
Evaluation of Audit Criteria for Cultural Institutions: A Research Report

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Abstract:

Purpose: The purpose of this article is to evaluate the model solution for auditing cultural institutions. The methodology, including audit criteria in key management areas, was used to audit ten cultural institutions of Krakow (theatres and music institutions). The conducted research allowed the auditors to evaluate audit methodology and criteria, as well as identify areas for improvement in relation to audit criteria in the studied cultural institutions.

Design/Methodology/Approach: The audits included internal documentation studies, interviews with employees, observation of the theatre operation, participation in performances, including the general rehearsal, website and social media surveys, and interviews with stakeholders. Different approaches were taken to study the organization, systemic and process, based on risk analysis, and with reference to results and compliance. Audit triangulation was used to increase confidence in the research findings.

Findings: The audit study assessed audit criteria in eighteen areas of management. In each of these areas, ten quality criteria were evaluated.

Practical Implications: Managers of cultural institutions can use the guidance included in the methodology developed and research report to self-assess and improve, as well as to build awareness of the importance of management and its aspects among all employees.

Original/value: The evaluation study of the "Guide on the audit of cultural institution" carried out in ten cultural institutions illustrated that the adopted audit criteria are a useful tool for self-assessment and benchmarking.

Keywords: Audit, evaluation, cultural institutions, measurement of results, improvement actions.

JEL classification: M42, M48, Z10, D83, D81.

Paper Type: Research study.

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1. Introduction

The methodology of the auditing of cultural institutions used in the study was designed and presented in the paper Audit of cultural institutions - approach and methodology (Batko, 2021). To ensure the most reliable audit results, an audit study was designed by taking layered samples that produce better results (the audit study covered all levels of the organisational structure, from management to operational staff) (Azzali and Mazza, 2018) (Belfiore, 2004) (Leeuw, 1996) (Testa and Sipe, 2013) (Hepworth, 1995). The audit sample was established in relation to the risk levels defined in the organisation (Power, 2004) (Aven and Renn, 2010). The research report includes a point estimate of the level of organisational maturity (each criterion was assessed according to an estimation formula and assigned weight), as well as a qualitative assessment of the criteria and recommendations, especially concerning inconsistencies, data inconsistencies, identified errors in operation, lack of supervision, monitoring, evaluation, control and improvement (Burrell and Morgan, 2007) (Alderfer, 2010) (Alvesson, 2013) (Bozeman, 2002) (Weick, 2005) (Denhardt and Denhardt, 2007) (Parasuraman *et al.*, 1985).

The proposed model for the development and implementation of the quality standard for auditing the cultural institutions was implemented in the years 2018-2019 (unfortunately, the project could not be continued in 2020 due to the COVID pandemic) in several stages:

- involving directors and other key members of the personnel of the cultural institutions in identifying problems and priorities;
- developing methodology;
- defining audit criteria in key management areas and assigning them appropriate importance;
- providing a prepared handbook containing audit criteria and training for the directors of cultural institutions;
- carrying out pilot audit of ten cultural institutions, evaluation of audit methodologies and criteria, development of audit reports;
- improving the adopted standard.

The following management areas have been audited:

1. strategic and system management,
2. leadership,
3. organisational culture,
4. knowledge management,
5. human management,
6. planning of programme and new services,
7. managing relations with residents and other recipients of the cultural offer,
8. stakeholder relationship management,

9. financial management and public procurement,
10. operational management,
11. innovation and creativity management,
12. change management,
13. risk management,
14. process and project management,
15. management of tangible and intangible assets,
16. advertising, marketing and promotion management,
17. information security management, including GDPR,
18. control processes, monitoring, evaluation, audits, studies.

In each of these areas, ten quality criteria have been developed for evaluation. The adopted number results from pragmatic approach: too many criteria would make the self-assessment or the audit too burdensome and time-consuming. The equal number of criteria in each area highlights the importance of each of them for good, valuable management of the institution.

2. Analysis and Results

Pilot studies were carried out in cooperation with the Krakow City Office in 2018 and 2019 in ten Krakow cultural institutions. The audit was carried out in seven municipal theatres: Ludowy Theatre, Bagatela Theatre, Łaźnia Nowa Theatre, Grotoska Theatre, KTO Theatre, Variété Theatre, Theatre Scena STU and in three musical institutions: Capella Cracoviensis orchestra, Cracovia Danza Court Ballet and the Orchestra of the Royal Capital City of Krakow Sinfonietta Cracovia. Institutions have achieved the following results:

- Bagatela Theatre 1,133 pts, which means meeting the criteria in 88%.
- Łaźnia Nowa Theatre 1,170 pts, which means meeting the criteria in 86.98%.
- The Orchestra of the Royal Capital City of Krakow Sinfonietta Cracovia 1,131 pts, which means meeting the criteria in 84.19%.
- Capella Cracoviensis orchestra 1,114 pts, which means meeting the criteria in 83%.
- Ludowy Theatre 1,055 pts, which means meeting the criteria in 78.5%.
- Grotoska Theatre 1,012 pts, which means meeting the criteria in 75.3%.
- KTO Theatre 919 pts, which means meeting the criteria in 68.9%.
- Variété Theatre 909 pts, which means meeting the criteria in 67.6%.
- Theatre Scena STU 893 pts, which means meeting the criteria in 66%.
- Cracovia Danza Court Ballet 882 pts, which means meeting the criteria in 65.65%.

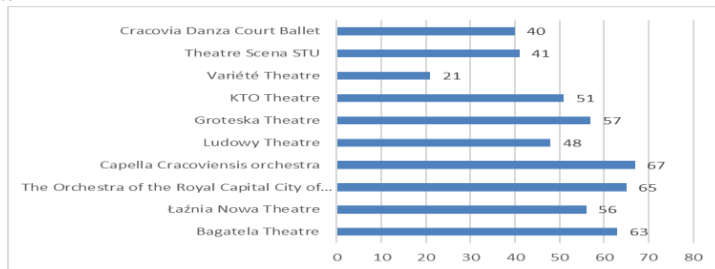
Table 1. The results of the audit score of the cultural institution

Assessment criteria for:	Maximum number of points for the range:	Bagatela Theatre	Laźnia Nowa Theatre	The Orchestra of the Royal Capital City of Krakow Sinfonietta Cracovia	Capella Cracoviensis orchestra	Ludowy Theatre	Groteska Theatre	KTO Theatre	Variété Theatre	Theatre Scena STU	Cracovia Danza Court Ballet
1. Strategic and system management	72 pts	63 pts	56 pts	65 pts	67 pts	48 pts	57 pts	51 pts	21 pts	41 pts	40 pts
2. Leadership	72 pts	67 pts	66 pts	63 pts	67 pts	65 pts	59 pts	46 pts	61 pts	51 pts	49 pts
3. Organisational culture	73 pts	69 pts	69 pts	69 pts	70 pts	68 pts	70 pts	57 pts	50 pts	56 pts	50 pts
4. Knowledge management	69 pts	57 pts	52 pts	45 pts	44 pts	37 pts	34 pts	54 pts	41 pts	32 pts	42 pts
5. Human management	76 pts	63 pts	58 pts	57 pts	67 pts	64 pts	54 pts	52 pts	45 pts	43 pts	40 pts
6. Planning of programme and new services	78 pts	78 pts	75 pts	78 pts	71 pts	70 pts	59 pts	47 pts	65 pts	63 pts	51 pts
7. Managing relations with residents and other recipients of the cultural offer	75 pts	68 pts	72 pts	64 pts	67 pts	69 pts	52 pts	48 pts	63 pts	68 pts	48 pts
8. Stakeholder relationship management	75 pts	63 pts	66 pts	57 pts	57 pts	58 pts	47 pts	46 pts	21 pts	48 pts	48 pts
9. Financial management and public procurement	78 pts	74 pts	78 pts	72 pts	76 pts	73 pts	68 pts	52 pts	71 pts	64 pts	60 pts
10. Operational management	72 pts	63 pts	64 pts	67 pts	62 pts	47 pts	65 pts	46 pts	47 pts	47 pts	41 pts
11. Innovation and creativity management	72 pts	66 pts	59 pts	55 pts	50 pts	60 pts	29 pts	46 pts	39 pts	45 pts	46 pts
12. Change management	78 pts	57 pts	65 pts	65 pts	51 pts	54 pts	54 pts	63 pts	78 pts	55 pts	59 pts
13. Risk management	69 pts	58 pts	60 pts	60 pts	59 pts	56 pts	53 pts	32 pts	46 pts	41 pts	41 pts

14. Process and project management	84 pts	67 pts	56 pts	48 pts	47 pts	46 pts	61 pts	36 pts	6 pts	15 pts	26 pts
15. Management of tangible and intangible assets	79 pts	72 pts	81 pts	75 pts	78 pts	73 pts	75 pts	60 pts	66 pts	55 pts	66 pts
16. Advertising, marketing and promotion management	69 pts	54 pts	54 pts	63 pts	56 pts	61 pts	51 pts	66 pts	69 pts	69 pts	61 pts
17. Information security management including GDPR	78 pts	78 pts	78 pts	75 pts	78 pts	68 pts	78 pts	78 pts	78 pts	68 pts	78 pts
18. Control processes, monitoring, evaluation, audits, studies	69 pts	66 pts	61 pts	53 pts	47 pts	38 pts	46 pts	39 pts	42 pts	32 pts	36 pts
TOTAL POINTS AVAILABLE FOR AUDIT:	1338 pts	1133 pts	1170 pts	1131 pts	1114 pts	1055 pts	1012 pts	919 pts	909 pts	893 pts	882 pts

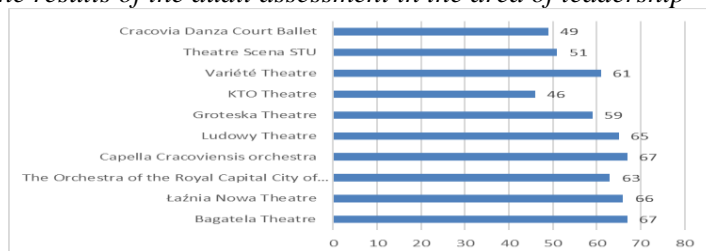
Source: Own elaboration

Figure 1. The results of the audit assessment in the area of strategic and system management



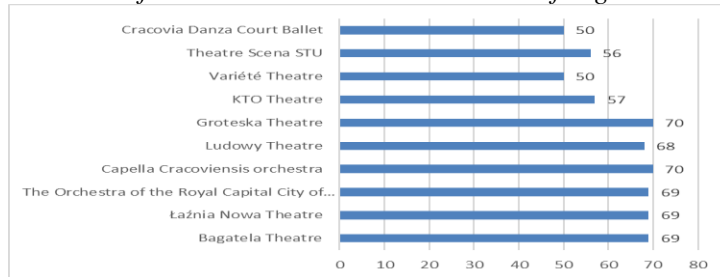
Source: Own elaboration.

Figure 2. The results of the audit assessment in the area of leadership



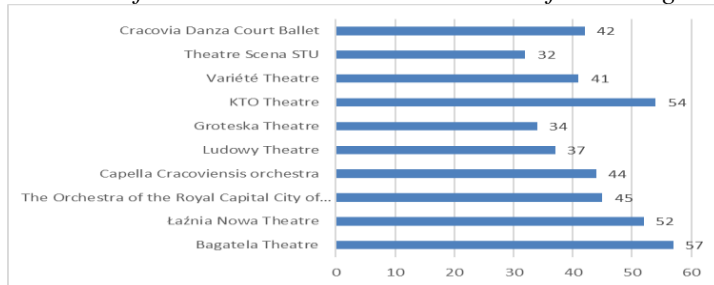
Source: Own elaboration.

Figure 3. The results of the audit assessment in the area of organisational culture



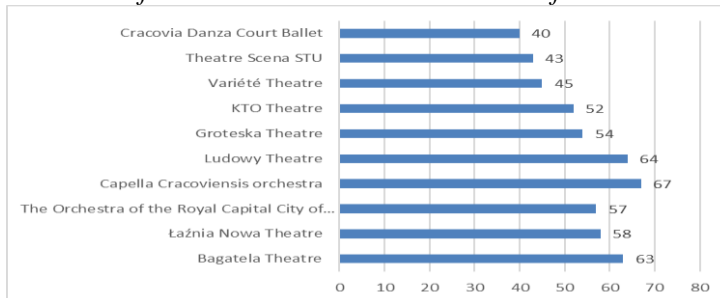
Source: Own elaboration.

Figure 4. The results of the audit assessment in the area of knowledge management



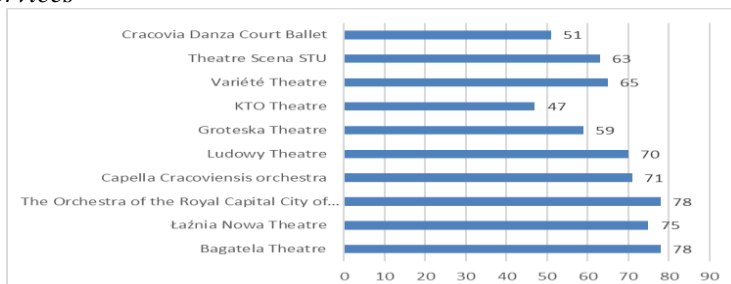
Source: Own elaboration.

Figure 5. The results of the audit assessment in the area of human management



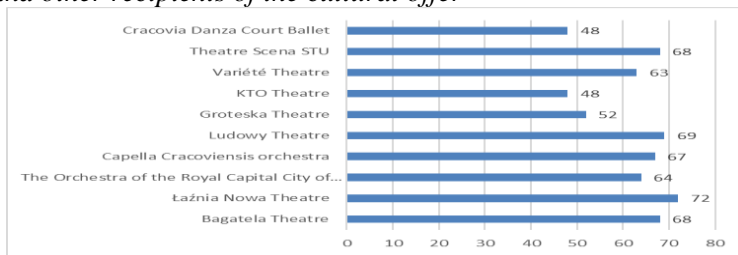
Source: Own elaboration.

Figure 6. The results of the audit assessment in the area of planning of programme and new services



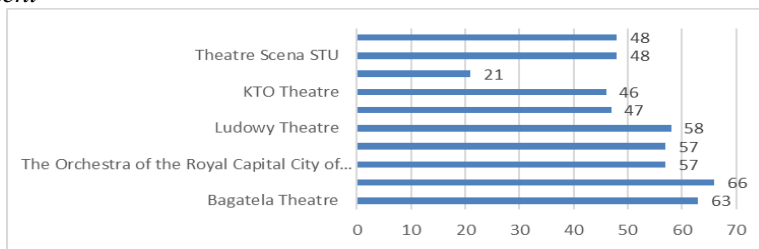
Source: Own elaboration.

Figure 7. The results of the audit assessment in the area of managing relations with residents and other recipients of the cultural offer



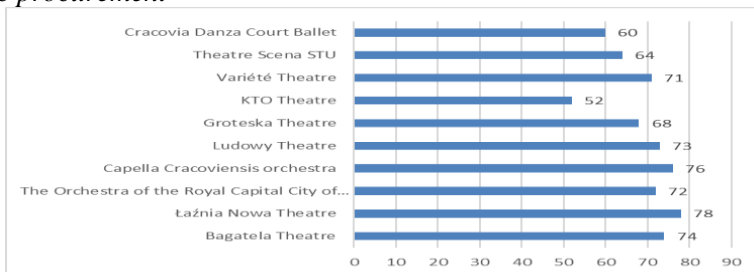
Source: Own elaboration.

Figure 8. The results of the audit assessment in the area of stakeholder relationship management



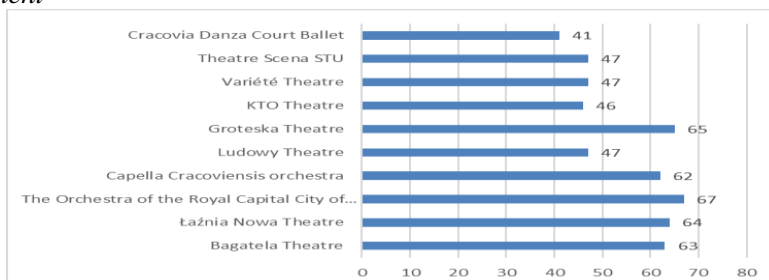
Source: Own elaboration.

Figure 9. The results of the audit assessment in the area of financial management and public procurement



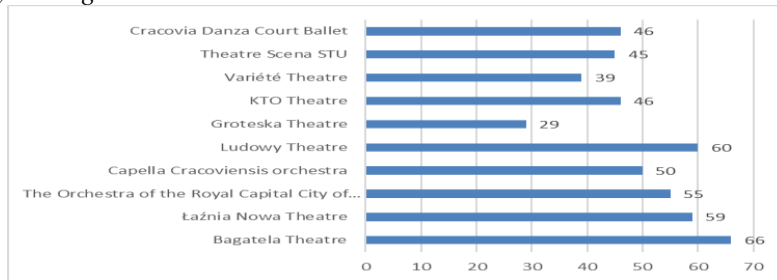
Source: Own elaboration.

Figure 10. The results of the audit assessment in the area of operational management



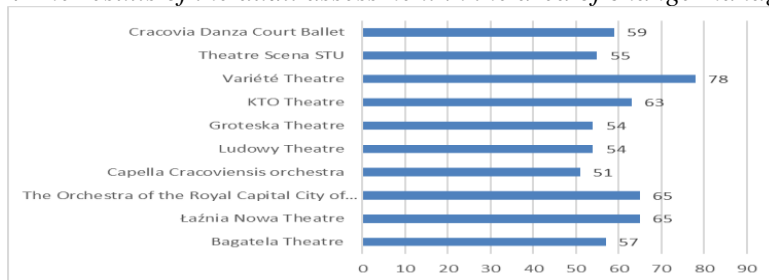
Source: Own elaboration.

Figure 11. The results of the audit assessment in the area of innovation and creativity management



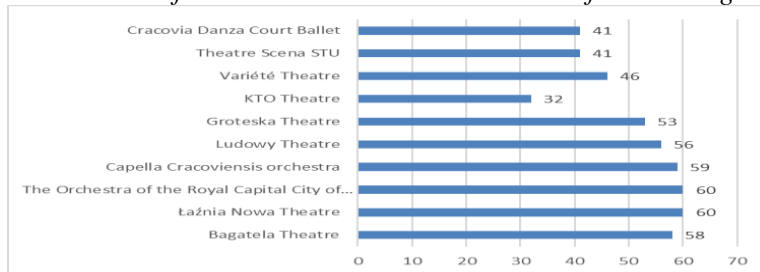
Source: Own elaboration.

Figure 12. The results of the audit assessment in the area of change management



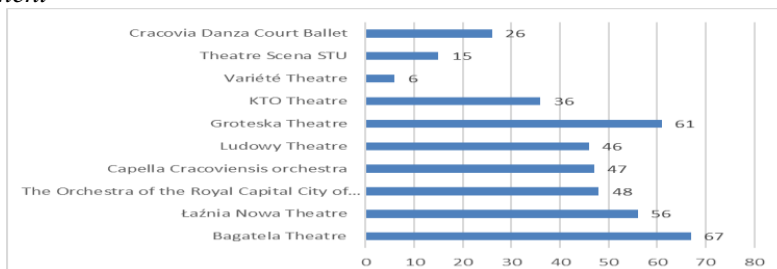
Source: Own elaboration.

Figure 13. The results of the audit assessment in the area of risk management



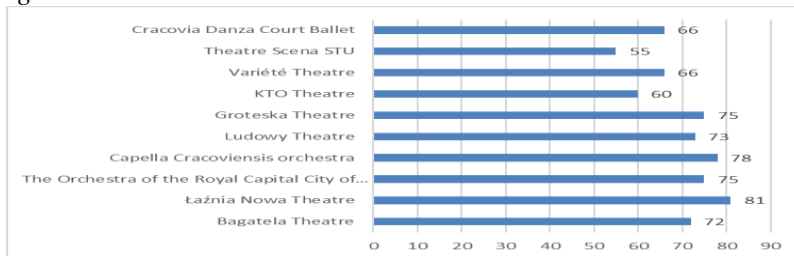
Source: Own elaboration.

Figure 14. The results of the audit assessment in the area of process and project management



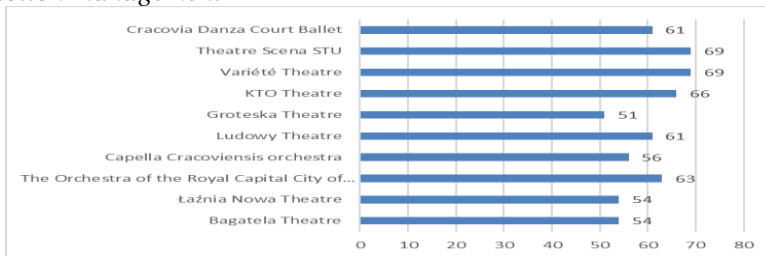
Source: Own elaboration.

Figure 15. The results of the audit assessment in the area of management of tangible and intangible assets



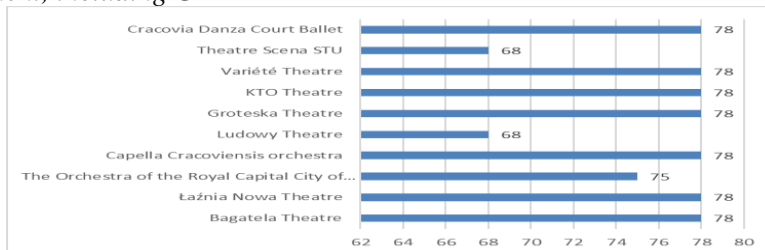
Source: Own elaboration.

Figure 16. The results of the audit assessment in the area of advertising, marketing and promotion management



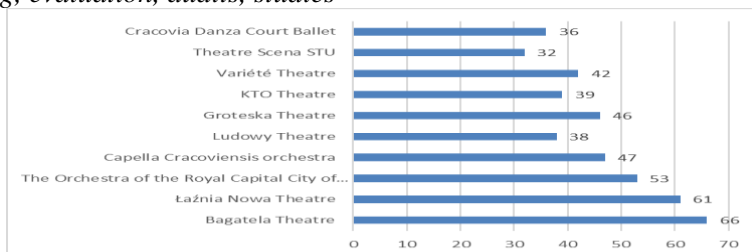
Source: Own elaboration.

Figure 17. The results of the audit assessment in the area of Information security management, including GDPR



Source: Own elaboration.

Figure 18. The results of the audit assessment in the area of control processes, monitoring, evaluation, audits, studies



Source: Own elaboration.

3. Identified Areas for Improvement in Relation to Audit Criteria

Bagatela Theatre:

- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- improvement of the incentive system,
- employee assessment linked to personal development feedback,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel;
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness.

Łazienka Nowa Theatre:

- more systematic approach to the annual strategic review and evaluation of the strategy, including updating the objectives,
- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- establishment of a programme/artistic council,
- improvement of employee assessment tools, incentive systems, training planning and performance assessment,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- improvement of analytics, evaluation and reporting,
- modernisation of website.

The Orchestra of the Royal Capital City of Krakow Sinfonietta Cracovia:

- monitoring opportunities coming from the environment, in particular as regards the possibilities for obtaining grants,
- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- improvement of the incentive system,
- employee assessment linked to personal development feedback,
- development of a systemic approach to training planning in relation to the skills deficiencies of the personnel,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- introduction of analytical tools that will enable a systematic assessment of the opportunities and risks of the external environment (analysis of social, technological and economic determinants, etc.).

Capella Cracoviensis Orchestra:

- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- improvement of the incentive system,
- employee assessment linked to personal development feedback,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- evaluation of existing documentation, including the institution's strategy, mission and vision in terms of development plans,
- development of a marketing strategy and theatre promotion activities to reach new audiences,
- introduction of analytical tools that will enable a systematic assessment of the opportunities and risks of the external environment (analysis of social, and technological evolutions, economic determinants, etc.),
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- development of policies and procedures to prevent harassment and all forms of discrimination and provide training for employees in this area.

Ludowy Theatre:

- systemic approach to strategic management,
- determination of key performance indicators,
- improvement of employee assessment tools, incentive systems, training planning and performance assessment,
- updating and adapting management control mechanisms,
- updating and adapting risk management mechanisms,
- improvement of audit activities, controlling, analytics, evaluation and reporting,
- introduction of systemic knowledge management mechanisms,
- development of documentation on process and project management,
- examination of stakeholders' expectations and increasing their involvement in the institutional life of the Theatre.

Groteska Theatre:

- more systematic approach to the annual strategic review and evaluation of the strategy, including updating the objectives,
- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- establishment of a programme/artistic council,

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- improvement of employee assessment tools, incentive systems, training planning and performance assessment,
 - development of a systemic approach to training planning in relation to the skills gaps of the personnel,
 - introduction of internship programmes,
 - organisation of open days,
 - development of a procedure that would protect against the leakage of knowledge (data, information, analysis results), especially after termination of the contract with the employee,
 - systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
 - improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
 - improvement of analytics, evaluation and reporting,
 - introduction of systemic knowledge management mechanisms,
 - enriching the programme with social innovations involving not only employees but also residents and other stakeholders;
 - estimating the risk of not taking advantage of possible future opportunities,
 - meeting the requirements of the Web Content Accessibility Guidelines (WCAG 2.0) for the institution's website,
 - development and adoption of a methodology for the quality testing of processes at the institution, ensuring that the needs and requirements of residents and other stakeholders are known and that the Theatre assesses whether these requirements are met,
 - conducting a sectoral benchmarking exercise to determine the place of the Grotoska Theatre among other similar Polish and foreign organisations.

KTO Theatre:

- work on infrastructure project – the new seat of the Theatre,
- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- establishment of a programme/artistic council,
- improvement of employee assessment tools, incentive systems, training planning and performance assessment,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- introduction of internship programmes,
- organisation of open days,
- development of a procedure that would protect against the leakage of knowledge (data, information, analysis results), especially after termination of the contract with an employee,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,

- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- improvement of analytics, evaluation and reporting,
- introduction of systemic knowledge management mechanisms,
- enriching the programme with social innovations involving not only employees but also residents and other stakeholders,
- introduction of a risk management system,
- development and adoption of a methodology for the quality testing of processes at the institution, ensuring that the needs and requirements of residents and other stakeholders are known and that the institution assesses whether these requirements are met.

Variété Theatre:

- development of key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- establishment of a programme/artistic council,
- improvement of employee assessment tools, incentive systems, training planning and performance assessment,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- introduction of internship programmes,
- development of project management methodologies,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- improvement of analytics, evaluation and reporting,
- introduction of systemic knowledge management mechanisms,
- enriching the programme with social innovations involving not only employees but also residents and other stakeholders,
- development and adoption of a methodology for the quality testing of processes at the institution, ensuring that the needs and requirements of residents and other stakeholders are known and that the institution assesses whether these requirements are met.

Theatre Scena STU:

- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- improvement of the incentive system,
- employee assessment linked to personal development feedback,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,

- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- evaluation of existing documentation, including the institution's strategy, mission and vision in terms of development plans,
- development of a marketing strategy and theatre promotion activities to reach new audiences,
- introduction of analytical tools that will enable a systematic assessment of the opportunities and risks of the external environment (analysis of social, and technological evolutions, economic determinants, etc.),
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- development of policies and procedures to prevent harassment and all forms of discrimination and provide training for employees in this area.

Cracovia Danza Court Ballet:

- monitoring the opportunities coming from the environment, especially those relating to premises enabling ballet activities to be developed,
- key and operational success indicators – developing a range of measures, establishing a clear link to strategic and operational objectives,
- improvement of the incentive system,
- employee assessment linked to personal development feedback,
- development of a systemic approach to training planning in relation to the skills gaps of the personnel,
- systemic process management in relation to delegation of powers and responsibilities, risk management and performance indicators,
- improvement of the evaluation system for processes and projects, including improvement initiatives and evaluation of their effectiveness,
- evaluation of existing documentation, including the institution's strategy, mission and vision in terms of development plans,
- development of a marketing strategy and ballet promotion activities to reach new audiences,
- introduction of analytical tools that will enable a systematic assessment of the opportunities and risks of the external environment (analysis of social, technological and economic determinants, etc.),
- development of policies and procedures to prevent harassment and all forms of discrimination and provide training for employees in this area.

4. Conclusion

The function of art, as a social phenomenon, is to inspire people to cross boundaries – widen their personal imagination, break taboos, discover new means of expression, tackle challenges in a creative, risky manner, without fear of the outcome of the artistic experiment. Therefore, the most important aspect of the activities of cultural

institutions is creative work, building human relations that would encourage creativity and innovation, as well as motivation and management of talents. This dimension of cultural institutions has not been overlooked in the present study – on the contrary, its role is recognised and emphasised.

Tischner stressed that “apparent work means apparent reciprocity; it brings apparent fruits and satisfy apparent needs. It creates a great world of appearances” (Tischner, 1985, p. 83), which suggests that thinking about the condition of cultural institutions, answering the question regarding the stage of development they currently are at, what needs to be improved and enhanced, may give more meaning to work and enable leaving the grey area of appearance, if such an appearance is reported in the self-assessment or later, in the auditors’ assessment, in some areas of the management of cultural institutions. Evaluation activities should be organised so that quality control, audits, and reporting do not take more time than the performance of activities. Sticking to rigid procedures should not create such phenomena as escape from responsibility and disruptions in communication (Diefenbach, 2009).

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