

Annual Report of the Auditor General

2022



SWEDISH NATIONAL
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Annual Report of the Auditor General 2022

The most important findings 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. (2002:1022). The Auditor General hereby submits the 2022 Annual Report as a report to the Riksdag, pursuant to Chapter 9, Article 18 of the Riksdag Act (2014:801).

Auditor General Helena Lindberg took the decision in this matter. Audit director Peter Johansson was responsible for the presentation of the report. Deputy Auditor General Claudia Gardberg Morner, Deputy Head of Department Lena Björck, Head of Unit Ulrika Meyer, and Audit Director Emelie Lilliefeldt participated in the final processing.

Helena Lindberg

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1 Introduction

The Swedish National Audit Office (Swedish NAO) is an authority under the Riksdag tasked with auditing the central government commitment. The Swedish NAO audits activities of the Government, public agencies, state-owned enterprises and foundations. We conduct our audits through performance audit and financial audit.

Within performance audit the Swedish NAO audits the economy, efficiency and effectiveness of central government activities. Performance audits are based on an analysis of inefficiencies in the implementation and results of central government activities. The analysis is based on indications of problems of economy, efficiency and effectiveness in central government commitments. The audits carried out during the year include findings, conclusions and recommendations that can contribute to increased efficiency in central government. Since the previous Annual Report we have published 33 performance audit reports.¹

In financial audit the Swedish NAO audits agencies' annual reports to assess whether the accounts are reliable and the accounting records true and fair as well as whether the administration by the management complies with laws and rules. The audit focuses on the risk of material misstatements in the annual report and concludes with the Swedish NAO issuing an auditor's report. If there are material misstatements in the annual report, the Swedish NAO issues a modified auditor's report. The auditor can also emphasise particularly important disclosures by presenting information in the auditor's report. For the 2021 financial year, the Swedish NAO audited 226 annual reports and issued ten modified auditor's reports.²

The Annual Report of the Auditor General summarises the most important audit findings over the past year. To clarify the link to the Swedish NAO's audit plans, we present the most important findings within performance audit and financial audit on the basis of risks that have indicated the main focus of the audit. This concerns the risk of deficiencies in

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

¹ Annex 1 contains a list of the performance audit reports published since the Annual Report of the Auditor General 2021.

² Annex 2 contains a list of the agencies or other organisations that have received an auditor's report with a modified opinion or with information.

Each section presents the main findings based on an introduction and a number of headings in order to provide an overview and coherent picture of the audit. We may also present findings that are limited to a specific area, or based on an individual audit.

In this year's report we highlight once more that cost control in infrastructure investments is built on poor foundations and that government agencies' difficulties in sharing information within and among each other remains a problem. A new finding is that ongoing demands for savings through the price and wage recalculation model are effective and lead to savings.

Furthermore, we point out that it is unclear who shall report international commitments when the contracting party is not the government agency with the funds at their disposal and responsible for reporting the expenditures. In addition, there is still a lack of rules for handling and reporting Sweden's commitments in multilateral debt relief initiatives.

2 Central government 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 in terms of risks of deficiencies in central government finances. Fair presentation in the annual reports is important to ensure correct decision support data for the Government and the Riksdag.

2.1 Performance audit findings

The Government should be more transparent in its fiscal policy bills on how much scope there is for further reforms on the expenditure side of the budget. The Budget Bill for 2022 does not leave any room for further increases in expenditure under the 2023 expenditure ceiling, which should have been made clearer. Which measures are intended to be permanent and which ones will be withdrawn after the pandemic crisis also needs to be made clearer, or else it will not be possible to assess how the Government's new proposals affect the structural balance in the long term. There also needs to be more clarity to ensure that external parties can assess the reasonableness of the Government's forecasts.

Ongoing demands for savings on government agencies have been effective without any significant negative side effects. The central government price and wage recalculation model functions properly on the whole and leads to savings of about SEK 1 billion that can be used for other priorities. The Government should also consider introducing similar incentives for fee-financed government agencies, since they do not have a corresponding pressure to improve efficiency.

In major infrastructure decisions, we have noted material deficiencies in the decision support and cost control. The decisions are also not reconsidered when the costs prove to be underestimated. These deficiencies reduce the possibility of taking well-founded decisions concerning major allocations, which also involves choices that affect development for a long time to come.

2.1.1 The Government should present the budgetary space more clearly

The Government has presented a plan for a return to the surplus target in the Budget Bill for 2022. However, there was no plan for a return to the surplus target in the 2021 Spring Fiscal Policy Bill, which is in contravention of the Budget Act (2011:203). The plan that was presented in the Budget Bill for 2022 meets the requirements of the fiscal policy framework, but transparency would improve if the Government more clearly presented which measures are permanent and which are temporary. The Government should also have made it clearer that the budget bill does not leave any scope for further increases in expenditure under the

2023 expenditure ceiling.³ In the budget adopted by the Riksdag, expenditure is somewhat higher in 2023. This also means that the margin to the expenditure ceiling is smaller than indicated in the guidelines for the framework.

The Budget Bill for 2022 should also have contained an overview of the crisis measures that are being phased out, to make it possible to assess how the Government's new proposals affect the structural balance. There is a great need to get as clear a picture as possible of the state of central government finances, not least currently in light of the war in Ukraine and the resulting additional possible defence investments and costs of refugee reception.

The Government should also have presented more clearly the differences between their own and the expert agencies' forecasts for central government finances. When it is not clear why the Government's forecasts differ from those of the National Institute of Economic Research and the National Financial Management Authority, it becomes difficult for third parties to assess whether the Government's forecasts are reasonable. This is a deficiency highlighted by the Swedish NAO in previous audits that recurs year after year, despite being relatively easy to rectify. The support material is important both to enable informed new decisions and to promote transparency and thereby confidence in the State.

2.1.2 Continuous pressure to economise has had an impact

It is not significantly more difficult for government agencies to fulfil their remit, despite forced efficiency improvements, according to the Swedish NAO's audit.⁴ Government agencies' appropriations are recalculated every year according to the price and wage recalculation model. In practice, this involves a reduction of the appropriations compared with the previous year (all else being equal). Appropriations are increased to compensate for higher costs for items such as wages and the cost of premises, although the increase is limited by a productivity deduction of approximately 0.6 per cent. This puts continuous pressure on government agencies to economise approximately SEK 1 billion in total per year. The aim is to create incentives for government agencies to improve efficiency.

Our audit shows that this operates more or less as intended, without significant negative consequences on agencies' capacity to fulfil their remit or to recruit staff with the right skills. This creates budgetary space for the State of on average SEK 1 billion per year, which is money that the Government can use for other priorities.

³ The fiscal policy framework – application by the Government in 2021 (RiR 2021:31).

⁴ Calculate for less – the annual recalculation of agencies' appropriations (RiR 2022:2).

However, several government agencies consider that the price and wage recalculation is unpredictable and hampers long-term planning. The Swedish NAO notes that the Government has rectified several deficiencies in this area, but that transparency can still be improved. For example, the size of the deduction per agency is not shown in the Budget Bill nor in the central government accounting system.

The potential for the price and wage recalculation to contribute to the management of public resources would probably increase if the agencies had full insight into how the system works and the consequences for their economy in particular. However, the effects of the price and wage recalculation are less tangible for government agencies that finance their activities wholly or partly via fees rather than via appropriations. The Government should therefore investigate the possibilities of introducing a similar system also for central government activities financed by fees.

2.1.3 Decision support and transparency need development

Our audit shows that the decision support on which the cost control in road and rail investments is based is too inferior and the Swedish Transport Administration systematically underestimates the costs.⁵ In the investment projects that overlapped the two most recent national plans, the estimated cost increased by a total of SEK 58 billion. The systematic cost increases appear to occur mainly during the planning phase. Although the costs increase sharply, often already in the planning phase, the Government does not review its priorities and decisions, other than possibly in some isolated case.

Large cost increases are a recurring problem, as several previous audits have also shown. Neither the Government nor the Swedish Transport Administration informs how much the costs deviate. The costs also increase and the Swedish Transport Administration does not conduct any ongoing evaluation of the cause. The premise of the Riksdag, the Government and the Swedish Transport Administration is that the decisions on infrastructure investments must be based on cost efficiency. However, when the costs change significantly, investments are often made, in practice, based on entirely different economic conditions than those that applied at the time of the decision. This means that other investments may be more profitable than those decided on. There is a risk that confidence in the organisation also declines when the cost control suffers from serious shortcomings.

⁵ Cost control in infrastructure investments (RiR 2021:22).

Our audit of central government co-financing of regional public transport (the National Negotiation on Housing and Infrastructure) also revealed deficiencies in decision support for costs and the economy.⁶ Instead of examining which projects were of most public economic benefit and would best solve existing transport needs, the National Negotiation on Housing and Infrastructure gave priority to expensive projects in exchange for new housing. Central government had poor insight and control, and the Government was unclear on how a balance should be struck between different goals. There is a risk that the projects chosen have displaced investments that would have given more public transport for the money. Deficiencies in decision support and the fact that the projects were not quality assured in the generally accepted way by the Swedish Transport Administration and the Swedish Agency for Transport Policy Analysis led to increased risks of higher costs. In several cases, costs had already increased. New housing is often dependent on infrastructure improvements, although these were not necessarily the improvements that were then decided. In many cases, municipalities were already planning major construction of new homes, and these plans were probably not affected to any great extent by the National Negotiation on Housing and Infrastructure.

Major infrastructure investments are essential both because they comprise major costs and because they often involve choices that affect society for a long time to come, such as the possibilities of achieving various sustainability goals. The State invests SEK 30 billion every year in road and rail and the decisions that are taken will affect society for many years to come. Therefore, decision support needs to be improved, in particular the support material that forms the basis of decisions concerning major appropriations in the State budget.

2.2 Financial audit findings

As part of central government activities, the Government and government agencies make commitments that tie up central government funds for the following budget year. This year, the financial audit has found two situations in which the information in government agencies' annual reports does not fully reflect Sweden's commitments or obligations. These concern commitments to purchase COVID-19 vaccines and export credit guarantees to Russia, Ukraine and Belarus.

⁶ Central government co-financing of regional public transport – the National Negotiation on Housing and Infrastructure's metropolitan agreements (RiR 2021:15).

2.2.1 The Government has not appointed any government agency to be responsible for reporting commitments and expenses for COVID-19 vaccines that are not needed

To secure access to COVID-19 vaccines, the European Commission organised a joint procurement of vaccines for the EU countries' needs. The EU countries have since committed to purchasing vaccines through agreements concluded by the Commission with the vaccine suppliers. For Sweden, this means that the Government has made commitments concerning Sweden's needs up to and including 2023. These commitments are not reported in any government agency's annual report.

The Government has tasked the Public Health Agency of Sweden (FHM) with being responsible for stockholding, distribution to the regions and financial management of the vaccine. FHM also handles donations of vaccine doses to other countries, in cases where the supply of vaccines exceeds Sweden's needs.

FHM only reports expenses and appropriation charges related to budget year 2021 in its annual report and not Sweden's commitments to purchase additional vaccines in the following budget year. The main reason for this is that FHM is not a contracting party and only has an administrative role. Furthermore, the Government has not assigned FHM with any order authorisation to enter into and report commitments for future deliveries under the agreements that the Government concluded with vaccine suppliers.

It is unclear who is to report international commitments when the contracting party is not the government agency with the funds at their disposal and responsible for reporting the expenditures. This involves a risk that such commitments may not be reported in any government agency's annual report and thereby not in the central government annual report. In this case, the matter is further complicated by the fact that Sweden has committed to purchase more vaccines than needed according to the current assessment.

For most of 2021, Sweden's access to vaccines was less than the national need. In adjustments to EU Member States' vaccine portfolios, Sweden and the other Member States have also been able to exchange vaccines with each other and therefore there has been no surplus of vaccines. However, toward the end of 2021, this situation changed when the supply of vaccines began to exceed the national need. FHM halted orders of vaccines from suppliers since the emergency reserves started to fill up. During this period, the other EU Member States were in a similar situation and the possibility of donating vaccines dropped sharply as intended recipient countries did not have the capacity or the interest to receive further vaccines.

At the end of 2021, the risk that Sweden would not be able to use the vaccine doses it had committed to purchase increased sharply. According to the Swedish NAO's assessment, this means that Sweden probably has an obligation that should be reported as a provision or a contingent liability.⁷ This obligation is not included in the FHM annual report, for the same reason that they do not have any order authorisation for commitments to purchase more vaccines. In the central government annual report, the commitment is reported as a contingent liability, although without any amount, after the Swedish NAO pointed out the relationship in connection with the audit of the central government annual report.

The Swedish NAO considers that the Government needs to take measures to make it clear who is responsible for reporting commitments and obligations that follow from this type of international agreements. For example, this may involve appointing an agency that is responsible for reporting a certain type of commitment and obligation and that receives an order authorisation. It may also involve clarifying the financial administration regulatory framework.

2.2.2 Russia's invasion of Ukraine has led to uncertainty with regard to the valuation of Swedish export credit guarantees

Two days after the Swedish Export Credit Agency (EKN) submitted its annual report to the Government, Russia invaded Ukraine, with extensive sanctions from the rest of the world as a consequence. Through EKN, Sweden has outstanding export credit guarantees to Russia, Ukraine and Belarus amounting to SEK 4.5 billion – most of which is to Russia. As a result of these events, the actuarial valuation of the guarantees in EKN's annual report is uncertain. It is the assessment of the Swedish NAO that it is not a matter of insignificant amounts and therefore we have submitted an emphasis of matter paragraph in the auditor's report in which we state that there is an uncertainty in the valuation (see Annex 2).

An emphasis of matter paragraph is not a criticism of the authority we are auditing, but rather can be regarded as information to the reader of the annual report. In other words, EKN has not made any misstatement and the value shown in the annual report was true and fair on the balance sheet date. Had the invasion occurred earlier, however, EKN would have had to take a position on whether it was a material event after the balance sheet date that they would have had to take into account in preparing their annual report, pursuant to the National Financial

⁷ What is to be reported as a provision or an obligation is stated in the National Financial Management Authority's regulations for Chapter 4, Section 2 of the Ordinance concerning the Annual Reports and Budget Documentation. A **provision** is defined as a liability with an uncertain amount and/or time when it will be settled. **Contingent liabilities** are obligations that should not be reported as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligations. It may also be because the size of the obligation cannot be calculated with sufficient reliability. However, the latter is very unusual and should not normally be an argument for not reporting a provision.

Management Authority's regulations to Chapter 7, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605) (FÅB).

It is not customary for us to submit information in the auditor's report and especially not the type of information we have now submitted in the auditor's report for EKN.

Every four months, EKN carries out an actuarial evaluation of all outstanding guarantees. The evaluation is based on a general assessment of the risk related to the individual country and an individual assessment of the guarantor and the debtor in each individual transaction. Since Russia's invasion of Ukraine, EKN has halted all issuance of guarantees to Russia, Ukraine and Belarus. They have also raised the country risk assessment for Russia from four to seven on a scale of 0 to 7. EKN now needs to review and recalculate 231 transactions in total in connection with its first four-month report of the year.

The consequence of increased risk in transactions is that claims payments for the guarantees may be higher than calculated and losses in transactions may not be covered by EKN's premium, which is based on the expected losses at the time of the transaction. However, EKN has an administrative reserve and equity that cover such default or losses.⁸

⁸ Auditor's report for the Swedish Export Credit Agency 2021, ref. no. 3.1.2-2021-0585.

3 Governance, follow-up and reporting

Audit in this area mainly concerns effectiveness, transparency and adaptability in central government. The audit also focuses on agency governance, via regulations, appropriation directions, instructions and other government decisions. Deficiencies in this area may lead to misstatements in annual reports.

3.1 Performance audit findings

Central government governance is put to the test when conditions change and organisations need to be scaled up or down, often in a short period of time. A lack of clarity, disjointedness and inadequate planning and priorities both on the part of the Government and in government agencies has led to reduced effectiveness in several of the activities we have audited. Our findings, for example concerning skills supply, can contribute to learning and better planning in similar changes going forward. We have noted in a number of audits that central government follow-up does not focus on what is central for activities to function effectively and as intended. In several cases activities have not been followed up or evaluated at all. We have also seen that incorrect focus or too much follow-up can result in inefficiency. Overall, our audits have shown that, with regard to decision support, the accuracy, rather than the question of more or less follow-up, is crucial for the ability to take well-informed decisions and develop and adapt organisations in an effective way.

3.1.1 Governance is essential for major transitions in organisations

A lack of clarity, disjointedness and inadequate planning and priorities both on the part of the Government and in government agencies has reduced effectiveness in several of the activities we have reviewed.⁹ Rapid adaptations to new conditions require a good overview of the starting position and clear guidelines on what is to be achieved and which priorities are to apply, as our audits have shown both when organisations grow and when they decrease in scope.

⁹ Jobseekers older than 55 – Government and Public Employment Service governance and priorities (RiR 2021:6), Project grants from appropriation 2:4 Emergency preparedness – a policy instrument with challenges (RiR 2021:7), Sustainable business - the Government's governance of state-owned companies (RiR 2021:10), The AP Funds' sustainability work – investments and corporate governance (RiR 2021:18), The work of the Swedish Social Insurance Agency to prevent sick leave – an unclear remit (RiR 2021:19). Waiting for a judgment – migration courts' processing time in asylum cases (RiR 2022:5).

The Swedish Migration Agency's major cutbacks were carried out ineffectively in several respects. Planning and implementation both had shortcomings, our audit shows.¹⁰ The changes at the Swedish Migration Agency in the years 2017–2020 were large and fast; they were a consequence of reduced reception of asylum seekers and decreased funding. At the same time, new and partly complex rules were also introduced into the Aliens Act (2005:716), which made the task even more difficult.

Over a four-year period, the number of employees decreased by one third. This gave rise to a severe skills supply problem. Many employees who were not subject to redundancy resigned and could not then be replaced due to a recruitment freeze. One consequence of the lack of skills was that the digitalisation of asylum processing could not be implemented as planned. Furthermore, the centralised customer service function that the agency sought to create could not be fully staffed due to the reorganisation. As a result, durations of stay in the reception system became unnecessarily long, which led to higher costs for housing and support. However, the Migration Agency has gradually learned lessons and developed a more strategic skills supply.

In addition to fewer employees, a large part of the reductions consisted of a discontinuation of accommodation and offices that were no longer needed. The Swedish NAO assesses that on the whole, this work was efficient. Expensive accommodation was phased out first, the occupancy rate of asylum accommodation was reasonable and it was possible to limit costs for empty premises. On the other hand, problems arose related to the liquidation of assets. The Swedish Migration Agency had not ensured that there were adequate procedures and controls of IT equipment which could contain sensitive information. This entails risks of both fraud and the loss of sensitive information. The rules are difficult to interpret and to apply in practice and it is our assessment that both the Government and the National Financial Management Authority need to improve their support to government agencies that are transitioning their operations.

Efforts to enhance the operational capabilities of the Swedish defence are progressing slower than planned and the Government's management has not been sufficiently clear. The Swedish Armed Forces analysis, planning and implementation have also failed in several areas. This applies to both supply and stocks of equipment and to transport and exercises, our audit shows.¹¹ In 2015, the Riksdag decided to substantially strengthen the Swedish national defence, and the

¹⁰ Reorganising in a changing world – cutbacks at the Swedish Migration Agency 2017–2020 (RiR 2021:24).

¹¹ Building national defence capabilities – central government efforts to strengthen army forces (RiR 2021:23).

army's operational capacity to face an armed attack would increase during the period 2016–2020. This decision was taken after a long period of savings in, among other things, the supply of personnel and equipment. The Swedish defence forces had undergone extensive restructuring, focusing on international efforts rather than the ability to defend Sweden. The Swedish Armed Forces should have obtained a sufficiently good picture of the state and capacity of the army at an earlier stage and informed the Government. The starting position of the army proved to be worse than assumed by both the Government and the Swedish Armed Forces. In addition, the purchase of new aircraft and submarines had crowded out other equipment projects. Army units have not developed as they should have, and their ability to carry out their wartime tasks have been limited. Moreover, it is not entirely clear how units are to be formed in terms of personnel and equipment in the event of war.

3.1.2 Follow-up needs to be more reliable and accurate

A common reason for inefficiencies is that follow-up, reporting and decision support are not reliable or accurate. This may entail that significant problems in the organisation we are auditing are not identified or remedied.

When, instead, the follow-up is the focus of our audit, which is more seldom the case, we see that sometimes too much information is collected and reported without being used.

In our audit of the 2018 PISA survey, we were able to see that the Government and the National Agency for Education did not sufficiently follow up how the survey was carried out. The reliability of the results was compromised by the fact that a large number of pupils were wrongly excluded from participating. Nor has there been any credible investigation afterwards. According to OECD rules, certain pupils may be excluded from participating in the test, including pupils who have had less than one year of education in the Swedish language. The National Agency for Education and the Government explained what occurred by the fact that after the 2015 refugee crisis, Swedish schools received a high percentage of newly arrived pupils. However, the Swedish NAO's audit shows that the majority of young people who arrived in Sweden in connection with the refugee crisis had attended school in Sweden too long to be exempted under the rules.

The PISA survey results are used as support material for debate and decisions on how schools will be developed, and it is important that the survey be conducted in a reliable way to ensure dependable results.¹² Deficient follow-up is one of our most common findings and during the year we have seen many examples of how follow-up and evaluation are not carried out or lack accuracy. This considerably

¹² The 2018 PISA survey – ensuring reliable student participation (RiR 2021:12).

hampers the ability to take well-founded decisions and to develop the organisation.¹³

In the system of open comparisons in social services, a lot of information is collected instead. The municipalities submit about 400 indicators based on yearly questionnaire surveys. However, the benefit is relatively small. Parts of the information is used for quality development in social services, but the municipalities only use some of the indicators. The National Board of Health and Welfare and the Government also only use a limited number of the indicators for regular follow-up. This means that parts of the extensive work of reporting carried out by the municipalities does not serve any clear purpose.¹⁴ It is not good management of public funds and can also undermine confidence in the value of follow-up.

3.2 Financial audit findings

Clear financial management guarantees a good follow-up of how central government funds are used and contributes to transparency in their reporting. This year, the Swedish NAO has found that the Government has reduced the framework for order authorisations for which there are already commitments from the previous year. It remains unclear how Sweden's commitments in multilateral debt relief initiatives are to be handled, and there is a need to review the regulation in FÅB stating that state-owned enterprises' annual reports must have been audited by the Swedish National Audit Office before they are submitted to the Government.

¹³ Central government agencies' R&D activities – governance and processes for quality, relevance and economy (RiR 2021:5), Please hold, the agencies are going digital – service for individuals who cannot or do not want to be digital (RiR 2021:8), Coming to Sweden as a relative – legal certainty in family reunification cases (RiR 2021:9), Sustainable business - the Government's governance of state-owned companies (RiR 2021:10), Central government co-financing of regional public transport – the National Negotiation on Housing and Infrastructure's metropolitan agreements (RiR 2021:15), Effectiveness of the Policy Authority's provision of information to crime victims (RiR 2021:20), The energy performance certificate system – clear purpose but unclear goal (RiR 2021:21), Cost control in infrastructure investments (RiR 2021:22), Building national defence capabilities – central government efforts to strengthen army forces (RiR 2021:23), Internet-related sexual abuse of children – great challenges for police and prosecutors (RiR 2021:25), Central government suicide prevention - effective interaction? (RiR 2021:26), Compensation to legal counsel in criminal cases – serious deficiencies in follow-up and control (RiR 2021:27), Swedish development aid to multilateral organisations — the work of the Government and Sida (RiR 2021:28).

¹⁴ Public performance reports in social services — limited contribution to good quality (RiR 2021:17).

3.2.1 When the Government reduces authorisation frameworks for appropriations for which decisions were taken in the previous year, government agency management becomes blurred

The Riksdag gives the Government order authorisations for every concerned appropriation. Based on the Riksdag decision, the Government delegates the right to make commitments for a longer term than one year to the authorities through appropriation directions or other government decision. This is why it is important for the Government and government agencies to have good internal governance and control to ensure accurate reporting to the Riksdag.

In recent years, the Swedish NAO has reported that the agencies should strengthen internal control of authorisations to place orders. We have often submitted both modified auditor's reports and audit reports as a result of our findings. For 2021, there are no modified auditor's reports or audit reports concerning order authorisation, which is positive. However, this does not necessarily mean that the problems no longer remain. The Swedish NAO considers that the efforts launched by the government agencies to strengthen internal control of order authorisation needs to continue.

In addition to deficiencies in the agencies' internal control, we have also noted that the Government may be unclear in its management of order authorisations. This affects the government agencies' reporting related to the authorisation frameworks. We made such findings this year too.

For five county administrative boards¹⁵, the authorisation reporting in the annual report indicates overrun of the authorisation frameworks for one appropriation¹⁶. However, the Swedish NAO does not consider that the county administrative boards have exceeded their powers and they have not received any modified auditor's reports. This is because the Government reduced the authorisation frameworks for appropriations in the appropriations directives for all county administrative boards in 2021 compared with 2020. The county administrative boards have not made any new decisions on contributions in 2021, and the commitments reported by the county administrative boards were covered by the authorisation frameworks when the decisions were made in 2019 or earlier. Outstanding commitments have not decreased at the same rate that the Government expected when the appropriations directive was decided. This has meant that five county administrative boards have outstanding commitments that exceed the reduced authorisation frameworks.

¹⁵ County administrative boards in Blekinge, Gävleborg, Jämtland, Västmanland and Östergötland countries.

¹⁶ Appropriation 1:1 Regional growth measures appropriation items 1–21 under expenditure area 19.

However, on the whole, the authorisation frameworks for the appropriation have not been overrun, since it is distributed across all county administrative boards as well as the Legal, Financial and Administrative Services Agency and the Swedish Agency for Economic and Regional Growth. The Central Government Annual Report shows that the outstanding commitments amount to SEK 2,082 million and that the total authorisation framework amount to SEK 4,175 million. This means that the framework decided by the Riksdag has not been exceeded.

However, the Swedish NAO considers that it is problematic that the Government decreases authorisation frameworks at the appropriation item level so that it looks like decisions made earlier by government agencies no longer meet the financial conditions for the appropriation. This makes government agency management unclear. In addition, it increases the risk that the authorisation framework of the appropriation is actually exceeded, although this has not happened in this case.

The Government should take measures to ensure that the financial governance through authorisation frameworks better reflect previously made commitments. Over the past two years, government agencies have also had greater uncertainty concerning how long the commitments apply, mainly due to the COVID-19 pandemic. This makes it especially important for the Government to have an ongoing dialogue with the government agencies on the size of the authorisation frameworks that they need.

3.2.2 Rules still lacking for handling and reporting Sweden's commitments in multilateral debt relief initiatives

Since its 2018 Annual Report, the Swedish NAO has pointed out that there are no clear rules on how Sweden's commitments in multilateral debt relief initiatives are to be handled and reported. These findings still remain.

The Swedish International Development Cooperation Agency (Sida) reports the commitments in its annual report on behalf of the Government. They are long-term and are classified as binding and non-binding commitments. Sweden and the international organisations adapt their agreed payment plans at regular intervals so that the binding component of the commitment always fits within the order authorisation for the relevant appropriation. The non-binding part is reported in the body text of Sida's annual report and not in the authorisation report.

It is difficult to apply the provisions of the Appropriations Ordinance to the commitments that the debt relief initiative entails, as the Appropriations Ordinance regulates how agencies can pledge appropriations, not the Government. The Swedish NAO notes that the financing of the debt relief initiatives likely is not the type of commitments that the Appropriations Ordinance

is intended to regulate and urges the Government to clarify how the debt relief initiatives are to be handled and reported.

3.2.3 Public enterprises cannot submit an audited annual report to the Government although required to under the regulations

Public enterprises or public business operations are central government bodies that produce goods or services based on commercial principles. In legal terms, public enterprises are administrative agencies that form part of the central government, as different from state-owned enterprises. There are three public enterprises in central government: LFV Group – Air Navigation Services of Sweden, the Swedish Maritime Administration, and the Swedish National Grid.

The annual report that public enterprises must submit to the Government no later than 22 February must be audited by the Swedish National Audit Office. This is stated in Chapter 10, Section 1 of the Annual Reports and Budget Documentation Ordinance (FÅB). However, this is not consistent with the Act on Audit of State Activities etc. (2002:1022), which states that the Swedish NAO is to audit the annual report and conclude its audit by submitting an auditor's report no later than four weeks after the annual report has been submitted. This means that the Swedish NAO cannot submit its auditor's report until we have audited the submitted annual report. Therefore, it is not possible, in practice, for the public enterprises to submit an audited annual report to the Government. The Swedish NAO considers that the Government should adjust the wording in the FÅB and remove the requirement that the annual report must be audited by the Swedish NAO on submission to the Government. This will make the Annual Reports and Budget Documentation Ordinance consistent with the Act on Audit of State Activities etc.

4 Organisation, responsibility and coordination

The efficiency of central government initiatives and the quality of the audited organisations' annual reports is dependent on how implementation is organised. It is an important task for the Swedish NAO to audit whether the organisation, division of responsibilities and coordination in central government are designed to promote a high level of effectiveness.

4.1 Performance audit findings

Difficulties for government agencies to share information within and among each other continues to be a problem, according to several of our audits. This hinders efficiency in processing and involves a risk of error and fraud. The reasons for this are often combinations of several challenges. The regulations themselves or a lack of knowledge about what actually applies, as well as government agencies' undeveloped IT systems, often make it difficult to work effectively and securely. Societal development often entails a need for reforms and regulatory frameworks to be reviewed and adapted to new conditions. It is important that government agencies become better at using the opportunities offered by digitalisation in order to increase efficiency, but also in light of increased risks of crime or antagonistic threats and aggression. Deficient control and protection against fraud is also a recurring finding in our audits. Outsourcing of operations often aims to create new incentives for streamlining. In order to ensure a continued high level of trust in state-funded activities, it is important that oversight and control also function effectively.

4.1.1 Government agencies need to make use of digitalisation for collaboration

The state wage guarantee is a good example of how government agencies' capacity to share information would need to be improved.¹⁷ If a company goes bankrupt, or undergoes company restructuring, the employees may be entitled to receive their salary via the state wage guarantee. The Swedish NAO has combined the Swedish Tax Agency's register of monthly income data with county administrative boards' wage guarantee payments. This is the first time these data points have been combined. It shows that seven per cent of wage guarantee recipients do not have a reported salary from the employer involved in the bankruptcy. Individual cases may have legitimate explanations, but our overall assessment is that erroneous payments are equivalent to SEK 100–150 million per year.¹⁸

¹⁷ The State wage guarantee – existence of abuse and agencies' controls (RiR 2022:4).

¹⁸ In 2020, expenses for the wage guarantee amounted to SEK 3 billion.

Due to the design of the system, current confidentiality rules limit the ability of bankruptcy administrators, county administrative boards, who pay the wage guarantee, and the Swedish Enforcement Authority, which has the supervisory responsibility for the wage guarantee, from working efficiently. They are unable to check employees' right to wage guarantee in registers and in this way protect the wage guarantee system from misuse. These deficiencies are mainly due to the fact that the Government has not designed and managed the wage guarantee system appropriately. Despite recurring warnings about misuse, the Government has not adjusted the main elements of the system since 1992.

The efforts of the Swedish Economic Crime Authority (EBM) in combating organised economic crime include several problems that need to be solved in order to improve efficiency.¹⁹ EBM uses five different IT environments and employees need to transfer information manually between different computers; this is time-consuming and gives rise to a risk of insufficient information security. A further problem is that intelligence activities do not have direct access to other actors' financial information which is needed in order to detect and prevent organised economic crime. Under the current regulation of intelligence activities, there is uncertainty within EBM whether the Swedish Police Authority or EBM is to be considered as competent to collect intelligence information for EBM's needs.²⁰ The Government and EBM need to resolve these problems to ensure the use of the efficiency gains, which is the purpose of EBM, in the work in combating organised economic crime.

The use of medicines and their effects is another example. Secrecy provisions and limited access to relevant databases at other government agencies make it difficult for the Dental and Pharmaceutical Benefits Agency (TLV) to follow up and acquire the necessary support material for tasks such as following up limitations of the benefits scheme and processing new subsidy applications. Moreover, our audit shows that the content of the databases needs to be developed.²¹ It is also relatively common for doctors to prescribe medicines with a subsidy despite the fact that the product should not be subsidised for the area of use in question. This means that tax revenues are spent on the use of medicines that TLV does not consider to be cost-effective. This means there are untapped opportunities to increase cost effectiveness in the use of medicines, our audit shows. In 2020, the cost of medicines under the pharmaceutical reimbursement system amounted to roughly SEK 34.3 billion, including patient fees.

¹⁹ Coming to Sweden as a relative – legal certainty in family reunification cases (RiR 2021:9), The Swedish Tax Agency's work to tax the sharing economy (RiR 2021:16).

²⁰ Swedish Economic Crime Authority – combating organised economic crime (RiR 2021:30).

²¹ Greatest possible health for tax money spent – central government reimbursement of medicines (RiR 2021:14).

Our audit shows that the government agencies' availability in non-digital channels has deteriorated.²² The digitalisation of government agencies' activities contributes to more efficient and better service for citizens. However, for many people it is important to have plenty of opportunity for service via telephone or physical visits to get help with matters. The audit shows that many agencies have become less available in non-digital channels in the past ten years.²³ Telephone waiting times increased at more than half of the audited agencies, almost half have reduced their opening hours for telephone customer service and some agencies have cut their office opening hours. At the Swedish Migration Agency, it takes an average of 35 minutes for someone to answer and 23 minutes for the Swedish Public Employment Service, according to our audit.

Government agencies' customer contacts via digital channels has increased sharply; however, despite this, the number of telephone calls has not decreased. Simpler cases are now often handled digitally, at the same time as more phone calls come from people needing guidance on how to use the digital services. Many agencies check the quality of their service by means of customer satisfaction surveys. But these surveys are often digital and therefore do not always capture the views of people who do not use digital channels. Digitalisation of government agencies' range of services is good management of central government resources, but the possibility of contacting an agency via telephone and office remains important and will probably always be important for a certain segment of the population. Our audit shows that the non-digital part of the population needs to be taken into consideration in the continued efforts on digitalisation of public services.

4.1.2 Insufficient control in outsourcing

Digital medical consultations have become increasingly common in healthcare and are expected to increase further. This may impair the ability to assess a patient's working capacity, which in turn risks leading to increased expenditure for the sickness insurance system. Our audit shows that medical certificates issued on the basis of a digital medical consultation maintain a poorer level of quality than those issued after a physical consultation. This includes matters such as information about the certificate issuer's own assessment and the data on which this was based, as well as the extent to which own observations were made. The Swedish NAO therefore recommends that the control of such medical certificates be strengthened and that the Government develop national guidelines for the issuance of medical certificates based on digital medical consultations. The

²² Please hold, the agencies are going digital – service for individuals who cannot or do not want to be digital (RiR 2021:8).

²³ The Swedish NAO has audited the ability of 22 agencies to provide service with good availability and quality for individuals who cannot or do not want to be digital.

current lack of such guidelines has meant that different regions have developed their own procedures, which risks leading to different applications of sickness insurance.²⁴

The state monopoly on vehicle inspection was abolished in 2010 and since then the availability and freedom of choice have increased, our audit shows.²⁵ However, in some parts of the country, mainly in sparsely populated regions, the situation remained unchanged. The proportion of cars failed at safety inspections has decreased after 2011, but customer complaints to Swedac and the Swedish Consumer Agency have still increased. The Swedish Transport Agency does not live up to its supervisory responsibility of the inspection market. Supervision of the inspection stations is almost non-existent in practice.²⁶

When the reform was implemented, the Riksdag made it clear that accreditation should only be given to those who, “taking into account financial circumstances and generally good reputation, are deemed suitable”. Swedac²⁷ is responsible for checking compliance and manages this well. However, Swedac lacks the possibility to check all board members who are appointed in the various inspection companies’ boards. Furthermore, Swedac does not conduct renewed background checks in connection with the regular supervision every four years.

Re-regulation of the vehicle inspection market was also intended to lead to lower prices, but the prices have not developed as the Riksdag intended. Between 2010 and 2019, the price of a safety inspection rose by 56 per cent, while the consumer price index only increased by 10 per cent. The expected increase in entrepreneurship also did not materialise.

4.1.3 Coordination and collaboration can increase effectiveness

The Settlement Act has essentially lived up to its intentions. The Swedish Migration Agency and the county administrative boards have cooperated well in the efforts to distribute newly arrived immigrants at the county and municipal level. Our audit shows that this has benefited effectiveness.²⁸ However, some improvements can still be made. For example, the Swedish Migration Agency does not systematically collect data on newly arrived immigrants’ occupational and educational background. Such information could be used to allocate newly arrived immigrants to municipalities where their work skills are in demand, which could increase the prospect of faster introduction of new arrivals in the labour market.

²⁴ Digital medical consultations and agency locum doctors in the sick-listing process (RiR 2022:6).

²⁵ Re-regulation of the vehicle inspection market (RiR 2021:11).

²⁶ Previously, 5.5 full-time equivalents were allocated, but now the group which is to supervise the inspection stations consists of a single analyst.

²⁷ Swedish Board for Accreditation and Conformity Assessment.

²⁸ Act on the Reception of Certain Newly Arrived Immigrants for Settlement (Settlement Act) – has the reform lived up to intentions? (RiR 2021:29).

In some situations, the child perspective has been found wanting. This happens, for example, when the Swedish Migration Agency cannot allocate an unaccompanied minor who is a quota refugee to the municipality where they have ties because that municipality has already received the agreed number of new arrivals for the year. In such cases, it has also not been possible to come to an arrangement with another municipality to transfer an allocated spot so that the new arrival can be directed to the municipality where they have ties.

Several of our audits show that cooperation, coordination and collaboration need to be developed in various central government activities to ensure the intended result.²⁹

²⁹ Internet-related sexual abuse of children – great challenges for police and prosecutors (RiR 2021:25), Central government suicide prevention - effective interaction? (2021: 26), The energy performance certificate system – clear purpose but unclear goal (RiR 2021:21).

Annex 1. Published performance audits

Since the Annual Report of the Auditors General for 2021 the following performance audit reports have been published.

Riksdag Committee on the Labour Market

Jobseekers older than 55 – Government and Public Employment Service governance and priorities (RiR 2021:6)

The State wage guarantee – existence of abuse and agencies' controls (RiR 2022:4)

Riksdag Committee on Civil Affairs

Property formation in Sweden – processing times, fees and reform needs (RiR 2022:3)

The energy performance certificate system – clear purpose but unclear goal (RiR 2021:21)

Riksdag Committee on Finance

The AP Funds' sustainability work – investments and corporate governance (RiR 2021:18)

The fiscal policy framework – application by the Government in 2021 (RiR 2021:31)

Central government funding of municipalities – distribution of the municipal property charge and targeted government grants (RiR 2022:1)

Calculate for less – the annual recalculation of agencies' appropriations (RiR 2022:2)

Riksdag Committee on Defence

Project grants from appropriation 2:4 Emergency preparedness – a policy instrument with challenges (RiR 2021:7)

Building national defence capabilities – central government efforts to strengthen army forces (RiR 2021:23).

Riksdag Committee on Justice

Effectiveness of the Policy Authority's provision of information to crime victims (RiR 2021:20).

Internet-related sexual abuse of children – great challenges for police and prosecutors (RiR 2021:25)

Compensation to legal counsel in criminal cases – serious deficiencies in follow-up and control (RiR 2021:27)

Swedish Economic Crime Authority – combating organised economic crime (RiR 2021:30)

Riksdag Committee on the Constitution

Please hold, the agencies are going digital – service for individuals who cannot or do not want to be digital (RiR 2021:8)

Riksdag Committee on Cultural Affairs

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Riksdag Committee on Environment and Agriculture

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Riksdag Committee on Industry and Trade

Sustainable business - the Government's governance of state-owned companies (RiR 2021:10)

Riksdag Committee on Taxation

The Swedish Tax Agency's work to tax the sharing economy (RiR 2021:16)

Riksdag Committee on Social Insurance

The work of the Swedish Social Insurance Agency to prevent sick leave – an unclear remit (RiR 2021:19)

Reorganising in a changing world – cutbacks at the Swedish Migration Agency 2017–2020 (RiR 2021:24)

Waiting for a judgment – migration courts' processing time in asylum cases (RiR 2022:5)

Digital medical consultations and agency locum doctors in the sick-listing process (RiR 2022:6)

Riksdag Committee on Health and Welfare

Greatest possible health for tax money spent – central government reimbursement of medicines (RiR 2021:14)

Public performance reports in social services — limited contribution to good quality (RiR 2021:17)

Central government suicide prevention - effective interaction? (RiR 2021:26)

Riksdag Committee on Transport and Communications

Re-regulation of the vehicle inspection market (RiR 2021:11)

Central government co-financing of regional public transport – the National Negotiation on Housing and Infrastructure’s metropolitan agreements (RiR 2021:15)

Cost control in infrastructure investments (RiR 2021:22)

Riksdag Committee on Education

Central government agencies’ R&D activities – governance and processes for quality, relevance and economy (RiR 2021:5)

The 2018 PISA survey – ensuring reliable student participation (RiR 2021:12)

Higher vocational education – ambitions, governance and follow-up (RiR 2021:13)

Riksdag Committee on Foreign Affairs

Swedish development aid to multilateral organisations — the work of the Government and Sida (RiR 2021:28).

Relevant to several Riksdag Committees

Coming to Sweden as a relative – legal certainty in family reunification cases (RiR 2021:9), Riksdag Committee on Social Insurance, Riksdag Committee on the Labour Market

Act on the Reception of Certain Newly Arrived Immigrants for Settlement (Settlement Act) – has the reform lived up to intentions? (RiR 2021:29), Riksdag Committee on Social Insurance, Riksdag Committee on the Labour Market

Annex 2. Modifications and information in auditor's reports for 2021

The Swedish NAO has issued auditor's reports for 226 agencies and other organisations for the 2021 financial year. The Swedish NAO has issued modified auditor's reports for ten agencies. All our modifications were through a qualified opinion on one or more statements. One government agency has received information in the auditor's report that is not annually recurring. Two auditor's reports contain annually recurring information about our audit.

The Swedish NAO's financial audit reviews 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 the application by the Swedish NAO of ISSAIs (International Standards for Supreme Audit Institutions), which apply to financial audit. Financial audit assesses whether the annual report and underlying documentation are reliable and whether the accounts give a true and fair view. By true and fair we mean that the annual report as a whole provides a true and fair view and that the component 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. 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 control is satisfactory.

Misstatements and deficiencies identified by the Swedish NAO during the audit must be communicated to the agencies as soon as possible. The agencies 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 annual reports in central government.

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 view 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 (2007:603).

We make the last statement of opinion only for the agencies governed by the Ordinance on Internal Control.

For Sveriges Riksbank and Stiftelsen Riksbankens Jubileumsfond we also state an opinion on the administration. To this end, we apply the relevant parts of FAR's (Institute for the accountancy profession) recommendations on audit issues: RevR 209: Management audit.

Auditor's reports that deviate from the standard format are called auditor's reports with a modified opinion. Modification can be made by means of a qualified opinion, an adverse opinion or a disclaimer of opinion.

Different types of modification

Different types of modifications due to material misstatement in the annual report:

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 view.

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 standards for how the financial statements should 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 to understand the work of the Swedish NAO. We do this by providing information in the auditor's report. This information 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 2021.

Modified opinions in the form of an adverse opinion

The Swedish NAO has not issued any adverse opinions for 2021.

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 National Audit Office the agency has, in all material respects

- prepared the annual report in accordance with the Annual Reports and Budget Documentation Ordinance (2000:605), instructions, appropriation directions and other decisions for the agency
- presented a true and fair view of the agency's financial performance, financing and financial position as of 31 December 2021
- submitted a performance report and other information that is consistent with and supports a true and fair view in the annual report as a whole.

Norrbottn County Administrative Board

The annual report lacks information on remuneration to senior management and appointments held in accordance with Chapter 7, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605).

Värmland County Administrative Board

The annual report lacks information on remuneration to senior management and appointments held in accordance with Chapter 7, Section 2 of the Annual Reports and Budget Documentation Ordinance (2000:605).

Moderna Museet

Moderna Museet submitted its annual report to the Government on 23 February 2022. Under Chapter 2, Section 1 of the Annual Reports and Budget Documentation Ordinance (200:605), agencies must submit an annual report to the Government by no later than 22 February. Moderna Museet submitted its annual report late and therefore does not meet the requirements of the Ordinance.

Moderna Museet has incorrectly reported income and expenses in Table 1 in the performance report. Under Chapter 3, Section 2 of the Annual Reports and Budget

Documentation Ordinance (2000:605), an agency's total income and expenses must be broken down according to the classification in the performance report.

Swedish Agency for Growth Policy Analysis

The Swedish Agency for Growth Policy Analysis submitted its annual report to the Government on 24 February 2022. Under Chapter 2, Section 1 of the Annual Reports and Budget Documentation Ordinance (200:605), agencies must submit an annual report to the Government by no later than 22 February. The Swedish Agency for Growth Policy Analysis submitted their annual report late and therefore does not meet the requirements of the Ordinance.

Swedish Meteorological and Hydrological Institute

The Swedish Meteorological and Hydrological Institute (SMHI) submitted its annual report to the Government on 23 February 2022. Under Chapter 2, Section 1 of the Annual Reports and Budget Documentation Ordinance (200:605), agencies must submit an annual report to the Government by no later than 22 February. SMHI submitted its annual report late and therefore does not meet the requirements of the Ordinance.

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.

Delegation against Segregation

The Delegation against Segregation has exceeded the appropriation credit authorised by the Government for expenditure area 13, appropriation 3:2, appropriation item 1 Delegation against Segregation (framework) by SEK 2,345,000. This overrun means that the agency did not comply with the conditions stated in Section 6 of the Appropriations Ordinance (2011:223). The overrun is presented in the annual report.

Gävleborg County Administrative Board

Gävleborg County Administrative Board has incorrectly charged appropriation expenditure area 19, appropriation 1:1 Regional growth measures, appropriation item 17 by SEK 171,000, which is based on a decision taken in 2020. According to the appropriation directions, the appropriation may only be used for payments in respect of financial commitments made in 2019 and earlier. The costs charged to the 2021 appropriations are therefore not consistent with Section 10 of the Appropriations Ordinance (2011:223).

The National Archives

For a large number of days of the year the National Archives has overrun the interest account credit determined by the Government. The overrun has at most amounted to SEK 43.6 million.

The Sami Parliament

The Sami Parliament has not complied with one of the conditions in the use of appropriations expenditure area 1, appropriation 7:1, appropriation item 13 Government grants to local government in administrative areas, etc. Under the condition, SEK 600,000 shall be used for grant payment. The appropriations have thereby not been used in accordance with Section 10 of the Appropriations Ordinance (2011:223).

Swedish Transport Agency

The Swedish Transport Agency has amassed a surplus over several years amounting to SEK 14,041,000 for the fee area Other activities. The accumulated surplus in the fee area deviates from the financial objective pursuant to Section 5 of the Fees Ordinance (1992:191) and the National Financial Management Authority regulations concerning the provision. Fees must be calculated so that they completely cover the costs of activities over a period of one or several years.

Information in the auditor's report

Emphasis of matter paragraph

Swedish Export Credit Agency

Without prejudice to our statements above, the Swedish NAO wishes to draw attention to page 34 of the annual report (Table 6.4), in which the Swedish Export Credit Agency reports outstanding guarantees to the 15 largest countries in terms of volume. This shows that outstanding guarantees to Russia amount to SEK 4,290 million as at 31 December 2021. EKN submitted its annual report to the Government on 22 February 2022. As a result of Russia's invasion of Ukraine, EKN decided on 24 February 2022 to halt all issuance of guarantees to certain countries, including Russia. On 10 March 2022, EKN also decided to downgrade Russia to country risk category 7, which is the highest country risk category. The events that have occurred after the Swedish Export Credit Agency submitted its annual report to the Government mean that the valuation of outstanding guarantees to Russia are subject to uncertainty.

Other information

Swedish Pensions Agency

Section 12 of the performance report includes, in accordance with the appropriation directions for the agency, an account of the financial position and development 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 Annual Report was prepared in accordance with the requirements of the Budget Act (2011:203). The Budget Act provides greater freedom for the Government to decide what should be included in the annual report and the accounting policies that are to be applied other than other frameworks, such as the Annual Reports and Budget Documentation Ordinance (2000:605). Selected accounting policies are shown in Chapter 3.4.

Our statement does not cover Chapter 1.1 General government net lending. In this chapter, the Government presents general government net lending and the follow-up against the surplus target. The reporting contains a number of very complex parameters and builds in part on estimates and assessments. Information that largely builds on estimates and assessments is marred by various degrees of uncertainty and is not possible to verify with sufficient appropriate audit evidence. Moreover, a large proportion of the input data is obtained from third parties, such as municipalities and county councils that are not subject to audit by the Swedish NAO.

The Swedish NAO is an authority under the Riksdag tasked with auditing central government agencies and activities. The Swedish National Audit Office conducts both financial audit and performance audit. Within performance audit, the Swedish NAO audits the economy, efficiency and effectiveness of central government activities. In financial audit, the Swedish NAO audits agencies' annual reports to assess whether the accounts are reliable and the accounting records true and fair as well as whether the administration by the management complies with laws and rules.

The Swedish NAO has a strong mandate and is an essential part of the Riksdag parliamentary control that contributes to improvement and democratic transparency. Through our constitutionally protected, independent status we audit the use of central government funds, report any deficiencies and propose measures to remedy them. 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.

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