



Audit Conclusion from Audit

15/36

Funds spent in relation to preparation and execution of elections

The audit was included in the audit plan of the Supreme Audit Office (the "SAO") for 2015 under number 15/36. The audit was managed and the audit conclusion was drawn up by SAO member Josef Kubíček.

The objective of the audit was to examine the efficiency, economy and effectiveness of State budget funds expended on preparing and holding elections and to examine the observance of legislation regarding election financing.

The audit was carried out at the audited entities between November 2015 and April 2016. The audited period was 2010 to 2014 and, where relevant, the preceding and subsequent periods were also scrutinised.

Audited entities:

Czech Statistical Office (the "CZSO")

Ministry of Finance (the "MoF")

Ministry of the Interior ("Mol")

Plzeň Region

South-Moravian Region

Vysočina Region

The objections filed by the Czech Statistical Office against the audit report were addressed by the head of audit team by means of decision on objections. An appeal against this decision has not been lodged.

At its 11th session held on 29 August 2016, t h e **S A O B o a r d** i s s u e d Resolution No. 10/XI/2016 **approving** t h e **a u d i t c o n c l u s i o n** in the following wording:

Introductory Information

Elections, as the basic tool of a representative democracy, are a service provided by the State to 8.4 million eligible voters. Over the course of 20 years, the number of elections held increased substantially.¹ Twenty-one national elections have been held in the Czech Republic since 1993.²

Electoral laws have been created for elections to various representative bodies and institutions, with the exception for elections to both Chambers of the Parliament of the Czech Republic, for which a joint law has been created.³

The SAO selected a sample to audit (the “Selected Elections”), which included elections to the European Parliament (“EP”) (“EP elections”) that took place in 2009 and 2014, to the Chamber of Deputies of the Czech Parliament (“parliamentary elections”) in 2010 and 2013 and the presidential elections in 2013.

The election authorities comprise mainly of the State Electoral Commission (the “SEC”), MoI, CZSO, regional offices, municipalities, mayors and ward electoral commissions (“WEC”).⁴

The main task of the SEC is to coordinate preparation, organisation, progress and execution of elections and oversee the tasks essential for the organisational and technical implementation of elections. The SEC is chaired by the Minister of the Interior, and its other members include representatives from the MoI, CZSO and MoF. The SEC secretariat comprises of MoI employees. The MoI mainly methodologically manages the organisational and technical preparation and progress of elections. The CZSO is responsible for processing election results at the election workstations⁵ (the “EWS”).

The regional authorities are responsible for the organisational and technical preparation and progress of elections in the regions. Municipalities and mayors specify the electoral divisions (“wards”) and provide polling stations and the conditions that allow the WEC to work. WEC members oversee voting, and once voting ends, count the votes and personally hand over the results to the EWS for central processing and disclosure.

According to electoral laws, the activities of the electoral authorities constitute the exercise of government authority and are fully paid for from the *General Treasury Administration* (“GTA”) heading of the state budget. The GTA administrator is the MoF, which releases election funds. The funds are allocated to municipalities through their respective regions.

¹ Elections to regional governments and to the European Parliament were added to the elections to municipal governments, the Chamber of Deputies of the Czech Parliament and the Senate of the Czech Parliament in 2000 and 2004, respectively. The first direct presidential elections were held in 2013. In some cases, concurrence of elections takes place, in particular, elections to a third of the Senate of the Czech Parliament coincided concurrently with elections to municipal governments or elections to regional governments.

² Furthermore, 9 regular and 9 supplementary elections to a third of the Senate of the Czech Parliament and about 50 additional, repeated or new elections to municipal governments were held.

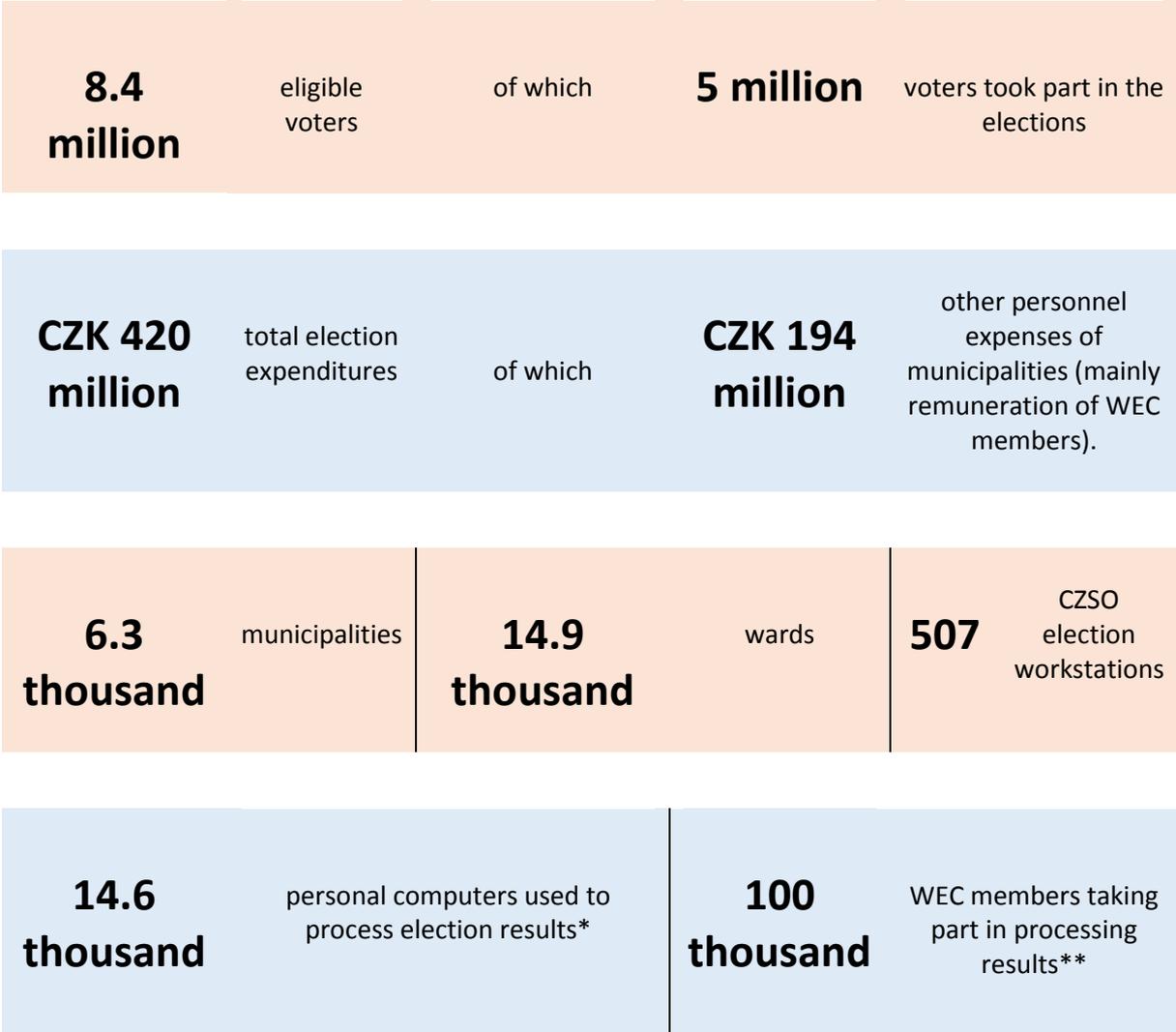
³ Act No. 491/2001 Coll., on elections to representative bodies of municipalities and on amendments to certain other laws, as amended, Act No. 130/2000 Coll., on regional council elections and on amendments to certain laws, Act No. 247/1995 Coll., on elections to the Parliament of the Czech Republic and on amendments to certain other laws, Act No. 62/2006 Coll., on elections to the European Parliament and on amendments to certain laws, and Act No. 275/2012 Coll., on election of the President of the Czech Republic and on amendment to certain laws (Act on the Election of the President of the Czech Republic).

⁴ Other electoral authorities are defined specifically for the various elections.

⁵ EWS are the elections workstations set up by the CZSO for the purpose of obtaining results from the ward election commissions and processing them.

GTA funds actually spent on elections – not including contributions to political parties, movements and coalitions for their activities and election costs – ranged in the Selected Elections from CZK 420 million to CZK 489 million per election. A total of CZK 2 318 million was used from the GTA heading to prepare and hold five Selected Elections.

Diagram 1 provides a general overview of participating entities, technology, territorial divisions and election expenditures for the 2013 parliamentary elections.



Source: Information obtained from the SAO audit

* A total of 12.9 thousand personal computers were used by the ward electoral commissions; the remaining 1.7 thousand were used for the CZSO election workstations.

** The total number is not recorded by the electoral authorities. The number is an SAO estimate based on the conditions for setting up WECs and the funds expended on other personnel costs.

Beginning in 2017, twelve national elections will be held over ten years. According to average expenditures on the audited elections, the total costs of these elections should reach about CZK 6 billion.

The Supreme Audit Office assessed state budget funds provided for preparing and holding elections, especially the observance of the principles of efficiency, economy and effectiveness of their use and the observance of the relevant legislation in the following areas:

- Coordination of the preparation, organisation and progress of elections
- System of control and financing of the organisational and technical aspects of elections
- Geographic accessibility of elections as a service provided to eligible voters in relation to the structure and number of wards
- Utilisation and geographic accessibility of election workstations for ward electoral commissions

Summary and Assessment

The preparation and progress of elections and the disclosure of election results require an extensive amount of materials and human resources. To ensure that elections are accessible to eligible voters, legal regulations set out the rules for creating wards and making changes to them. Wards should be set up to serve approximately 1000 voters. Separate wards may be created for more remote parts of municipalities, provided they include at least ten eligible voters.

The rules for creating wards allowed significant differences in the geographic accessibility of elections for eligible voters to arise. As a result, certain municipalities created independent wards for parts of municipalities with less than 50 eligible voters located only 1 km from the main part of the municipality while others did not create independent wards even for parts with more than 50 eligible voters despite these parts being located more than 7 km away from a polling station.

The area of geographic accessibility has not been sufficiently monitored or assessed for a significant amount of time. The system for creating or changing wards thus does not take full account of the geographic and demographic conditions of the Czech Republic and its individual municipalities.

Coordination of the preparation, organisation and progress of elections

- The activities of the various electoral authorities affect each other and have an impact on the progress of elections as a whole; despite this fact, there has been no appropriate cooperation among the electoral authorities for the purpose of exchanging data and performing the analyses necessary to fully assess the way elections are run.
- The State Electoral Commission, which is permanent electoral body, is responsible for coordinating elections, whereas the various budget heading administrators are responsible for ensuring their effectiveness, efficiency and economy.
- The responsibility for organising elections has been separated from the responsibility for the effectiveness, efficiency and economy of elections as a whole.

System and control of election financing

- The system of financing municipal expenditures on elections has made significant differences possible in the average amount spent by comparable higher-level municipalities on wards for similar activities. These differences constitute a high risk of uneconomical utilisation of State budget funds.
- The MoF's control system neither assessed nor covered areas with a high risk of uneconomical utilisation of election funding.

- The process of financing the election expenditures of municipalities through special-purpose non-investment subsidies is burdensome and administratively demanding especially for level-one municipalities, for which total election spending in most cases does not exceed CZK 25 000.

Geographic accessibility of elections on the ward level

- The structure and number of wards did not ensure comparable geographic accessibility of elections.
- Wards were specified by municipalities based on a law⁶ from 1994. Their number has changed little since then. Municipalities have long been calling attention to the excessive severity of legal regulations, which in some cases have not allowed the desired changes to be made to wards.
- Sufficient conditions have long not been created for changing the structure and number of wards although the MoI has submitted legislative proposals to expand the possibilities for changing the structure and number of wards.

Utilisation of election workstations and their geographic accessibility

- Major differences exist in the utilisation of election workstations and their geographic accessibility for ward electoral commissions.
- The year after a law⁷ establishing election workstations came into force, the CZSO proposed reducing their number. A partial change in the number of election workstations was adopted only for the presidential elections. The respective legal regulation that would have made optimisation of election workstations possible for all other elections was not adopted.

The Supreme Audit Office recommends the following:

- More thorough coordination of cooperation among the relevant central authorities of State administration (central government authorities) and exchange of necessary data and analyses
- Based on analyses and assessment of the organisation and technical arrangements of elections as a whole, initiation of the required legislative technical adjustments, especially a review of the conditions regulating the structure and number of wards and election workstations
- Provision of sufficient methodological support to municipalities in connection with modification of the structure and number of wards
- Simplification of the financing of municipal expenditure on elections while taking into account the different activities provided by the various types of municipalities, and improvement of the effectiveness of the system for controlling these expenditures.

⁶ Section 8 of Act No. 152/1994 Coll., on elections to municipal councils and on amendments to some other laws. See page 6 for more information.

⁷ Act No. 491/2001 Coll.

Detailed Information from the Audit

Coordination of the preparation, organisation and progress of elections

The Mol is the central government authority for elections to local and regional councils, for elections to the Parliament of the Czech Republic, for elections to the European Parliament held in the Czech Republic and for the presidential elections. The State Electoral Commission, which is a permanent electoral body, is responsible for coordinating and running elections and supervising the tasks necessary for the organisational and technical execution of elections. Various electoral authorities are responsible for the practical execution of the work required to prepare and hold elections. The activities of these bodies affect one another and have an impact on the efficiency, economy and effectiveness of elections.

The election oversight system is ensured mainly by the possibility for all candidates to nominate members to ward electoral commissions. During elections, SEC members check that WEC members observe electoral laws during voting by voters at the polling stations and when counting votes. The regional authorities, municipal authorities and the relevant central government authorities perform further checks on the organisational and technical execution of elections. Once elections are over, the SEC secretariat, based on supporting documents from the regions, relevant central government authorities and its own controls, draws up final election reports for the SEC. These reports assess technical and organisational execution of the elections.

Documentation on the progress of the Selected Elections did not contain information about serious shortcomings in the organisational and technical execution of the elections. The relevant central government authorities conducted the checks necessary to ensure that the elections were prepared and held in line with legal regulations. The Selected Elections were held in the period stipulated in the election schedule.

The final reports did not, however, contain an assessment of the issue of the number and distribution of wards, correspondence of polling station addresses, geographic accessibility of the election polls for voters or the utilisation and location of the election workstations. Neither the SEC nor the Mol had the data needed to assess these areas. When recording data, the various electoral authorities did not make use of “ward” as a clear, common identifier. Neither the CZSO nor the municipalities kept a separate account of the costs related to the election workstations. The CZSO also did not have data on the number of eligible voters in each of the wards before the elections.

Appropriate cooperation did not, therefore, take place among the electoral authorities for the purpose of exchanging the data required for an overall assessment of the elections and supporting proposed legislative changes to the organisational and technical execution of elections.

System and control of election financing

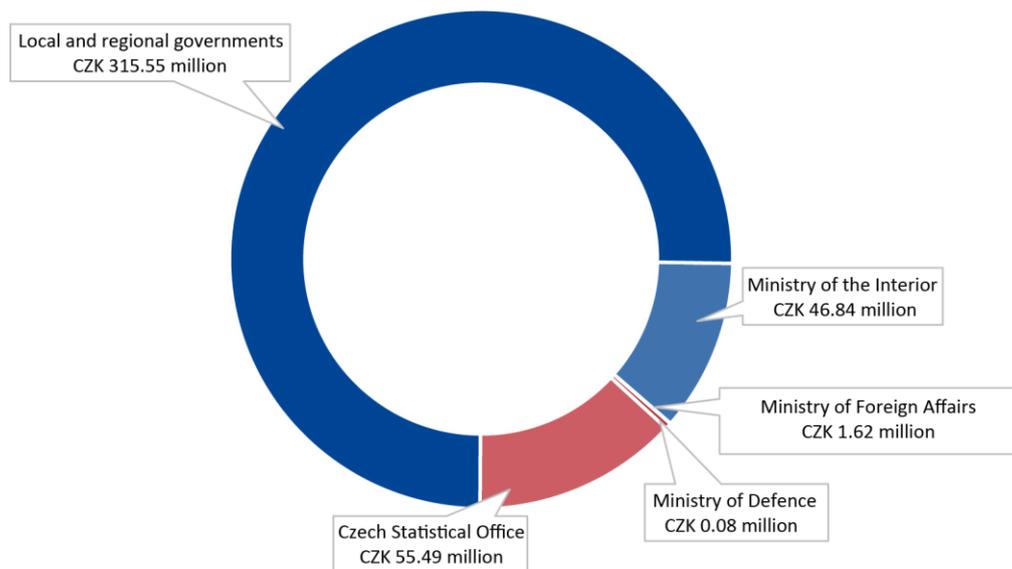
Financing of the preparation and progress of elections at the relevant central government bodies takes place based on their budget requests. Based on these requests, the MoF releases funds from the GTA chapter to the respective headings of the various central authorities.

The release of election funds to regional and municipal authorities takes place based on a single SEC subsidy request filed by the Mol. The amount of the requested funds is determined chiefly based on expenditures on the previous elections of the same type and based on the expected impacts of legislative amendments. The MoF then issues a decision on award of special-purpose non-investment subsidy to individual regions and municipalities. To assess the system and control of election financing,

the SAO used data from the Integrated Information System of the State Treasury (Integrovaný informační systém Státní pokladny – “IISSP”).⁸

Graph 1, using the example of the 2013 parliamentary (general) elections, provides a breakdown of election expenditure from the GTA heading by participating entity. In all elections, the greatest proportion of election expenditure comprised of the expenditures of local and regional authorities, specifically more than 60% of election expenditure from the GTA heading in all audited elections.

Graph 1: Expenditure from the GTA heading for the 2013 parliamentary elections



Source: IISSP data regarding financing of the 2013 parliamentary elections

Funds were allocated to municipalities through their respective regions. The regions allocated fixed amounts to all municipalities for every ward and a special fixed amount to municipalities with an authorised municipal office and municipalities with extended powers for carrying out other specific election activities. The diagram in Annex 1 provides more details about the entire financing structure and its administrative demands, especially for small municipalities.

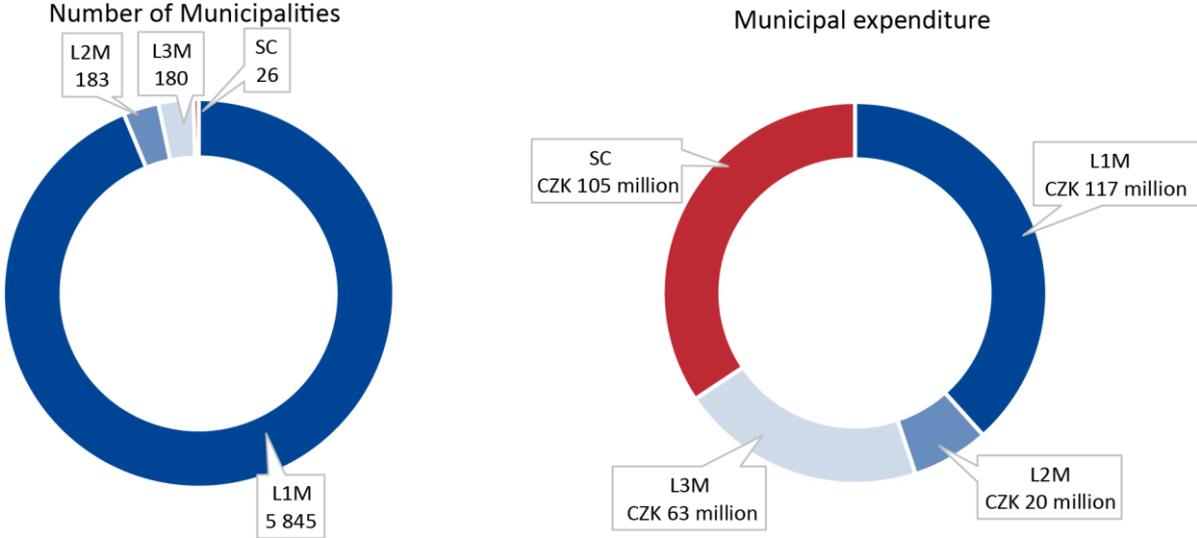
The SAO examined all decisions to award special-purpose non-investment subsidies for the Selected Elections as well as budget requests and did not discover any shortcomings in the release of funding for the Selected Elections.

The greatest number of municipalities comprises of first-level municipalities. These municipalities provide polling stations, staffing and equipment. Moreover, higher-level municipalities provide premises and equipment for CZSO election workstations, with ward- and EWS-related expenditures not being accounted for separately, however.

⁸ Total election expenditures of the various municipalities are recorded in the IISSP; however, the expenditures are not broken down by constituency or EWS. The breakdown of election expenditures in the IISSP by budgetary structure does not allow certain important election expenditure, e.g., lease of information technology, to be separated. These expenditures, including the justification for them, could be ascertained from the primary documents of the various municipalities. The SAO's objective was to assess election expenditures on the system level; therefore it proceeded to identify risks in the election financing system and problematic areas in the execution of elections.

The greatest portion of local and regional government expenditures comprises of first-level municipality and statutory city expenditures. Graph 2 shows that during the 2014 EP elections, first level municipality (L1M) expenditures constituted 38% of total expenditures and statutory city (SC) expenditures 34%.⁹ A total of 78% of municipalities incurred costs amounting to less than CZK 25 thousand related to the 2014 EP elections. This pertained mainly to first-level municipalities with one ward. The election expenditures of these municipalities amounted to a total of CZK 71 million, i.e., 23% of the municipalities' total expenditures. In the case of the Selected Elections, 69% to 78% of municipalities had expenditures amounting to a total less than CZK 25 thousand, with these municipalities spending approx. 19% to 23% of their total expenditures.

Graph 2: Number of municipalities and their total expenditure on the 2014 EP elections by degree of delegated powers



Source: data related to the 2014 EP elections obtained from the audit

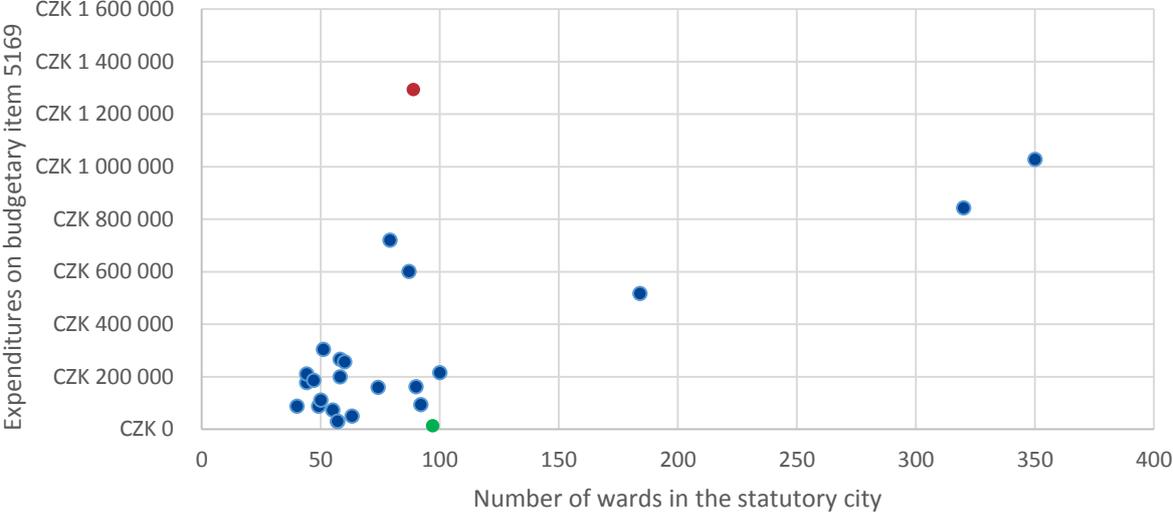
The greatest portion of municipal expenditure comprised of personnel expenses, especially budgetary item 5021 – *Other personnel expenses*, which included remuneration of members of ward electoral commissions, agreements to compete the job of distribution of polling cards and other similar agreements. The total amount of personnel expenses was dependent chiefly on the number of wards and number of WEC members of the various wards, which is dependent on the number of nominated WEC members. For this reason, other important budgetary items, e.g., 5169 – *Procurement of other services* (which includes maintenance services and lease of IT equipment, freight costs without travel costs or the costs of cleaning polling stations) and 5164 – *Rent* (rental of premises for polling stations and EWS), were used for a more detailed comparison.

The system of financing the election expenditures of municipalities made significant differences possible in the costs incurred by municipalities of the same level on individual budgetary items, calculated per ward. Graph 3, using statutory cities as an example, shows the differences on size-significant item 5169 – *Purchase of other services* for the 2014 EP elections. Statutory cities with a similar number of wards reported different average ward-related expenses in relation to this item. An example of this extreme difference is shown by the red and green points representing two statutory

⁹ These expenditures also include the municipalities' own resources that were not part of the awarded special-purpose non-investment subsidies. According to information provided by the MoF, the total amount of the municipalities' own resources expended in connection with the Selected Elections ranged from CZK 2 924 thousand to CZK 4 731 thousand for the Selected Elections.

cities. Expenditures for the statutory city marked with the green point amounted to CZK 127 per ward; in comparison, the expenditures for the statutory city marked with the red point amounted to CZK 14.5 thousand per ward.

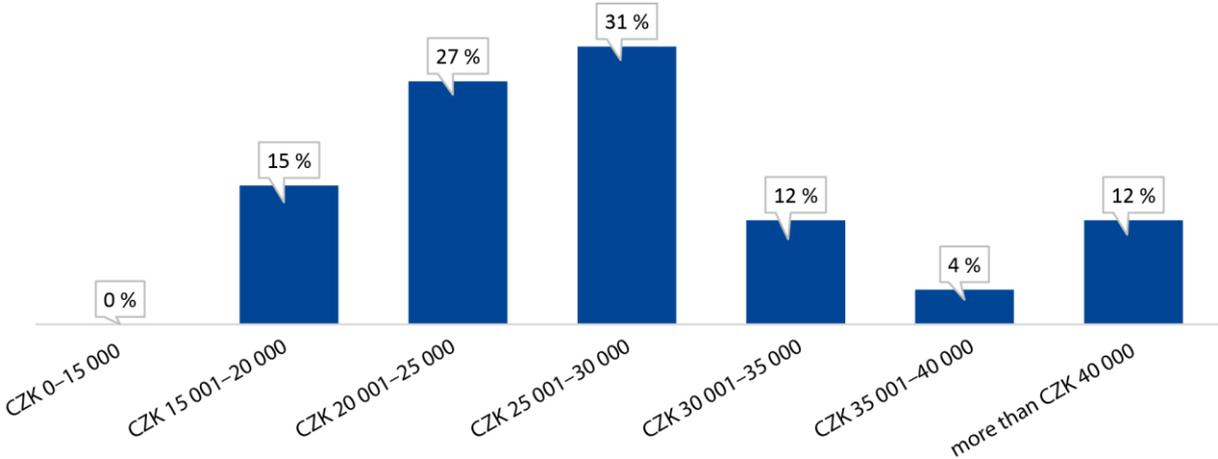
Graph 3: Statutory city expenditures on purchases of other services (2014 EP elections)



Source: Data related to the 2014 EP elections obtained by the audit.
Note: For greater clarity, the capital city of Prague is not shown in the graph, as it had more than 1000 wards.

The level of average expenditures per ward also differed for other budgetary items, which influenced total average spending per ward in the municipalities. Graph 4, using the example of the 2014 EP elections, shows the size of the difference in total expenditures incurred by the statutory cities.

Graph 4: Average total spending by statutory cities per ward (2014 EP elections).



Source: Data related to the 2014 EP elections obtained by the audit.
 The SAO sees the risk of uneconomical use of election funds in the stark differences in spending under budgetary items by municipalities of the same level for performing the same tasks in relation to preparing and running election.

In the audited period, the MoF gradually amended the election financing directive, and effective 8 January 2014, it issued Directive No. 62 970/2013/12-1204, by which it unified the procedures and obligation for all election types. The amendments thereto gradually specified certain expenditures and added other eligible expenditures. In some cases, they stipulated maximum expenditures and replacement periods.

The most significant decrease occurred in the sum total of budgetary items related to the purchase of materials, which included restricted expenditures under the directive, such as voting booths, USB flash disks or calculators. Municipalities spent CZK 42 million on materials for the 2009 EP elections and compared to CZK 24 million on the 2014 EP elections. The above shows that the impact of the adopted measures on the amount of utilised expenditures was positive and a reduction in expenditures occurred.

Size-significant but suggestible expenditures (other than personnel expenses), such as IT technology and rent for voting premises, were, however, not restricted by directives. Only general restrictions applied to them, specifically that SB funds can only be used to cover the costs of preparing and running elections to the extent absolutely necessary.

The SAO further examined the impact of the delegation of responsibility for arranging telecommunication connections from the MoI to the municipalities, which occurred upon the adoption of Act No. 222/2012 Coll., which amended the Election Act and Act No. 326/1999 Coll., on the residence of foreigners in the Czech Republic and on amendments to certain laws, as amended. For the purpose of comparison, the parliamentary elections and EP election, to which data was available both for the period prior to the change of the electoral authority responsible for arranging telecommunication connections and after such change, were chosen from the sample. The MoI arranged telecommunication connections through centrally awarded public contracts – at a price of CZK 24.1 million for the 2010 parliamentary elections and a price of CZK 22.9 million for the 2009 EP elections. According to information from the IISSP, spending on telecommunication services after the responsibility of arranging telecommunication connections was decentralised and delegated to the municipalities was more than 90% lower in comparison with the previous elections of the same type. The change of the electoral authority responsible for arranging telecommunication connections to the polling stations was one of the factors that contributed to more economical utilisation of funds.

During the audit, the SAO examined two public contracts that were chosen for scrutiny based on their importance for ensuring the technical and administrative execution of elections and the amount of funds involved. The MoI awarded the public contract entitled *2010-2014 Elections* for the selection of a supplier for printing, assembly and distribution of all required methodological materials, election forms, envelopes and polling cards, and, based in this contract, paid a total of CZK 218.6 million¹⁰ for printing and distribution of election materials and polling cards between 2010 and 2014, excluding the presidential elections, which were not part of the public contract.

The CZSO awarded the public contract entitled *Software for processing and presenting election and referendum results*,¹¹ and, based on this contract, the CZSO paid a total of CZK 19.6 million, including VAT, for programming, consultation and related services from 2013 to the end of the audit.

¹⁰ With regard to the date of adoption of the Act on the Election of the President of the Czech Republic, the printing of election materials was executed by a separate public contract.

¹¹ From 2006 to 2012, this software was provided to the Czech Statistical Office by the same supplier in compliance with Section 18 of Act No. 137/2006 Coll., on public procurement (exception for below-the-threshold public contracts related to holding elections). After this exception was abrogated in 2012, the CZSO awarded the abovementioned public contract in open proceedings. Although only one bidder – the same supplier who

The SAO did not discover any shortcomings in the contracting authority's course of action in selecting a supplier or in performing the subject of the public contract in relation to the technical and administrative set up of elections and the problem-free progress of elections.

The SAO examined the setup and functionality of the system for controlling utilisation of election funds, which is in the purview of the MoF and the tax offices. The SAO discovered that until the audit was launched, the MoF did not have the results of the controls performed by the tax offices in the area of election financing. The MoF obtained this information after being prompted by the SAO.

Until the SAO audit was launched, the MoF performed 9 audits and the tax offices 839 audits in connection with the Selected Elections. The MoF and the tax offices scrutinised funds related to Selected Elections totalling CZK 40 million, or 2.5% of the total costs incurred by the municipalities on the Selected Elections. Of the amount of funds checked by the MoF or the tax offices, 6.0% showed shortcomings.¹²

Most audits (96.7%) were conducted in first- and second-level municipalities. Third-level municipalities and statutory cities were scrutinised only minimally, although these municipalities had the greatest average and absolute amounts of spending.

In its election financing control system, the MoF did not set any criteria for selecting audited entities, which manifested itself, on the one hand, in the failure of the MoF and the tax offices to perform audits in municipalities that repeatedly reported high spending on budget items in the Selected Elections and, on the other, in the low percentage of audits performed in third-level municipalities and statutory cities, even though their election spending was the highest.

provided these services to CZSO previously – submitted an offer, the result of the tender was a price that was 35% lower than the assumed contract value set by the CZSO based on previous contracts for these services.

¹² The findings by the MoF and the tax offices pertained mainly to the printing of election invitations, purchase of office supplies unrelated to the elections, excessive scope of cleaning of the polling stations and payroll costs exceeding the law.

Geographic accessibility of elections on the ward level

Voting results are converted to mandates. Mandates are divided up between the political parties in the electoral districts (during the parliamentary elections, electoral districts are called regional constituencies). If the boundaries or number of electoral districts change, the boundaries may be manipulated to influence the voting results in the electoral districts (this is called gerrymandering). Conversely, if the migration of eligible voters between electoral districts is not taken into account for a long time, the weight of the votes in the electoral district may change (this is called malapportionment). A change in size or number of electoral districts may also lead to a change in the effectiveness of the proportional election system. This fact was taken into account by the Constitutional Court in its judgment 64/2001 Coll. of 24 January 2001 in connection with its adjudication of electoral system reform for the parliamentary elections. The Constitutional Court stated in its rationale: *“In fact, however, it is the number of regional constituencies that is the basic feature of an electoral system influencing within its framework the quality of how the proportion of votes cast is reflected in the share of mandates allocated to various political entities. The number of mandates allocated in each region is based on the stipulated number of regional constituencies, with the rule applying that the greater the number of mandates that are distributed in the respective region, the more “proportionate” the system is.”*

Wards fall under electoral districts. Wards are intended to facilitate the casting and counting of votes. Wards are thus only organisational and administrative divisions of electoral districts. Unlike electoral districts, changing the structure and number of wards is not an appropriate way to influence voting results, nor does this have an influence on the effect of an electoral system.

A polling station and a ward election committee must be set up for each ward. Municipalities may change the location of the polling stations for each election with restrictions, unlike the structure and number of wards, where such changes are subject to strict rules.

The SAO examined the geographic accessibility of elections as a service with its quality influenced mainly by the structure and number of wards and distance for voters in the respective municipalities to the polling stations.

Wards were created in 1994 pursuant to Act No. 152/1994 Coll., on elections to municipal councils and on amendments to certain other laws, which stated that wards should be created to cover about 1 000 voters. For more remote parts of municipalities, separate wards may be set up even for a smaller number of voters. Municipal councils, town councils and city district councils were tasked with setting up and changing wards, including polling stations. The obligation to justify the structure and number of wards was not laid down.

Wards were more specifically defined in a MOI decree¹³, which states that a ward may be set up in a way that preserves the natural layout of a municipality and ensures that voters have access to polling stations. Under the decree, separate wards for remote parts of municipalities could only be set up if they would serve at least ten eligible voters.

Act No. 491/2001 Coll. assumed the concept of wards from its predecessor, including the basic regulations thereon. Other election legislation regulates wards by reference to Act No. 491/2001 Coll.

Changes to wards can only be made in the following cases:

- The number of voters in a ward increases or decreases by a third.

¹³ MOI Decree No. 173/1994 Coll., implementing certain provisions of Act No. 152/1994 Coll., on elections to municipal councils and on amendments to other laws.

- The boundaries of a municipality change in areas where the territory of this municipality has settlements.
- The boundaries of city district or borough change.
- The boundaries of a ward do not coincide with the boundaries of an electoral district for Senate elections or an electoral district for municipal council elections.

Some municipalities have long been calling the MoI's attention to the excessive severity/strictness/rigidity of the conditions for changing wards, as these conditions have made it impossible in some cases to adjust the wards. Although such a change would be desirable in their opinion because of the local conditions. The municipalities thus called attention to the related uneconomic utilisation of public funds to run elections in the smallest wards and the technical problems with running elections in these wards, e.g., due to the absence of suitable premises for polling stations.

Section 76 of Act No. 491/2001 Coll. was amended to include the possibility of changing a ward if the ward boundary did not preserve the natural layout of the territorial unit, including voter accessibility. A change to a ward pursuant to Section 76 was possible only in the period from the date this law came into force (31 December 2001) to the call of the 2002 municipal council elections (1 February 2002). Municipalities thus had only one month to make a specific change to a ward. The MoI did not have data on the number of municipalities that made use of this opportunity. The SAO performed a comparison of the development of the number of wards on a sample of 6 288 municipalities and discovered that the possibility to adjust the number of wards in accordance with Section 76 of Act No. 491/2001 Coll., was utilised by a maximum of 48 of them.¹⁴ The impact of Section 76 on the number of wards was minimal.

The MoI further proposed a general arrangement on wards consisting in widening the reasons that make changes to wards possible. This change was included in the 2004 and 2012¹⁵ drafts of the new Election Act and to the amendment prepared in 2016. None of the draft amendments to the Election Act containing the above change had been accepted by the end of the audit, however.

The MoI and SEC did not conduct an all-encompassing assessment of the issue of the number and distribution of wards, correspondence of the addresses of polling stations or accessibility of elections to eligible voters.

Structure and number of wards

In order to assess the effect of demographic developments on the structure and number of wards, the SAO performed a detailed comparison of the oldest available data for specific wards with respect to elections of the same type.¹⁶ The comparison was carried out on 6.1 thousand municipalities where the number of wards did not change in the reference period.¹⁷ In these municipalities, a total of 11 342 wards were registered, of which 1 616 saw a significant change in the number of eligible voters in the reference period, which means that their number changed by more than one third. Of these 1 616

¹⁴ The SAO compared the data on the number of wards for the 1998 and 2002 parliamentary elections; it was thus not possible to determine whether in the case of the 48 municipalities the changes that were made were only based on Section 76 of Act No. 491/2001 Coll.; this number, is, therefore, the maximum.

¹⁵ The 2012 draft of the Election Act added another possibility for changing the boundaries of wards compared to the version of the act valid from 2001, specifically that it was possible to change the boundaries of wards if the boundaries did not correspond to the requirements for setting up wards.

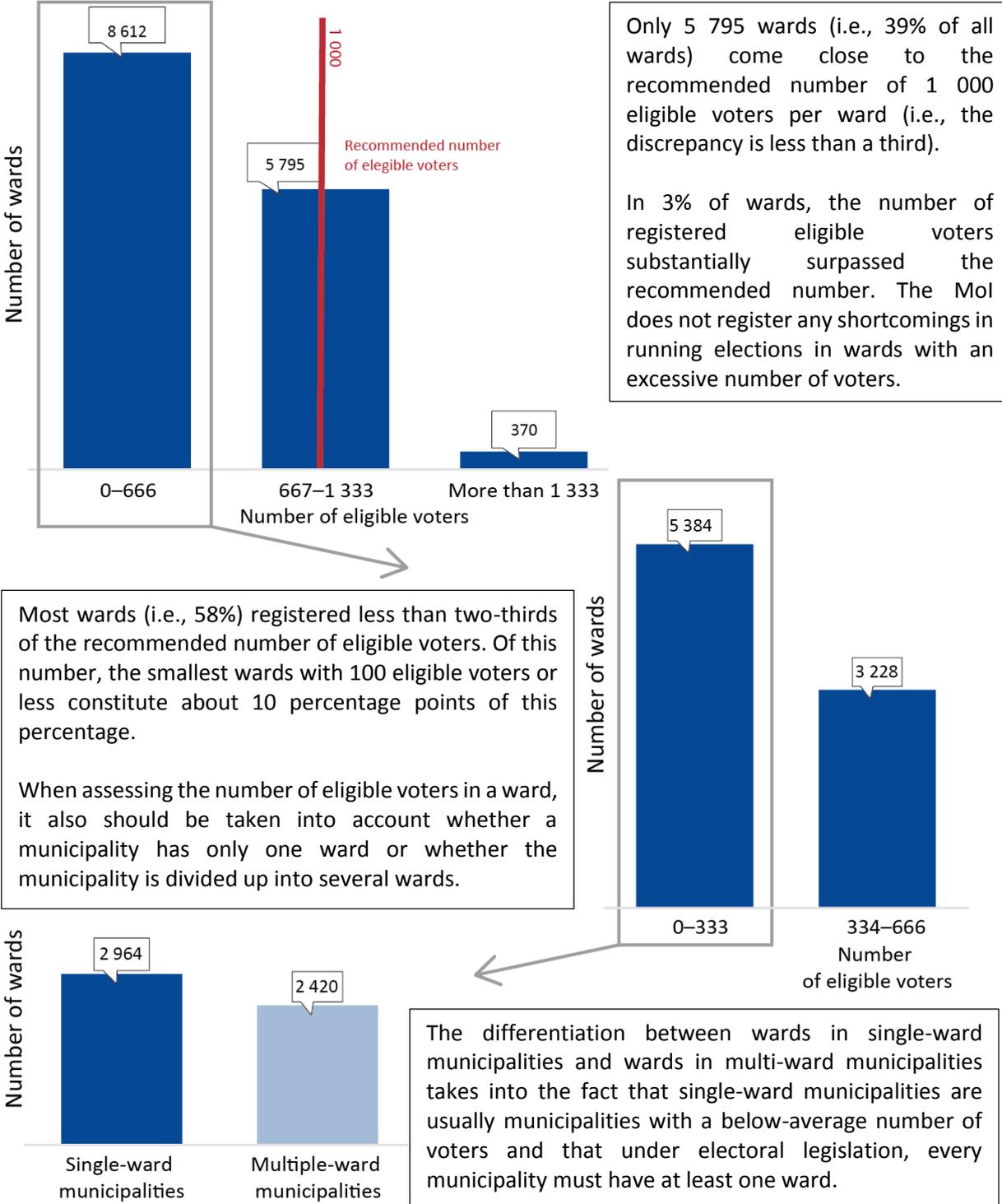
¹⁶ CZSO data for the 1996 and 2013 parliamentary elections were used.

¹⁷ The CZSO uses the municipality number in combination with the ward number to identify a ward. It is thus not possible on the central level to compare data for wards that have been renumbered.

wards, 1 4242 saw an increase in the number of eligible voters and 192 saw a decrease. At least 10% of all wards saw demographic developments take place between 1996 and 2013 that significantly affected the number of eligible voters registered with the wards.

Graph 5, using the 2014 EP elections as an example, shows the number of eligible voters registered in each of the various wards in the Czech Republic.

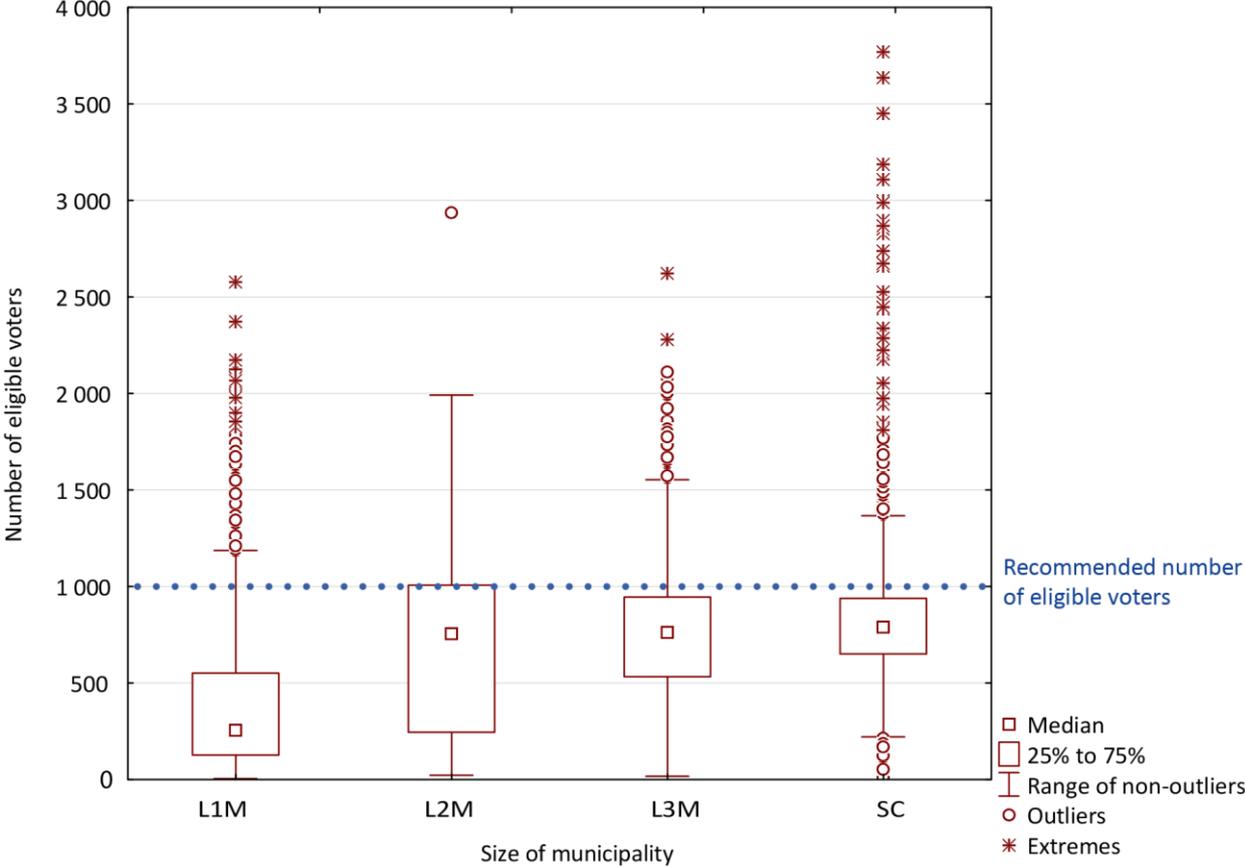
Graph 5: Number of wards by number of registered eligible voters (2014 EP elections)



Source: data related to the 2014 EP elections obtained by the audit

The recommended number of eligible voters was set the same for all types of municipalities.¹⁸ The following graph (Graph 6) shows the distribution of the number of eligible voters in wards by degree of delegated powers of municipalities. Whereas the median number of eligible voters was comparable for second-degree municipalities, third-degree municipalities and statutory cities (from 757 to 792), the median was substantially lower for first-degree municipalities (257). The lowest interquartile deviation pertained to statutory cities, with 50% of wards in statutory cities having between 650 and 937 eligible voters. The graph shows outlying and extreme values of the number of eligible voters in wards.

Graph 6: Number of eligible voters in wards by degree of delegated powers (2014 EP elections)

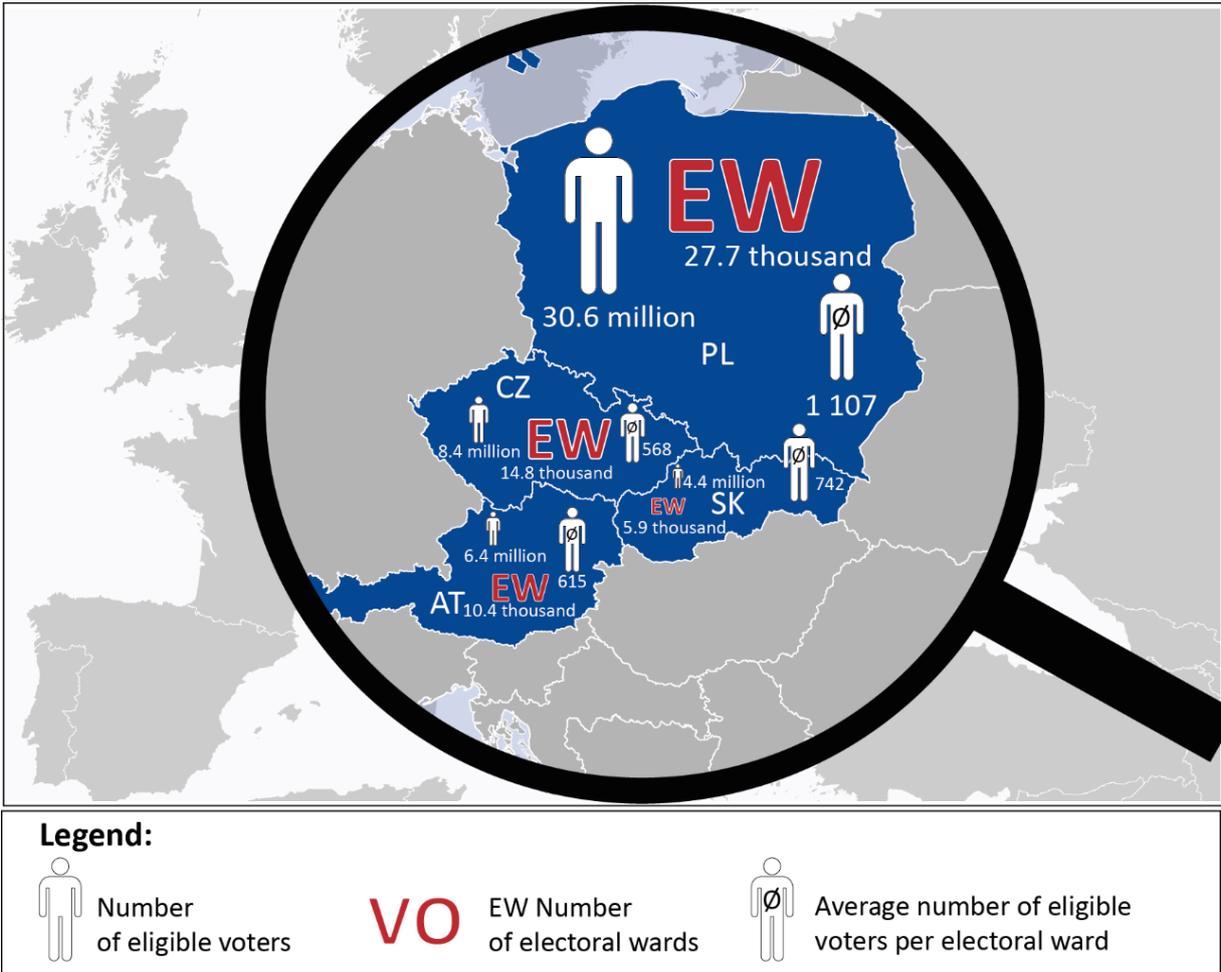


Source: Data related to the 2014 EP elections obtained by the audit
Note: To allow detail to be shown, the graph was cut off at a value of 4 000 eligible voters.
 The extreme values of four wards set up in statutory cities (with 4 881, 5 841, 9 234 and 13 785 eligible voters) were cut off.

Image 1 provides a basic overview of elections run on the ward level in selected European countries. When comparing the number of eligible voters and wards, the specific geographical and demographic conditions in each country need to be considered.

¹⁸ A municipality with a municipal council (a “first-level municipality” or “L1M”), a municipality with an authorised municipal council (a “second-level municipality” or “L2M”), a municipality with extended powers (a “third-level municipality” or “L3M”) and statutory cities (“SC”). Prague is ranked as a statutory city because it best approximates the criteria for this in the following overviews.

Image 1: Elections run at the ward level (2014 EP elections)



Source: data taken from the websites of the electoral authorities in each country.

Examples of different levels of geographical accessibility of elections for voters

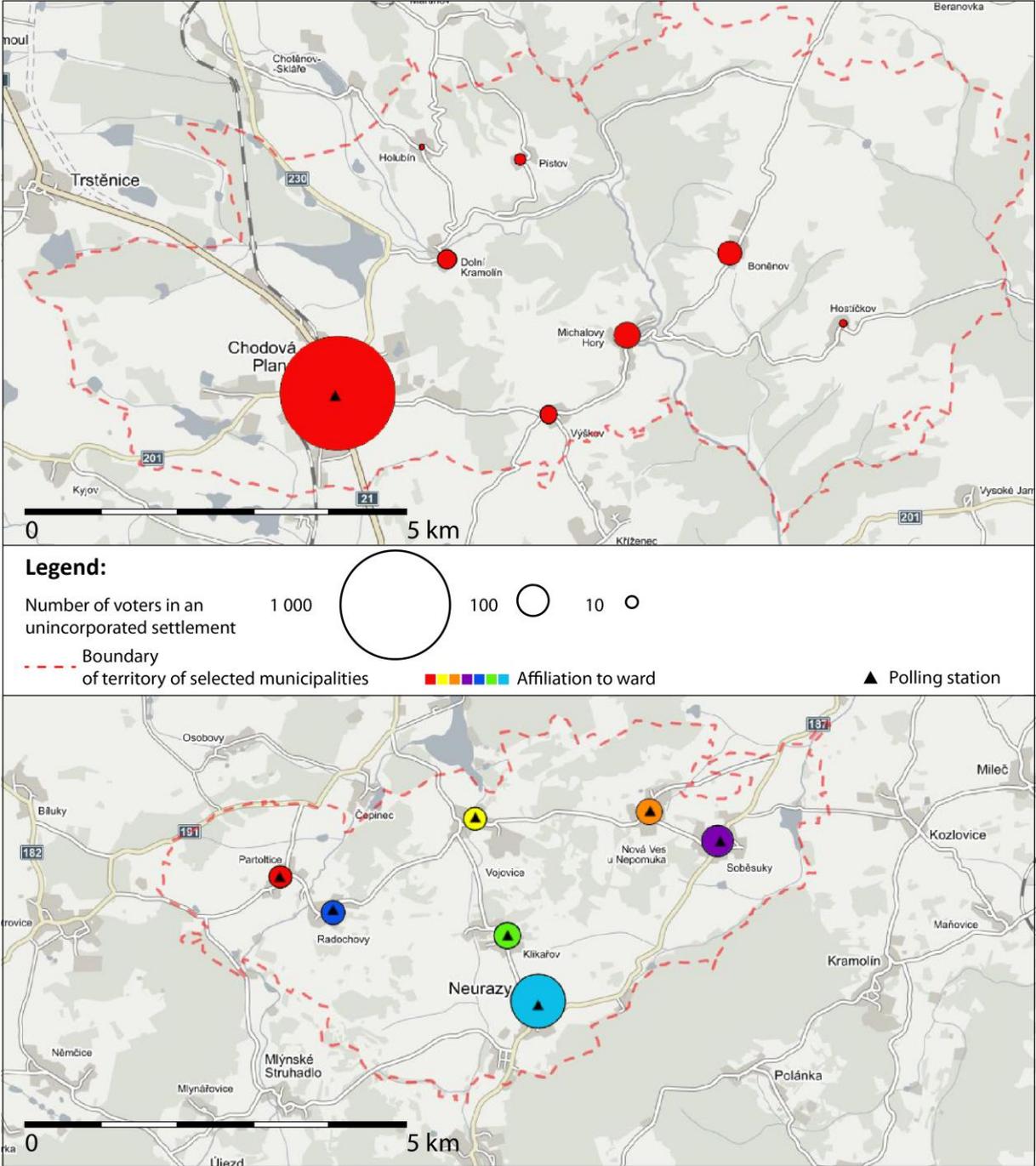
The SAO assessed the geographical accessibility of elections for voters in all municipalities based on the size of the municipal territory, number of unincorporated settlements (“US”),¹⁹ differentiation of municipalities according to degree of delegated powers and deviations in the number of wards from the number of wards according to the recommended number of voters in a ward. Using these factors, the SAO identified groups of municipalities with low, medium and high geographical accessibility for voters. To illustrate, examples were chosen from municipalities from the low- and high-accessibility groups. This is shown in Image 2.

The colour of the circle represents its affiliation to a ward (if there is more than one circle of the same colour, together they form a ward). Voters from US that are not labelled with a black triangle vote in the polling stations located in the US with the same colour and a black triangle. The locations of polling stations correspond to the 2014 EP elections.

¹⁹ An unincorporated settlement is part of the built-up area of a municipality defined as a group of buildings (or even a single house) that is separated from the main part of the municipality and has a special local name or special designation.

In the case of the municipality of Chodová Planá (1 462 eligible voters), a single ward for the whole of the municipality's territory (55 km²) was set up, with a polling station in the US of Chodová Planá, which has the greatest number of registered voters. The most distant US of Hostičkov is located 8 km away. The second most populous US is Michalovy Hory with about 60 eligible voters and is located 4.5 km away, and the third most populous US of Boněnov is located 7 km away.

Image 2: Examples of first-degree municipalities with low and high degree of election accessibility



Source: CZSO and RÚIAN data

Conversely, the municipality of Neurazy (667 registered voters) created a total of seven wards on its territory (26 km²), so that each US had its own ward and own polling station. The most distant US are Partollice, which are located 6 km from the biggest US of Neurazy. Soběsuky, the second most

populous US with almost 100 eligible voters, is 4 km away. Other US for which separate wards were created are in direct proximity to other US and about 40 to 70 voters are registered with them.

Different approach of creating wards is clear from the mutual comparison of the above two model first-level municipalities. Neurazy shows an especially high degree of geographical accessibility to elections. A separate ward was even created for a US with less than 50 voters and located 1 km from the next US with its own ward and polling station. Compared to that, only one ward was created for the municipality of Chodová Planá, and voters from US with a similar number of voters as the US of the municipality of Neurazy have a lower level of geographical accessibility to elections, as the polling station is located as far away as 7 km.

The SAO identified significant differences in the approach of creating wards and changes to their size and number in municipalities of the same level and with similar local conditions (especially the number of eligible voters, size of the territory and layout). These differences were also caused by legal regulations on creating wards (e.g., a separate ward can be created for a part of a municipality with a smaller number of voters if its location is remote), demographic development and a lack of sufficient methodological support from the MoI to municipalities in creating and changing wards. Similarly structured municipalities with a similar number of voters also substantially differ in the numbers of wards they have, which manifested itself in the different geographical accessibility of elections for eligible voters.

Number of wards in individual municipalities directly affects economy of securing elections because for each ward a separate ward electoral commission must be ensured. There are imperative material and personal expenses connected with the activities of ward electoral commission, primarily securing a polling station and its equipment, and rewards for the members of the ward electoral commission that constitute the largest expenses part of the elections.

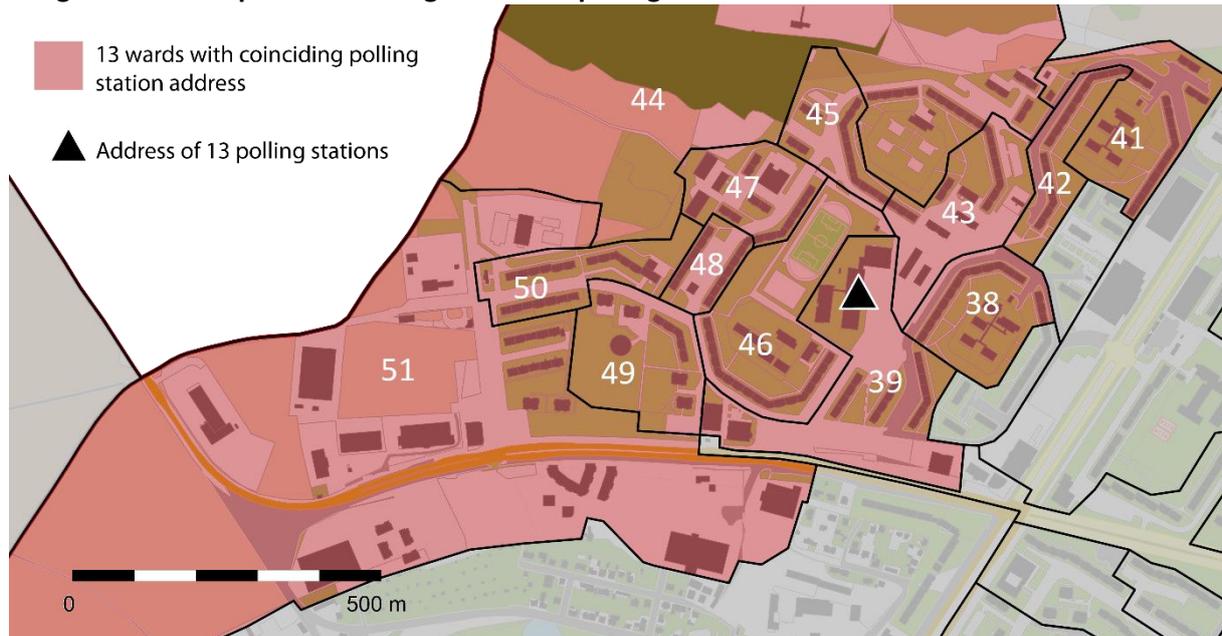
Wards with polling stations with coinciding addresses

Neither the MoI nor the SEC have data on addresses of polling stations. The SAO conducted a comparison of the addresses of the polling stations based on an *overview of telephone connections to each polling station*, which is compiled by the various regions and contains the addresses of the polling stations of all wards.

For example, the statutory city of Plzeň created 184 wards with 133 thousand eligible voters. A total of 98 thousand eligible voters were registered in 143 wards whose polling stations had coinciding addresses (36 buildings).

The following image (Image 3), illustrates, for example, the coinciding address of the polling stations of 13 wards, of which have the electoral commissions' address at 4. základní škola, Královická 12, Plzeň. There were 8.6 thousand eligible voters registered in these wards. A separate ward electoral commission responsible for the voting was allocated to each ward at this address.

Image No. 3: Example of coinciding address of polling stations for 13 wards.



Source: geographical information system of the statutory city of Plzeň.

The SAO discovered that if the legally recommended number of 1 000 voters per ward were adhered to, it would be possible to arrange voting in the statutory city of Plzeň at 116 wards with coinciding addresses, i.e., 27 less than in the 2013 parliamentary elections, which would lead to estimated savings of approx. CZK 630 thousand per election (calculated according to average expenditure per ward in the statutory city of Plzeň). At the same time, adjustment of the structure and number of wards according to coinciding polling station addresses would not have a negative impact on geographical accessibility for voters in the affected wards, as voters could continue to vote at the same address.²⁰

Utilisation rate of election workstations and their geographic accessibility

Election workstations and their location are defined by the relevant electoral laws. Since 2001, election workstations are set up at the authorised municipal councils. The voting results for the various wards are handed over in person to the EWS according to the catchment area of the municipality in which the ward is located. Each EWS thus processes the scrutinised votes from a significantly different number of wards. For example, during the 2013 parliamentary elections, 30% of EWS processed the results from 21 to 50 wards, 24% from 11 to 20 and 13% from 6 to 10. Furthermore, almost 7% of wards (i.e., 33) processed results from only one ward, 8% (i.e., 42) from 2 to 5 and approximately 5% (i.e., 23) from more than 100. The EWS utilisation rate was the same for each of the elections, except for the presidential elections.

In the supporting documentation for assessing the 2002 municipal council and senate elections, the CZSO warned the SEC that the existing number of election workstations and number of wards per election workstation is, in its opinion, inefficient from the point of view of distribution of manpower and resources used by the CZSO.

Various proposals submitted by the CZSO since 2002 dealt primarily with reducing the number of election workstations. The proposal submitted by the CZSO to change the structure and reduce the number of election workstations was partially incorporated in the draft of the Act on the Election of

²⁰ Adjustment of the structure and number of wards based on coinciding polling station addresses is only one of the possible approaches to optimising the structure of wards.

the President of the Czech Republic (Act No. 275/2012 Coll.). For other elections, however, none of the proposed amendments to the Election Act that contained the mentioned modification were adopted.

During presidential elections, unlike other elections, election workstations in the cities of Prague, Brno, Ostrava, Plzeň are not set up in the councils of city districts or boroughs with less than 11 permanent wards. Thanks to this change, the number of election workstations in the 2013 presidential elections fell by 79, with the CZSO estimating its savings at CZK 2 million only for the services that it was responsible for procuring. The unimplemented part of the CZSO proposal pertained to termination of election workstations at authorised municipal councils (municipalities without city districts) with less than 9 wards. The CZSO did not have any analyses available to support the proposed changes in structure and number of election workstations.

The addresses of polling stations and election workstations were marked on maps²¹ indicating the links between the addresses of the polling stations and respective election workstations, with such links colour-coded according to travel distance or travel time.²² The distribution of election workstations and the respective polling stations in the 2013 parliamentary elections according to travel distance and travel time is set out in Annex 2²³ and Annex 3²⁴. The image below (Image 4) shows election workstations in the municipalities of Bezdrůžice and Vřeruby, the polling stations assigned to them and the travel distances between them.

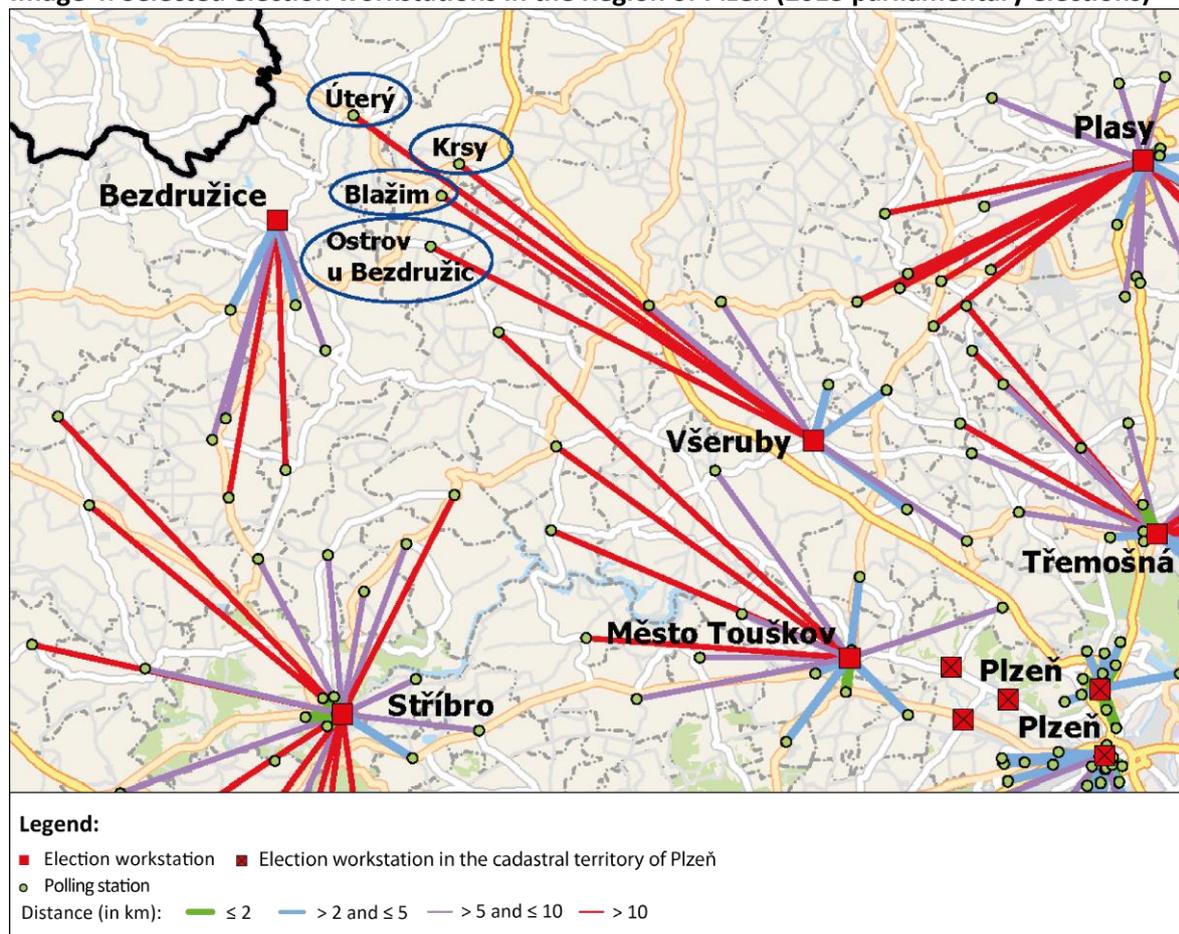
²¹ Street Premium for ArcGIS and ArcČR500 maps and geographical data drawn up for this audit.

²² The analysis did not include 0.6% of polling stations, as these could not be clearly assigned to a ward. Travel time and travel distance were calculated for transport by passenger car via paved roads.

²³ Distribution of election workstations and polling stations in selected regions by travel distance is available on: http://www.nku.cz/assets/kon-zavery/k15036_priloha2-mapa.png

²⁴ Distribution of election workstations and polling stations in selected regions by travel time is available on: http://www.nku.cz/assets/kon-zavery/k15036_priloha3-mapa.png

Image 4: Selected election workstations in the Region of Plzeň (2013 parliamentary elections)



Source: addresses of polling stations and election workstations (selected regions, CZSO and RÚIAN register), Street Premium for ArcGIS and ArcČR500 maps and geographical data.

The ward electoral commissions in the selected municipalities of Úterý, Krsy, Blažim and Ostrov u Bezdržic (highlighted in Image 4) fall under the election workstation in the municipality of Všeruby, although they are nearer – both in terms of travel time and travel distance – to the election workstation in Bezdržice. Specific travel times and distances to both election workstations are shown in Table 1. Assignment of a ward to a more distant EWS can also be seen in the case of other municipalities, especially those located near regional borders (See Annex 2 and Annex 3).

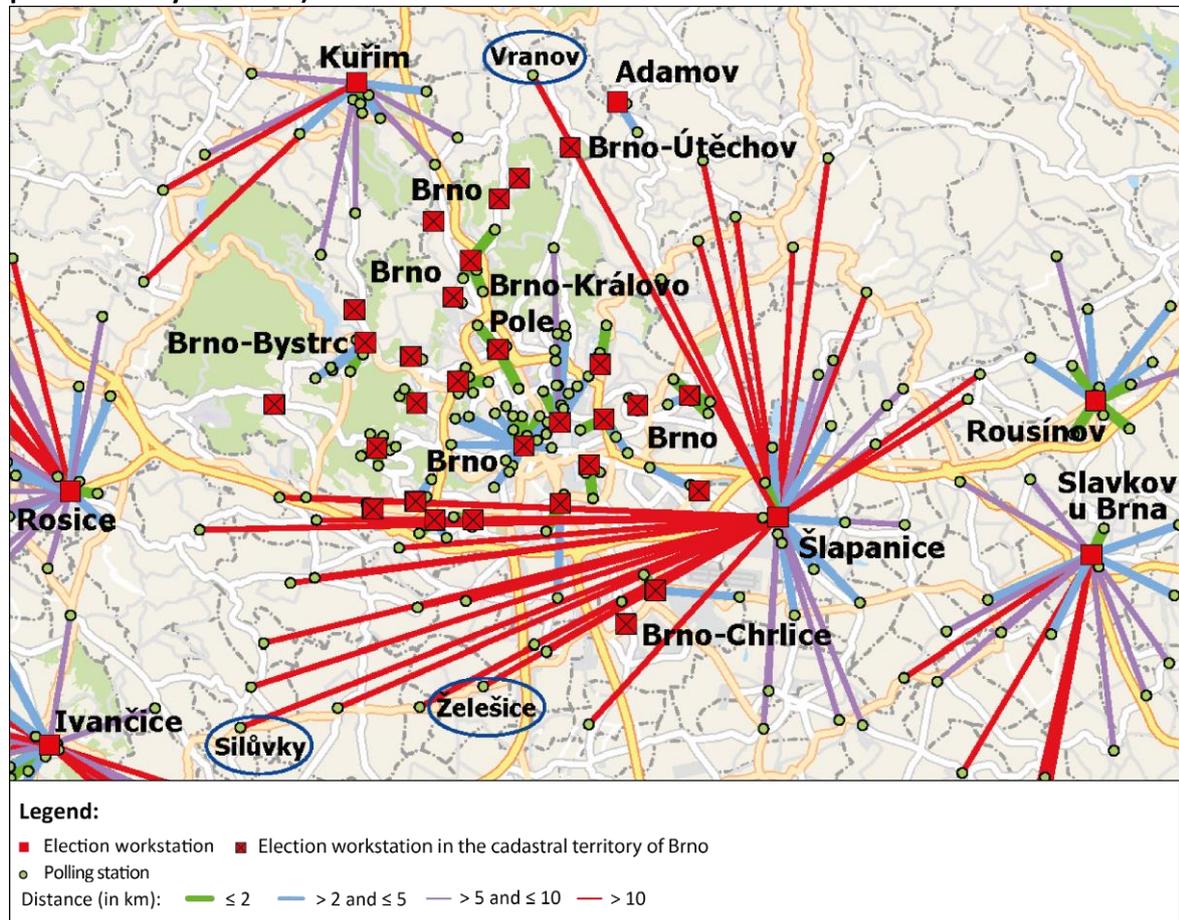
Table 1: Travel time and distances from polling stations to EWS for selected municipalities.

Polling station in the municipality of		Election workstation in the municipality of	Travel time	Travel distance
Úterý	Current situation	Všeruby	21.60 min	23.10 km
	Alternative	Bezdržice	10.00 min	6.3 km
Krsy	Current situation	Všeruby	15.00 min	17.40 km
	Alternative	Bezdržice	14.00 min	10.80 km
Blažim	Current situation	Všeruby	15.90 min	18.30 km
	Alternative	Bezdržice	12.00 min	9.40 km
Ostrov u Bezdržic	Current situation	Všeruby	15.40 min	18.30 km
	Alternative	Bezdržice	11.00 min	8.10 km

Source: SAO's own calculations

The image below (Image 5) shows the election workstations around the city of Brno, the assigned polling stations and an indication of the travel distance in connection with the 2013 parliamentary elections. According to the catchment area, the municipalities around Brno have their election workstation in the municipality of Šlapanice although the travel distance and time are shorter to different election workstations.

Image 5: Selected election workstations in the environs of the statutory city of Brno (2013 parliamentary elections)



Source: addresses of polling stations and election workstations (selected regions, CZSO and RÚIAN register), Street Premium for ArcGIS and ArcČR500 maps and geographical data.

The municipalities of Vranov, Silůvky and Želšice are the examples used in Image 5. The following table (Table 2) shows the travel distance and time from these municipalities to the election workstations.

Table 1: Travel time and distances from polling stations to EWS for selected municipalities.

Polling station in the municipality of		Election workstation in the municipality of	Travel time	Travel distance
Vranov	Current situation	Šlapanice	27.60 min	23.80 km
	<i>Alternative</i>	<i>Brno-Útěchov</i>	<i>6.00 min</i>	<i>3.30 km</i>
Silůvky	Current situation	Šlapanice	26.90 min	27.10 km
	<i>Alternative</i>	<i>Ivančice</i>	<i>14.00 min</i>	<i>11.10 km</i>
Želešice	Current situation	Šlapanice	16.80 min	17.90 km
	<i>Alternative</i>	<i>Brno-Chrlice</i>	<i>9.00 min</i>	<i>6.20 km</i>

Source: SAO's own calculations

The assignment of a ward to an EWS according to the catchment area of a municipality and failure to consider the geographical position of the EWS make it impossible for some ward electoral commissions to make use of the nearest EWS, i.e., to minimise the travel time and distance and thereby reduce travel costs.

According to the *Final Report on the Course of the 2014 Elections to the European Parliament*, the MoI was to have prepared a modification of the CZSO election workstations for the technical amendment. During 2015, the MoI, however, modified the content of the technical amendment to include only those areas that the MoI felt it was essential to amend. The MoI justified this decision with concerns that the necessary legislative amendments would be at risk of suspension if political debate began.

The MoI moved legislative amendments on election workstations to the new draft amendment of the Election Act. The MoI's proposal consists of setting up election workstations at selected registration offices that are responsible for discussing and registering candidate lists. According to the MoI, the role of registration offices could also be performed by municipal offices that would fulfil the conditions of a specialised apparatus and for which, with regard to the size of the municipality, it would be warranted for them to run the registration proceedings for their area. List of registration offices for which election workstations should be set up will, be set out in the annex to the Election Act according to the MoI. The newly proposed structure under which election workstations would be located at registration offices would, according to the MoI, better cover the Czech Republic in terms of accessibility and utilisation. At the time of the audit, however, the MoI did not have available the data to conduct an analysis based on which it could propose the effective distribution of election workstations that would take into account the issue of election workstations not only on the level of the CZSO, but also on the level of the respective municipalities.

Neither the State Electoral Commission nor the MoI had an alternative technical solution available to resolve the method of handing over the results of voting from the polling stations, e.g., by using already available IT equipment (most ward election committees make use of personal computers equipped with a special CZSO programme when processing the results of voting).

List of Abbreviations used in the English Translation

CZSO	Czech Statistical Office
EP	European Parliament
EWS	Election workstation
EW	Electoral ward
GTA	<i>General Treasury Administration</i> (State budget heading)
IISSP	<i>Integrovaný informační systém Státní pokladny</i> (Integrated Information System of the State Treasury)
L1M	Municipality with a municipal office
L2M	Municipality with an authorised municipal office
L3M	Municipality with extended powers
LRG	Local and regional government
MoF	Ministry of Finance
MoI	Ministry of the Interior
RÚIAN	Registr územní identifikace, adres a nemovitostí (Register of Territorial Identification, Addresses and Real Estate)
SAO	Supreme Audit Office
SB	State budget
SC	Statutory City
SEC	State Electoral Commission
Selected Elections	2014 and 2009 EP elections, 2010 and 2013 parliamentary elections and 2013 presidential elections
US	Unincorporated settlement
VAT	Value added tax
WEC	Ward electoral commission

Annex 1: Scheme of financing expenditures related to holding elections in municipalities and regions

Election financing process phase	Ministry of the Interior	Ministry of Finance	Regions	Municipalities
Phase 1 (before elections called)	Analysis of expected election expenditure (according to past elections + reserve)			
Elections called				
Phase 2 (filing of request for funding)	Submission of single request for subsidies for regions and municipalities →	Decision to grant special-purpose non-investment subsidies to regions and municipalities ↓		
Phase 3 (provision of funds to regions and municipalities)		Release of funds for regions and municipalities from the GTA heading (in the requested amount) →	Obtaining funds for regions and municipalities ↓	
			Separation of funds for municipalities and transfer of these funds to municipalities →	Receipt of election funds
Phase 4 (utilisation of election funds)			Utilisation of regional funds for elections	Utilisation of municipal funds for elections
End of elections				
Phase 5 (processing of preliminary accounting, submitted by regions within 60 days of the end of WEC operations)		Receipt of preliminary summary account tallies for regions and municipalities ↓	Processing of preliminary account tallies for regions ↓	← Processing of preliminary account tallies for municipalities
			← Submission of preliminary summary account tallies for regions and municipalities	
Phase 6 (execution of financial settlement of municipalities at regions; municipalities send financial settlement by 15 February of the next budgetary year)			Receipt of financial settlement of subsidies with municipalities (including refunds) →	← Processing of financial settlement of actual expenditures for each municipality (including refunds)
Phase 7 (execution of financial settlement at MoF; regions send financial settlement by 15 March of the next budgetary year)		Receipt of summary financial settlement of subsidies (including refunds) →	← Processing of financial settlement of actual expenditures for regions and municipalities (including refunds)	
Phase 8 (audit of financing)		Audit of financing		