



Annual Report of
the Auditor General
2024

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The most important observations from performance audit and financial audit are to be compiled in an annual report under Section 12 of the Act on Audit of State Activities etc. The Auditor General hereby submits the 2024 Annual Report as a report to the Riksdag, pursuant to Chapter 9, section 18 of the Riksdag Act.

Auditor General Helena Lindberg took the decision in this matter. Controller Emelie Lilliefeldt and researcher Peter Johansson have been rapporteurs. Deputy Auditor General Claudia Gardberg Morner, researcher Sofie Brandberg, Legal Counsel Linda Feiff, Audit Director Olof Widmark, Deputy Department Director Sven-Olof Junker and Audit Director Alexandra Popovic participated in the final processing.

Helena Lindberg

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1 The Auditor General's most important observations in 2023

In this report, I summarise the most important observations in the audits of the Swedish National Audit Office ("the Swedish NAO") over the past year. The Swedish NAO has tremendous responsibility as part of parliamentary control. As Auditor General, I decide independently, with due consideration for legislation, the main focus of our audits. I make decisions on what is to be subject to audit, how it shall be audited and the conclusions to be drawn from the audit.¹ Before deciding that an audit should be initiated, I consult with the Deputy Auditor General.²

With this report, I wish to convey my overall and cohesive view of audits performed over the past year.³ The report is part of how the Riksdag monitors the quality, effectiveness and productivity of the Swedish NAO.

1.1 Observations shall be assessed in their context

During the year, we make many different observations in our examination of central government commitment. The fact that we make an observation means that we have seen that something in the audited activity deviates from how it should be, for example that reporting does not comply with regulations or that the agency is falling short of its targets.

When I assess which observations are the most important of the year, I do so based on their context. Observations may be important because they are financially extensive or because they have been made in multiple audits, but they may also be important for other reasons. An important observation can clarify a problem that could have serious implications if not addressed. It may also point to a recurrent deficiency in state operations that indicates that the problems have either not been addressed or that they are widespread. Observations can also be important because they are topical; for example because they have their background in amended legislation and Government control, or because they relate to more general developments in society.

1.2 Observations are presented on the basis of three main risks

The basis for this report consists of 26 performance audit reports⁴ published between April 2023 and March 2024, from our preventive work in 2023, and of the

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

² Section 4 of the Act containing Instructions for the Swedish National Audit Office (2002:1023).

³ Committee Report 2018/19:FiU9 p. 13, Committee Report 2014/15:FiU9 p. 9 and Committee Report 2017/18:FiU9 p. 13.

⁴ The audit reports from performance audit include observations, conclusions and recommendations that can help to improve central government efficiency. Annex 1 contains a list of published performance audit reports since the Auditor General's 2023 Annual Report.

examination of 226 annual reports for the 2023 financial year, which resulted in 17 modified auditor's reports⁵ and eight audit reports.⁶

The report is structured into three chapters based on the risks that set the main focus of the audit and that are presented in the audit plan. The three main risks are those of deficiencies in

- central government finances
- governance, monitoring and reporting
- organisation, responsibility and coordination.

The Swedish NAO is part of parliamentary control. The goal of the Swedish NAO is to perform audits that make a difference – today and tomorrow. The Swedish NAO audits activities of the Government, public agencies, state-owned enterprises and foundations. We audit agencies' annual reports to assess whether the accounts are reliable and the accounting records true and fair, as well as whether management's administration complies with laws and rules. We also examine central government commitment on the basis of indications of problems with financial management, resource utilisation and goal fulfilment. We conduct our audits through financial audit and performance audit.⁷

Audit follow-up is performed on the basis of the Annual Report of the Auditor General, the annual follow-up report and the annual audit plan.

⁵ If there are material misstatements in an annual report, we issue a modified auditor's report. We can also emphasise particularly important information by presenting a disclosure in the auditor's report. Annex 2 contains a list of the agencies or other organisations that have received an auditor's report with a modified opinion or with a disclosure.

⁶ When an auditor in charge considers that there are significant shortcomings in the agency's internal governance and control or in the final annual report, they submit a written audit report to the management of the audited agency. If the auditor in charge makes the assessment that the Government should be aware of the content, it is also sent to the relevant ministry.

⁷ Sections 4–5 of the Act on Audit of State Activities etc. (2002:1022) and Chapter 13, section 7 of the Instrument of Government.

2 Public finances

In this chapter, I have chosen to illuminate problems which, in various ways, concern public finances. The effectiveness of fiscal policy and the application of the fiscal policy framework, as well as the quality of reference data for planning and decision-making, are the focus of our audit as regards the risk of deficiencies in public finances. In order to ensure sound decision-making support for the Government and the Riksdag, true and fair presentation in annual reports is crucial.

Over the past year, we have made several different observations within public finances that I feel are important to illuminate in this overview of this year's audits. They concern deficiencies that we have seen in the decision-making data for the Riksdag, a need for an improvement in how assets are recognised, and how agencies manage financial risks in large premises-related projects. This year too, I wish to emphasise the importance of managing surpluses in fee-financed activities over time, and not exceeding the authorisation levels for placing orders. During the year, we have also seen that the historically low interest rate affects the calculations of central government loan losses in the case of study aid. Finally, I have chosen to highlight our audit of the Swedish central bank – the Riksbank.

2.1 Lack of transparency, impact assessment and judgement

High-quality data for decision-making and impact assessments promotes effective and transparent decisions. Shortcomings can ultimately lead to society not evolving in the direction indicated by the Riksdag. Yet, we regularly observe, both in the performance audit reports of the past year and in several of our annual reports, the existence of deficiencies in the Government's decision-support data for the Riksdag.

This section describes observations concerning deficient decision-support data concerning infrastructure, shortcomings in decision-support documentation pertaining to public finances and lack of transparency in terms of changes in methodology within structural net lending.

2.1.1 Serious when considerations and impact assessments are absent

We have observed that there was no correlation between the assessed benefit to the public economy and the measures selected for the national plan for transport infrastructure 2022–2033.⁸ Neither the Swedish Transport Administration, which proposed the plan, nor the Government, which adopted it, proposed the measures that were judged to have the greatest impact in terms of fulfilling transport policy objectives. This meant that a great number of measures of tremendous benefit to the public economy were rejected in the work on the 2022 national plan. These could have made a much greater contribution to fulfilling transport policy objectives than

⁸ National plan for transport infrastructure – promises more than it delivers (RiR 2023:25)

the measures chosen. We therefore considered that the national plan from 2022 had not made an effective contribution to fulfilling transport policy objectives. Our recommendations to the Swedish Transport Administration thus included prioritising measures of great benefit to the public economy in the proposal for a national plan, and clearly justifying the prioritisations made in the proposal for a national plan.

We have also observed that the Government performed inadequate impact assessments ahead of decisions on measures that have affected the electricity system.⁹ The impact assessments are inadequate particularly in terms of impact on secure supply and the competitive relationship between power types in the electricity market. We noted that the electricity system has been adversely affected by decisions that have been based on deficient impact assessments, for example because the competitive relationship between electricity producers has been distorted. Another consequence is that central government actions have become more reactive rather than proactive. Our recommendations to the Government therefore included ensuring that adequate impact assessments that take account of the entire electricity system are always in place ahead of decisions that have a significant impact on the electricity system. These analyses should also include proposals for suitable management of any undesirable consequences.¹⁰

2.1.2 Shortcomings in decision-support data within public finances

Last year, we described observations in our performance audit report on the decision-support data for the twenty-five largest (in terms of amounts) reforms during 2000–2017. According to our assessment, only five of the bodies of data fulfilled basic quality requirements for decision-support data. Our observations included deficient impact assessments.¹¹

This year, we make similar observations in our performance audit report on the most significant changes in tax rules for earned income during the period 2011–2023.¹² This concerns an increased non-taxable allowance, earned income tax credits, various tax reductions and changes in tax brackets. The reforms comprise large sums; all in all, the amended tax rules have meant that income tax has been reduced by almost SEK 100 billion.

According to the Riksdag, a high employment rate, more hours worked and a fair distribution of wealth are important in devising tax policy. Proposed reforms should therefore be analysed based on their impact on employment and income distribution.

⁹ Central government measures to develop the electricity system – reactive and poorly substantiated (RiR 2023:15) (RiR 2023:15).

¹⁰ The Government has presented a bill that ties in with the observations in the performance audit report: Govt. Bill 2023/24:105 Long-term focus of energy policy.

¹¹ On shaky ground – decision support ahead of major reforms (RiR 2022:15).

¹² Amended income tax rules in 2011–2023 – reporting to the Riksdag was inadequate (RiR 2023:10).

Our conclusion is that the Government has given an incomplete and partly embellished picture of how proposed changes to income tax provide conditions for a high employment rate, more hours worked and a fair distribution of wealth.

The shortcomings have led to the Riksdag not having adequate information ahead of the decisions on amended tax rules. There is a risk of the decided tax policy not reflecting the Riksdag's desired balance between a high employment rate and a fair distribution of wealth. We therefore recommended that the Government improve the impact assessments in a number of ways.

2.1.3 Altered calculation method has significant implications

In last year's annual report, I stressed that the Government was not sufficiently transparent about how the altered method for calculating structural net lending – that is, the indicator for following up the surplus target. The method had changed significantly and affected monitoring of the surplus target, without either the change itself or its consequences being apparent in the fiscal policy bills. Furthermore, we considered that the change in method constituted a departure from the accepted method for calculating structural net lending.

The change in method, although not specified, has considerable implications for the judged size of fiscal headroom. The change also has implications for interpreting fiscal policy direction.¹³

In our examination of how the Government applied the fiscal policy framework in 2023, we again assess that the Government's altered method is of great importance for calculating structural net lending. The change of method has altered the picture of both deviations from the surplus target and the direction of fiscal policy. The Government stated that the change of method was aimed at smoothing the progression of structural net lending during 2024–2026 without explaining why such smoothing was desirable. We therefore recommended that the Government take initiatives to ensure that an accepted method for calculating structural net lending be re-established.

Furthermore, we note that the Government has changed the indicator for fiscal policy direction without reporting this in its fiscal policy bills. The Government has also introduced a new indicator to support the assessment of fiscal policy. The purpose of the new indicator is unclear. We find that new indicators that are introduced without explanations and transparency risk impeding the interpretation of fiscal policy.¹⁴

¹³ The fiscal policy framework – application by the Government in 2022 (RiR 2023:3) (RiR 2023:3).

¹⁴ Government application of the fiscal policy framework 2023 (RiR 2023:24).

2.2 Various deficiencies in asset recognition

Deficiencies in asset recognition are a recurring theme in the annual report of the Auditor General. Accurate recognition of state assets is important for the Riksdag to obtain a comprehensive picture of the central government's financial risk-taking and for the Riksdag to have an accurate picture of the value of state assets and of whether activities are being pursued in accordance with the Riksdag's decisions. Erroneous accounting can lead to the Riksdag making decisions on inadequate grounds.

In this year's audit, we have made observations in the area concerning recognising how assets are financed, contingency assets and fixed assets.

2.2.1 An altered state of security causes problems in asset recognition

In the past year, recognition of contingency assets became relevant for more agencies than before. This is due to the global situation and the new Preparedness of Government Agencies Ordinance (2022:524), which came into force on 1 October 2022. Therein, the responsibilities and tasks of 60 "contingency-planning agencies" are clarified. When the accounting regulatory framework is developed or when regulations are added, this increases the risk of accounting deficiencies, and it is then common for us to make more audit findings. In 2023, we saw numerous examples of the complexity in recognising contingency assets, and this is an issue that may become more topical in the coming years. In our audits so far, we have assessed that, although the assets are not material in the financial sense, contingency planning is nevertheless an important and topical issue.

A concrete issue that we have dealt with in our preventive work during the year is how a contingency-planning agency shall recognise contingency assets when the same assets are also used in the ordinary operations, while others are new to the agency. This is the case, for example, for fuel and food, which need to be consumed and replenished continuously so as not to be depleted. We have made the assessment that it is not certain that the assets should be recognised as contingency assets, because there are several circumstances to take into account in the assessment; for example, whether the asset type is new, the extent to which storage thereof constitutes "surplus storage", whether stocks can be separated in practice and the form of financing used. It is also important that the agencies have a functioning stock management system.

In recent years, investments in defence have resulted in the central government buying property. In our audit, we have observed that there are ambiguities concerning whether these properties are to be financed with loans or appropriations. The Government should clarify in appropriation directions how the assets are to be financed.

2.2.2 The value of an agency's fixed assets shall equal its loans

According to Chapter 2, section 2 of the Capital Supply Ordinance (2011:210), an agency's loans may not deviate materially from the book values of the assets at 31 December. In the audit of the Swedish Agency for Public Management, we have made an observation that the agency's borrowings were significantly lower than the book value of its fixed assets, and we therefore issued a modified auditor's report.¹⁵

2.3 The provision of premises is costly and sometimes complex

Government agencies' rental costs for office premises amount to approximately SEK 9 billion per year, and the central government also has major costs for improving and renovating offices, and for restoring them to their original state. Following a decision by the Riksdag to reform the provision of premises to government agencies in the early 1990s, government agencies have a great deal of freedom to decide how much of their appropriation is to be used for premises costs. The reform also laid the foundation for state-owned enterprises to own and manage certain types of buildings used in state-run operations, such as purpose-built properties, and buildings and sites that are valuable on the grounds of cultural heritage.¹⁶ Agencies also use other premises, and overall costs represent a substantial part of the central government commitment. It is therefore important that the provision of premises functions effectively and in accordance with the decision of the Riksdag in order for the central government to attain the intended distribution of financial risk. The central government assuming the right risk is important to the stability of public finances. In 2024, observations concerning the provision of premises led to a modified auditor's report for Lund University.

2.3.1 Finance leases pose a higher risk for the central government

Universities and other higher education institutions need highly specialised premises in many cases, for laboratory experiments, for example. Building highly specialised properties and premises poses a financial risk to the developer, especially if there are few possible tenants. Because of this, the distribution of risk between the developer and the tenant is an important factor when the parties sign agreements to construct and utilise the premises.

In this year's audit of Lund University and its costs for premises, it emerged that the university had reported one agreement as a lease, together with one other contingent liability of just over SEK 2 billion in residual value, which the university must pay if the agreement is terminated before the end of its term. The Swedish NAO considered that the agreement was devised as a finance lease and should therefore be recognised as a fixed asset instead. A fixed asset must also be accommodated within the agency's

¹⁵ Auditor's report for the Swedish Agency for Public Management 2023, 21/03/2024.

¹⁶ In 2024, the Swedish NAO has initiated an audit of the state's procurement and use of office premises. See also Higher education institutions' provision of premises – room for improvement (RiR 2018:15).

loan framework; however, since this was not the case, we concluded that Lund University had exceeded the Government's decided loan framework. Due to these errors, we issued a modified auditor's report.¹⁷

With finance leases, the lessee – in this case, the agency – assumes a greater share of the financial risk than is customary compared with a normal lease. We have raised this issue in previous annual reports. It is common for these types of agreements to be complex, which increases the risk of erroneous accounting and leads to a higher financial risk for the state and for future expenditure.

2.4 Difficulty in balancing fee-financed activities

Government agencies usually finance their operations with appropriations, grants or fees. Different parts of the operations can be financed in different ways. A fee is usually defined as remuneration that is to fully or partly cover the state's costs for a direct service in return.

The basic rule is that agencies are to calculate fees based on full cost coverage unless the Government has instructed otherwise.¹⁸ This means that the financial result of the operations – that is, a surplus or deficit – must balance over a number of years.

It can be difficult to estimate costs correctly and thus to set fee levels to attain balance over time. Revenues can also vary over time and thus contribute to a surplus or deficit. Surplus means that the fee-based operations are overpriced for users. This may be due to a number of reasons, such as lower costs than forecast or higher demand for the fee-based service, or the goods, leading to overcompensation for the agency for its costs. For the central government, a surplus arising from the fee-based activities means that the funds are not being used effectively.

In the past year, we have made observations regarding fee-financed activities at numerous agencies. We have issued modified auditor's reports to four agencies¹⁹ on matters concerning balancing deficits and surpluses, and audit reports were also issued to two of these.²⁰

The observations in this area concern surpluses in contract education,²¹ supervision and sale of statistics. In one case, the surplus was also transferred to outside the agency without the Government's consent.

¹⁷ Auditor's report for Lund University 2023, 20/03/2024.

¹⁸ Section 5 of the Fees Ordinance (1992:191).

¹⁹ Kristianstad University, Karlstad University, the Swedish Gambling Authority and Statistics Sweden.

²⁰ Karlstad University and the Swedish Gambling Authority.

²¹ Contract education is education that a higher education institution conducts on behalf of, for example, an employer and for a fee.

2.4.1 Surplus transferred to outside the agency

During the year, we made observations at Karlstad University that led to a modified auditor's report and an audit report. The University transferred funds from its fee-financed contract education to a wholly owned subsidiary – a surplus that amounted to SEK 60 million at 31 December 2023.

Agencies are normally to use their interest account held at the National Debt Office for cash and cash equivalents that are available to them in their operations. The transfer to the subsidiary involves the university holding funds in an account outside of the agency, without special permission from the Government. This is contrary to the Capital Supply Ordinance²² and increases the risk for the state. The risk has also increased due to the company having invested parts of the development funds in securities. We recommended that Karlstad University change the accounting model and draw up a new agreement with the subsidiary, stating that development funds for developing contract education be held at the university and no longer transferred to the company. We also recommended that the university draw up a plan to reduce the surplus and attain balance, and perform regular follow-up on the plan and comment on the plan in future annual reports.²³

The surplus at Karlstad University was over 80 per cent of turnover in the fee category contract education. The university had not submitted any proposal to the Government on how the funds are to be used, adjusted the fee levels or proposed any other measure to balance the surplus over time. We therefore considered that Karlstad University has not followed the financial goal of full cost coverage.²⁴ An agency that, over a period of few years, does not have a balance in its fee-based activities and that has a surplus exceeding 10 per cent of its turnover, shall submit a proposal to the Government on how it is to be utilised.²⁵ Karlstad University has not followed this rule but instead transferred the surplus to outside the agency.

2.4.2 Long-term surpluses for supervision, contract education and statistics

The Swedish Gambling Authority has been issued with a modified auditor's report and an audit report because the agency, over a period of several years, has amassed a surplus of SEK 97 million in the fee area Supervision.²⁶

²² Chapter 3, Section 3 of the Capital Supply Ordinance (2011:210).

²³ Audit report – Karlstad University's annual report 2023, 19/03/2024, and Auditor's report for Karlstad University 2023, 21/03/24.

²⁴ Audit report – Karlstad University's annual report 2023, 19/03/2024, and Auditor's report for Karlstad University 2023, 21/03/24.

²⁵ Section 25 of the Fees Ordinance (1992:191).

²⁶ Auditor's report for the Swedish Gambling Authority 2023, 22/03/2024, and Audit report – the Swedish Gambling Authority's annual report 2023, 22/03/2024.

At Kristianstad University, we also observed a surplus of just over SEK 64 million that the university has amassed over several years in the fee area Contract education. We therefore issued a modified auditor's report.²⁷

Statistics Sweden has been issued with a modified auditor's report because, over a period of several years, it has amassed a surplus within fees for the sale of statistics to non-state actors. The surplus was just shy of SEK 39 million.²⁸

2.5 Continued problems with exceeded authorisation to place orders

Exceeding authorisation to place orders²⁹ is a recurring observation in audits. In this year's audit, we have made observations that have led us to issue modified auditor's reports to the Swedish National Board of Housing, Building and Planning³⁰, the Swedish Gender Equality Agency³¹, Linköping University³² and the National Agency for Education³³, all of which have exceeded their authorisation to place orders and thus not complied with section 17 of the Appropriations Ordinance (2011:223). This means that the agencies have entered into commitments that have tied up funds without permission and thus exceeded their authorisations.

In the preparation of the 2023 Annual Report of the Auditor General, the Riksdag Committee on Finance stressed the importance of the Government ensuring that the Riksdag's decisions on authorisations to place orders are not exceeded. The Committee welcomed the work announced by the Government in the 2024 Budget Bill, which aims to improve budgeting and reporting of authorisations to place orders.³⁴

2.6 Assumptions in the model of the Swedish Board of Student Finance for calculating expected loan losses

In our audit of lending activities at the Swedish Board of Student Finance, we repeatedly see how the agency's model for calculating loan loss provisions is designed. The model shall aim to ensure that the agency reduces interest-rate sensitivity and complies with the Annual Reports and Budget Documentation

²⁷ Auditor's report for Kristianstad University 2023, 21/03/2024.

²⁸ Auditor's report for Statistics Sweden 2023, 21/03/2024.

²⁹ An authorisation to place orders is a decision by the Government allowing the agency to enter into financial commitments with appropriations that extend beyond the financial year to which the appropriation directions refer. On the basis of the budget documentation submitted by the agency, the Government requests an authorisation to place orders from the Riksdag. Following the decision of the Riksdag, the Government provides the authorisation to the agency. This means that the Riksdag becomes aware of the amount of funds that are tied up, and the agency can act with a longer-term approach, since the authorisation is a promise that the agency will receive these appropriations in subsequent years.

³⁰ Auditor's report for the Swedish National Board of Housing, Building and Planning 2023, 21/03/2024.

³¹ Auditor's report for the Swedish Gender Equality Agency 2023, 22/03/2024.

³² Auditor's report for Linköping University 2023, 20/03/2024.

³³ Auditor's report for the National Agency for Education 2023,14/03/2024.

³⁴ Committee Report 2023/24:FiU9 p. 12.

Ordinance (2000:605). This year, we decided to perform an in-depth examination of the model's assumptions. The examination showed that it is difficult to evaluate whether the Swedish Board of Student Finance measures the provisions according to the model, as there is a lack of clearly documented rationale about certain assumptions that are to be applied in the model. The method used by the Swedish Board of Student Finance for calculating the average interest rate means that there is a risk that the average interest rate applied at the current level of interest rates is too low, as they have been historically low in the past five years. This means that it is unclear whether the calculation method is in line with the purpose of the model. We recommended that the management of the Swedish Board of Student Finance investigate whether there is a need to modify the method for calculating the average interest rate, and to draw up comprehensive policy documents that clearly describe the objective and rationale behind the assumptions applied in the model.³⁵

2.7 We have audited the Riksbank

Our mandate to scrutinise the activities conducted by the state also includes agencies under the Riksdag. We examine the annual reports of other agencies under the Riksdag every year, but we have rarely examined them based on their resource utilisation, goal fulfilment and financial management. In the past year, however, we have published a performance audit report on effectiveness and transparency in asset purchases at the Riksbank during the period 2015–2021.

The Riksbank has purchased securities extensively over the past ten years. In 2021, the securities holding amounted to SEK 975 million. We considered that the Riksbank has carried out asset purchasing on the basis of thorough decision-making data, given the conditions. The audit showed that there was an advanced systematic approach in the preparation of the asset purchases, as well as knowledge concerning asset purchases and alternative measures that could make monetary policy more expansionary. However, we observed shortcomings in the follow-up of the consequences and effects of private securities purchases, and we considered that the follow-up could have been performed more systematically.

We also observed that there was no indication that the asset purchases made to stimulate inflation would have had any appreciable effect. The studies conducted in the area exhibited relatively small effects, and the Riksbank's own evaluations also showed that the effects had been limited. At the same time, we observed that the costs of asset purchases had grown significantly more than the Riksbank had anticipated, and in their latest calculation the total loss was estimated at SEK 61 billion. The Riksbank judged that they need a capital injection of approximately SEK 80 billion³⁶,

³⁵ Audit report – Review of the Swedish Board of Student Finance's model for calculating expected future loan losses, 23/02/2024.

³⁶ The Riksbank's assets are measured in the year-end financial statements by the interest rate level at the end of the year. In the autumn of 2023, interest rates fell considerably, which had major implications for the Riksbank's earnings and an expected loss was turned into a substantial profit. The need for a capital injection therefore declined. The Riksbank now estimates that the need amounts to SEK 44 billion.

and they are not expected to pay any dividends to the state for the foreseeable future. The Swedish NAO therefore issued a recommendation to the Riksbank setting out that they should refrain from purchasing assets with the primary purpose of steering inflation.

Furthermore, we have observed that the Riksbank's reporting of its securities purchases could be developed. The expected costs, financial risks and side effects of the asset purchases were not reported sufficiently clearly and coherently. At the same time, the Riksbank's reporting to the Riksdag was essentially satisfactory. The agency had reported the use of asset purchases transparently and comprehensively. In light of this, the Swedish NAO made a recommendation setting out that the Riksbank should report the costs and side effects of asset purchases in a clearer way to the general public and the Riksdag.³⁷

³⁷ The Riksbank's asset purchases – a costly experience (RiR 2023:21)

3 Governance, follow-up and reporting

In this chapter, I wish to highlight observations that mainly concern problems with efficiency, transparency and adaptability within the central government. The audit in this area also focuses on agency governance through regulations, appropriation directions, instructions and other Government decisions. Deficiencies in this area can lead to errors in annual reports.

During the year, we conducted an audit that resulted in observations of patient safety being at risk when supervision does not work as intended, and of deficiencies in the reporting of performance and effects at several different authorities. We have also seen deficiencies in policy documents at the National Board of Institutional Care, entailing that the agency does not have adequate governance and control.

3.1 Shortcomings in supervision put patient safety at risk

This year, we wish to illuminate how we have observed shortcomings in supervision in the field of patient safety. Patient safety is chiefly a matter of patients not being subjected to harm in connection with receiving healthcare, and this is regulated in the Patient Safety Act (2010:659).

This year's observations in the area concern the state's and SOS Alarm's handling of the emergency number 112³⁸, and also state governance and supervision of pharmaceutical prescription³⁹. Unfortunately, this problem is not a new one. In previous audits, we have observed deficiencies in the supervision of the Health and Social Care Inspectorate. In a performance audit report from 2015⁴⁰, we made observations indicating that the Health and Social Care Inspectorate had problems in fulfilling the supervisory ambitions of the law. In another performance audit report from 2019⁴¹, we made observations concerning the Health and Social Care Inspectorate's remit to conduct self-initiated risk-based supervision, in which we noted that the lack of functional support could cause the agency to miss important problem areas and risk elements.

3.1.1 Deficiencies in the supervision of 112 can have serious implications

This year, the Swedish NAO has observed that the Health and Social Care Inspectorate's supervision of the 112 emergency alert service is primarily initiated based on signals of anomalies in the operations and therefore risks detecting deficiencies only once they have had serious consequences. The Swedish NAO has also observed that there are areas that none of the supervisory authorities illuminate in their supervision.

³⁸ Emergency number 112 – Central government and SOS Alarm management of emergency calls (RiR 2023:22)

³⁹ Pharmaceutical prescription – central government governance and supervision (RiR 2023:23)

⁴⁰ Patient safety – is there adequate central government provision for high-level patient safety? (RiR 2015:12).

⁴¹ Health and Social Care Inspectorate – hampered supervision (RiR 2019:33).

As part of the same audit, we observed that the Swedish Civil Contingencies Agency lacks the means deemed important by the Government for effective supervision. Besides, the Swedish Civil Contingencies Agency lacks the ability to require SOS Alarm to take measures in the event of identified deficiencies.

The Swedish NAO noted that supervision generates little added value as a basis for control by the Government, and the shortcomings in supervision can also have serious implications for patient safety. Based on the observations, the Swedish NAO assessed that supervision of SOS' management of emergency alerts is not effective, and that this is largely because there is no specific statutory regulation of the emergency alert service. We therefore made a recommendation to the Government to prepare proposals for statutory regulation of the emergency alert service and its objectives, in order to reinforce supervision.

3.1.2 Deficiencies in supervision pose a risk to patient safety

In the examination of pharmaceutical prescription, the Swedish NAO has observed that the long processing times of the Health and Social Care Inspectorate for cases concerning improper prescription do not meet the requirement of the Administrative Procedure Act for prompt processing. We have also observed that the Health and Social Care Inspectorate does not have the regulatory means to perform risk-based, self-initiated supervision. We therefore considered that supervision of improper prescription is not effective.

The long processing times of the Health and Social Care Inspectorate can have serious implications for patient safety because, in some cases, those who have improperly prescribed pharmaceuticals can continue to do so during the processing period. The Swedish NAO considered that the long processing times are due to an increased inflow of cases, and that the Health and Social Care Inspectorate has not allocated resources to the area to tackle the greater inflow. We therefore recommended that the Health and Social Care Inspectorate improve efficiency in processing cases relating to deficiencies in pharmaceutical prescription in order to cut processing times.

The fact that the Health and Social Care Inspectorate cannot perform risk-based, self-initiated supervision also poses a risk to patient safety. There is a great risk of important anomalies going completely undetected when the Health and Social Care Inspectorate has to rely on reported incidents and tip-offs in its supervision of pharmaceutical prescribers. In order to perform risk-based, self-initiated supervision, the Health and Social Care Inspectorate needs to have access to register data in or ahead of its supervision to enable searching for prescribers who systematically display risky prescription patterns. The Swedish NAO considered that the regulatory means for this were lacking, and that the Government has not given the Health and Social Care Inspectorate the possibility to use register data. We therefore recommended that the Government grant the Health and Social Care Inspectorate the opportunity to use

the data needed to identify deviant prescription patterns and high-risk individuals before and during the course of supervision of pharmaceutical prescribers.

3.2 Reporting of performance and effects can be improved at numerous agencies

Agencies shall report analyses and assessments of the performance and development of their operations. The performance report is to provide a basis for the Government's assessment of the agencies' performance and of how they have conducted their operations. The regulatory framework in the area was enhanced five years ago⁴². Generally, the change can be understood as a shift from reporting outputs (that is, what the agency has achieved), to focusing more on the effects of its activities.

In this year's audit, we have observed deficiencies in several agencies' reporting of performance in terms of outputs and effects. Depending on the agency's size and function in society, deficiencies in the analysis of the organisation's performance and development can have varying degrees of implications for the work of the Riksdag and for developments in society.

Performance reporting is closely associated with assessing objective achievement, as the annual report is to contain material information on the agency's performance in relation to the tasks and objectives decided by the Government for the agency's operations.⁴³

In this year's audit, we have seen room for improvement in performance reporting at numerous different agencies. Two agencies have been issued with modified auditor's reports due to deficiencies in the reporting of information requested by the Government in reporting requirements in the appropriation directions.⁴⁴

We have also seen other examples of how the performance report can be improved, even if the deficiencies have not been of a material nature and have therefore not caused us to issue a modified auditor's report. For example, we have recommended that the Swedish Armed Forces improve the analysis of its reporting requirements. Furthermore, in the examination of the Swedish Patent and Registration Office, we have seen that the agency could take a clearer stance on how they consider whether or not objectives have been fulfilled in the operations. We have also noted slight shortcomings in the analysis and assessment of the Swedish Transport Agency and Swedish Institute of Space Physics of the results and development of the operations. For these two agencies, we have reported on this in previous years, and the agencies

⁴² See Chapter 3, section 1 of the Annual Reports and Budget Documentation Ordinance (2000:605), amended through SFS 2018:1342.

⁴³ Chapter 2, Section 4, point 4 of the Annual Reports and Budget Documentation Ordinance (2000:605). See also the National Financial Management Authority's regulations and general guidelines (ESVFA 2022:1) on annual reports and budget documentation.

⁴⁴ Auditor's report of the Agency for Support to Faith Communities 2023, 21/03/2024. Auditor's report for the Swedish International Development Cooperation Agency (Sida) 2023, 21/03/2024.

are in the process of improving reporting in their performance reports.⁴⁵ In this year's audit, we have also noted tremendous room for improvement in the analyses and assessments of the Swedish Energy Agency in the performance report. The deficiencies concern, among other aspects, descriptions of how the agency derives its assessments.⁴⁶

3.3 Absent, unclear and incomplete policy documents

Agency management teams are responsible for ensuring that an internal governance and control process is in place at an agency and that it functions satisfactorily. Internal governance and control aims to ensure that the authority duly performs the activities incumbent upon it, that it fulfils its objectives and that it otherwise fulfils the requirements of section 3 of the Government Agencies Ordinance (2007:515).⁴⁷ If there are deficiencies in internal governance and control, this increases the risk of erroneous financial reporting and monitoring, ineffective governance and non-compliance with applicable regulations.

In the case of the National Board of Institutional Care, we have observed shortcomings in the agency's policy documents; they are ambiguously written and incomplete, and in some cases it is unclear as to whom a policy document is addressed. In some instances, policy documents are even missing. These deficiencies lead to the agency not having adequate governance and control for processing and payments concerning elements of the costs of the operations. We have also observed deficiencies in bookkeeping vouchers and found that it is difficult to understand a financial event based on the information in the voucher. We have therefore made recommendations to continue the ongoing work on producing and updating policy documents and to ensure that bookkeeping vouchers comply with the requirements of the Bookkeeping Ordinance (2000:606).⁴⁸

⁴⁵ Notes regarding the audit year 2023, dispatched to the Swedish Transport Agency on 07/05/2024. Verbal reporting to the Swedish Institute of Space Physics.

⁴⁶ Notes from the 2023 audit, dispatched to the Swedish Energy Agency on 17/04/2024.

⁴⁷ Section 2 of the Ordinance on Internal Control (2007:603).

⁴⁸ Audit report – Examination of internal governance and control of the costs of the operations, 23/01/2024.

4 Organisation, responsibility and coordination

In the final chapter of the report, I have selected observations that concern how the central government commitment is affected by how operations are organised. The effectiveness of state efforts and the quality of the audited organisations' annual reports depend on how implementation is organised, and an important task for the Swedish NAO is to examine whether the organisation, division of responsibilities and coordination of the state is designed in a way that contributes to a high degree of effectiveness.

It is very important for the central government to harness opportunities afforded by technological developments. I have therefore chosen to underscore the problems that we have seen in the audit and which indicate that the agencies or the Government still have work to do to enable fully harnessing technology, or that they are not taking the risks in technological development seriously enough. This is a matter of observations concerning the agencies' problems in sharing information with each other, deficient information and cyber security, ambiguous rules concerning electronic signing of annual reports and improvement in data flows within the state. I would also like to highlight observations showing measures that give weak objective fulfilment and which, in some cases, are organised in a way that counteracts the measures' effectiveness.

4.1 Difficult for agencies to share information

We have made observations concerning shortcomings in the agencies' means and ability to share information, both internally and externally with other agencies. Difficulties in sharing information can impact the effectiveness of state activities, as we have pointed out in many previous annual reports.⁴⁹ These difficulties impede verifying payouts of financial support; for example it is difficult for the agencies to verify when financial support payouts reach the right recipient. Some of this year's audits exhibit a similar problem. Our observations concern problems in sharing information related to allocating grants to civil society, revoking residence permits and Samhall's public policy assignment.

In our audit of financial support for civil society⁵⁰, we observed that several authorities⁵¹ lack readily available information on the grants disbursed by other agencies and the organisations to which the grants are allocated. Furthermore, we noted that information submitted by applicant organisations to the awarding agencies

⁴⁹ For example, the Annual Report of the Auditors General 2011 and 2016, and the Annual Report of the Auditor General 2022. The findings mentioned in previous annual reports are present in the following performance audit reports: Information exchange between government agencies responsible for social security systems (RiR 2010:18); Governance of SOS Alarm – important for people's security (RiR 2015:11); The State wage guarantee – existence of abuse and agencies' controls (RiR 2022:4).

⁵⁰ Trust and control – central government grants to civil society (RiR 2023:7)

⁵¹ The Swedish Gender Equality Agency, the Agency for Support to Faith Communities, The Swedish Agency for Youth and Civil Society and the National Board of Health and Welfare.

and to the Swedish Tax Agency is not always complete or reliable. We consider that there is a risk of certain organisations deliberately abusing the trust on which awarding grants is founded.

The donor agencies, in turn, have difficulty verifying whether overcompensation or unauthorised dual financing occurs. The lack of readily available information on this poses a significant risk of government grants being paid out on improper grounds. We considered that a central database of available government grants to civil society and the organisations that have received such support would improve transparency in the grants system. We therefore recommended that the Government instruct an appropriate agency to set up such a database.

We have also observed that the Swedish Migration Agency⁵² does not always have access to important information held by other agencies concerning individuals failing to fulfil the conditions for their residence permits. The Swedish Migration Agency only has a legal mandate to perform checks, on its own initiative, on residence permits granted for work purposes. In general, the Swedish Migration Agency must first suspect that a person is not fulfilling the conditions for their residence permit. Many other agencies are in possession of such information, but the audit showed that the information is not always shared with the Swedish Migration Agency. The reason for agencies failing to share information is that there is often no duty to notify each other.

Another problem in this context is that employees at other agencies do not always know the information the Swedish Migration Agency needs in its operations. We considered that a regulated duty of notification and established procedures specifying the information that is to be released when and in what manner would facilitate this work. We therefore recommended that the Government should investigate the possibility of introducing an inter-agency duty of notification.⁵³

We have also observed that the Swedish Public Employment Service and Samhall⁵⁴ are deficient in sharing important information with each other in connection with the Swedish Public Employment Service's referral of jobseekers to Samhall. This reduces the possibilities of adapting the work for individuals who have been referred to employment with Samhall and of achieving a good match.

⁵² The system for revoking residence permits (RiR 2023:19)

⁵³ Shortly before the performance audit report was published, the Government appointed an inquiry concerning improved possibilities for inter-agency exchange of information (dir. 2023:146). The inquiry is to present its final report in February 2025. In the appropriation directions for 2024, the Swedish Migration Agency was tasked with improving, using digital technology, efficiency in its operations, in order to help attain broader and more effective inter-agency exchange of information.

⁵⁴ Samhall's public policy assignment – governance and organisation in need of change (RiR 2023:14)

4.2 Deficient information and cyber security

Digitalisation has impacted all sectors of society and has the potential to contribute to more effective state activities. In order to fully harness advancements in digitalisation, agencies need to have functioning information and cyber security.

We consider that information and cyber security is an area that requires collective governance and which, in combination with our administrative model, places tremendous demands on the Government Offices' preparatory capabilities. In a previous audit, we have observed problems concerning the Government Offices' capabilities for preparing matters related to information security in an integrated way.⁵⁵ Since 2017, there has been a national strategy for information and cyber security in society. With the strategy, the Government wishes to help equip society's actors with the long-term means for working effectively with information and cyber security, and to improve awareness and knowledge throughout society.

In this section, you can read about observations concerning governance of society's information and cyber security by the Government, and concerning information security efforts to manage research data requiring protection at universities and other higher education institutions.

4.2.1 Shortcomings in the governance of society's information and cyber security by the Government

We have examined governance of society's information and cyber security by the Government, and observed shortcomings.⁵⁶ The key shortcoming is the lack of strategic trade-offs and prioritisations that set the direction of information and cyber security efforts. This applies, for example, to the work on matters in relation to the EU. EU work is being conducted at a rapid pace. If Sweden is not involved and exerts influence early on, there is a great risk that international regulations will not benefit Swedish interests to the same extent as would otherwise have been possible.

The audit also shows that the Government has not prepared the strategy and implemented it according to what is considered international best practice. In our opinion, the strategy lacks a clear vision, measurable objectives and parties responsible for implementing measures and allocated resources for this work.

In the absence of a clear policy in the area, ministries and agencies work on the basis of their respective objectives and priorities. This makes it difficult to ensure that implemented initiatives are right for Sweden's collective information and cyber security and that the initiatives are implemented effectively. This risks leading to the measures taken having no effect, and to ineffective resource utilisation.

⁵⁵ Information security in the civil public administration (RiR 2014:23).

⁵⁶ Government control of national information and cyber security – both urgent and important (RiR 2023:8)

To address these shortcomings, we have recommended that the Government devise a long-term and comprehensive direction for its work with information and cyber security.⁵⁷

4.2.2 Agencies need to work systematically with security

The Government is not solely responsible for the functioning of cyber and information security; rather, responsibility is shared between the Government and agencies. During the year, we have examined whether universities and other higher education institutions conduct effective information security work to manage research data requiring protection.⁵⁸ This can be a matter of the privacy of individuals and information of importance to Sweden's competitiveness or for the security of society.

The audit included 24 higher education institutions engaged in scientific and technological research. We believe that essential elements of their information security work are still absent. For example, few researchers classify their research data according to the decided models of the higher education institutions. The fact that inventory and classification procedures are deficient may, in our opinion, lead to failure to identify data in need of protection. Another consequence is that the grounds on which higher education institutions' introduce security measures will be inadequate.

Furthermore, we observed that information security for research data is not integrated into the higher education institutions' risk analyses, that there are gaps in the knowledge and expertise of the higher education institutions in the area, and that there is a lack of consensus within and between the higher education institutions on what constitutes data in need of protection.

We are addressing recommendations to the Government and the audited higher education institutions, calling for systematic information security work based on heightened expertise in information security matters and greater cooperation between the higher education institutions.

4.3 Unclear rules on electronic signatures of annual reports

For agencies, digitalisation can mean opportunities to improve efficiency in the operations and reduce the risks of errors. Such developments require that the rules be adapted to new conditions. We have observed a need for clarification in the provisions governing signatures of annual reports.

⁵⁷ In 2023, the Government began work on preparing a new information and cyber security strategy.

⁵⁸ Information security at higher education institutions – management of research data requiring protection (RiR 2023:20)

Electronic signatures of annual reports could facilitate agencies' processing of them and reduce the risk of an agency inadvertently submitting an annual report that contains errors or that is not signed at all.

From our perspective, it is important that the agency management, board members or agency head sign the annual report. This is because the signature, together with the so-called signature sentence, is an important part of our assessment of how management has assumed its responsibility for the financial reporting. In our view, it can therefore be a material error if an annual report lacks a signature or a signature sentence, and this can lead to modified auditor's reports.⁵⁹

The issue of whether agencies may sign their annual reports electronically was raised during the pandemic and remains topical. For companies, annual reports may be signed electronically, provided that certain technical solutions are used.⁶⁰

The provisions concerning agencies' annual accounts are designed differently from those for companies, and we consider that they do not allow agencies to sign their annual reports electronically.⁶¹ We therefore consider that annual reports that have been signed electronically are incomplete.

In order to enable agencies to process annual reports more efficiently, we consider that the rules need to be adapted so that they stipulate that electronic signatures are permitted and specify the technological solutions to be used.

4.4 The central government could easily improve data flows in several areas

In Swedish public administration, the issue of effective data sharing for machine analysis has long been neglected.⁶² We are working actively to promote and reinforce data-driven operations within our audit. One of our focus areas is to improve data quality for machine analyses; that is, to structure and share data in a way that supports data analysis. We also see a need to enhance the efficiency of, and partly automate, processes for transferring data between the audited agencies and ourselves.

Inadequate data quality poses an obstacle to efficiency in audits, and there are numerous areas in which the state could easily improve the data flow. For example, most data from Hermes⁶³ is not available in open format for use by us and other agencies. Furthermore, there is no standard for digital structure as regards agencies'

⁵⁹ Since 2015, we have issued four modified auditor's reports due to the absence of one or more signatures.

⁶⁰ See Chapter 2, section 7 of the Annual Accounts Act (1995:1554).

⁶¹ See Chapter 2, section 8 of the Annual Reports and Budget Documentation Ordinance (2000:605).

⁶² In the EU's eGovernment ranking, which examines the countries' digitalisation of public services, Sweden is ranked 16th out of 27; see eGovernment Benchmark 2023, <https://digital-strategy.ec.europa.eu/>. At the same time, the OECD ranks Sweden ninth out of 36 countries in an index measuring the member states' capabilities for providing open data, see OECD Open Government Data, <https://doi.org/10.1787/a37f51c3-en>.

⁶³ Central government system for governance, accounting and reporting.

annual reports, which are currently submitted manually. Greater standardisation and digitalisation of annual reports would contribute to greater and more reliable quality of information of high value for the Riksdag and the Government alike. It would also simplify the production of reports at the agencies and facilitate our audit work.

In the future, I would like us to be able to automatically collect data apt for machine analysis, both from Hermes and from agencies' accounting systems and annual reports. There is a great need for modern data governance in the central government, as the key to creating value in society and to ensuring adequate control and risk management in terms of the data created in public administration.⁶⁴ It should be possible to eliminate the total volume of multiple-stage manual work, with all the risks that it entails, to attain high quality of information.

4.5 The design of measures can counteract their effectiveness

It occurs that we observe shortcomings in the design of measures taken by the Government that make it difficult to achieve the intended objectives and to do so effectively.

In audits from 2018 and 2020, we drew attention to how governments use discounted or reduced taxes as a method for achieving distribution policy or other objectives. For example, this could be a matter of bolstering the purchasing power of families with children and low-income families by lowering VAT on food. It could also involve, through the tax break on domestic services (the "RUT deduction"), reducing undeclared labour within domestic services, increasing men's and women's time in paid work and bringing more people with a brief education onto the labour market. Our assessment is that the effectiveness of these measures is limited by the fact that they are not hitting their mark. In other words, the measures are not reaching the intended groups, or they are also impacting other groups.⁶⁵

In this section, you can read about observations concerning cost-effectiveness of the tax break on home repairs and maintenance ("the ROT deduction"), the control of support for subsidised jobs and compensation for high sick pay costs.

4.5.1 The ROT deduction should be designed for greater cost efficiency

In our audit of the "ROT deduction" (tax break on home repairs and maintenance),⁶⁶ which we have published during the year, we also concluded that the measure was not effectively designed for achieving its objectives. The deduction was introduced in 2009 and is a tax reduction for owners and holders of single-family dwellings, owner-occupied apartments or tenant-owned apartments. Like the RUT deduction, the ROT

⁶⁴ Jacob Arturo Rivera Perez, Cecilia Emilsson and Barbara Ubaldi, "Open, useful and re-usable Data (OURdata) Index: 2019 – Policy Paper", OECD Policy Papers on Public Governance No. 1, p. 29, 2020.

⁶⁵ Reduced VAT on food – price effect, distribution profile and cost effectiveness (RiR 2018:25); The RUT deduction for household services – consequences of the reform (RiR 2020:2).

⁶⁶ The costs and effects of tax deduction on home repair services (RiR 2023:26)

deduction aims to reduce undeclared labour (for tradesmen's services in households) and to increase labour supply among users of the deduction.

We consider that the ROT deduction has had tremendous significance to reducing demand for undeclared tradesmen's services, but a very limited effect on labour supply and income. This is because the measure is not hitting its mark. The deduction is mainly used by individuals who would have difficulty in increasing their time in paid work. Therefore, the measure can only contribute to a limited extent to increasing labour supply for households utilising the ROT deduction.

We note that the ROT deduction in its current form does not generate sufficient tax revenue, through reduced undeclared labour (for tradesmen's services), and a greater labour supply among users, for the reform to largely finance itself. This means that cost-effectiveness is low, and we recommended that the Government design the ROT deduction in a way that improves cost-effectiveness in relation to the objective of counteracting undeclared labour. This can be done, for example, by lowering the maximum ROT deduction per person per year.

The problem must be seen in light of how costs for the ROT deduction have grown and over time and become greater than the Government planned. When the deduction was introduced, the Government estimated that the cost would amount to SEK 3.5 billion, but in 2015 it reached SEK 20 billion. Today, the tax reduction amounts to just shy of SEK 12 billion annually.⁶⁷

4.5.2 The design of the measures can impede checks on payouts

During the year, we have also drawn attention to other examples of how the design of measures can impede their effectiveness, particularly in terms of preventing undue payments.

One example emerged in our audit of the Swedish Public Employment Service's checks on support for subsidised jobs.⁶⁸ In 2022, the support amounted to just over SEK 18 billion, and it is considered to be one of the compensation systems where the risk of undue payments is highest. Undue payments lead to higher expenditure for the state and also undermine confidence in common welfare.

The Swedish NAO's audit shows that checks on subsidised employment are deficient for more complex arrangements. Although improvements have been made, checks are ineffective due to underdeveloped IT systems and cumbersome administration.

The audit also shows that the Government has designed subsidised employment in a way that involves a risk of misuse. This applies to new start jobs in particular, which have a high compensation level but few controls. It is difficult for the Swedish Public

⁶⁷ In 2015, the subsidy rate was reduced from 50 per cent to 30 per cent, after which the tax reduction decreased.

⁶⁸ Subsidised jobs – counteracting errors in a system fraught with serious risks (RiR 2023:17)

Employment Service to check wages and insurance when employers lack collective bargaining agreements. It is also complicated to recover undue compensation payments because of how the regulatory framework is devised. Employers that have deliberately misused the system can refrain from repaying and wait to be sued by the Swedish Public Employment Service in a general court, which can take several years or may not happen at all. Our recommendations to the Government included ensuring that the risks in new start jobs are matched by adapted requirements for controls, and reviewing the ordinances that stipulate how the Swedish Public Employment Service is to perform checks on employers that lack collective agreements. We also recommended that the Government perform a review of the system for recovering undue payments.

Another example⁶⁹ of how the design of measures can counteract effective control of undue payments concerns the compensation system for employers for high sick pay costs (EHS).

We have studied whether the system is designed to minimise the risk of undue payments. We noted that the design of the system does not contribute to minimising the risk of undue payments in an effective manner. The fact that it is the employer and not the Swedish Social Insurance Agency that is responsible for calculating the sick pay cost poses a heightened risk of undue payments, in our opinion. It also means ineffective use of the agency's resources. If the Swedish Social Insurance Agency had access to supplementary information from employers on sick pay costs, it could improve efficiency in its efforts to minimise undue payments out of EHS.⁷⁰

The Swedish NAO found that shifting the responsibility for the calculation itself from the employers to the Swedish Social Insurance Agency could, to some extent, offset the increased administrative burden for employers that could result from an extended obligation to provide information.

Our observations are to be seen in the light of the fact that expenditure for EHS has increased since the compensation was introduced in 2015, and that costs amounted to just over SEK 1 billion in 2019, which is three times more than was predicted in the preparatory works. We therefore recommended that the Government perform a regulatory review and revert with proposals for an extended duty to provide information for employers.

⁶⁹ Easy to get it wrong – the system for compensation for high sick pay costs (RiR 2023:16)

⁷⁰ Shortly before the performance audit report was published, the Government decided that the examined compensation would be phased out and cease at the end of June 2024.

Annex 1. Published performance audits

The following performance audits have formed the basis for this report. The performance audits were published between 20 April 2023 and 31 March 2024.

Riksdag Committee on the Labour Market

- Samhall's public policy assignment – governance and organisation in need of change (RiR 2023:14)
- Subsidised jobs – counteracting errors in a system fraught with serious risks (RiR 2023:17)
- The transition of job seekers with little education into regular education – mission, activities and governance (RiR 2024:3)

Riksdag Committee on Civil Affairs

- Central government management of expropriation – valuation and decisions on compensation (RiR 2023:18)

Riksdag Committee on Finance

- The Riksbank's asset purchases – a costly experience (RiR 2023:21)
- The fiscal policy framework – application by the Government in 2023 (RiR 2023:24)

Riksdag Committee on Defence

- Government control of national information and cyber security – both urgent and important (RiR 2023:8)
- Emergency number 112 – Central government and SOS Alarm management of emergency calls (RiR 2023:22)

Riksdag Committee on Justice

- State protection of individuals under threat – deficiencies in scope and effectiveness (RiR 2024:1)

Riksdag Committee on the Constitution

No ongoing performance audits

Riksdag Committee on Cultural Affairs

- Trust and control – central government grants to civil society (RiR 2023:7)

Riksdag Committee on Environment and Agriculture

- End-of-life solar panels and wind turbine blades – central government measures for effective management (RiR 2023:11)
- Greenhouse gas reduction mandate – implementation and effectiveness risks (RiR 2023:13)

Riksdag Committee on Industry and Trade

- Central government measures to develop the electricity system – reactive and poorly substantiated (RiR 2023:15)
- Business Sweden – governance of the Swedish Trade and Invest Council (RiR 2023:27)

Riksdag Committee on Taxation

- Amended income tax rules in 2011–2023 – reporting to the Riksdag was inadequate (RiR 2023:10).
- The costs and effects of tax deduction on home repair services (RiR 2023:26)

Riksdag Committee on Social Insurance

- Easy to get it wrong – the system for compensation for high sick pay costs (RiR 2023:16)
- The system for revoking residence permits (RiR 2023:19)

Riksdag Committee on Health and Welfare

- National communicable disease control – not adapted for large-scale spread of disease (RiR 2023:9)
- Waiting for healthcare – central government policy instruments for shorter waiting times are inefficient (RiR 2023:12)
- Pharmaceutical prescription – central government governance and supervision (RiR 2023:23)
- The Swedish Inheritance Fund – money in search of meaning (RiR 2024:2)
- State efforts to strengthen compliance with the Convention on the Rights of the Child – high ambitions but inadequate implementation (RiR 2024:5)

Riksdag Committee on Transport and Communications

- National plan for transport infrastructure – promises more than it delivers (RiR 2023:25)

Riksdag Committee on Education

- Information security at higher education institutions – management of research data requiring protection (RiR 2023:20)

Riksdag Committee on Foreign Affairs

- Sweden's international development aid – monitoring, evaluation and reporting (RiR 2024:4)

Annex 2. Modifications and disclosures in auditor's reports for 2023

The Swedish NAO has, to date, issued auditor's reports for 226 agencies and other organisations for the 2023 financial year. The Swedish NAO has issued modified auditor's reports for 17 agencies. All our modifications were through a qualified opinion on one or more statements. Two auditor's reports contain annually recurring disclosures about our audit.

The Swedish NAO's financial audit examines the annual accounts of government agencies, in accordance with generally accepted auditing standards. Generally accepted auditing standards for public sector audit are determined by the Auditor General and primarily entail that we apply ISSAIs (International Standards for Supreme Audit Institutions) to financial audit. Financial audit assesses whether the annual report and underlying documentation are reliable and whether the accounts give a true and fair presentation. By "true and fair" we mean that the annual report as a whole provides a true and fair presentation and that the constituent parts have been prepared in accordance with the financial framework. The assignment also includes assessing whether the administration by the management complies with relevant provisions and special decisions.

There are no international standards for audit of agencies' performance reporting that stipulate how the audit is to be conducted. The same applies to the examination of whether the management's administration follows relevant provisions and special decisions. Instead, we follow the Swedish NAO's internal policy documents. These describe how we are to audit the performance report and the management's assessment of whether internal governance and control is satisfactory, and management's administration.

Misstatements and deficiencies that we identify during the audit must be communicated to the agency as soon as possible. The agency will then have the opportunity to take action before the annual report is drawn up. The work of financial audit is thereby also preventive and can help to reduce the risk of material misstatement in the annual report.

The Swedish NAO expresses five opinions in the auditor's report concerning

- the annual report being prepared in accordance with the applicable regulatory framework
- the annual report giving a true and fair presentation of the financial results, financing and financial position as at 31 December
- the performance report being consistent with the annual report in other respects and supporting a true and fair view in the annual report as a whole

- the use of appropriations and revenue by the agency in accordance with the purposes approved by the Riksdag and in accordance with relevant provisions
- nothing having emerged to indicate that the management has not complied with the Ordinance on Internal Control.

We make the last statement of opinion only for the agencies that are to follow the Ordinance on Internal Control (2007:603).

For Sveriges Riksbank and Stiftelsen Riksbankens Jubileumsfond, we also state an opinion on discharge from liability.

Auditor's reports that deviate from the standard format are called auditor's reports with a modified opinion. A modification can be made through a qualified opinion or an adverse opinion, or by the Swedish NAO issuing a disclaimer of opinion.

- **A qualified opinion** is used when the Swedish NAO concludes that there are material misstatements but that these do not have a pervasive effect on the annual report. A qualified opinion is also used if the Swedish NAO has not been able to obtain sufficient appropriate audit evidence but considers that the possible misstatements are not pervasive.
- **An adverse opinion** is used if the Swedish NAO concludes that there are material and pervasive misstatements and that consequently the annual report does not give a true and fair presentation.
- **The Swedish NAO issues a disclaimer of opinion** if it is not possible to obtain sufficient appropriate audit evidence and the Swedish NAO assesses that possible effects of undetected misstatements may be both material and pervasive. The Swedish NAO may also refrain from expressing its opinion if the agency has not prepared the annual report in accordance with a financial reporting framework. If there are no rules for how the financial statements are to be prepared, the Swedish NAO has no criteria on which to base an audit.

The Swedish NAO may also emphasise particularly important information in the annual report or that is necessary for understanding the Swedish NAO's work. We do this by providing a **disclosure** in the auditor's report. This disclosure does not, however, entail a modified auditor's report.

Modified opinions in the form of a disclaimer of opinion

The Swedish NAO has not issued any disclaimers of opinion for 2023.

Modified opinions in the form of an adverse opinion

The Swedish NAO has not issued any adverse opinions for 2023.

Modified opinions in the form of a qualified opinion

Qualified opinions referring to one or more of the following opinions in the auditor's report:

In the opinion of the Swedish NAO the agency has, in all material respects

- prepared the annual report in accordance with the Ordinance concerning the Annual Reports and Budget Documentation (2000:605), instructions, appropriation directions and other decisions for the agency
- Given a true and fair presentation of the agency's financial performance, financing and financial position as at 31 December 2023
- submitted a performance report and other information that are consistent with and support a true and fair presentation in the annual report as a whole.

The Swedish Ethical Review Authority

The Swedish Ethical Review Authority does not separately report the fee-based operations according to the breakdown and structure decided by the Government. Neither does the Swedish Ethical Review Authority report any comparison of the outcome of the operations versus the budget. This is not consistent with Chapter 3, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605). Income from fees amounts to significant sums.

Lund University

Lund University has reported the Lund Östra Torn 27:12 agreement concerning the MAX IV laboratory as a lease. Besides, the university reports another contingent liability of SEK 2,075,238 thousand, which constitutes the residual value that the university is obliged to pay if the agreement is terminated before 31/05/2040. The agreement is a finance lease in accordance with the Swedish National Financial Management Authority's regulations and general guidelines for Chapter 4, section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605). A finance lease shall be recognised as a fixed asset and the obligation to pay future lease fees as a liability. The value in the balance sheet shall correspond to the acquisition cost of the leased object.

Skåne County Administrative Board

The Skåne County Administrative Board has reported the balance sheet items accrued grant revenue and unused grants in an amount that is too high by approximately SEK 53,000 thousand for each item. This is not consistent with Chapter 4, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605). It also means that the accounts do not give a true and fair presentation, which is not consistent with Chapter 2, section 6 of the same Ordinance.

Västernorrland County Administrative Board

The Västernorrland County Administrative Board reports erroneous information in the compilation of material information. The errors refer to all information apart from the utilised borrowing framework at the Swedish National Debt Office and the granted interest account credit at the Swedish National Debt Office. The compilation also lacks information on appropriation savings for the appropriations at the disposal of the county administrative board. This is not consistent with Chapter 2, Section 4 of the Annual Reports and Budget Documentation Ordinance (2000:605).

Agency for Support to Faith Communities

The Agency for Support to Faith Communities has not reported back on how the faith communities eligible for grants are working to contribute to maintaining and reinforcing the fundamental values on which society is founded, as required in the appropriation directions for the 2023 budget year. This is not consistent with Chapter 3, Section 1 of the Annual Reports and Budget Documentation Ordinance (2000:605).

The Swedish Gambling Authority

The Swedish Gambling Authority reports an incorrect value for the cumulative result in 2023 for the Supervision fee area in Table 12. The reported cumulative result is SEK 67,076 thousand short. This is not consistent with Chapter 3, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605).

Swedish International Development Cooperation Agency (Sida)

Sida reports incorrect amounts in the guarantee instrument's use in development cooperation on pages 131–132 of the annual report. The inaccuracies concern

- mobilised capital Ethiopia is reported in too high an amount by SEK 42 345 thousand,
- guarantee volume Kenya is reported in too high an amount by SEK 188,640 thousand,
- guarantee volume Regional Asia and Oceania is reported in too low an amount by SEK 188,640 thousand.

This is not consistent with Chapter 3, Section 1 of the Annual Reports and Budget Documentation Ordinance (2000:605).

Qualified opinions referring to the following statement in the annual report:

In the opinion of the Swedish National Audit Office, based on our audit of the annual report, in all material respects the agency has used appropriations and revenues in accordance with the purposes approved by the Riksdag and in accordance with relevant provisions.

Swedish National Board of Housing, Building and Planning

The Swedish National Board of Housing, Building and Planning has entered into commitments extending beyond the final year in the order authorisation for appropriation expenditure area 9, appropriation 4:5, appropriation item 10 Investment support elderly area. This is not consistent with Section 17 of the Appropriations Ordinance (2011:223). Commitments made in 2023 that extend beyond the 2026 final year amount to SEK 23,886 thousand.

Kristianstad University

Kristianstad University has, over several years, amassed a surplus of SEK 64,695 thousand in the fee area Contract education. The cumulative surplus in the fee area deviates from the financial target according to section 5 of the Fee Ordinance (1992:191) and the National Financial Management Authority's regulations for the provision. Fees shall be calculated in such a way that the revenues cover the costs of the activities over a horizon of one or a few years.

Swedish Gender Equality Agency

The Swedish Gender Equality Agency has exceeded the order authorisation framework for expenditure area 13, appropriation 3:1, appropriation item 2 Grants for certain work to prevent violence. The authorisation framework is SEK 40,000 thousand, while outstanding commitments are SEK 42,603 thousand. This is not consistent with Section 17 of the Appropriations Ordinance (2011:223).

Karlstad University

Over several years, Karlstad University has amassed a surplus in the fee area Contract education. At 31 December 2023, the cumulative surplus was SEK 59 million. This deviates from the financial target of full cost coverage in section 5 of the Fees Ordinance (1992:191) and section 5 of the Contract Education at Higher Education Institutions Ordinance (2002:760).

For several years, Karlstad University has been transferring the surplus from the fee area contract education to the wholly owned subsidiary Karlstads universitets uppdrags AB. The transfer of the surplus involves the university holding funds in an external account, without special permission from the Government. This contravenes Chapter 3, section 3 of the Capital Supply Ordinance (2011:210) and increases the risk for the state.

Linköping University

Linköping University has entered into commitments within an appropriation item that lacks authorisation to place orders. This is not consistent with Section 17 of the Appropriations Ordinance (2011:223). Outstanding commitments amount to approximately SEK 125,000 thousand and concern appropriation expenditure area 16

appropriation 2:14 Linköping University: Research and education at doctoral level
appropriation item 4 Basic resource.

Lund University

According to Chapter 2, section 1 of the Capital Supply Ordinance (2011:210), fixed assets financed by the agency with finance leases shall be accommodated within the borrowing framework. Lund University has exceeded the borrowing framework decided by the Government.

Gävleborg County Administrative Board

Gävleborg County Administrative Board has deliberately wrongly charged appropriation expenditure area 1 appropriation 5:1, appropriation item 17 Gävleborg County with an expenditure item of SEK 1,200 thousand. This is not consistent with Section 10 of the Appropriations Ordinance (2011:223). The incorrect appropriation charge was done to avoid the withdrawal of appropriation savings in accordance with section 7 of the Appropriations Ordinance.

Norrbottn County Administrative Board

Norrbottn County Administrative Board has deliberately wrongly charged appropriation expenditure area 1 appropriation 5:1, appropriation item 21 Norbotten County with an expenditure item of SEK 1,200 thousand This is not consistent with Section 10 of the Appropriations Ordinance (2011:223). The incorrect appropriation charge was done to avoid the withdrawal of appropriation savings in accordance with section 7 of the Appropriations Ordinance.

The Swedish Gambling Authority

The Swedish Gambling Authority has, over several years, amassed a surplus of SEK 96,585 thousand in the fee area Supervision. The cumulative surplus in the fee area deviates from the financial target according to Chapter 15, section 5 of the Gambling Ordinance (2018:1475). The fee shall be calculated so as to attain full cost coverage for the supervisory activities.

Swedish National Agency for Education

The Swedish National Agency for Education has entered into commitments on two appropriation items that lack authorisation to place orders. This is not consistent with Section 17 of the Appropriations Ordinance (2011:223). The outstanding commitments amount to SEK 9,500 thousand in total and concern the appropriation items

- expenditure area 16, appropriation 1:5 appropriation item 4 Grants for certain organisations
- Expenditure area 24, appropriation 1:5 appropriation item 2 Business development – portion for the National Agency for Education.

Statistics Sweden

Statistics Sweden has, over several years, amassed a surplus of SEK 38,931 thousand in the fee area Other customers. The cumulative surplus in the fee area deviates from the financial target according to section 5 of the Fee Ordinance (1992:191) and the National Financial Management Authority's regulations for the provision. Fees shall be calculated in such a way that the revenues cover the costs of the activities over a horizon of one or a couple of years.

Swedish Agency for Administrative Development

The Swedish Agency for Administrative Development's loans at the National Debt Office differ considerably from the book value of fixed assets. The book value of fixed assets amounts to SEK 2,099 thousand, while loans with the National Debt Office amount to SEK 1,185 thousand. The discrepancy is not consistent with Chapter 2, section 2 of the Capital Supply Ordinance (2011:210).

Disclosures in the auditor's report

Other matter paragraph

Swedish Pensions Agency

The Swedish Pensions Agency receives the same disclosure every year:

Section 12 of the performance report includes, in accordance with the appropriation directions for the agency, an account of the financial position and performance of the income-based pension. Apart from information from the agency's financial statements, the section contains information from other actors and forecast data. Data from other actors and forecasts have not been audited by the Swedish National Audit Office.

Central Government Annual Report

The Central Government Annual Report is given the same disclosure every year. The auditor's report has not yet been submitted.

Annual Report of the Auditor General 2024

The Swedish National Audit Office (“the Swedish NAO”) has a strong mandate and is an important part of the Riksdag’s parliamentary control, which contributes to improvements and democratic transparency. The Annual Report of the Auditor General is submitted to the Riksdag every spring and summarises the most important audit findings over the past year.

The goal of the Swedish NAO is to perform audits that make a difference – today and tomorrow. The Swedish NAO audits activities of the Government, public agencies, state-owned enterprises and foundations. Through our constitutionally protected, independent status, we audit agencies’ annual reports to assess whether the accounts are reliable and the accounting records true and fair, as well as whether management’s administration complies with laws and rules. We also examine central government commitment on the basis of indications of problems with financial management, resource utilisation and goal fulfilment. We conduct our audits through financial audit and performance audit.



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