIF tender regulations stipulated that funding would be made available as a matter of priority to media that could prove a 30 % fall in revenue compared with the same month in 2019, the evaluation criteria in fact allowed funding for media with any fall in revenue, regardless of the amount.

- (2) The bulk of funding (€1 075 000) from the NEMMC allocation went, under a public procurement procedure for public services, to commercial EMM. Funding was also granted to the state limited liability companies “Latvijas Radio” (€25 674) and “Latvijas Televīzija” (€158 587).

We found that the amount of €1 075 000, to ensure comprehensive information provided by commercial EMM, had not been substantiated by means of clear calculations, but had been prepared on the basis of the views and estimates expressed by representatives of the Ministry of Culture and of the industry, and on the basis of past experience. It could be concluded that the Ministry of Culture, in cooperation with the NEMMC, had prepared a request for €1 000 000 in state funding to establish its support system for media during the crisis, and that a call for tenders was then organised to fund commercial EMM (€1 075 000). When assessing the bids, the NEMMC did not check whether the tenderers’ statements contained true information on the reduction of their advertising revenue by at least 30 %.

However, the request for funds for “Latvijas Radio” and “Latvijas Televīzija” had been properly substantiated; funds had been requested to mitigate the consequences of the crisis, and a detailed calculation of the requested funds had been prepared.

What we concluded

The implementation of our recommendations will ensure control over the use of state budget funds and grants and the conduct of NEMMC tenders. We proposed that the Cabinet define a common approach and criteria for the allocation of funds for further media support from the “Contingency Funds” programme to mitigate the consequences of the crisis, and that the administration of EMM funding be entrusted to a single body.