

Lukáš Wagenknecht

Core information on the story

Lukáš Wagenknecht pointed out a wasteful management of public assets from his position as 1) an Audit Director of the Prague Transport Company (DPP) and later also 2) a Deputy Minister of Finance and member of the ČEZ supervisory board.

In May 2013, Lukáš Wagenknecht was appointed head of the DPP's internal audit section. The reputation of the DPP had never been worse. The company was burdened by disadvantageous contracts and liabilities from the past, and patently nonstandard public orders were cropping up, as indicated by the Anticorruption Endowment (NFPK) at that time. The internal audit section, led by Lukáš Wagenknecht, also examined one of the era's most sensitive cases, namely the completion of the Metro Line A segment between the stations Dejvická and Motol. Due to breach of the Public Procurement Act, a compulsory adjustment ripped CZK 4.2 billion from the DPP coffers. Lukáš Wagenknecht also pointed out faults in the contract relationship between the DPP and the firm IDS, which at the same time supervised construction of the overpriced Blanka Tunnel. He also exposed irregularities in the public tender for a "comprehensive" forensic audit of the DPP.

In February 2014, Lukáš Wagenknecht was appointed First Deputy Minister of Finance and then also a member of the ČEZ supervisory board. In his position he alerted the public to a series of suspected wrongdoings. The team of auditors he led had made important findings in connection with an EU fund monitoring system. He attempted to help cut operating costs and exposed a blatant waste of public assets, such as 1,300 employees using a total of 1,500 printers, or hundreds of notebooks rotting in the ministry vaults.

Nor should one ignore his interventions in the case of dubious contracts between Prague Mayor Radmila Kleslová and parastatal company ČEZ. Not bowing to indiscriminate pressure from Mrs Kleslová, he insisted that in his position as member of the ČEZ board of supervisors, he had the right to know the parameters of Radmila Kleslová's consulting-service contract. Thanks to Lukáš Wagenknecht, the general public learned about Mrs. Kleslová's dubious contracts not only with ČEZ.

Lukáš Wagenknecht exposed some strange circumstances of several other cases, which are still subject to police investigation and therefore cannot be released in this stage for obvious reasons.

What risk did the whistleblower face?

Somebody attempted to push Lukáš Wagenknecht's car from the highway and he was subsequently provided police protection. This attack may have been prompted by an in-depth audit of the completion of Metro Line A stations, on which he was intensively working at the time. Unfortunately, he could not complete the audit, since he was sacked without telling the DPP supervisory board.

Lukáš Wagenknecht repeatedly received threatening messages resembling an act of revenge. Somebody slashed the tires of his private car. A message of condolences was stuck behind the windscreen wiper. An

envelope with deadly poison was delivered by post. His mother opened a letter containing a broken pencil. Consequently, not even his close family was spared threats and intimidation. In the end, Lukáš Wagenknecht was relieved of his duties as First Deputy Minister of Finance.

How much money was at stake?

Lukáš Wagenknecht blew the whistle on many wrongdoings. Sometimes “only” hundreds of thousands of crowns were wasted, but in other cases the damage would run to tens of millions or billions of crowns.

What did the whistleblower do?

In all relevant cases, Lukáš Wagenknecht forwarded background materials and material evidence to the bodies participating in criminal proceedings. Some cases were subsequently publicized by the media. Importantly, Lukáš Wagenknecht carried on with investigating into suspect cases in spite of threats and the growing risk of losing his job. Eventually he voted to make a recording of Radmila Kleslová attempting to distract his focus from her contract with ČEZ.

Important aspects of the story

We want to map the story of a man who demonstrated unusual courage and a commitment to protect public assets in spite of mounting threats, the need to apply for police protection, and the impact on his family. Although investigating suspect cases was actually part of his work duties, it might be hard to find anyone else so uncompromisingly devoted to the investigation and facing such threats.

More information on our story

In his capacity as director of the DPP internal audit section, Lukáš Wagenknecht offered his cooperation to the NFPK since he felt that he alone could not change the situation in the DPP, and because the NFPK had alerted the public to many previous DPP affairs. At that time, preparations started for a public tender for the provision of a forensic audit of key importance. Its objective was to establish the relevance of information on the siphoning off of city assets from the Prague Transport Company. At the time, many proponents of the “old ways” were working overtime to question Václav Láška’s audit report on the DPP cases, arguing that it is this forensic audit, which will pass the verdict on the conditions in the DPP. Lukáš Wagenknecht therefore attached great weight to the grossly suspicious circumstances of the public tender for the forensic audit and consulted his findings with the NFPK, this in due time resulting in their revelation in the form of NFPK press release, see <http://www.nfpk.cz/en/press-re/2420>. The conditions of providing the forensic audit were actually set in a way that effectively prevented the resulting audit from displaying the parameters of a real forensic probe: it would be of superficial character and probably misleading on the nature of DPP public contracts. Lukáš Wagenknecht also examined personal liaisons between DPP officials and persons around MSB Legal attorneys-at-law (formerly known as Šachta Partners), and other opaque circumstances.

The most prominent of the DPP cases examined by Lukáš Wagenknecht was the completion of four Metro A stations. He was the author of an audit report on the affair, in which the Ministry of Transport ultimately ordered the DPP to make an adjustment of 25 %, or about CZK 4 bn, for breach of the Public Procurement Act. The Ministry cited incorrectly set qualifiers.¹ Director of the Ministry of Transport’s fund section Marek Pastucha at that time wrote to DPP General Director Milan Křístek: *“Findings made in connection with the project suggest the existence of illegal qualification requirements at variance with the law, concerning the public order for the technological part and noncompliance with the conditions permitting the use of unpublished procedures.”* In the event, the DPP had to look for another source to obtain the necessary sum of about four billion crowns. Eventually the projected costs of building the four Metro stations jumped to 27 billion CZK. The Supreme Audit Office (NKÚ) intended to examine the suspicions and circumstances shrouding the affair, but applicable legislation on the NKÚ precluded most of such investigation, as the funds were not in the province of its jurisdiction. The NKÚ stated in a press release: *“Incredibly, such a large sum of public assets is not subject to any external audit. We intended to check at least the funds the NKÚ is currently entitled to access, but changes in the financing method have prevented us from doing so.”*² The odds are that ultimately, Lukáš Wagenknecht, who actually conducted the probe, turned out as the main obstacle.

¹ http://ceskapozice.lidovky.cz/kauza-prazskeho-metra-o-rekordni-pokutu-nejde-hrozi-vetsi-prusvih-1d6-/tema.aspx?c=A131107_161849_pozice_137363

² <http://www.nku.cz/cz/media/kontrolu-prodlouzeni-metra-a-zasadnim-zpusobem-omezil-fakt--ze-nku-nemuze-kontrolovat-vsechny-verejne-prostredky--id7798/>

Lukáš Wagenknecht was exceptionally adamant to investigate the MS2014+ EU funds monitoring system. Many of his conclusions were corroborated by a letter from the European Commission, which is waiting for the outcomes of police investigation in connection with possible sanctions. Auditors led by Lukáš Wagenknecht concluded that the order was announced in a manner not approved by the government. According to the audit, the winner was awarded the contract even though he did not meet qualification requirements. The evaluation of bids was nontransparent and non-reviewable. The audit also criticized the fact that the costs of annual servicing of the monitoring application twice exceeded the acquisition costs. Lukáš Wagenknecht subsequently faced enormous pressures after Minister for Regional Development Karla Šlechtová dismissed the audit as unprofessional and detrimental to the collection of EU funds in the new programme period for 2014-2020. Eventually, illogical arguments occurred that it would have been better to suppress suspicious circumstances in order to prevent the imposition of EU sanctions. The most widely publicized recent case, concerning Lukáš Wagenknecht, was the affair around the consulting contracts of Radmila Kleslová. As a member of the ČEZ supervisory board, Lukáš Wagenknecht was fully entitled to examine consulting contracts with that company. Nevertheless he became the target of ruthless pressures from Radmila Kleslová, who did not want anyone to know about her contracts. Lukáš Wagenknecht taped a conversation demonstrating how powerful Kleslová was. She said during the taped conversation that if another member of the ČEZ board, Jiří Týc tampers with her affairs, he will have a “big problem”. Such pressure is totally unacceptable. An excerpt from the recording is available on: <http://neovlivni.cz/dokument-nahravka-jak-telefonuje-kleslova/>.