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Management Support Department

## Management response

In 2022, a team comprised of representatives of the supreme audit institutions of Norway and the United Kingdom carried out a peer review of the Swedish National Audit Office (Swedish NAO). The review has focused on organisational processes essential for monitoring and performing audits.

In this management response, the Swedish NAO management responds to the findings and recommendations presented in the report from the peer review. The response has been prepared by the Agency's management team and has been decided by the Auditor General.

Our peer review partners have thoroughly grasped our proposed scope of the review, provided the team with highly qualified auditors and delivered a comprehensive report. Our overall assessment is that the peer review team has performed their work to our full satisfaction, delivered interesting conclusions and recommendations that the Swedish NAO will consider as part of its regular development. We thereby consider that the Swedish NAO's objective with the peer review has been achieved.

## Management and governance processes at the Swedish NAO

We agree the view that our current governance model is well functioning and successfully addresses the development needs concerning the agency's governance, identified by the Auditors General when they took office in 2017.

We fully understand the view that the main risks in the long-term plan may be too wide-ranging to efficiently provide the focus of the audit. That view, as well as the report's proposal for an approach to advance more specific risks, provides food for thought and valuable input for our work to further develop strategic planning. Not least, this applies to the presentation in the Swedish NAO's long-term plan and the description of the long-term objectives.

## **Our strategic skills supply**

Skills supply is perhaps our most important strategic concern. We note that this seems to be a common challenge for all public audit institutions since there are changing demands on auditors and because auditors generally are in short supply.

The peer review team identified several major challenges concerning the Swedish NAO's skills supply and offers valuable input. Guided by our competence management strategy, we strive to be an attractive employer who recruits, develops and phases out employees in a professional manner. This may be, for example, through better opportunities to circulate within the agency, secondment and training programmes. We have also launched measures related to strengthening our employer brand.

However, we do not share the team's conclusions about our skills supply and profile within performance audit. We conduct audits with an evaluation-oriented focus. To produce high-quality audits, we need performance auditors who master the subject matter, methods and auditing. Our principle is that we draw on more specific skills by bringing in reference persons, hiring consultants and interviewing various experts.

## **Our digitalisation efforts**

We agree with the view that centralising our digital resources was the right thing to do and that this approach has been well received among our employees. The Swedish NAO's development and administrative model is important in our efforts to better utilise the digital capacity. We believe that the centralised administration of our digital resources is constantly being developed in accordance with the direction indicated in the peer review report. Development includes changed working methods for the Development and Administrative Council and an altered composition of its members. Our internal communication concerning the digital development projects continues to evolve in line with the team's recommendations.

## **We will strive to ensure continued relevance**

To remain relevant to our stakeholders, we need to further develop our methods for identifying and prioritising topics for audit. One key for success is our efforts on strategic planning and the associated methods we are developing. However, our ability and capacity for collecting and processing information from our follow-ups, could be improved.

We continue to promote a close relationship with the Riksdag and its Committees. In particular, we may use Committee visits to the Swedish NAO and the Riksdag hearings with the Auditor General to inform about how we plan our audits and follow up the results.

## **Efficient communication**

We consider the formal external reporting of the Swedish NAO's audit reports to be efficient. At the same time, we find the recommendations interesting and will consider developments in line with the proposals in the peer review report. We regularly examine whether our communication with various external target groups should be enhanced to increase knowledge about the Swedish NAO's role and operations as well as the audit results. Through our communication, we also endeavour to increase general knowledge about the Swedish NAO and ensure a positive contribution to our employer brand.

The Swedish NAO will continue work on applying plain language and monitors adherence to guidelines in order to ensure that our communication is easy to understand. This can be done in a number of ways. We concur that more graphics in our reporting and communication is valuable and we will continue working on this on our website. Nevertheless, we need to deal with the fact that creating accessible graphics is costly and time-consuming.

## **Performance audit review**

The Swedish NAO essentially agrees with the team's analysis and recommendations. Our development of the audit direction can be guided by the following points of departure in considering future improvements and developments:

### **A focus on economy, efficiency and effectiveness**

Our audits need to even more clearly be guided by, focus on and relate to economy, efficiency and effectiveness (the three Es). This also applies to conclusions, impact assessments and recommendations. We will pursue our development efforts in this respect.

### **Clearer financial context**

We share the team's view that our audits more clearly need to be based on, be linked to and describe the financial context. This is also prescribed in the Riksdag's statements that our audits must focus on areas that are of great significance for the central government budget in terms of principle or quantity. The financial context in our audits should be afforded greater focus than today.

This needs to be made plain when detailing the reasons for the audit, when conducting the audit as well as when communicating the results. The initiative we launched a number of years ago in connection with the round-up and strategic analysis efforts with the three Ps (purse, problems and priorities) are in line with the team's points of view.

## **Practical and action-oriented recommendations**

We need to highlight findings, conclusions and recommendations more clearly and more explicitly in our reports. This is essential to ensure that our readers can understand and act based on the results in our audits. Measures to strengthen work on the "Three Es" and the financial context as well as the ongoing initiative concerning plain language in performance audit, support this reasoning.

Our assessment is that some of the team's recommendations are not suitable for the Swedish context of evaluation-oriented performance audit. This refers to, for example, the team's conclusions on linking a timeframe to the recommendations.

## **Our quality assurance**

Moreover, the team has observed that, on the whole, our quality assurance functions well, although documentation could be improved to indicate which adjustments have been implemented within the framework of the quality assurance and their outcome.

## **Financial audit review**

The Swedish NAO appreciates the work involved in preparing the recommendations and will consider how these can be put to use in our regular work on audit methodology.

## **Planning audits**

In terms of how we apply financial statement assertions, the team has provided valuable viewpoints that we will consider in our efforts to develop audit planning. It is worth considering whether we should identify the financial statement assertions also for low risk items since this could make it easier for the auditor to understand the risk and identify suitable audit measures.

## **Other questions related to our audit**

We acknowledge the team's opinion that a standardised chart of accounts for the entire public administration may be beneficial. We also recognise that we are in a position to raise this matter in our further dialogue with the National Financial Management Authority. Our view is that, in the short term, government agencies'

use of different IT systems is a larger obstacle for effective data capture. In addition, not all government agencies use the National Government Service Centre. In this context, we would also like to emphasise that no standardised solutions exist for sharing data between agencies. The Swedish NAO notes that there is a huge potential for improvements with regard to access to data for analyses within several areas.