



## Audit Report

19/09

### Protection of museum collections owned by the Czech Republic

The audit was included in the audit plan of the Supreme Audit Office (hereinafter also the "SAO") for 2019 under number 19/09. The audit was headed and the Audit Report drawn up by SAO member Mr. Jiří Kalivoda.

The aim of the audit was to examine the protection of museum collections owned by the Czech Republic in terms of their effectiveness and compliance with applicable laws and regulations.

The audited period covered the years 2016–2018; both the previous and subsequent periods were also considered for the sake of comparison.

The audit was carried out at the audited entities between May and December 2019.

#### **Audited entities:**

Ministry of Culture (hereinafter also "MoC"); Hussite Museum in Tábor (hereinafter also "HMT"); Moravian Gallery in Brno (hereinafter also "MGB"); Museum of Romani Culture, Brno (hereinafter also "MRC"); Museum of Art Olomouc (hereinafter also "MAO"); Moravian Land Museum, Brno (hereinafter also "MLM"); National Museum in Nature, Rožnov Pod Radhoštěm (hereinafter also "NMiN"); National Pedagogical Museum and Library J. A. Komenský, Prague (hereinafter also "NPM"); National Technical Museum (hereinafter also "NTM") National Museum of Agriculture, Prague (hereinafter also "NAM"); Museum of Decorative Arts in Prague (hereinafter also "MoDA").

The **Board of the SAO** at its 4th session held on 9 February 2020,

**issued** Resolution No. 7/IV/2020 approving

the **Audit Report** as follows:

## Museum collections

414	24 million	3.3 million
Number of collections registered in the central register in 2018	Number of registration numbers of collection items registered in the central register in 2018	Number of registration numbers of collection items in the collections audited by the SAO

**20 years**

The time since the entry into force of Act on the Protection of Collections, which established rules for their management, especially for the purpose of preserving them for future generations. The administrators of collections owned by the Czech Republic or territorial self-governing units were obliged to register these collections in the central register and to subsequently follow this Act in their management. However, not all the collections were registered in the central register at the date of the SAO audit, so the management of unregistered collections was not covered by the statutory provisions.

**13**

Number of methodological guidelines of the MoC setting out the rules for the management and protection of collections. However, they were not binding for most collection administrators. The legislation which was binding on all administrators was very general.

**5**

The number of inspections of compliance with the obligations set out in the Act on the Protection of Collections, which were carried out by the MoC in 2018. The audit activities of the MoC were insufficient. Although the MoC often found serious violations of the law, the possibility of imposing fines on collection administrators was used minimally by the MoC, and the possibility of ordering extraordinary inventory reviews was not used at all.

**2,869**

The number of missing collection items during inventory reviews in the years 2016 to 2018 for 10 audited collection administrators. There is a risk that some of these items may not be found.

## I. Summary and Evaluation

The **SAO examined** whether the set and implemented system ensured proper and effective protection of museum collections owned by the state. The audit mainly focused on the rules of this protection and their fulfilment by the MoC and ten selected collection administrators.

The **SAO found** that not all collections were registered in the Central Collections Register (hereinafter also "CCR"), thus violating the Act on the Protection of Collections<sup>1</sup>. The administration of collections not registered in the CCR was not subject to the protection rules already established in 2000 by the relevant legislation. Moreover, the rules for the management and protection of the collections were general and not uniform or binding for all administrators of collections owned by the state. Compliance with the set rules was not consistently required by the MoC and its monitoring activities were inadequate. Collection administrators made mistakes especially in recording the actual condition of collection items and did not address the responsibility for missing collection items.

Nearly 3,000 items were identified which were not found and potentially lost or stolen during inventory reviews conducted between 2016 and 2018 at the ten collection administrators audited. There is a risk that some of these items may not be found. The collection administrators searched for the missing items during inventory reviews over a period of several years and subsequently removed the missing items from the inventory. The collection administrators did not address the issue of missing collection items in a timely and appropriate manner as possible thefts and thus did not take steps to protect this property owned by the Czech state. Due to this system, it was not possible to determine exactly which of the missing items were irretrievably lost and which ones could still be traced by the collections administrators in the future.

The administration and registration of the collections was administratively very demanding, especially due to the large number of paper and electronic records, information systems, databases and portals used and their incompatibility. Even the CCR did not give a true and up-to-date overview of the collections already registered and did not serve as a tool for their effective preservation.

The method of permitting and monitoring the export of collection items abroad was very formalistic. When exporting collection items abroad or temporarily transferring them to other legal entities or private individuals, the conditions arising from laws and regulations relating to the protection of museum collections and the management of state property were not observed.

**It is clear from the facts found that there was no effective protection of the collection items and therefore there is an increased risk of their loss, theft or damage.**

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<sup>1</sup> Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

**The overall evaluation is based on the following deficiencies:**

1. The Act on the Protection of Collections established the obligation to register collections owned by the Czech Republic or a territorial self-governing unit in the CCR and established rules for the handling of these collections in order to protect them. Even after almost 20 years since the entry into force of the Act, not all of these collections have been registered in the CCR, and the rules set out in the Act did not apply to their disposal, so the purpose of the Act, which is to protect the collections, has not been completely met. It was not possible to determine the exact number of unregistered collections, as the MoC has not established a register of museums and galleries. However, according to the MoC's estimate, there were dozens of such collections.
2. The data entered in the CCR was not reliable and did not correspond to reality. Thus, these records did not provide a true and up-to-date overview of the collections, their administrators and owners and did not serve as a tool for the effective protection of the collections. The state and the public thus lose track of collections that are legally protected in the public interest and for whose management and accessibility public support is provided.
3. Collection administrators and the MoC used many paper and electronic records, information systems, databases and portals that were not mutually compatible. As a result, the activities related to the management and registration of the collections were very demanding and information about the collection items was not easily accessible to the public.
4. The legal regulation of the protection of museum collections was insufficient. This situation has led to unclear and inconsistent interpretation and consequently to shortcomings in the implementation of the protection of collections by their administrators. The MoC has laid down more specific duties of collection administrators in its methodological guidelines. However, only some collection administrators were obliged to follow these guidelines. Thus, the rules for the management and protection of the collections were not uniform or binding for all administrators of collections owned by the state.
5. The MoC did not set a procedure for collection administrators to deal with untracked collection items without delay. With few exceptions, the collection administrators did not address the loss of collection items and potential liability. In the course of inventory review, some collection administrators failed to track down hundreds of collection items each year. This system increased the risk of loss of collection items and in this respect did not fulfil the purpose of protecting them.
6. The set rules allowed to conduct inventory reviews of entire sub-collections only once every 10 or 15 years. This contradicts the purpose of inventorying, which is to regularly check the collection items and the condition of the collection. This system increased the risk of incorrect recording and late resolution of potential losses of collection items and reduced the effectiveness of their protection.
7. The Act on the Protection of Collections stipulated the obligation of the collection administrators to notify the MoC of the inventory review and its result. However, the MoC did not use these notifications for its activities, nor did it specify the time limits and required elements of these notifications. Collection administrators often failed to fulfil this legal obligation. Sending notices of inventory reviews was thus only a formal matter that increased the administrative complexity of managing the collections.

8. The review of the fulfilment of the obligations in the protection of the collections by the MoC was not sufficient. Failure to use sanctions for non-compliance with collection protection obligations and failure to use the power to order an extraordinary inventory review prevented the timely and effective elimination of deficiencies in the administration of collections and their effective protection.
9. The MoC granted permission to export collection items even in cases where the administrators of the collections did not provide all the necessary documents. The MoC did not have complete and reliable information on the exports made. The SAO also found cases in which collection items were abroad for a certain period of time without a valid permission. The MoC allowed exports abroad merely formally. The method of permitting and monitoring the export of collection items abroad did not act as an effective means of their protection; rather, it was only an administrative burden for the collection administrators and the MoC.
10. Collection administrators violated the rules and requirements for keeping collection records and conducting inventories of collections. Thus, the actual condition of the collections and collection items was not established, and deficiencies in the collection records, the physical condition of the collection items and the method of protection of the collections were not identified and eliminated. The CCR did not give a true picture of the true state of the collections. The legal principles of protection of collections and collection items were not in all cases elaborated in the conditions of individual collection administrators. The responsibilities and rights of individual persons in handling the collection were not clearly defined. This has led to insufficient protection of collections and collection items against damage or destruction and against loss or theft, as provided for in the applicable legislation. As a result, the identified shortcomings increased the risk of loss or theft of collection items.

The **SAO recommends the MoC** to refine the legal regulation of the protection of collections in order to eliminate the above-mentioned shortcomings.

## II. Information on the Audited Area

A museum collection is a collection that is significant in its entirety for prehistory, history, art, literature, technology, natural or social sciences; it consists of a collection of items gathered by human activity (hereinafter also referred to as a "collection"). Collections form part of the national cultural heritage. It is in the interest of the state to protect these collections and preserve them for future generations.

The rules for the administration and protection of museum collections are laid down in particular by the Act on the Protection of Collections and the implementing regulation to this Act.<sup>2</sup> Based on the Act on the Protection of Collections, one of the duties of the MoC is to manage the CCR. Under this Act, the administrators of collections owned by the Czech

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<sup>2</sup> Regulation No. 275/2000 Coll., implementing Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

Republic or territorial self-governing units had to submit an application for registration of collections in the CCR.<sup>3</sup> This obligation should have been fulfilled by 12 May 2002, i.e., within two years from the date of entry into force of the Act on the Protection of Collections. Other owners of collections may also be registered in the CCR upon application and approval by the MoC. The CCR contains the name of the collection, its description, a list of collection items or a list of registration numbers of individual collection items, the owner of the collection and its administrator, the date of registration and its registration number assigned by the MoC.

The CCR is an information system and consists of two parts. The first is a non-public (admin) part, which is accessible to the relevant MoC staff and collections administrators. The second part is a public part, which is intended for the general public. In this section of the CCR, information can be found about individual collections and sub-collections; e.g., how many collection items they comprise, what types of items these are, and from which territory and from which time period the items mainly come from. The textual information is gradually supplemented with images according to the materials supplied by the collection's administrators.

In addition to the management of the CCR, the MoC, under the Act on the Protection of Collections, determines further details of the protection of collections by means of an implementing regulation to this Act. The MoC authorises the export of collection items abroad and checks compliance with the obligations set out in the law.

The owners of museum collections, and in the case of collections owned by the state, the administrators of these collections, are primarily obliged to protect the collections from theft, burglary, or damage. Furthermore, they are to care for the collections (preparation, conservation, or restoration), if necessary for their preservation, to preserve the collections in their integrity and to make changes to them only under the conditions set out by law. Owners of collections are also obliged to establish a regime for the treatment of collections and ensure that it is followed. In addition, it is an essential obligation of the collection owners to keep collection records and to carry out an annual inventory of the collections or their designated parts. Finally, they are obliged to make the collections accessible as a public asset.

The legislation on the protection of collections is very general. The MoC has elaborated this area in more detail in 13 methodological materials, which are available on the Ministry of Culture's website. However, these materials are binding only for the collection administrators established by the MoC, of which there were 22 in 2018. For the other collection's administrators, of which there were 322 in 2018, i.e., 94%, these methodological materials were not binding, unless they were ordered to do so by their founding organisation. An overview of collection administrators who had a collection registered with CCR in 2018 is provided in the table below.

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<sup>3</sup> Section 3(2), in conjunction with Section 4(1) and (3) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other Acts.

**Table 1: Overview of collection administrators who had a collection registered in CCR in 2018**

Organisation	Number
State contributory organisation	32
of which established by the MoC	22
Organisations and institutions of territorial self-governing units	271
Others	41
<b>Total</b>	<b>344</b>

**Source:** information from the MoC.

According to data from the National Information and Advisory Centre for Culture, there were 477 museums and galleries in the Czech Republic in 2018, and almost 24 million registration numbers were kept in the CCR, which amounts to an estimated 65 million collection items. According to the CCR data, 414 collections were maintained in 2018. Most administrators had one collection listed in the CCR, and some had multiple collections.

The protection of museum collections is also regulated by the *Strategy for the Development of the Museum Industry in the Czech Republic between 2015 and 2020* (hereinafter also referred to as the "Strategy for Museums"). By Government Resolution No. 655 of 20 August 2015, the Government of the Czech Republic instructed the Minister of Culture to implement it in the period 2015–2020 depending on the current possibilities of the Czech state budget.

### III. Scope of the Audit

The audit examined whether the set and implemented system ensured proper and effective protection of museum collections owned by the state. The audit focused in particular on the rules of this protection and their fulfilment by collection administrators and the MoC.

The SAO especially audited the management of the CCR, the control activities of the MoC, the process of permitting the export of collections abroad, the registration and inventory of collections, and the protection of collections against loss, theft, or damage.

The audit examined the effectiveness of the protection of museum collections. The explanatory memorandum to the Act on the Protection of Collections, states, inter alia: "*Collections ... must be preserved in their integrity, which is the highest quality capable of teaching us about the world and conveying the legacy of past generations to future generations.*" The evaluation of the effectiveness was based primarily on the findings as to whether a system is set up and maintained to ensure the protection of collection items, their preservation for future generations and the prevention of their loss.

The SAO does not state the audited volume in Czech crowns because the value of the audited collections could not be quantified. For the purposes of keeping accounting records on assets, the individual collection administrators keep the values of these collections in the amount of CZK 1, or they are supplemented by the values of individual collection items for which their acquisition prices are known. The real value of collections stems primarily from their historical, artistic, or social significance.

The audit was carried out at the MoC and 10 state organisations that administer collections owned by the Czech Republic. These collection administrators were established as contributory organisations. Eight of them were established by the MoC, NAM was established by the Ministry of Agriculture, and the Ministry of Education, Youth and Sports set up the NPM.

The criteria for the selection of collection administrators included the size of the collections or their founder, as the purpose of the audit was also to compare the protection of collections within individual ministries.

The SAO audited one collection for each of the 10 collection administrators. The audited collections were divided into a total of 160 sub-collections. The audited collections contained 3.3 million registration numbers. In some cases, more than one collection item was registered under one registration number.

**Note:** The laws and regulations contained in this Audit Report are applied in the version effective for the audited period.

#### **IV. Detailed Facts Ascertained by the Audit**

**In violation of the Act on the Protection of Collections, not all collections have been registered in the central register even after 20 years.**

The SAO checked whether all collections and items fulfilling the characteristics of museum items/collections were registered in the CCR.

The Act on the Protection of Collections stipulated the obligation to register collections owned by the Czech Republic or a territorial self-governing unit in the CCR by 12 May 2002 at the latest. Within this time limit, 280 collections were registered, i.e., approximately two thirds of the actual number. Other collections were not registered in the CCR until the following years and some collections were still not registered in the CCR by the time the SAO audit was completed. It was not possible to determine the exact number of unregistered collections, as the MoC did not establish a register of museums and galleries and thus failed to fulfil the task set out in the Strategy for Museums approved by the Government of the Czech Republic. However, according to the MoC's estimate, there were dozens of collections that had not yet been entered into the CCR, in violation of the Act on the Protection of Collections. Moreover, it is very likely that, in addition to museums, some other public institutions have collections of cultural or historical value that it is desirable to preserve for future generations. According to the MoC, these include, for example, garrison museums of the Czech Army, collections of schools and universities. However, these collections were also not registered in the CCR, so they were not subject to protection under the Act on the Protection of Collections.

The Act on the Protection of Collections stipulated the obligation of administrators of collections owned by the Czech Republic or a territorial self-governing unit to submit an application for registration of these collections in the CCR. However, the law does not provide

for the possibility of enforcing the fulfilment of this obligation or sanctioning its non-fulfilment.

The Act established the obligation to register collections owned by the Czech Republic or a territorial self-governing unit in the CCR and established rules for the handling of these collections in order to protect them. Even after almost 20 years since the law came into force, not all of these collections have been registered in the CCR.

### **1. The central register did not provide a true and up-to-date overview of the collections**

The SAO examined with the MoC and individual collection administrators whether the data in the CCR corresponded to reality.

Apart from the fact that not all museum collections were entered in the CCR, the data already entered in the CCR was not reliable. The SAO found errors, for example, in the data on the ownership of the collections or in the names of their administrators. The MoC did not provide an ID number to unambiguously identify administrators and owners in the CCR.

The SAO also found inconsistencies between the records of the collection items kept by their administrators and the central record of the collections kept by the MoC. The CCR thus did not reflect the actual condition of the collection items. For example, in the case MGB, the data in the CCR did not correspond to the actual condition of the collection items according to the MGB collection records in at least 4,420 cases (4,164 registration numbers and 256 accession numbers).

The NPM kept completely inadequate records of the collection items. At the time of the audit, this administrator had 48,699 registration numbers of collection items in the CCR, 54,773 registration numbers in its electronic records, and the actual number of registration numbers of collection items managed by the NPM was estimated at 147,308 in 2005. The difference between the data in the CCR and the electronic records was more than 6,000 collection item numbers. The difference between the electronic records and the NPM's qualified estimate was almost 93,000 collection items. The NPM did not keep proper records of these collection items and did not keep track of them. The NPM is gradually introducing these items into the collection records and the CCR. At the current rate of progress, the NPM will correct this situation in 26 years at the earliest.

On the basis of the legal regulation and the methodological guideline of the MoC, collection administrators were obliged to notify the MoC of changes to the data in the collection records within the set time limits. This mainly concerned reports of additions and losses of collection items. The SAO found violations of one of these obligations in all ten of the audited collection administrators<sup>4</sup>. For example, according to the entry in the inventory book, the MLM scrapped

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<sup>4</sup> Sections 7(2) and 9(1)(j) of Act No.122/2000 Coll., on the protection of museum collections and on the amendment to certain other acts; provisions of Article V.3 of the Methodological Guideline on the

a collection item as early as in 1938. Despite this, it still kept the item in its collection records in CCR at the time of the SAO audit.

Of the audit sample of 20 change entries in the CCR between 2016 and 2018, the MoC did not meet the 30-day deadline for making changes to the CCR entries in three cases and thus did not comply with the Act on the Protection of Collections.<sup>5</sup>

The Central Collections Register is a basic tool for defining collections and a prerequisite for their effective protection. However, the recorded data was not reliable, did not correspond to reality, and the CCR did not provide a true and up-to-date overview of the collections, their administrators and owners. The CCR has therefore not served as a tool for the effective protection of collections.

## **2. The system of management and registration of collections was fragmented and complicated**

The SAO audited the system of managing, recording and making collections accessible to the public, especially in the area of the information systems used.

Collection administrators were obliged to keep a chronological (incremental) and systematic records of collection items with a lot of data about these items in paper form. Some administrators also kept additional, so-called auxiliary records of collection items. In addition, for practical reasons, all of the audited collections administrators also kept records of collection items in electronic form in various information systems. The collection administrators thus kept multiple records of the collection items. Information on collection items was also provided by the collections administrators within their own databases on their websites or, e.g., on the eCollections portal.<sup>6</sup>

In cooperation with the MoC, the collections administrators were obliged to record some data on the collection items and their updates in the CCR. However, the CCR did not contain detailed information on individual collection items. Of the sample of 20 collections entered into the CCR between 2016 and 2018, 19 collections in the CCR only listed the record numbers of individual collection items without any further specification of the item. In only one collection, at least the name of the individual collection items was listed in addition to the registration numbers.

As part of the administration, record-keeping and access to collections and collection items, the administrators of the collections and the MoC used multiple documentary and electronic records, information systems, databases and portals. Selected information about the

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Administration, Registration and Protection of Museum Collections in museums and galleries established by the Czech Republic or territorial self-governing units.

<sup>5</sup> Section 7(4) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other Acts.

<sup>6</sup> It is an internet portal for on-line viewing of digitized museum collections. As at 10 January 2020, 107,208 collection items from 158 institutions were published there, according to the data from this portal.

collection items was thus not easily accessible to the public at one place. The transfer of data between these records and systems was often very complicated. In particular, the information systems for the registration of collection items were in many cases already very outdated and difficult to be compatible with each other. This situation was to be partly addressed by the *iDEMUS* project, which, however, was eventually not implemented by the MoC. Instead, the MoC is currently implementing a project in cooperation with the National Museum *ELVIS* which is expected to launch a national system for electronic registration and management of museum collections and museum agendas in 2021.

The uniformity or compatibility of the databases and information systems used is a prerequisite for efficient management and registration of collections. Collection administrators and the MoC, however, used a large number of paper and electronic records, information systems, databases and portals that were not mutually compatible. For these reasons, the activities related to the management and registration of the collections were very demanding and information about the collection items was not easily accessible to the public.

### **3. The MoC did not ensure proper legal regulation concerning the protection of collections**

The SAO examined whether uniform, unambiguous and sufficient rules had been established for the protection of museum collections.

The legislation, which is binding for all collection administrators, regulated the protection of collections and collection items in a very general way. The MoC has laid down more specific duties of collection administrators in its methodological guidelines. However, these guidelines were binding only for the contributory organisations established by the MoC. These organizations accounted only for 6% of the administrators who had a collection registered with the CCR in 2018. For the vast majority of collection administrators, the MoC methodological guidelines were not binding, unless they were ordered to do so by their founder. Thus, the rules for the management and protection of the collections were not uniform for all administrators of collections owned by the state.

The MoC did not have a comprehensive overview at its disposal of whether its methodological materials were followed by collection administrators not established by the MoC. The MoC also did not have information on methodological materials of other founders of collection administrators. The SAO also audited the protection of the collections of two collection administrators who were not established by the MoC. The NAM established by the Ministry of Agriculture was obliged, by its internal regulation, to follow methodological guidelines and forms by the MoC. In contrast, the NPM, established by the Ministry of Education, Youth and Sports, did not follow the Ministry's methodological guidelines.

Since 2004, the Act on the Protection of Collections has been amended only in connection with the adoption of laws regulating other areas. The need for the proposed amendment to the Act was set out by the MoC in its Strategy for Museums, with a deadline of 2016. The MoC stated, among other things, that the legislation is lagging behind current trends, as it does not reflect developments within the field and may slow down the development of the protection and management of collections. However, the MoC had not drafted an amendment by the time the SAO audit was completed and thus did not implement the Strategy for Museums in

this area. Thus, the MoC did not ensure proper regulation and did not act in accordance with the Competence Act.<sup>7</sup>

The need to supplement, refine and update the legal regulation on the protection of collections is also apparent from the following points of this audit report. This includes, for example, adjustments to the procedure for detecting losses of collection items, inventorying sub-collections or informing about inventory reviews (see the following points IV. 5 to 7 of this audit report).

The protection and management of the collections is governed by the rules set out in the legislation and the methodological guidelines of the MoC. However, the legislation was very general and outdated. The MoC has laid down more specific duties of collection administrators in its methodological guidelines. However, only some collection administrators were obliged to follow these guidelines. Thus, the rules for the administration and protection of the collections were not uniform or binding for all administrators of collections owned by the state.

#### **4. With few exceptions, the collection administrators did not address the loss of collection items and the respective liability**

The SAO audited the procedure set up and implemented by the collection administrators in case of losses of collection items.

The MGB and NTM identified all inventoried collection items between 2016 and 2018. The other eight collection administrators audited the reported inventory discrepancies, with a total of 2,869 collection item registration numbers missing. For example, the NAM did not find a total of 868 registration numbers of collection items during the inventory reviews for 2016, 2017 and 2018. Of these, 335 were subsequently traced by the NAM prior to the completion of the SAO's audit based on the museum's director's order to trace the missing items.

Neither in the implementing decree to the Act on the Protection of Collections nor in the methodological guidelines of the MoC has the procedure to be followed by collection administrators in the event of failure to find collection items during annual inventory reviews been determined. Neither has the MoC put forward a proposal for a change in legislation to regulate this procedure. The procedure for establishing responsibility for the loss or for reporting the loss to the Police of the Czech Republic was not established. Similarly, there was no deadline for tracking down the collection items, after which the collection items should be removed from the CCR.

The SAO audit found that, with a few exceptions, collection administrators did not address the responsibility for the loss of collection items. After a certain period of unsuccessful searching, which varied from one collection administrator to another, the collection administrators submitted a request to the MoC to remove the missing collection items from the CCR and

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<sup>7</sup> Section 24 of Act No. 2/1969 Coll., on the establishment of ministries and other central state administration bodies of the Czech Republic.

subsequently removed them from their records. With a few exceptions, the cause of the loss of collection items, potential liability and notification of losses to the Police of the Czech Republic were not addressed by the collection administrators.

For example, the MAO did not resolve the inventory difference in the case of a medal that the museum did not find in 1991, nor in the case of a copy of medals that the MAO acquired in 2006 at a price of CZK 20,980 and did not find during the inventory review in 2018. The MAO proposed the removal of the collection items from the collection without further investigation.

Immediate reporting of the loss of collection items to the Police of the Czech Republic and registration of these items in the database of stolen items<sup>8</sup> acts as a preventive measure against their theft. However, the MoC did not prescribe such a procedure for the collection administrators and accepted the removal of collection items from the records without establishing responsibility and taking appropriate immediate measures. The system which was set up and implemented created a significant risk that responsibility for the loss of collection items would not be established, the damage incurred would not be recovered, and ultimately this system increased the risk of loss of collection items.

In addition to their incalculable historical value, the collections also had considerable financial value. For example, the MAO valued its collection at CZK 1.8 billion using a qualified estimate. The maximum amount of the insurance benefit under the concluded insurance contract was CZK 10 million. Most of the other collection administrators audited had insurance policies with similar amounts of insurance benefits. The MoC did not have an overview of the estimated values of individual collections or their insurance. The MoC did not set any rules or give recommendations in this area. Only in a methodological guideline did the MoC stipulate the obligation to insure collection items if these are lent.

One of the prerequisites for the proper administration of collections is the immediate resolution of any identified losses of collection items. With few exceptions, the MoC did not set this procedure and the collection administrators did not address the loss of collection items and potential liability. This system increased the risk of loss of collection items and in this respect did not fulfil the purpose of protecting them.

##### **5. The fact that collection administrators could only perform an inventory review of entire sub-collections once every 10 or 15 years increased the risk of incorrect recording and late resolution of potential losses of collection items**

The SAO audited the system of inventorying collections, especially in the area of the rules setup.

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<sup>8</sup> Artwork Registration System Portal - a national specialized searchable database of stolen, recovered and returned items of cultural value. It is a joint project of the Police of the Czech Republic, the MoC and the General Directorate of Customs of the Czech Republic, which serves, among other things, for the purpose of searching for stolen art items.

The Act on the Protection of Collections stipulated the obligation of collection administrators to verify by inventory review the conformity of the records of individual collection items with the actual state of things. The requirements for annual inventory reviews were also set out in Section 3 of the implementing regulation to the Act on the Protection of Collections, which states, among other things: *"The number of collection items of each collection to be inventoried in a given calendar year shall be determined so that each collection is inventoried in its entirety within 10 years at the latest, and for collections of more than 200 000 collection items within 15 years. (...) The designated part of each collection must account annually for at least 5 % of all the collection items. "*

In its methodological guideline, the MoC also established the obligation for the collection administrators with a twenty-year inventory review cycle to follow the provisions of Section 3 of the implementing regulation to the Act on the Protection of Collections for individual sub-collections. Thus, the annual inventory review had to be carried out within all sub-collections. For collections administrators with a 15-year inventory cycle, this procedure was only recommended by the MoC. In the case of the 10-year inventory review cycle, the MoC did not stipulate the obligation to inventory part of all sub-collections annually, even in its methodological guidelines.

Nine of the ten collection administrators audited had the inventory cycle of 10 or 15 years depending on the size of the collection and were not obliged to inventory at least part of all sub-collections annually. Five of these administrators did not do this. If the entire sub-collection is inventoried at the beginning of the inventory review cycle, this sub-collection will not be inventoried until the beginning of the next cycle, i.e., 10 or 15 years. This situation contradicts the purpose of inventorying, which is to regularly check the collection items and the condition of the collection.

The fact that a particular sub-collection will not be inventoried for the next 10 or 15 years increases the risk that this sub-collection will not be properly recorded by the collection administrator during this time and that any losses of collection items will not be dealt with in a timely and appropriate manner.

The purpose of inventorying is to regularly check the collection items and the condition of the collection. The set rules, however, allowed to conduct inventory reviews of entire sub-collections only once every 10 or 15 years. This system actually increased the risk of incorrect recording and late resolution of potential losses of collection items and reduced the effectiveness of their protection.

## **6. The legal obligation to inform the MoC about the results of the inventory review was vaguely defined and the collections administrators often failed to fulfil this obligation**

The SAO audited the fulfilment of the legal obligation of collection administrators to inform the MoC about the results of inventory review and the use of this information.

The Act on the Protection of Collections imposed an obligation on collection administrators to notify the MoC of the inventory review and its result, as well as of the measures taken to correct any identified shortcomings. However, neither the deadline for submitting the

notifications nor the required elements of the notifications have been set by the MoC for collection administrators.

The SAO requested inventory review notifications from the MoC for the period from 2016 to 2018 from a sample of 10 collection administrators. The MoC did not have notifications from three collection administrators. The time limits for sending and the details of the remaining notifications varied considerably. For example, one administrator sent two notifications in one year, another administrator sent a summary notification of inventories carried out in the last six years. In addition, the MoC accepted even very brief notifications that did not state the result of the inventory review.

HMT, NMiN and NAM did not include the results of the inventory reviews and the measures taken to remedy the identified shortcomings in the notifications of the inventory reviews, in violation of the Act on the Protection of Collections<sup>9</sup>. It follows from the foregoing that the MoC did not consistently require collection administrators to comply with this legal obligation, and that it did not use notifications of inventory reviews for its activities. Given this fact, sending notices of inventory reviews was thus only a formal matter that increased the administrative complexity of managing the collections.

The Act on the Protection of Collections stipulated the obligation of the collection administrators to notify the MoC of the inventory review and its result. However, the MoC did not use these notifications for its activities, nor did it specify the time limits and required elements of these notifications. Collection administrators often failed to fulfil this legal obligation.

## **7. The control and follow-up activities of the MoC in the area of compliance with collection administration obligations were insufficient**

The SAO examined the frequency and adequacy of the MoC's checks on compliance with the obligations set out in the Act on the Protection of Collections.

Under the Act on the Protection of Collections, the MoC carries out checks on the collection administrators' compliance with the obligations set out in this Act. In the audited period from 2016 to 2018, the MoC carried out 21 such checks on collection administrators, including nine checks in 2016, seven checks in 2017 and five checks in 2018.

While the number of collection administrators has been growing continuously and there is a reasonable assumption that it will continue to grow, the number of checks on compliance with collection administration obligations declined between 2016 and 2018. In 2018, the MoC carried out only five such inspections and thus only about 1.5% of the total number of collection administrators were inspected this year. These checks usually lasted only one or two days. The control activities of the MoC in the area of compliance with collection administration obligations were insufficient.

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<sup>9</sup> Section 12(6) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other Acts.

On the basis of the checks carried out to ensure compliance with the obligations in the management of the collections, the MoC had the possibility to fine the collection administrators. However, this possibility was not used much by the MoC and many serious violations of legal obligations were not sanctioned by the MoC. Of the 26 inspections of collection administrators in the sample selected by the SAO<sup>10</sup>, MoC found violations of legal obligations in 24 performed checks, i.e., in 92% of all the checks. Nevertheless, the MoC imposed only two fines in 2016-2018, amounting to tens of thousands of crowns; however, the law allowed the MoC to impose fines of up to millions of crowns.

In addition to the possibility of imposing fines, the Act on the Protection of Collections allowed the MoC to order an extraordinary inventory review of collections. In the audited period from 2016 to 2018, the MoC did not use this option. The MoC did not order an extraordinary inventory review even after a check on compliance with the obligations in the administration of collections, which found that the collection administrator did not carry out an inventory of the collection registered in the CCR in 2016 and 2017. The MoC did not even have an overview of the inventory reviews of individual collections.

The MoC is obliged to verify compliance with the obligations in the administration of collections through its control activities. However, the number of such checks carried out by the MoC was low. Although the MoC often found serious violations of the law, the possibility of imposing fines on collection administrators was used minimally by the MoC, and the possibility of ordering extraordinary inventory reviews was not used at all. Thus, the MoC's actions did not lead to the timely and effective elimination of shortcomings in the administration of the collections and their effective protection.

#### **8. The MoC only formally allowed exports abroad and had no overview of the exported items at its disposal**

The SAO audited the activities of the MoC and collection administrators related to the export of collection items abroad.

The MoC issued permits to export collection items abroad under the Act on the Protection of Collections. Without these permits, it was not possible to export the collections abroad. The MoC was supposed to issue an export permit only if the export did not endanger the physical nature of the collection or individual collection items and if sufficient legal guarantees were provided for its return to the Czech Republic.

The MoC issued export permits even in cases where the administrators of the collections did not provide the required legal guarantees or did not provide the required insurance values of the collection items. The MoC did not check the collection items before export or after their return. In most of the audited files (15 out of 18 audited files, i.e., 83%), the MoC did not have all the required documents by which the collection administrators would be able to prove the

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<sup>10</sup> To increase the informative value, the SAO also examined the inspections in the period preceding the audited period of 2016 to 2018.

return of the collection items to the Czech Republic and their condition. What is more, the records of exports and collection items abroad were not reliable. Exports that had not actually taken place or had been terminated several years earlier were also recorded as still active in these records.

The area of export licensing lacked sufficient legal regulation. For example, the obligation to insure collection items was established by the MoC only in the case of loan agreements, and only in a methodological guideline that was not binding on most collection administrators. In addition, the MoC granted permission to export collection items abroad only based on information from the collections' administrators that the items would be insured. The fact whether the exported items were actually insured, as well as the details of such insurance, were not verified by the MoC. This system created the risk that in the event of loss or damage to exported collection items, the administrators of the collections would not receive adequate compensation.

The MLM and the MoDA violated the Act on the Property of the Czech Republic<sup>11</sup> by leaving the collection items to another person without a written loan agreement, and thus consistently failed to use all legal means in asserting and defending the rights of the state as the owner. In the case of MoDA, seven collection items were abroad without a valid permit for 16 days. In the case of the MLM, the three collections were abroad for a total of 147 days without a valid permit due to the time delay between the expiry of the previous export permit and the issuance of a new permit. These items were exported in 2009 and were still abroad at the time of the SAO audit. The MoDA and the MLM thus acted in violation of the Act on the Protection of Collections.<sup>12</sup> The MoC did not address these facts in any way with the collection administrators and repeatedly approved the extension of the export permit even though the MLM always applied for it after the time limit set for the return of the collection items. The MLM also acted in violation of the Act on the Protection of Collections<sup>13</sup> by sending, for the next export, a declaration of the return of a collection item three months after the deadline.

The MoC is responsible for issuing permits for the export of collection items abroad. The MoC, however, granted the permission even in cases where the administrators of the collections did not provide all the necessary documents. MoC did not have complete and reliable information on the exports made. The SAO also found cases in which collection items were abroad for a certain period of time without a valid permission. The method of permitting and monitoring the export of collection items abroad did not act as an effective means of their protection.

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<sup>11</sup> Section 14(4) and 17 of Act No. 219/2000 Coll., on the property of the Czech Republic and the representation of the Czech Republic in legal relations.

<sup>12</sup> Section 11(5) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

<sup>13</sup> Section 11(6) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

## 9. Collection administrators violated the established rules for the management and protection of collections

The SAO audited the compliance of ten collection administrators with the rules for the management and protection of collections.

In addition to the shortcomings mentioned in the previous paragraphs of this audit report, the SAO found the following breaches of set rules by the collection administrators:

- Nine collections administrators (HMT, MGB, MRC, MAO, MLM, NMiN, NPM, NTM and NAM) did not include all the records required by law<sup>14</sup> in their chronological and systematic records. Example:
  - The MAO kept records on a collection in a way that did not allow the actual number of collection items to be determined. The MAO did not keep all collection items in the electronic version of the records. The written records contained mass entries and some collection items were described by the MAO in such a general way that it did not allow their unambiguous identification. For 138 out of 151 audited collection items (i.e., 92%), the MAO did not keep records in a way that would enable other persons to navigate the records and check the condition of the collection items. In addition, the MAO kept systematic records on loose sheets that were not stamped with the official stamp and signature of the authorised person. The records were thus not protected against confusion, falsification or unauthorised alteration, which did not ensure their conclusiveness.
  - The MGB did not have an overview of the actual status of the registration numbers of the collection items. Its records were inconclusive in at least 218 cases, as the MGB had collection items in its exhibition that could not be clearly identified. At least 205 collection items were not properly recorded by the MGB, and these items were not registered in the CCR as part of the MGB collection.
  - The MLM and the NMiN also failed to comply with the implementing regulation<sup>15</sup> by not keeping some records systematically in paper form.
- Seven collections administrators (MGB, MRC, MAO, MLM, NPM, NAM and UMP) did not make an entry in the systematic records within three years of the entry in the chronological records. The collection administrators did comply with the implementing decree.<sup>16</sup>
- Three collections administrators (MRC, MAO and MoDA) did not carry out an inventory review of at least 5% of the collection items and did not do so in accordance with the implementing regulation.<sup>17</sup> Due to insufficient records, it was not possible to assess compliance with this obligation for the NPM. At the same time, this collection

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<sup>14</sup> Section 9(1) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

<sup>15</sup> Provisions of Section 2 (3) of Regulation No. 275/2000 Coll., implementing Act No. 122/2000 Coll. on the protection of museum collections and on amendments to other acts.

<sup>16</sup> Provisions of Section 2 (3) of Regulation No. 275/2000 Coll., implementing Act No. 122/2000 Coll. on the protection of museum collections and on amendments to other acts.

<sup>17</sup> Provisions of Section 3 (1) of Regulation No. 275/2000 Coll., which implements Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

administrator cannot be expected to meet the obligation to inventory the entire collection within 10 years. This obligation was also not fulfilled by the MoDA (in this case the non-fulfilment lasted for 15 years), and thus did not comply with the implementing decree.<sup>18</sup> Given the length of the inventory cycle, which was 20 years, the MLM was obliged to carry out an annual inventory review for part of all sub-collections. The MLM did not fulfil this obligation and thus acted in contravention of the MoC's methodological guideline.<sup>19</sup>

- Administrators of collections are also legally obliged to establish a regime for the treatment of the collection and ensure that it is followed. Four collections administrators (HMT, MGB, MAO and MoDA) did not process all the mandatory parts of this regime as set out in the methodological instruction of the MoC.<sup>20</sup> In addition, HMT and MGB acted contrary to their own established regime for the treatment of collections when their advisory boards for collection administration did not assess the consistency of the acquired collection items with the museum's collection management strategy. In the case of the MGB, the chronological records did not contain all the mandatory records. The MGB included at least 1,222 collection item numbers in the collection and discarded at least 50 item numbers in violation of the collection treatment regime. The MAO has not even introduced a binding internal regulation on the treatment of collections. HMT, MGB and MAO did not comply with the Act on the Protection of Collections.<sup>21</sup>
- The SAO found that three collection administrators (MRC, MAO and NAM) stored collection items in premises that did not have climatic conditions suitable for their long-term preservation. The MAO and the NAM plan to address the situation by building new depositories.
- Collection administrators lent collection items to other individuals and legal entities in the Czech Republic and abroad. The SAO found cases of four collection administrators (MGB, MRC, MLM and NPM) where the loan agreements were not effective for the entire period for which the items were actually lent. The collection administrators thus insufficiently protected the entrusted property from unauthorized interference and acted in violation of the Act on the Property of the Czech Republic.<sup>22</sup> The MAO did conclude loan agreements, but with a number of missing essential elements. The MAO also provided the collection items for temporary use free of charge for representational purposes, in violation of the established conditions. The MAO's conduct in the area of

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<sup>18</sup> Provisions of Section 3 (1) of Regulation No. 275/2000 Coll., which implements Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

<sup>19</sup> The provisions of Article II (6) of the Methodological Guideline of the Ministry of Culture on the Registration and Inventory of Collection Items and on the Addition of Images for the Characterization of the Collection in the CCR and on the Amendment of Act No. 122/2000 Coll. by Act No. 303/2013 Coll.

<sup>20</sup> Provisions of Article IV of the Methodological Guideline on Ensuring the Evidence of Collection Items and Determining the Treatment of Collections in Museums and Galleries Administering Collections Owned by the State and Territorial Self-Governing Units.

<sup>21</sup> Section 9(1g) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.

<sup>22</sup> Section 14(4) and 17 of Act No. 219/2000 Coll., on the property of the Czech Republic and the representation of the Czech Republic in legal relations.

loans of collection items was not in compliance with the Act on the Protection of Collections, the Act on the Property of the Czech Republic and the methodological guideline of the MoC.<sup>23</sup> The MRC also acted in violation of the Act on the Protection of Collections<sup>24</sup>, when in two cases it exported collection items abroad without the permission of the MoC.

The rules for the management and protection of collections were established by applicable legislation and methodological guidelines of the MoC. The SAO found breaches of these rules in all of the audited collection administrators. The frequency and significance of these findings varied among the audited collection administrators. With the exception of making the collections accessible to the public, the SAO found deficiencies in all audited areas, particularly in the area of registration, inventory, loans of collection items, and in ensuring adequate conditions for their storage and effective protection.

### List of Abbreviations

CCR	Central collections register
CR	Czech Republic
HMT	Hussite Museum in Tábor
MAO	Museum of Art Olomouc
MGB	Moravian Gallery in Brno
MLM	Moravian Land Museum, Brno
MoC	Ministry of Culture
MoDA	Museum of Decorative Arts in Prague
MRC	Museum of Romani Culture, Brno
NAM	National Agricultural Museum, Prague
NMiN	National Museum in Nature, Rožnov pod Radhoštěm
NPM	National Pedagogical Museum and J. A. Komenský Library, Prague
NTM	National Technical Museum, Prague
SAO	Supreme Audit Office

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<sup>23</sup> Sections 9(1a), 1b) and 1f)) of Act No. 122/2000 Coll., on the protection of museum collections and on the amendment to certain other acts; provisions of Section 14 (3,4) of Act No. 219/2000 Coll., on the Property of the Czech Republic and the Representation of the Czech Republic in Legal Relations; the provisions of Article IX of the Methodological Guideline on the Administration, Registration and Protection of Museum Collections in Museums and Galleries Established by the Czech Republic or Territorial Self-Governing Units (Regions, Municipalities).

<sup>24</sup> Section 11(1) of Act No. 122/2000 Coll., on the protection of museum collections and on amendments to other acts.