

Swedish National Audit Office

Audit Plan

2023/24



SWEDISH NATIONAL
AUDIT OFFICE



SWEDISH NATIONAL
AUDIT OFFICE

Date: 18 October 2023
Reference number: 2023/0725

To: The Riksdag

Swedish National Audit Office Annual Audit Plan 2023/24

Contents

1	Introduction	3
2	Audits in the coming year	4
2.1	Risk of deficiencies in public finances	4
2.2	Risk of deficiencies in governance, follow-up and reporting	7
2.3	Risk of deficiencies in organisation, responsibility and coordination	13
3	Ongoing performance audits	17
3.1	Audits relating to one Riksdag Committee	17
3.2	Audits relating to several Riksdag Committees	19
4	Premises for our audit operations	20
4.1	Remit and mandate of performance audit	20
4.2	Remit and mandate of financial audit	22

1 Introduction

The Swedish National Audit Office (Swedish NAO) is part of parliamentary control and is tasked with auditing central government activities. The Swedish NAO conducts audits through financial audit and performance audit.

The Swedish NAO is led by the Auditor General. The Auditor General decides independently, taking into account provisions of law, on the audit subject, the audit method and audit conclusions.¹ The Deputy Auditor General is the Auditor General's deputy and is appointed by the Riksdag.² Before deciding that an audit should be initiated within performance audit, the Auditor General must consult the Deputy Auditor General.³

Decisions of the Auditor General on the main audit focus shall be recorded in an audit plan.⁴ This audit plan presents the main focus of the audit for 2023/2024, as well as a description of the premises for the audit based on the tasks and mandate of the Swedish NAO. The purpose is to provide an overall picture of ongoing and planned audits in financial audit and performance audit.

The Riksdag Council for the Swedish National Audit Office follows the audit operations and the Auditor General is to report to the Council on such matters as adherence to the audit plan.⁵

The Swedish NAO works on the basis of a risk model and has identified three main risks in central government, which reflect the audit focus in both fields of operation. These concern risks of deficiencies in:

- public finances
- governance, follow-up and reporting
- organisation, responsibility and coordination.

These main risks also recur in the annual reports of the Auditor General, in support of the follow-up of the Swedish NAO's annual audit plans.

The risk model promotes a more unified focus of audit work and provides good conditions for integrated and motivated reports of the audit in various time perspectives, as regards both performance audit and financial audit.

¹ Chapter 13, Article 8 of the Instrument of Government.

² Chapter 13, Article 5 of the Instrument of Government.

³ Section 4 of the Act containing Instructions for the Swedish National Audit Office (2002:1023).

⁴ Section 4 of the Act containing Instructions for the Swedish National Audit Office (2002:1023).

⁵ Sections 11–12 of the Act containing Instructions for the Swedish National Audit Office (2002:1023).

2 Audits in the coming year

In this chapter we describe ongoing and planned performance audits and financial audits. The description is based on the three main central government risks that we identified through our risk model and presented at the beginning.

We have taken into account that the war in Ukraine entails a heightened state of security and that both the gross violence linked to organised crime and inflation affect central government efforts. The NAO's assessment is that the main risks persist and that they may, in some respects, have increased as a result of the war in Ukraine and inflation.

2.1 Risk of deficiencies in public finances

Consequential effects of the war in Ukraine, the aftermath of the COVID-19 pandemic and different kinds of temporary financial support will continue to pose considerable challenges to public finances. Underlying, more long-term trends, such as the growing proportion of older people in the population, also affect both the revenue side and the expenditure side of the central government budget. It is important that central government resources are used effectively and that fiscal policy at the same time supports long-term sustainable financial performance. The Swedish NAO continually monitors and reviews these issues, since they are fundamental for financing central government initiatives and activities in both the short and long term.

Most central government revenues consist of taxes levied via the agencies' collection processes. In a few annual reports, considerable amounts are reported for the central government, with the Swedish Tax Agency representing the greater part. The agencies' collection processes are often automated and subject to continual technological development and digitalisation. It is of key importance that the reporting is true and fair when the information is used by the Riksdag and the Government to make decisions that affect public finances.

Financial audit

Financial audit will audit the large tax collection flows.

Risks linked to the collection of taxes and fees under public law

For about ten agencies, the Swedish NAO considers that the risk of misstatement linked to the collection of taxes and fees under public law is high. These include the Swedish Tax Agency, the Swedish Enforcement Authority and Swedish Customs. These have considerable financial flows in proprietary IT systems and the associated accounting is complex. The agencies depend on automated controls in the IT systems operating as intended. These are all factors that increase the risk of conscious and unconscious errors when processing taxes. Financial audit focuses on ensuring that collection revenues have been correctly reported in the annual reports.

In the agencies' annual reports, taxes are to be reported on a cash basis, while they are to be reported on a revenue basis in the central government annual report, in accordance with the Appropriations Ordinance (2011:223) and the Budget Act (2011:203). The central government annual report therefore uses a special method to calculate how much tax revenue is attributable to a certain budget year. As the method is based on estimates, the Swedish NAO sees a risk of the accounting not being true and fair.

Performance audit

Future audits in the area of public finances are mainly focused on the application of the fiscal policy framework and the effects of specific reforms. Other audits of significance to this area concern how effectively the central government verifies expenditure and income. They also concern areas in which society is facing rapid changes and investment needs.

The fiscal policy framework and effects of specific reforms

The fiscal policy framework is to help ensure long-term sustainable and transparent fiscal policy. It must be able to deal with short-term issues and a changed global landscape as well as more long-term, structural changes and transitions in society, for example in the area of climate and energy supply.

Central government finances are in good shape, but the altered global landscape as a result of the war in Ukraine and high inflation, high interest rates and recession are putting a strain on the public economy, including central government finances. The Swedish NAO will continue to follow and continuously audit matters concerning central government finances and how they are reported. We are currently auditing the Government's application of the fiscal policy framework

and the Riksbank's use of asset purchases as a monetary policy instrument. One area that may need to be examined is tax and fiscal policy preparedness.

The previous strains on central government finances as a result of measures during the COVID-19 pandemic have been replaced by a more normal state, but the Swedish NAO is monitoring the aftermath of the pandemic. For example, we examine the effects of altered working methods after the pandemic in terms of more remote work and the effect of temporary deferrals of tax payments to counteract liquidity problems for companies.

The Swedish NAO also audits the effects of specific reforms. We have audited the earned income tax credit, are now auditing tax deductions for building repairs and maintenance, and may perform an audit of the provision of premises within the central government.

Several planned audits in the area of public finances concern the effectiveness of the verification of central government data affecting government revenue and expenditure.

Areas in rapid change and with great potential importance to public finances

Central government initiatives in areas where society needs to be re-directed in the long term, for example based on climate objectives or an altered state of security, affect central government expenditure and opportunities for effective goal achievement. Decisions and investments to reduce climate impact, ensure transport, secure electricity supply and bolster defence capabilities can have tremendous implications in the long term. These are areas in which the Swedish NAO has previously observed deficiencies in the basis for decisions that can lead to a lack of cost-effectiveness in central government efforts. In particular, the Riksdag has emphasised the importance of cost-effective measures in the area of infrastructure and climate. We are now conducting and planning several audits in these areas. This includes the national transport infrastructure plan, competition in the market for construction and maintenance of roads and railways through the formation of Svevia and Infranord, and whether Industriklivet (the Industry Leap) contributes effectively to the climate transition.

Regions and municipalities are on a poorer financial footing, which may also affect central government finances. Regions and municipalities are also facing major investment needs, which can heighten expectations of and needs for government interventions in, for example, community planning and the municipalities' responsibility for schools and social care. The financing of the municipal sector is thus an important area to monitor also from a central government stabilisation policy perspective.

The Swedish NAO is also conducting and planning audits in areas that indirectly affect public finances. Various ongoing or planned audits focus on areas such as the effectiveness of matching on the labour market, initiatives to reduce employer contributions for companies with the aim of stimulating employment, various measures for training and skills supply, as well as digitalisation. We also monitor the development of the social insurance and pension systems in light of the considerable implications of an ageing population for public finances.

2.2 Risk of deficiencies in governance, follow-up and reporting

When developments in society present the need for adaptation to new conditions, this presents governance challenges. This may include ongoing development trends such as the need for labour in various professions, or more unexpected events. Inefficiencies can occur when needs change rapidly and activities must be scaled up or down in a short space of time. The design of various initiatives may no longer be effective and the regulatory framework may need to be adjusted. Accurate follow-up, control and reporting are important prerequisites for effective governance.

The annual reports are part of the reporting of the central government commitment. They present the financial outcome and results of the agencies' activities each year. It is important that the information contained in the annual reports is true and fair, as it forms the basis for decisions by the Government and the Riksdag. For agencies under the Government, the financial information is also consolidated in the central government annual report.

Financial audit

The financial audit will examine, based on an assessment of risk and materiality, that public sector annual reports are true fair in all material respects. The audit is particularly focused on areas where we consider that there is a high risk of material misstatements in the annual reports. This concerns transfers, powers to place orders, fee-based and multi-funded activities, material assets and major liabilities such as the central government debt and pension provisions.

Risk of misstatements related to transfers

For some fifty agencies, the Swedish NAO considers that there is a high risk of misstatement in the annual report linked to transfers. These include large agencies such as the Swedish Public Employment Service, the Social Insurance Agency and the Swedish International Development Cooperation Agency, but also county administrative boards and cultural agencies. There is often a risk of incorrect reporting of transfers for the following reasons:

- there are extensive or complex regulations that govern grants, where government agencies' decisions are sometimes based on subjective assessments of who should receive a grant
- the agency handles several different grant types, for which both regulations and procedures for handling may differ
- there are major IT dependencies in the handling and payment processes.

Complex regulations entail a risk of the agencies making mistakes when processing grants. The same applies if an agency has several different grant types on which administrators need to be knowledgeable, and which are handled within completely or partially different processes. Some grant decisions require subjective assessments by the agency to determine who will receive the grant, because the regulations for the grants are designed that way. In that case, it is important to have clear procedures and processes that guide the administrators to make uniform assessments. When dependence on information technology is high, it is important that the systems operate as intended. Otherwise, misstatements may occur that can become systematic.

In several cases, the Swedish NAO assesses that there is a high risk of misstatement based on agencies being tasked with processing and disbursing new forms of aid, for which the agencies, for example, need to develop new procedures. An example of this is electricity aid for companies that the Swedish Tax Agency will process and disburse in 2023.

The financial audit examines both the agency's compliance with current rules governing the use of appropriations, and whether the funds are presented fairly. This often means that we audit the agencies' procedures for both deciding on and following up the grants.

Risk of misstatements related to powers to place orders

Several agencies have powers to place orders linked to their appropriations, which means that they have the right to enter into commitments that entail expenditure in future budget years. This primarily applies to appropriations for transfers and infrastructure investments.

For about fifteen agencies, the Swedish NAO considers that there is a high risk of misstatement linked to such powers to place orders. This involves both the risk of agencies exceeding the frameworks of their powers, and the risk of accounting errors. The risks are due, among other things, to the large amounts involved, while manual processing of the commitments is common. Some agencies also need to make assessments to calculate commitments, which increases the risk of error. Another reason is a lack of clarity in the Government's management of powers to

place orders, which causes ambiguities to arise at the agencies, which can in turn lead to errors.

The Swedish NAO's audit has shown that shared responsibility between agencies increases the risk of exceeding frameworks for powers. One example of shared responsibility can be found in the Swedish International Development Cooperation Agency's annual report, where the agency is to report commitments undertaken by the Government Offices.

The financial audit examines that all outstanding commitments are accounted for, that they are accounted for in the correct amount and that the agencies have not exceeded the allotted frameworks for their powers.

Risk of misstatements related to fee-based activities

Many agencies finance parts of their activities with fees. For about thirty agencies, the Swedish NAO considers that there is a high risk of misstatement linked to fee-based activities. The economic objective of fee-based activities is full cost coverage, unless otherwise decided by the Riksdag or the Government. This means that agencies are to calculate fees so that, in the long term, the revenues cover all costs. For several agencies, the Swedish NAO considers that there is a risk that they will not achieve full cost coverage for their activities, which means that large surpluses or deficits may arise.

The annual audit has noted that the Government's decision on fees – in ordinances or appropriation directions – in some cases can create problems of interpretation for agencies if the decision does not at the same time state whether or not the main rule of full cost coverage applies.

There are also other risks within fee-based activities that may lead to material misstatements in the annual report. For example, this may be a matter of how the agency allocates its costs or a complex model for calculating the fees. Some agencies also have several different types of fees or manual steps in the processing of the fees, which can also increase the risk of error.

The annual audit checks that the agencies follow the financial targets for the fee-based activities, that all income is reported and that it is reported correctly.

Risk of misstatements related to multi-funded activities – appropriations, grants and fees

It is also common for agencies' activities to be financed via several sources of funding, i.e. appropriations, grants and fees. It is also common for appropriations to have financial conditions that may be both extensive and unclear. These include, for example, temporary appropriations that the agencies may use for special purposes or the possibility of financing administrative costs with targeted

appropriations. An agency with multi-funded activities or appropriations with financial conditions needs to have clear procedures to ensure that appropriations and other revenue are properly used and finance the right costs.

For some fifty agencies, the Swedish NAO considers that there is a high risk of misstatements in the annual report that are linked to the agencies having mixed funding or extensive or unclear appropriation conditions. For these, the Swedish NAO audits whether the agencies use and report appropriations and other revenue correctly.

The Swedish NAO also sees a risk of agencies exceeding their allotted appropriation credit. In some cases, the Swedish NAO considers that there is a high risk. This may be because the agency has a complex financing structure or strained finances. The Swedish NAO audits whether the agencies keep within the limits decided by the Government.

Risk of misstatements related to assets

The Riksbank manages a large volume of assets. The Financial Audit Department sees risks related to accurate asset valuation and true and fair recognition. Asset management affects the Bank's entire balance sheet and income statement and will be included in the Swedish NAO's audit.

Some agencies, such as the Swedish Transport Administration, the Swedish Armed Forces and the National Property Board, acquire and manage fixed assets for large amounts. These mainly involve infrastructure, contingency assets, and real estate. For these agencies the Swedish NAO considers that there are risks linked to valuation of the assets and recognition of ongoing investments. For some agencies there are also risks linked to procurement of the assets. In the area of defence, there are specific risks linked to the handover of equipment from the Defence Materiel Administration to the Swedish Armed Forces as well as the assets held by the central government in the defence industry. Financial audit focuses on the risks that are relevant to the respective agency.

Risk of misstatements related to liabilities and loans

Some agencies report and manage considerable liabilities. These include for example central government debt reported by the Swedish National Debt Office and pension liabilities reported by the Swedish Pensions Agency and the National Government Employee Pensions Board. Central government debt management involves many transactions and a number of financial instruments, which increases the risk of misstatements in the annual report.

For pension liabilities there are complex accounting rules to consider because they are recognised in the form of actuarial provisions. The same applies to the guarantees issued by the central government through the Swedish National Debt

Office, the Swedish International Development Cooperation Agency, the Swedish Export Credit Agency and the National Board of Housing, Building and Planning. Insurance accounting often involves large elements of estimations and advanced calculations that take place in complex IT systems. The risk of misstatements in the annual report is therefore often high for agencies with this type of activity. The Swedish NAO is focusing the audit on examining whether the calculations are correct, as they form the basis of calculations of fees and provisions in the annual report.

The Swedish Board for Study Support reports liabilities and receivables linked to student loans that constitute large amounts. Here the Swedish NAO assesses that there are risks related to valuation and therefore focuses its audit on these.

Some agencies, such as the Swedish Transport Administration, report liabilities for remediation of contaminated land. The reporting is often subject to multiple uncertainties and is largely based on estimates. This increases the risk of misstatements, and the Swedish NAO audits the agencies' valuation of these commitments if they constitute material amounts.

Risk of misstatements due to complex accounting rules

As mentioned above, insurance accounting is complex and often involves a higher risk of misstatements in the annual report. Insurance accounting affects several different parts of the annual report and is included in the audit. Another area with complex regulatory frameworks is the management of EU funds that takes place at organisations such as the Swedish Board of Agriculture and the Council of the European Social Fund in Sweden (ESF Council). This accounting also affects several parts of the annual report and is therefore included in the Swedish NAO's audit of the agencies.

Performance audit

Future audits in the area of governance, follow-up and reporting are primarily focused on central government initiatives on ongoing changes in society as well as supervision and control at government agencies.

Areas in change and with major societal challenges

If there are significant deficiencies in governance, follow-up and reporting, there is a likelihood of poorer achievement of objectives, inefficient resource utilisation and increased public spending. Inefficiencies can often arise when needs change rapidly, for example in light of increased defence appropriations and investment in security. The Swedish NAO has initiated an audit of the Swedish Security Service's operations. There is a risk that scaling up defence is not carried out resource-efficiently, for example through expensive procurements. The Swedish NAO has initiated an audit of the design and scale-up of total defence. In the future, other

audits of defence may also be needed. Within the areas of environment and energy, the environmental impact of shipping in the Baltic Sea is being examined.

It is also important to audit whether the central government efforts are effective in addressing the challenges faced by society. The rise in serious crime, especially among young people, puts a strain on agencies such as the Police Authority, the Swedish Prison and Probation Service and the National Board of Institutional Care. We are now auditing central government initiatives for youths suspected of serious crimes, the public compulsory care of children and youths in public homes for juveniles, the effectiveness of the Swedish Prison and Probation Service's treatment programme and the protection of persons under threat. Going forward, it may be relevant to audit the effects of the 2015 police reform and whether the statistics within the judiciary provide a good basis for following up on its results.

The employment rate is higher today than it has been for several decades, but long-term unemployment is high within certain groups and a large proportion of the working-age population have a weak attachment to the labour market. At the same time, there is a major labour shortage in certain occupations, which affects public operations, the business sector and citizens. One challenge is that the skills of the available workforce do not match employers' needs for trained staff. This, in turn, can affect the quality of these activities and ultimately also public finances and the development of society in general. This makes it all the more important for governance of the education system and matching processes in the labour market to work effectively.

The central government has a broad responsibility for skills supply and the Swedish NAO is currently examining drop-outs from first-cycle university programmes in shortage occupations, training initiatives for unemployed people with a short education, and whether the system for tuition fees in higher education is effective. It may also be relevant to audit special targeted initiatives that can be a way back into work, not least for those with a short education or an impaired capacity to work.⁶

Effective supervision and control

Public supervision and control are to help to sustain fundamental values, such as equality before the law, objectivity and impartiality.⁷ Supervision and control issues relate to the quality of public sector activities and, in certain areas, may be decisive for the lives and health of individuals and for the environment. Effective supervision and control can also ensure that central government funds are only

⁶ See also Section 2.1 Risk of deficiencies in public finances.

⁷ Chapter 1, Article 9 of the Instrument of Government sets out that administrative agencies and others undertaking public sector administrative tasks in their operations shall take account of everybody's equal value before the law and observe objectivity and impartiality.

used for intended purposes. Errors and irregularities need to be detected and prosecuted so that they do not lead to large costs to society or mismanagement of resources, important goals not being reached or trust in public activities being damaged. At the same time, it is important that the rights of individuals are not neglected during supervision and control.

The Swedish NAO has repeatedly observed shortcomings and low target fulfilment in the area of supervision and control. Several ongoing supervisory and control audits are focused on the efforts to prevent undue payments and welfare crime. They focus on the work of the Swedish Inheritance Fund, control of subsidised employment, the system for revoking residence permits, efforts to prevent undue payments when recipients have income from another country, establishing identity and central government supervision to combat money laundering.

In the field of health and medical care, central government governance and control of pharmaceutical prescription and the supervision of medical devices are being audited. The Swedish NAO has also recently initiated an audit of the Swedish Gambling Authority's supervisory activities.

Other audits regarding supervision and control that may become relevant relate to several different policy areas, such as social insurance, tax revenue, health and social care and export control.

2.3 Risk of deficiencies in organisation, responsibility and coordination

There are many central government areas of responsibility where several actors are involved in implementation, creating a need for coordination and interaction. Weak governance of interaction and coordination, for example if responsibilities are unclear or if conflicting objectives are not addressed and factored in, can lead to inefficiency. The higher the number of actors responsible for different parts of an activity, the greater the need for considerations at an overarching level. When responsibilities are distributed to more actors, this also increases the need for cooperation or coordination between initiatives and activities to allow them to function effectively, not only individually but also at an overarching level.

One important issue is the tasks and obligations that the central government imposes on municipalities and regions. The Swedish NAO also monitors organisational changes that may affect effectiveness and efficiency, such as changes in the central government's insight into and influence over operations when markets are reregulated.

Performance audit

It is an important task for the Performance Audit Department to examine whether the central government has organised, coordinated and distributed responsibilities to achieve a high degree of effectiveness in central government initiatives and commitments. Often, several agencies and other actors such as regions and municipalities are responsible for an issue. If it is not clear who is responsible for what, this can lead to duplication of work or failure to perform tasks. It may also lead to ineffective achievement of objectives, resource utilisation and management of central government funds.

Several ongoing and upcoming audits concerning organisation, division of responsibilities and coordination are being performed on general cross-disciplinary issues such as digitalisation. We are also auditing central government initiatives in cross-sectoral issues, in which different stakeholders in society are to help achieve objectives or when multiple objectives must be taken into account.

Digitalisation

The Riksdag has decided that Sweden is to be the world leader at harnessing the potential of digitalisation.⁸ Increased digitalisation, such as through greater automation of services and decisions or the development of new methods, can help make central government operations more efficient. Implementing new EU legislation will place greater demands on various businesses' management of digital services and information. It is also important that the legal rights of individuals are upheld, for example when sharing information between agencies, so that individuals are not affected and without any impact on trust in public operations.

Digitalisation entails major changes for individual agencies and businesses. The central government needs to organise, coordinate and support developments. It is particularly important when the demands grow and the development needs are substantial. For example, small organisations may find it difficult to obtain and maintain sufficient competence in IT and information security, procurement and law. This also applies to small municipalities and regions where central government initiatives can be decisive for the effectiveness of how the public commitment is carried out. The Swedish NAO's audits have shown that digitalisation is lacking in several areas⁹ and we continue to follow IT developments within the central government from an audit perspective.

Auditing IT operations can form part of other audits, for example where the ability to share data is key to performance. An example where there are indications of

⁸ Govt. Bill 2011/12:1, Expenditure area 22, Committee Report 2011/12:TU1, Riksdag Comm. 2011/12:87.

⁹ Annual Report of the Auditor General 2021.

problems in the agencies' IT operations is in the previously mentioned planned audit of central government procedures for ensuring the conditions for inclusion in Swedish social insurance coverage.¹⁰ The Swedish NAO also conducts cross-disciplinary audits in which digitalisation is the main focus of the audit. One example is the audit of digital services for private individuals that was published in 2023 and the ongoing audit of strategically important digitalisation projects in the central government. We are also planning more specific audits with a focus on implementation.

An important aspect of digitalisation is information security. The Swedish NAO has audited the Government's governance of information and cyber security in society and is now auditing higher education institutions' protection of research data and central government work on information security for patient information in health and social care.

Cross-cutting issues

Organisation, division of responsibilities and coordination are key to meeting cross-cutting central government commitments that often have to be included in agencies' other duties. The Swedish NAO is currently examining the effectiveness of central government efforts to strengthen compliance with the Convention on the Rights of the Child as well as central government efforts to implement disability policy.

A related issue is how effectively the central government achieves equality in public services and commitments. The Swedish NAO is currently auditing the central government's compulsory land acquisition and other land encroachment and has initiated an audit of how effectively the right of all children to an equal preschool is met.

Coordination between central and local government

The tasks and obligations imposed by central government on municipalities and regions constitutes one aspect of public organisation and division of responsibility. Central government governance is to contribute to an equivalence of public services regardless of where citizens live. At the same time, municipalities and regions need to be in a position to take responsibility for the tasks assigned to them by central government. Coordinating welfare services that have different public and private providers is a particular challenge. Central government initiatives are carried out in relation to municipal self-government, which affects central government opportunities to monitor that performance meets legislative requirements, to demand accountability and to reach out with support. This became evident, for example, during the COVID-19 pandemic.

¹⁰ See also Section 2.2 Risk of deficiencies in governance, follow-up and reporting.

One of the central government tools for governance of municipalities and regions is through central government knowledge management. The Swedish NAO has previously audited how effectively governance through knowledge contributes to goals and resource utilisation in the areas of health and social care, social services, education and dental care, and we also continue to monitor these areas.

Coordination of multiple objectives at the same time

Organisation, coordination and division of responsibilities are also important when different objectives within an area or between areas have to be factored in. This applies, for example, to how different environmental objectives can be reached efficiently in relation to other objectives such as growth, employment or security policy objectives. The need for coordination is intensified when several different agencies have responsibilities within the same area. The need for coordination is also relevant when factoring in different internal objectives at an agency. Various such audits of organisation, coordination and division of responsibilities may be needed.

3 Ongoing performance audits

Ongoing performance audits are presented below as at 31 October 2023. The estimated publication date is given in brackets. Both title and year of publication are subject to change.

3.1 Audits relating to one Riksdag Committee

Riksdag Committee on the Labour Market

- Control of subsidised employment (2023)
- Are measures for training unemployed people with a short education an effective way of equipping them? (2024)

Riksdag Committee on Civil Affairs

- Authorities' handling of expropriation and other forms of land encroachment (2023)

Riksdag Committee on Finance

- The Riksbank's use of asset purchases as a monetary policy instrument (2023)
- The Government's application of the fiscal policy framework (2023)
- Central government anti-money laundering control (2024)
- Remote work at government agencies (2024)

Riksdag Committee on Defence

- Contingency planning and capability-enhancing measures in total defence (2024)

Riksdag Committee on Justice

- Central government protection of persons under threat (2024)
- The effectiveness of the Swedish Prison and Probation Service's treatment programme (2024)
- Central government measures for young crime suspects (2024)
- Swedish Security Service activities (2024)

Riksdag Committee on the Constitution

No ongoing audits

Riksdag Committee on Cultural Affairs

- The Swedish Gambling Authority's supervision of the gambling market (2024)

Riksdag Committee on Environment and Agriculture

- Central government initiatives for the management of protected nature (2024)
- The Industrial Leap initiative (2024)
- Central government measures to reduce shipping emissions of harmful substances in the Baltic Sea (2024)

Riksdag Committee on Industry and Trade

- The effectiveness of the management of Business Sweden AB (2023)

Riksdag Committee on Taxation

- The ROT tax credit for domestic services (2023)
- Tax deferral (2024)

Riksdag Committee on Social Insurance

- The system for residence permit revocation (2023)
- Rule change for 180-day sick leave (2023)
- Meeting the family and housing policy objectives of the housing allowance (2024)

Riksdag Committee on Health and Welfare

- Central government efforts to strengthen compliance with the Convention on the Rights of the Child (2023)
- Central government control of pharmaceutical prescriptions (2023)
- The Swedish Inheritance Fund (2024)
- Central government efforts on information security for patient information in health and social care (2024)
- Special homes for juveniles – public compulsory care of children and youths (2024)
- Central government supervision of medical devices (2024)
- The sectoral agencies' efforts to meet the disability policy objective (2024)

Riksdag Committee on Transport and Communications

- Central government planning of transport infrastructure in a national plan (2023)
- The effects of the formation of Svevia and Infranord (2024)

Riksdag Committee on Education

- Higher education institutions' protection of research data (2023)
- Drop-outs from higher education institutions' first-cycle programmes in shortage occupations (2024)
- The system of tuition fees for foreign students in higher education (2024)
- Central government efforts on equity in preschools (2024)

Riksdag Committee on Foreign Affairs

- Follow-up and evaluation of the Government and the Swedish International Development Cooperation Agency of the results and effects of development aid (2024)

3.2 Audits relating to several Riksdag Committees

The Riksdag Committee on Social Insurance, the Riksdag Committee on Taxation, and the Riksdag Committee on Justice

- Establishing identity at government agencies (2024)

The Riksdag Committee on Social Insurance and the Riksdag Committee on Finance

- Central government initiatives to prevent incorrect payments in the case of foreign income (2024)

The Riksdag Committee on Defence and the Riksdag Committee on Industry and Trade

- The effectiveness of the 112 service (2023)

The Riksdag Committee on Transport and Communications and the Riksdag Committee on Finance

- Strategically important digitalisation projects in central government (2024)

4 Premises for our audit operations

In this chapter we describe the premises for our audit in performance audit and financial audit based on the legal provisions etc.

4.1 Remit and mandate of performance audit

The remit of performance audit is to audit the implementation and results of activities conducted by the central government.¹¹ As part of parliamentary control, performance audits must provide a basis for accountability and guidance on how central government efforts can be improved to give greater benefit in relation to input of resources.

Performance audit shall primarily focus on circumstances related to the national budget and the implementation and results of central government activities and commitments in other respects, but may also relate to the work of central government generally.¹² As part of the remit to conduct performance audits, the Swedish NAO may, under certain conditions, also audit activities conducted in the form of a limited liability company or a foundation.¹³ The Swedish NAO may also audit the use of public funds received “as support for a particular activity, provided there exists a duty of accountability to the State for the funds, or special provisions or conditions have been issued concerning how the funds may be used.”¹⁴ The performance audit mandate also covers audit of the processing of unemployment benefit by the unemployment insurance funds.¹⁵

Implementation of the audit

Performance audits shall focus on “promoting development, whereby the State, having regard to the general public interest, receives an effective return on its investments”.¹⁶ Performance audit is therefore required to focus chiefly on economies, efficient use of resources and effectiveness.¹⁷ Implementation, focus and choice of audits are also informed by international standards that have been developed and applied by the member countries of the International Organisation of Supreme Audit Institutions (INTOSAI).¹⁸ In connection with the evaluation of the Swedish NAO reform, the Riksdag outlined its view on the focus of the performance audit.¹⁹

¹¹ Section 4 of the Act on Audit of State Activities etc. (2002:1022).

¹² Section 4 of the Act on Audit of State Activities etc. (2002:1022).

¹³ Section 2, points 4 and 5 of the Act on Audit of State Activities etc. (2002:1022).

¹⁴ Section 2, point 6 of the Act on Audit of State Activities etc. (2002:1022).

¹⁵ Section 2, points 4–7 of the Act on Audit of State Activities etc. (2002:1022).

¹⁶ Section 4 of the Act on Audit of State Activities etc. (2002:1022).

¹⁷ Section 4 of the Act on Audit of State Activities etc. (2002:1022).

¹⁸ ISSAI 3000:116. INTOSAI is the global umbrella organisation for Supreme Audit Institutions, of which Sweden is a member.

¹⁹ Committee Report 2009/10:KU17, p. 25–28; Committee Report 2010/11:KU2, p. 11–12.

One main task of performance audit is to provide added value for the Riksdag. This also means that, on the basis of its mandate, the Swedish NAO should take a broader audit perspective than other actors are able to. Broad-based audits of material societal issues therefore have priority, as well as areas of central government activities that are of great importance to the central government budget from a principled or quantitative perspective. During a term of office, the most essential elements of each committee area should give rise to audit measures.²⁰ The audit is thus problem-oriented and the selection of what is to be audited is based on both committee-specific and more comprehensive analyses with regard to a risk of efficiency problems of economic or principled significance. Apart from relevance and materiality, value added, feasibility and timing govern the choice of what is to be audited, also in accordance with international standards.²¹

On the strength of what is set out in the report and in international standards, performance audits can cover one or more operations. A question may be audited throughout its governance chain of divisions of responsibility within central government – from the Government to the actor or actors that ultimately perform various activities – and the ultimate impact on the business sector and citizens.

Audit of several agencies, which through various initiatives are to contribute to achievement of objectives (effectiveness) within a larger area, such as integration, is another example of broad-based audit. In some cases, this may refer to activities that are not always particularly extensive in individual agencies, but whose overall performance is highly significant, such as procurement. When conflicting objectives within and between different policy areas are part of the audit, decision-makers may also obtain support for well-informed trade-offs between different objectives.

In the audit plan we give an account both of ongoing and planned audits as well as more preliminary subjects for future audits. There are also other future audits that are not described in the audit plan. The Swedish NAO always has the preparedness and flexibility to reorder its priorities and audit issues that are currently most material, regardless of whether they have been mentioned in the annual audit plan. The questions that will actually be audited will be determined on a current basis by the Auditor General. All ongoing audits are presented in Chapter 3.

²⁰ Committee report 2009/10:KU17, p. 25–28.

²¹ ISSAI 3000/116.

Reporting of the audit

Audit findings must be reported in a performance audit report that is submitted to the Riksdag.²² The Riksdag passes them on to the Government for a statement before it is dealt with by the Riksdag.

The Swedish NAO's reports are quality assured internally and externally. For example, draft reports are subject to factual examination by those most closely affected by the audit.

The Swedish NAO generally includes recommendations in its performance audit reports. They aim to promote effectiveness in the activities audited. The Swedish NAO can also issue recommendations with suggestions as to how the intended outcome can be achieved with alternative initiatives.²³ The recommendations are directed at the actors covered by the audit mandate, but the audits may also include descriptions and analyses that reach beyond central government activities.

The most important findings of performance audit are collected in the Annual Report of the Auditor General, which is submitted to the Riksdag.²⁴ In addition, the Swedish NAO reports measures taken in response to performance audit reports in an annual follow-up report.

4.2 Remit and mandate of financial audit

The Swedish NAO is to audit public sector annual reports through financial audit. The audit is intended to assess whether the accounts and the underlying documentation are reliable and the accounting records true and fair, and whether the administration by the management complies with relevant provisions and special decisions.

The audit covers 226 annual reports, the majority of which apply to administrative agencies under the Government.

Implementation of the audit

Financial audit is conducted in accordance with generally accepted auditing standards.²⁵ Generally accepted auditing standards for public sector audit are determined by the Auditor General and primarily entail the application by the Swedish NAO of the International Standards for Supreme Audit Institutions (ISSAI) for financial audit. Financial audit of performance reporting and other information in the annual reports complies with the Swedish NAO's internal policy documents, since there are no standards in these areas.

²² Sections 4 and 9 of the Act on Audit of State Activities etc. (2002:1022).

²³ Section 4 of the Act on Audit of State Activities etc. (2002:1022).

²⁴ Section 12 of the Act on Audit of State Activities etc. (2002:1022).

²⁵ Section 5 of the Act on Audit of State Activities etc. (2002:1022).

This means that the audit is based on the risk of material misstatement in the respective annual report. This also means that the Swedish NAO focuses the audit on items or information in the annual report where there is a high risk of misstatement, but also that the Swedish NAO audits less risky areas if they involve material amounts.

If there are no changes in the agencies' activities between the years, the audit focus is often the same over time. In cases where the agencies are given new remits, or if there are external changes that affect the agencies, new risks may arise and previous risks disappear.

Every year financial audit performs a risk analysis and a materiality assessment of each agency. The purpose is to assess audit needs during the year and determine the most effective methods of audit. A higher risk of material misstatement leads to more extensive audit.

Since the audit is based on the risk of material misstatement, most of the audit normally focuses on major or complex items in the annual reports, often where there are material payment flows.

Important parts of the risk assessment are analysis of the Government's governance of the agency, the agency's internal control environment and the processes that are material for the agency's financial reporting in its annual report. The state of the agency's internal control can also affect the choice of audit method.

In the course of the audit, the Swedish NAO examines the agency's internal control activities and financial flows through various audit procedures. The audit is ongoing throughout the year.

In the audit plan we present areas where we consider that there is often a high risk of material misstatement and where the audit is then more extensive. However, a large proportion of financial audit resources are used to audit areas that have a lower level of risk, but which constitute material amounts. Examples of such an area are the agencies' personnel costs, which are mostly assessed to have a low risk of material misstatement.

Reporting of the audit

The audit concludes with the Swedish NAO issuing an auditor's report for each agency to the Government or the Riksdag.²⁶ If there are material misstatements in the annual report the Swedish NAO issues a modified auditor's report. A modified auditor's report is often supplemented by an audit report that describes the

²⁶ Sections 5 and 10 of the Act on Audit of State Activities etc. (2002:1022).

misstatement and our recommended measures. The auditor's reports are sent to the agencies' management, with a copy to the Government, where relevant.

The Swedish NAO also issues audit reports when there are significant deficiencies in internal governance and control, even if the deficiencies have not led to material misstatements in the annual report. In the audit report we describe the deficiency and explain its possible effects. In the audit reports the Swedish NAO also gives recommendations to the agencies to take various measures to rectify the deficiencies. The Swedish NAO follows up the agencies' measures.

Financial audit always reports findings and recommendations orally to the agencies, in addition to the written reporting. The most important financial audit findings are collected in the annual report of the Auditor General, which is submitted to the Riksdag.²⁷

²⁷ Section 12 of the Act on Audit of State Activities etc. (2002:1022).

Swedish National Audit Office

S:t Eriksgatan 117
PO Box 6181, SE 102 33 Stockholm
+46 8 5171 40 00
www.riksrevisionen.se

