

Summary

The Armed Forces – a challenge for the Government Audit Reports concerning the defence area 2010-2014 (RiR 2014:8)



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This final report in the auditing strategy of the Swedish National Audit Office concerning the Armed Forces is based on and supplements the ten audit reports published within the framework of this strategy between 2010 and 2014.

Audit background

The Swedish Armed Forces are of essential importance to Sweden's ability to prevent and handle crises and threats. In the last parliamentary policy decision from 2009 concerning the Armed Forces the requirements concerning usability, accessibility and flexibility have been considerably intensified. The Armed Forces are working to introduce a new mission-based organisation while at the same time manage assignments and ongoing operations at the best of their ability. The annual appropriations for the Armed Forces amounts to just over SEK 40 billion. Transparency in the Armed Forces is hampered by confidentiality and the Swedish National Audit Office has a unique ability to review this area.

The purpose of this final audit is *to comprehensively audit how the Government and public authorities have carried out decisions and other intentions of the Riksdag regarding the Armed Forces.*

This final audit uses observations and conclusions from the Swedish National Audit Office's earlier audits concerning the Armed Forces. Additionally the Swedish National Audit Office has gathered new empirical data within two fields of studies: an audit of the national defence, and an audit of the Government's management of the Armed Forces. Four audit questions have been formulated.

- To what degree are the decisions and intentions of the Riksdag for the Armed Forces fulfilled?
- Has the Government translated the decisions and intentions of the Riksdag in an efficient manner, and in its management given the Armed Forces a chance to carry out operations effectively?
- Do the Armed Forces manage and carry out their activities in accordance with the decisions and intentions of the Riksdag and the Government?



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- Is the division of responsibility between the Riksdag, the Government and the Armed Forces appropriate?

The Riksdag has decided on the funding of the Armed Forces, goals for the military defence, requirements of military capabilities, and the overall content of the mission-based organisation. Furthermore a high degree of efficiency and economy in using public funds should be sought in the defence area in the same way as in other expenditure areas.

Audit results

The Armed Forces are going through a major reform. The Swedish National Audit Office has observed several positive trends in both the Government's management and the Armed Forces' management of its activities. However, there is still work to be done, and the Swedish National Audit Office's overall assessment of the Armed Forces' defence capability, is that it does not fulfil the requirements made by the Riksdag and the Government and that it will remain insufficient over the next few years. According to the assessment of the Swedish National Auditing Office, the ability of the Armed Forces to manage all its assignments will be limited, even with a fully armed and manned mission-based organisation.. The Swedish National Audit Office furthermore assess that it is highly uncertain whether the defence reform can be carried out in full. While the audit reports of the Swedish National Audit Office point to a lacking defence capability, the Swedish National Audit Office concludes that the Government's management of the Armed Forces is unclear and leaves considerable room for interpretation. This means that the goals for the Armed Forces remain unclear. The goals and demands from the Riksdag have not been sufficiently concretized. Furthermore, the Swedish National Audit Office observes that there is a need for development in the activities of the Armed Forces; for example, the relationship between assignments, military capabilities and the design of the military units needs to be improved and highlighted.

Deficiencies in defence capability

The Swedish National Audit Office has reviewed a number of important preconditions for increasing capability (personnel, defence materiel, planning and training operations). Overall, the audit shows that important preconditions are not in place to a sufficient degree, which means that there are limitations in how the Armed Forces can resolve its tasks.

Extensive deficiencies in the new personnel categories act as limitations to the accessibility and usability of the Armed Forces, currently and over the next few years. Deficient staffing also affects training operations negatively, as units that are not fully staffed cannot exercise at maximum capacity.



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Deficiencies in defence materiel expressed by the Armed Forces, and those observed by the Swedish National Audit Office, point to a considerable risk that the materiel will limit the capability of the Armed Forces, especially in cases of higher workloads or more difficult tasks.

The operative planning of the Armed Forces has evolved in recent years, partly as a consequence of the management of the Government. There is an increased focus on more difficult national defence tasks. However, the Swedish National Audit Office's assessment is that there are a number of areas in need of development in the planning of the defence. At present, the planning necessary in order to receive military aid from other countries or organisations has not been carried out. This in spite of such military aid being considered necessary for handling a limited armed attack on Sweden. Handling a limited armed attack would also require the assistance of society as a whole in several respects. The Armed Forces' joint planning with the rest of society is under way, but needs to be further developed. In this, the Government's management of other agencies is an important factor in facilitating planning activities.

The Swedish National Audit Office's overall assessment is that the Armed Forces, neither today nor in the next few years, can meet the totality of the demands on its operations, made by the Riksdag and the Government. According to the assessment of the Swedish National Audit Office, in part based on an analysis of the personnel situation, it is questionable whether all military forces can fulfil the readiness requirements. And to enable a satisfactory national defence, continued development in a number of fields is required. However, the intensified planning and cooperation indicates that the Armed Forces now have an increased capacity to assist civilian society in connection to crisis situations. In the assessment of the Swedish National Audit Office, the Armed Forces will find it difficult to manage all its assigned tasks simultaneously while maintaining a normal level of readiness, even with a fully armed and manned mission-based organisation. Furthermore, the Armed Forces' analysis shows that a complete mission-based organisation, which according to the Armed Forces is only possible with additional funding, can handle a limited armed attack over a limited period of time and within a limited area of Sweden.

The goal for the Armed Forces is unclear

In order to ensure that the Armed Forces acts correctly and uses its resources in the most efficient manner, in accordance with the intentions of the Riksdag, the Swedish National Audit Office means that the Government's management of the Armed Forces needs to be concretized and the objectives made clearer. The Government has not assigned priorities to the different tasks of the Armed Forces, and its management leaves significant room for interpretation. This means that the Armed Forces are given considerable room to focus their operations independently. The present governing does not clarify what is required of the Armed Forces, nor what resistance and which threat scenarios that are relevant for the agency's plans and organisation. Representatives of the Government Offices have also, in different contexts, commented that the Armed Forces interprets



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its task too ambitiously. Discussions on whether or not the agency has planned for the right task ought not to arise if the task would have been more clearly defined.

Unclear or vague management at the strategic level increases the need for informal reconciliations to clarify the formal management. There is an extensive informal dialogue between the Ministry of Defence and the Armed Forces, and the Swedish National Audit Office deems this to be partly lacking in structure. The audit also shows that the Armed Forces perceives the informal dialogue partly as formal management. A government agency is responsible for its action in the absence of a formal decision from the Government, and it is the agency's responsibility not to be swayed by informal directives. However, the fact that informal signals are perceived as governing by the agency leads to a lack of clarity, and risks undermining accountability.

There may be concerns on the part of the Government that a more clearly articulated management could be used by the Armed Forces to argue for an increased need of resource. In order to avoid such a situation, it is important to maintain the trust between the Ministry/Government and the Armed Forces, and to ensure clarity and transparency in supporting documentation from the Armed Forces. The assessment of the Swedish National Audit Office is that both of these areas have room for improvement, which would increase the possibilities for improving strategic governance. Clearer governance at the strategic level would, in the assessment of the Swedish National Audit Office, mean that the Government could decrease the details in the management of the Armed Forces.

It is unclear whether the defence reform can be completed

The Swedish National Audit Office assess that, the analysis underpinning the current mission-based organisation was deficient and the financial conditions have changed since the Riksdag set the goals of the Armed Forces and the design of the mission-based organisation. In order to complete the reform, continued comprehensive rationalisations are necessary to meet the limitations of the appropriation for unit activities, and the extensive materiel deficiencies expressed by the Armed Forces have yet to be managed by the Government. Moreover, there are indications that the recruitment of new personnel categories is facing challenges that are potentially intensified by the upcoming rationalisations. In combination with the lack of clarity surrounding the task of the Armed Forces, this contributes to considerable doubt as to whether the mission-based organisation can be completed and concerning the nature of the tasks that this mission-based organisation will be able to undertake.

The Armed Forces are working to improve the relationship between the agency's overarching tasks and the composition and design of the military units. However, the assessment of the Swedish National Audit Office is that work remains to be done before a clear traceability will be apparent in the work of the Armed Forces. For example, defined objectives and organisational designs and financial calculations are lacking for all military units. Moreover, the Swedish National Audit Office has observed deficiencies in the Armed Forces' account of needs and assets.



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It is unclear how extensive these deficiencies are, but it causes uncertainty in the works based on the available accounts.

The Government is dependent on the reporting of the Armed Forces to develop its governance. The assessment of the Swedish National Audit Office is that the Armed Forces need to develop their follow-up and reporting in several respects, for example, by improving the reporting of analyses made by the agency. The Government also needs to make sure that the agency is given enough time to put together reports in a satisfactory manner.

The agency's planning activities are extensive, and according to the assessment of the Swedish National Audit Offices it should be possible to reduce the number of processes and planning documents, thereby increasing efficiency.

In a large agency such as the Armed Forces, with many different sub-operations, there will always be a risk of coordination problems. Within the Armed Forces there are different sub-cultures, such as the different military forces (army, navy and air force), that may create strong vested interests and contribute to coordination problems. In January 2014, the Armed Forces carried out a reorganisation of their Headquarters, among other things to deal with problems in the coordination between command staff, productions directorate, operations directorate. It is positive that the Armed Forces are working with this issue, and the Swedish National Audit Office's assessment is that the agency should continue its efforts to improve coordination.

The division of responsibility between the Riksdag, the Government and the Armed Forces should be adjusted in the long term

Both the Riksdag and the Government govern the Armed Forces on a relatively detailed level. According to the Swedish National Audit Office there may be reason to consider whether the current division of responsibility is optimal in ensuring the efficient use of resources. This degree of detail in management requires detailed knowledge to be effective, and places considerable demands for knowledge of defence matters on all levels. If the management of the Armed Forces is to be target and result-oriented, the Swedish National Audit Office concludes that the degree of detail in management activities needs to decrease. Focus should be on developing the strategic governance in order to provide a clear focus for the Armed Forces.

The Riksdag's ability to make well-founded decisions concerning defence matters is strongly influenced by the Government's reports to the Riksdag. The Swedish National Audit Office is of the opinion that the Government reports to the Riksdag are deficient in certain parts. The Government in turn is dependent on satisfactory reports from the Armed Forces, and, as previously mentioned, here too there is a need for improvement.



Recommendations

The defence area is a difficult area to manage; long-term considerations must be combined with the short-term needs and flexibility. It is also an area characterised by unpredictability (due to, for example, changes in security policy and strategic developments). That being said, it takes time to develop and change the activities and operations; it takes time to build defence capabilities.

The Swedish National Audit Office has observed several positive trends, such as the Government's management of defence planning and the work of the Armed Forces to improve traceability, from overarching task to demands placed on military units. In this audit, the Swedish National Audit Office also lists a number of areas in need of further development to ensure a more efficient development in the defence area. In previous audits within the audit strategy concerning the Armed Forces, the Swedish National Audit Office has submitted a number of recommendations. The Swedish National Audit Office's recommendations, based on this final audit, are presented below.

The Swedish National Audit Office recommends the Government to

- Concretise goals and demands placed on the Armed Forces by developing the strategic governance of the agency.

This may imply clarifying the kind of situations the Armed Forces are to plan and dimension operations for, as well as defining ambitions in terms of endurance. It can also be a matter of defining what kind of operations the Armed Forces are expected to conduct. By clarifying military strategic issues such as these, the Government should be able to ensure that there is a consensus between the Government and the Armed Forces concerning the main task of the agency and the starting points of the agency's activities. The Government could also, in cooperation with the Armed Forces, develop methods to handle a more long-term management and follow-up of the Armed Forces than is currently available. The Government may also continue to actively carry out follow-up of defence planning.

- Secure the balance between tasks and resources in connection with the new parliamentary defence decisions for the armed forces.

This concerns both financial and operational analyses. The Government may, for example, ensure that relevant operative analysis are carried out to examine the connection between tasks and resources.

- Continue the work with developing the reports to the Riksdag.
- Clarify the conditions for how the Armed Forces shall provide and receive military aid from other countries or organisations.

This concerns providing the Armed Forces with governance and planning conditions that make it possible to plan the reception of military aid.



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- Continually work to guarantee the quality of the follow-up, analyses and evaluations of the Armed Forces.

This includes evaluation of the mission-based organisation, operative games and development of financial aspects. Quality assurance can be accomplished by extending the analytical capacity of the Ministry of Defence, or by bringing in external expertise. The aim should be to continually oversee the reformation of the Armed Forces, based on the decisions made by the Riksdag. The Government should ensure that the Armed Forces receive reasonable leave to handle the Government's requests for information to base decisions on.

- In the long-term work for a reduction in the details in the management of the Armed Forces, and to consider granting the Supreme Commander greater organisational freedom.

This could be accomplished by the Government increasing focus on follow-up of the Armed Forces' interpretation of their task, in the shape of general operative framework conditions, operative framework condition and tasks to military units, thereby reducing the need to manage the resources of the Armed Forces when it comes to equipment and personnel.

- Structure the informal contacts with the Armed Forces in order to create traceability and clarity.

This can be done through the Government Offices, in cooperation with the Armed Forces, systematising the communications to reduce the risks of informal management and simultaneously improve clarity with regard to the roles of the parties. Such a system could include greater clarity as to who is to communicate, whether the content of these communications is to be documented, and if so how.

The National Audit Office recommends the Armed Forces to

- Develop their work with follow-up, and improve the quality of the reports provided to the Government.

This could be accomplished by providing the Government with comprehensible accounts of the status and development of the military forces. By developing their reports to the Government, the Armed Forces can ensure that the Government is informed about the Armed Forces' interpretation of their task.

- Continue the work with improving traceability between task, capability and composition and design of military units.

This can be done by continuing the work with military unit objectives, specifications and plans in order to shed light on the chain between the task and the composition of the mission-based organisation.



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- Improve control regarding the accounting of needs and assets of materiel.

