

Summary

Protecting central government
agencies against corruption
(RiR 2013:2)



Protecting central government agencies against corruption

The Swedish National Audit Office has audited central government agencies' protection against corruption.

Audit background

Motive

Corruption exists, even in Sweden. From an international perspective Sweden is relatively unaffected by corruption, but several cases of corruption in the public sector in recent years prove that the country is not immune to corruption. Suspicions of corruption in central government damage public confidence in the impartiality and objectivity of central government activities. Consequently, it is important that agencies are aware of the risks and can prevent corruption. At the same time knowledge of protection against corruption in central government activities is poor.

Aim

The aim of the audit is to show how central government agencies protect themselves from corruption and the measures taken by the Government to strengthen protection. In this report the term corruption means abusing public office to achieve unfair advantage – for oneself or others.

Implementation

The Swedish National Audit Office has audited the agencies that in 2012 were subject to the Ordinance on Internal Control; a total of 65 agencies. Together these agencies account for about 90 per cent of the central government budget. The agencies were required to respond to a questionnaire concerning whether they have analysed the risks of corruption, which areas of risk they consider to be greatest, which measures they have in place and what possibilities employees have to report corruption. The Swedish National Audit Office also conducted case studies at six selected agencies operating in areas where there are known risks of corruption. The purpose was to examine whether these agencies' risk management differs from that of other agencies. The six agencies were; the Swedish Transport Administration, the Swedish Social Insurance Agency, the Swedish Energy Agency, Linköping University, the Swedish Customs Service and the Swedish Migration Board.



Results of the audit

The overall conclusion of the Swedish National Audit Office is that government agencies' protection against corruption is insufficient. Many agencies have not evaluated the risks of corruption and have no central anti-corruption measures. Even among agencies operating in areas with known risks of corruption the protection varies and is too weak in some agencies. However, most agencies have guidelines on bribery, but such individual measures are insufficient. What can make a difference are measures directed at identified risks and an active leadership. The Swedish National Audit Office also concludes that the Ordinance on Internal Control has not had any decisive influence on agencies' anti-corruption work. Even well-developed internal control does not guarantee that agencies' protection against corruption is adequate.

In the audit the Government Offices referred to the role of the Swedish National Audit Office in discovering corruption and reviewing agencies' anti-corruption work. However, the Swedish National Audit Office's financial audit provides no guarantee that there has been no corruption in agencies, even if the auditor finds that the annual report gives a true and fair view. Financial audit aims at achieving reasonable assurance that the annual report as a whole does not contain any material misstatements. Corruption, however, usually involves relatively small amounts in relation to an agency's total operations and is therefore not necessarily identified in financial audit.

Without a risk analysis the measures may be ineffective.

One point of departure for this audit is that only an agency that is aware of its risks can manage them effectively. However, a relatively large proportion of agencies lack knowledge of how exposed to risk they are. Of the agencies audited, a quarter have not carried out any evaluation or analysis of the risks of corruption. Only 40 per cent of the agencies have analysed the risks of their entire operations, and 35 per cent of the agencies have analysed the corruption risks only for parts of their operations. Without a risk analysis for their operations as a whole, the agencies cannot know how great the risks of corruption are or what measures they should take.

Guidelines and control measures are found at almost all agencies.

Based on the risk analysis, agencies should carry out measures that limit the risks of corruption. Regardless of whether the agencies have analysed corruption risks or not, almost all have guidelines and disbursement controls. But the Swedish NAO's audit shows that the guidelines are often general and not adapted to the organisation. To be effective the guidelines must clarify risk areas and how they are to be avoided. The audit also shows that only a few agencies use work rotation, despite the fact that this is regarded as an effective way of preventing corruption, particularly in the context of public procurement.

...but more work is required on leadership and values

Protection against corruption through guidelines and control measures is not sufficient to prevent corruption. Active leadership is also important. The audit shows, however, that only slightly more



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than half the agencies apply close leadership with accessible managers that support and follow operations. Discussion of ethical matters is another important part of protection against corruption. The most common ways of spreading knowledge about ethics are through training and work on shared values. However, management provides advice and support on ethical matters at only 40 per cent of the agencies. The management of all the agencies in the case studies point out the need to discuss ethical issues.

At the same time none of them has followed up how aware their employees are of ethical issues.

A majority have no procedures for managing suspicions

To be able to discover and investigate suspicions of corruption effectively it is important to have procedures for how the agency should deal with suspicions. However, several agencies have no procedures for reporting suspected cases of corruption. Only about a quarter have any form of whistleblowing system with guidelines for anonymous reporting of suspected corruption and a function that deals with such reports. The information on the possibilities of reporting suspicions is also inadequate in some cases.

Wanted: more cooperation.

Cooperation is an important element of protection against corruption. However, there is no formal cooperation on anti-corruption even though an anti-corruption network has existed since 2007. Currently no agency has responsibility of the network. Several agencies want anti-corruption cooperation to learn from each other and obtain better protection against corruption.

The Government's efforts have not had the desired result

According to the Government, the Ordinance on Internal Control (2007:603) is to strengthen agencies' protection against corruption. However, the Government has not investigated how the agency managements have worked with anti-corruption issues. According to the agencies the Ordinance has had marginal significance for how they handle corruption risks. A quarter of the agencies that are to comply with the Ordinance have not analysed the corruption risks. The Swedish National Audit Office therefore concludes that the Ordinance has not had any decisive effect on the agencies' anti-corruption work. The Ministry of Health and Social Affairs also refers to the work on shared values as a central measure in protection against corruption. However, according to the Government Agencies Ordinance it is up to the agency managements whether and how they work on these matters. The Swedish National Audit Office audit shows that the work on shared values has rarely addressed corruption-related issues and can only indirectly be said to strengthen agencies' resistance to corruption.



Recommendations

To the Government

The Government should consider a mandatory requirement for all agencies to evaluate risks of corruption and fraud in their work on risk. The risk analyses should form the basis of the measures subsequently taken by the agency.

The Government should instruct the National Financial Management Authority to annually follow up the extent to which the agency takes into consideration and deals with risks of corruption and fraud.

The Government should consider giving a ministry the responsibility of monitoring how central government administration takes corruption issues into account.

The Government should appoint an agency to further develop and strengthen the network against corruption so as to facilitate learning and contribute to reasonable protection against corruption at all agencies. Membership of the network should be compulsory for all agencies subject to the Ordinance on Internal Control.

To the government agencies

Each individual agency should introduce procedures to report suspicions of corruption and fraud. The procedures should be communicated clearly within the agency.

The agency managements should ensure that corruption-related issues are included in the agency's work on ethics and shared values.

