



RIKSREVISIONEN
The Swedish National Audit Office

Riksrevisionen
The Swedish National Audit Office's
Report to the Riksdag 2004

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Riksrevisionen's Report to the Riksdag 2004

Riksrevisionen herewith submits its first Report to the Riksdag. Under section 12 of the Act (2002:1022) on the auditing of government activities etc., the most important observations with respect to the performance audit and the annual financial audit are to be collected in a single annual report. The Report is to be submitted to the Government and to the Riksdag.

The report consists of a compilation of the most important observations arising from the audits conducted during the past year. The main purpose, however, is not to account for the results of individual audits: that is done on a continuous basis during the year within the framework of Riksrevisionen's ordinary operations. In the report we, the Auditors General, will instead highlight the results or conclusions from the audits which are of more general or fundamental significance. With regard to the annual financial audit this may, for example, relate to various control or regulatory circumstances that make it difficult for the public authorities or agencies concerned to fulfil the responsibility that rests with the government administration. With regard to the performance audit, this report is intended to be the principal tool for providing an overall picture of the situation in government administration based on the prioritised themes set out in Riksrevisionen's audit plan.

Riksrevisionen is a new authority under the Riksdag with effect from 1 July 2003. Thus, this report does not cover a full year of operations. The period from 1 July 2003 has also been characterised by the development of a new organisation. Most of the performance audits that have been published were started within previous organisations. These circumstances have affected our ability to make a broad analysis. Despite this, we have considered it important to give the first report to the Riksdag a thematic structure with the overall direction that we consider this product should have in future years.

The Auditors General *Lennart Grufberg*, *Eva Lindström* and *Kjell Larsson* had decision-making authority in respect of this report. Audit Director *Anders Rånlund* was responsible for presentation of the report. Chief of Staff *Dag Levin Sparr* assisted in producing the final version of the report.

Lennart Grufberg

Eva Lindström

Kjell Larsson

Anders Rånlund

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Introduction

Riksrevisionen's Annual Report to the Riksdag and the Swedish Government contains a summary of important observations arising from the audit work done during the past year. The report is based on the following data from the operations carried out during Riksrevisionen's first year:

- audits of public authorities' annual reports and administration
- special studies
- performance audits
- expert opinions and pronouncements
- annual audit of the Government Annual Report for 2003

Riksrevisionen has reported the results of its audits to the Government, the public authorities and other bodies audited. The results have also been reported to Riksrevisionen's Advisory Board. Of the reports that the Advisory Board has been able to consider to date, all have given rise to a written communication to the Riksdag with a statement or report in accordance with the provisions in Chap. 12 section 7 "Form of government" (see Appendix).

The three departments into which Riksrevisionen is divided deal with annual financial audits, performance audits and international assignments. Annual financial audits are required to be carried out in accordance with generally accepted auditing standards in Sweden. Their purpose is partly to consider whether the annual report is reliable and the accounts are true and fair, and partly to consider whether the financial administration of the public authority concerned complies with the relevant regulations.

Performance audits shall aim primarily to consider circumstances related to the State Budget, and the implementation and results of central government activities and undertakings, but may also consider government performance in general. The audit is intended to advance a development whereby the Government, taking into account the interests of society in general, gets an effective return for its efforts. Within the framework of the international operations, Riksrevisionen undertakes assignments and provides services in the sphere of auditing. The authority has a special appropriation for international development co-operation.¹

¹ Expenditure area 7 appropriation 8:6 Riksrevisionen: International assignments

Within the framework of the annual financial audit, Riksrevisionen has audited approximately 270 audit objects. Riksrevisionen has also appointed auditors to some 40 companies and foundations. In addition, 13 performance audits were concluded from the start of Riksrevisionen's operations and up to 2 June 2004.

Each year Riksrevisionen creates an audit plan setting out the direction of the audit operation. An important starting point for the 2004 audit plan was the nine different themes that were identified. The purpose of these themes is to focus the audit but they also make up the framework for Riksrevisionen's reporting in the Annual Report. Most of the performance audits now concluded were not started as a result of the direction set for the 2004 audit plan. Riksrevisionen has nevertheless elected as far as possible in this Annual Report to account in this thematic structure for observations arising from the performance audits.

1 Observations arising from the annual Financial Audit

Riksrevisionen has reported its observations and conclusions on the annual financial audits of individual public authorities and other organisations in audit reports and other reports. This section of the Annual Report presents observations that are of general significance or of great fundamental importance.

1.1 Audit reports on public authorities and other organisations

Riksrevisionen has submitted audit reports for 266 public authorities and other organisations, excluding limited companies and public foundations, in respect of the annual report for the 2003 financial year. In 17 instances, the audit report has been submitted with a qualification, that is to say a serious fault has been found in the annual report and/or administration. A qualification has been noted in the audit report with respect to the annual reports of the following public authorities:

- National Debt Office
- The Swedish Armed Forces
- Gävleborg County Administrative Board
- The Ombudsman against Ethnic Discrimination
- National Agency for Education
- National Water Supply and Sewage Tribunal
- Nutek (Swedish Business Development Agency)
- Environmental Protection Agency
- Swedish Railways, SJ
- Living History Forum
- Blekinge County Administrative Board
- Swedish Migration Board
- Sami Schools Administrative Board
- Swedish Study Assistance (CSN)
- National Public Transport Agency
- Swedish Chemicals Inspectorate
- Royal Courts and Palaces Authority

For the 2002 financial year, when the annual financial audit was done by Riksrevisionsverket and Riksdagens Revisorer (the Riksdag's Auditors), 15 audit reports were submitted with qualifications. For the 2003 financial year, qualifications have been directed, as in previous years, against both large and small authorities. In the case of six authorities, the qualification was

based on the appropriation being exceeded and in one case the body concerned exceeding its authority. In these cases the excesses were owing to the authorities in question not having sufficient control and follow-up of how their appropriation was utilised during the year. This meant that the authorities were unable to cut down on expenditure and see to it that their appropriation was used to best effect until it was too late. In some cases the excess was due to the fact that during the work on the annual report errors were discovered from previous years that were corrected, with the appropriation being exceeded as a result.

1.2 **Audit report on the Annual report of Central Government**

Riksrevisionen has audited and submitted an audit report on the Government Annual Report (2003/04:101). The Government Annual Report is deemed true and fair in all essentials, which among other things means that it complies with generally accepted accounting standards within the State, contains the documents required under section 38 of the State Budget Act, and that it has been prepared and set out in accordance with the organisational delimitations and in the form of presentation laid down in the Government's standardisation decision of 27 November 2003.

In this context Riksrevisionen wishes to point to the fundamentally questionable circumstance that it is the Government that decides on the delimitation and form or presentation for the reporting the Riksdag requires of the Government under the State Budget Act. This was noted by Riksrevisionen in its opinion of 13 April 2004 (Journal No. 15-2004-0037) on the report "New principles for the framing of the State Budget" (Ds 2003:49).

Riksrevisionen wishes to draw attention to the fact that, although the Government Annual Report complies with generally accepted accounting standards within the State, there are several circumstances that have a negative impact on the quality of the information and thus the usability of the Government Annual Report as analytical material and as a basis for decision-making. These circumstances include:

- Not all government activities are accounted for through the State Budget and do not therefore appear in the Government Annual Report.
- Not all government activities are accounted for on a full accruals basis. This is primarily the case with tax collection.
- Net accounting for revenues and expenditure on the State Budget occurs in several instances.
- The organisational delimitation decided by the Government does not comprise all central government authorities and agencies

By comparing these inadequacies with the contents of the new draft State Budget it is evident that a large number of them would be eliminated if the new draft State Budget were to be implemented. Under the new draft State Budget, budgeting and accounting on the State Budget would be based primarily on accounting principles. The State Budget would also contain all calculated government revenues and expenditure, all payments that affect the Government's borrowing requirements, and a calculation of the Government's financial savings.

In its opinion Riksrevisionen stated that such a presentation of the State Budget would give a more complete picture of the total scope of government activities and a more true and fair picture of the costs of those activities. It would also give the Riksdag better opportunity to judge the cost-effectiveness of government activities. The proposed changes would also promote a more uniform control of all government activities, irrespective of how they are financed. The changes would mean that the budget was accounted for more openly and would at the same time enable better follow-up and analysis of government economy.

One example where a changeover to new principles under the proposals contained in the report would promote a more true and fair accounting is the postponement of the payment of Sweden's contribution to the EU budget, that the Government resolved on 27 November 2003. The reason behind the Government's decision was that it feared that the expenditure ceiling for 2003 would be exceeded if action was not taken. The contribution for December amounted to SEK 2.5 billion. The authority concerned, the Legal, Financial and Administrative Services Agency, recognised the appropriation under the relevant rules in connection with the payments, which meant that the appropriation was charged to 2004 instead of 2003.

A similar example is that of the National Agency for Education, where the Government decided to change the date of payment of framework appropriation 16:25:16, Government funding for adult education. The change means a reduced charge in respect of the appropriation for the 2003 financial year of SEK 415 million.

Riksrevisionen notes that the current rules mean that accounting against appropriations and income headings is based on cash flow and does not reflect the activities carried out. Because the Government makes decisions that mean that expenditure can be advanced as well as postponed, the consequence is that comparisons between the State Budget, the accounts in the Government Annual Report and the national accounts are rendered even more difficult.

1.3 Late government decisions cause problems for the authorities

At the closing government meetings prior to the Christmas and summer recesses respectively, decisions are often made which are of great significance for the public authorities' accounting for and funding of their activities. Frequently, the decision does not reach the authority concerned until just before the half-year end or year end respectively. The work on the annual report and interim report is thus made more difficult. In some cases the government decision is also perceived as unclear, which creates problems for the authority in carrying out the resolved actions correctly. The problem of unclear and late government decisions, which have prompted recurring observations within the state audit in recent years, is greatest in universities and colleges, national insurance offices and the county administrative boards.

1.4 CSN's foreign claims

The total student loan debt owed to Swedish Study Assistance (CSN) by students resident abroad (emigrants and persons with valid foreign address) amounts to almost SEK 8 billion. The outstanding debt owed by borrowers who are no longer paying off their student loans despite the loans not having been written off or the borrowers having been allowed to postpone payment etc., amounts, according to CSN, to approximately SEK 4 billion.

CSN sends reminders and demands for payment to borrowers who fail to pay their annual amount. If, in spite of this, the borrower fails to pay, CSN normally takes no further action despite the fact that the relatively few claims sent for debt collection have been resolved successfully in the form of repayment. One reason why CSN has not prioritised collecting this debt in recent years may be that the costs of collecting the debt often exceed the amount that CSN can take in and that is accounted for against the administrative appropriation. That portion of the claims that relates to loan debt must in fact be accounted for against an appropriation that CSN does not utilise. Therefore, the most economically advantageous course for CSN is not to collect the debt.

The rules governing this area are clear, and it is CSN's responsibility to collect the debt. To get a better result from the agency's efforts the Government should, however, to a greater extent make targeted requirements for reporting back, for example by requiring CSN to account for claims fallen due and what action CSN intends to take to obtain repayment of the debt. The financial incentives for CSN may also need to be looked at.

1.5 Financing of cultural assets

With effect from 1 January 2003, land, buildings and other forms of real property that have primarily an historic value, and museum specimens and exhibits that are not normally sold on the market, must be accounted for in an authority's balance sheet as fixed assets, i.e. "cultural assets".

The capital provision ordinance (1996:1188) contains provisions for the financing of fixed assets which state that fixed assets employed in the activity shall be financed by loans from the National Debt Office. Fixed assets employed in the activity means fixed assets that are not regarded as infrastructural or similar. The starting point is that fixed assets that represent input resources in the authority's activity shall be considered as fixed assets that are employed in the activity.

In the case of assets that are not to be financed by loans from the National Debt Office, there are provisions for financing infrastructural fixed assets. Section 10 of the capital provision ordinance states that such assets shall be financed with appropriations or from sales revenues as stated in section 18. The general recommendations issued by the National Financial Management Authority (ESV) in relation to section 10 provide examples of infrastructural fixed assets such as roads and railways. They also state that war materiel shall be treated in the same way as infrastructural assets.

In the light of the above, it follows that cultural assets cannot normally be financed by loans, since they are not considered as fixed assets employed in an activity. Nor are cultural assets to be regarded as infrastructural fixed assets. They should possibly be allowed to fall within the scope of the same exemption from the loan model as the infrastructural fixed assets, with reference to the wording "or similar". However, there is no definition of what that wording means, nor are there any rules governing how assets that fall under this exemption are to be financed.

Riksrevisionen considers that there is a lack of provision regulating the financing of cultural assets and takes the view that the rules should be made clearer on this point.

2 Special audits

Riksrevisionen carries out special audits of various kinds. They may be cross-sector audits or deal with matters of a special or urgent nature. Special audits can also be performed if in the course of an ordinary audit operation the risk of infringing laws and regulations has been observed. During the year, several special audits were performed where there were feared irregularities, as well as a preparatory investigation prior to the start of a special audit.

2.1 Audits in the case of feared irregularities

Riksrevisionen carries out special audits as and when required in the case of feared irregularities. The purpose of this type of audit is to clarify whether there is a problem and, if that is the case, to compile the basic data required that can be submitted to the judicial authorities in order to simplify their work. The public authorities and agencies that are scrutinised normally assist Riksrevisionen in its work to provide the judicial authorities with this data. The starting point for the audit is the audit mandate provided for in the Auditing Act. This type of audit can be viewed as a way of developing the audit and using the knowledge gained from it to benefit the work of other authorities and agencies.

In autumn 2003, a case was reported to the judicial authorities by the National Institute of Public Health, on Riksrevisionen's recommendation and accompanied by data provided by Riksrevisionen. In view of this report, the public prosecutors at the National Economic Crimes Bureau have decided to make preliminary investigations of suspected fraud through document falsification. The second case which, on Riksrevisionen's recommendation, was submitted to the public prosecutors by the agency under scrutiny, concerns a matter involving the National Board of Institutional Care regarding suspected disloyalty to principal (constructive fraud).

Riksrevisionen has also carried out a special audit in the light of feared irregularities in the Armed Forces' reporting to the National Tax Board. In the autumn of 2003, in view of information concerning errors, the Armed Forces carried out an internal audit of senior officials' entertainment and benefits, both with the help of its internal audit department and through the services of an accounting firm. Riksrevisionen decided to follow their internal audit. In the light of the results that emerged, Riksrevisionen

decided to do a special audit of the entertainment and benefits of the members of the Board of the Armed Forces. In an audit report to the Armed Forces, Riksrevisionen called attention to the fact that there was a risk that the taxable benefits of the members of the Armed Forces' Board had not been fully accounted for in 2002 and 2003. Riksrevisionen therefore recommended the Armed Forces to take the initiative to elucidate these matters by requesting the National Tax Board to review the agency's tax declarations for 2002 and 2003. The need for elucidation was, according to Riksrevisionen's report, greatest in the area of leading officials' services, internal entertainment and accommodation benefits.

In response to the report, the Armed Forces did an internal review and reported the results to both Riksrevisionen and the National Tax Board. The Armed Forces also paid supplementary employer's contributions to the National Tax Board and rectified previously submitted statements of earnings and tax deductions.

2.2 Preparatory investigation of Systembolaget AB and Vin & Sprit AB

Owing to recurring information concerning weak internal controls, and possibly undue influence and other irregularities, during the winter Riksrevisionen carried out a preparatory investigation into the operations of the state-owned companies Systembolaget AB (the Swedish alcohol retail monopoly) and V&S Vin & Sprit AB for the years 1999-2003. The purpose of the investigation was to consider whether an audit of the two companies is justified. After concluding its investigation Riksrevisionen decided in March 2004 that there was at present no reason to initiate an audit. The decision was announced in memos to the companies and the Government. The reason for the decision was that several audits of both companies, both internal and external, had been started at the time. The memo stated that there were good possibilities that these audits would clarify the question of possible undue influence and other irregularities in sufficient depth and also indicate where responsibility lay for the situation that had arisen.

Riksrevisionen did, however, call the attention of the boards and management of the two companies to certain observations about how the company management had handled the existing risks. Riksrevisionen considered that the management of Systembolaget AB should have taken action to maintain a good level of internal control and management. With regard to Vin & Sprit AB, the company took action in 2000 to 2002 to retain its high market share. The sales activities to which certain sales staff applied themselves in this connection proved, however, to be contrary to the

supplier contacts agreement from 1999 between Systembolaget and Vin & Sprit. In Riksrevisionen's opinion, the management of Vin & Sprit, since the undertaking is state-owned, should have been more active in seeking to avoid any form of activity contrary to the rules and existing agreements.

3 Senior civil servants' expense claims and benefits

The need to be able to provide entertainment and the need for benefits varies depending on what type of activity is involved. Within the State the rules governing expense claims and benefits are set out in the public authority ordinance and in the guidelines for regulation of entertainment expenses issued by the National Financial Management Authority (ESV). The scope of the entertainment expenses and benefits is decided by the head of the organisation concerned, while benefits for the heads of public authorities are decided by the Government.

Riksrevisionen decided in November 2003 to scrutinise how a selection of state-funded organisations manage senior civil servants' expense claims and benefits. The purpose of this audit was to get an overview of how the government organisations manage entertainment expenses and benefits for senior officials. In all, 36 organisations were selected. In each organisation, three to four senior officials were audited.

In the case of each and every organisation it was examined whether there were guidelines established for entertainment, how the set rules were applied to senior officials, and whether there were any routines for follow-up and control of the rules. The existence of any benefits for the same group was also examined with a view to seeing whether the existing rules were complied with and whether the organisations had routines for follow-up and control of these rules.

Riksrevisionen has reported the results of each audit to the respective organisations in accordance with the standard routines. A compilation of all the audits was also made in the report *Senior civil servants' expense claims and benefits* (RiR 2004:12). Riksrevisionen provides a summary of the most important observations below.

3.1 Observations arising from the audit

Riksrevisionen's audit shows that there are rules governing entertainment expenses and that they were established and determined by the heads of the authorities concerned in accordance with the requirements set out in the public authority ordinance. The audit also shows that the organisations comply extensively with the rules governing senior civil servants' expense

claims. In some cases, however, Riksrevisionen has found grounds to report to the boards of the organisations concerned regarding the entertainment.

The rules governing expense claims are complied with extensively

Internal guidelines for expense claims have been established and approved by the heads of the authorities that were audited. The authorities that fall under the public authority ordinance thus fulfil the ordinance's requirements in this respect.

In the main, the management of senior civil servants' entertainment complied with the set rules. In 13 of the organisations that were audited, Riksrevisionen had nothing to remark at all with regard to the verifications that were selected. In the case of the other organisations, however, the accounting for entertainment expenses was not correct in all respects. The most common error was that the purpose of the entertainment was not evident from the verifications and that the participants' names were not given. Expenditure limits were seldom exceeded and, if so, only by small amounts.

In two cases, Riksrevisionen's observations in this part gave rise to a report to the respective boards. This applied to Banverket (the Swedish rail traffic authority) (Riksrevisionen's Audit Report, Journal No. 32-2003-0371), and the Royal Institute of Technology (Riksrevisionen's Audit Report, Journal No. 32-2003-0300).

In several organisations the routines for and follow-up and control of expense claims should be improved

The substance of the fixed guidelines for entertainment expenses comply to a considerable extent with ESV's guidelines. The audit does, however, show that approximately one third of the organisations audited need to look over their guidelines so that they, for example, comply fully with the existing tax rules.

Just under half the organisations audited had no routines at all with respect to how to follow up their own set guidelines. This is unsatisfactory.

Control of the head of the authority's entertainment expenses

The entertainment expenses of the head of the authority should be authorised for payment by someone who is higher up in the chain of responsibility. The majority of the organisations audited do, however, have rules according to which the top official's entertainment expenses are authorised for

payment by a subordinate. This is not entirely satisfactory because of the relationship of dependency. Where there is no superior, like for example a chairman of the board, the top official himself or herself should sign off his or her entertainment expenses. Before that is done, however, there must be supporting documents showing, for example, that a subordinate has checked that the expense claim is in accordance with the set rules.

Senior civil servants' benefits are limited and existing rules are complied with extensively

Senior civil servants' benefits are limited. The most usual form of benefit is an official car that can also be employed for private use and which is thus a taxable benefit ("benefit cars"). "Benefit cars" for senior officials were found in just under one third of the organisations audited. With the exception of county governors, where an official residence is as a rule included in the job, only a few senior officials had an official residence.

In the great majority of instances audited, there were decisions on the respective benefits and the taxable car and accommodation benefits were accounted for to the National Tax Board.

The organisations' routines with respect to and for control of official cars are sometimes inadequate. Riksrevisionen found failings in rules and routines for the use of official cars at Östergötland County Administrative Board and has therefore recommended the County Administrative Board to provide greater clarity in its rules and routines (Riksrevision Audit Report, Journal No. 32-2003-0357).

4 Observations arising from the Performance Audit

The audit plan is the supreme tool of the Auditors General for managing the activity and focus of the Performance Audit. Based on a systematic monitoring procedure, the Auditors General decide in the audit plan on a number of “themes” on which the principal part of the audit activity will be focused during the planning period. Depending on the scope of the themes chosen, a prioritised theme may remain in the audit plans for several years.

Riksrevisionen’s intention in the Annual Report is to present its central observations and conclusions within the themes that the Auditors General have prioritised. The purpose is thus not in the first instance to account for the results of individual audits.

As Riksrevisionen is still in its first year of operations, the Annual Report is based only on the data from the twelve audit reports which up to the beginning of June 2004 were concluded within Riksrevisionen’s Performance Audit Departments (see Appendix). To a great extent the audits that have been concluded to date were started in the previous organisations Riksdagens Revisorer and Riksrevisionsverket. They have not therefore been fully adapted to the prioritisations made in Riksrevisionen’s first audit plan with reference to the second half of 2003 and the current audit plan for 2004.

The themes prioritised in the audit plan for 2004 and which steer the work of the Performance Audit during the present planning period are the following:

- Government control of public authorities and companies
- Government reporting to the Riksdag
- Cost inflation under control?
- Law and order
- Restructuring within the State
- Specially earmarked government contributions
- Employment offerings
- Infrastructure
- Supply of skills and competence in the public sector

With regard to the first two themes concerning government control and reporting, Riksrevisionen has made a separate plan to bring together the conclusions in these two distinct areas for the purpose of doing a more in-depth audit in the 2005 Annual Report. However, it may already be possible this year to put forward certain observations regarding these themes. Of the

other priority themes in the audit plan, certain observations can be presented in the present report concerning the themes “Cost inflation under control?” and “Law and order”.

4.1 Cost inflation under control?

The rising level of costs within the various state undertakings audited by Riksrevisionen is a prioritised aspect of the Performance Audits. In the present report observations can be put forward from several different sectors within the State which point to the difficulties of keeping costs from rising above the expected level. In four of the audit reports in particular that have been concluded to date, substantial observations have been made with respect to the risk of escalating costs.

Observations on the problem of cost inflation

Unemployment insurance is a special unemployment insurance benefit which in 2002 cost slightly more than SEK 22 billion and comprised 575 000 persons. The insurance is administered by the unemployment benefit funds but it is the employment offices that control its use by determining the willingness to work of those who draw unemployment benefit and by providing the unemployment benefit funds with the basic data for benefit decisions. In the audit *Management of unemployment insurance by the employment offices* (RiR 2004:3), Riksrevisionen has made a closer study of how the employment offices handle this task.

The basic condition for eligibility for unemployment benefit is that the job seeker makes himself or herself available on the labour market. It is the employment office that is responsible for checking that this is the case, which is done primarily in two ways: by referring the job seeker to suitable job vacancies and by following up to check whether the job seeker has applied for the vacancies in question. Riksrevisionen’s audit shows that there are shortcomings in the way in which the employment offices refer job seekers to job vacancies and follow them up. There is no incentive for the employment offices to prioritise this work. For example, the work is not prioritised in the targets that steer the activity. There is also a lack of regulations and procedural guidelines.

In order to avoid the wrong use of unemployment insurance, it is not enough for the job referral and follow-up activity to function but the unemployment benefit funds must also be reached by the signals indicating which job seekers are not making themselves available on the labour market and are thus not entitled to benefit. This is done through the employment

offices' reports questioning the entitlement to benefit. The audit shows that the unemployment benefit funds are reached by considerably fewer reports questioning entitlement to benefit than what is considered objectively justified. A rough estimate indicates that as few as 10 per cent of cases at the employment offices that were audited are reported to the unemployment benefit funds.

Taken together this means that unemployment benefit is being paid to individuals that are not entitled to it. The control system surrounding unemployment benefit is unable, in Riksrevisionen's opinion, to keep the costs of the system at the level that the government authorities had intended.

The audit *Personal assistance for persons with disabilities* (RiR 2004:7) shows that the costs of paying for personal assistance have risen sharply since the disability reform was carried out in 1994. In the preliminary work prior to the reform it was estimated that the annual cost would be SEK 2.4 billion. However, costs proved quickly to be considerably higher. The level of ambition in needs assessment and decisions taken was considerably higher than what was expected when the costs were calculated. The number of hours was much higher than anticipated, the National Board of Health and Welfare concluded in an evaluation done in 1997. Since 1998 the cost of providing personal assistance has more than doubled and in 2003 totalled approximately SEK 11.5 billion. Of this, the Government pays approximately 80 per cent and the local authorities 20 per cent. According to the Ministry of Finance's forecasts, there is no sign that the costs have stabilised but are estimated to rise to SEK 12.3 billion by 2006.

The direct explanation for this rise in costs is both that the number of people claiming personal assistance benefit has increased (by 47 per cent between 1997 and 2002) and that the average number of hours per week and user has increased (by 22 per cent during this period). In 2003, 12 420 persons received personal assistance benefit with an average of 94 hours per week.

The factors behind the rise in costs are complex. Important factors are the developments that have taken place in medical science which save more lives but at the price of disability, and an ever more ambitious realisation of the law's intentions. In addition there are the administrative factors, including the difficulty in delimiting personal assistance benefit from other forms of benefit. Entitlement to personal assistance benefit has also been extended to all persons over 65 who applied for benefit before that age. This latter change means that the State's costs will go on rising until 2025 as ever more age groups claim personal assistance benefit.

Riksrevisionen has pointed to the need for long-term thinking as regards personal assistance benefit. Riksrevisionen considers that alternative forms

of benefit should be expanded and developed. This would enhance the individual's opportunity to choose between different forms of benefit, and would also be beneficial from a socio-economic perspective. The current state funding which is unilaterally directed at the "LSS" personal assistance programme (under the Act on benefits and services for certain persons with disabilities) is counterproductive to the development of other forms of benefit paid by local authorities. Riksrevisionen takes the view that improving the way in which state benefits for disabled persons are framed should be considered. In the short term, the Government should take the initiative to strengthen the financial controls within the system.

Supplying the Armed Forces with materiel and equipment is a complex process that is financed through an annual appropriation of just under SEK 20 billion. Riksrevisionen observed in the report *Materiel for billions* (RiR 2004:6) that the long-term materiel planning is bound by decided and planned orders and by "logically bound" contracts up to 2007-2008. Naturally enough, it is the major contracts that account for most of this "binding" of finance. This means that freedom of action is limited both with respect to the financial scope and the opportunity to make choices at various phases of the materiel procurement. Riksrevisionen considers that the Government and defence authorities have taken necessary but not sufficiently far-reaching measures to get to grips with the problem of bound finance in the materiel planning. This poses a risk of escalating costs.

Riksrevisionen has pointed out that the system of rules for appropriation credits, appropriation savings and authorisations does not create conditions sufficient to enable good resource economy with the funds available for materiel procurement. In Riksrevisionen's view, the financial follow-up of the materiel appropriation within the Armed Forces has not been satisfactory and has led to difficulties in making forecasts with respect to the appropriation results. In addition, Riksrevisionen finds it unsatisfactory that the Armed Forces are at times unable to finance the orders given to the Swedish Defence Materiel Administration (FMV), which results in FMV being forced to renegotiate contracts with the industry, with rising costs as a result. These circumstances, too, pose a risk of escalating costs.

Riksrevisionen has also scrutinised how the Government and responsible authorities have put into concrete form the Riksdag's guidelines for prioritisations in the health services. Previous audits (by Riksrevisionsverket and Riksdagens Revisorer) of government control of the health services have highlighted problems in the ability of various control measures to have an impact in practice. Future demographic developments, combined with rapid advances in medical science and technology, will sharpen demands for prioritisations in the health services and the need for good control of costs in the health services.

The audit *Guidelines for prioritisations in the health services* (RiR 2004:9) show that at various levels it has been difficult to interpret the Riksdag's decisions and to translate them into concrete action. According to the Ministry of Health and Social Affairs, the guidelines for prioritisations were made deliberately vague so as not to hinder regional and local adjustment. The consequence of this was that confusion arose as to how the guidelines should be interpreted, both among the responsible authorities involved and the National Board of Health and Welfare and the Pharmaceutical Benefits Board. This, in Riksrevisionen's opinion, has limited the capability of the guidelines to influence the activity in practice. The complex decision-making system in the Swedish health services, combined with the lack of clarity surrounding the prioritisation guidelines, creates a risk that the control and overview of the mechanisms that are driving up costs becomes unclear.

Conclusions

As stated in the audit, there are primarily two types of problems that are discernible. Firstly, there is the problem of vaguely formulated rules that can cause the risk that any mechanisms designed to block rising costs will fail to function satisfactorily. In this way, the public authorities and agencies that are responsible for applying the rules will have problems in doing their job. This type of failing emerges in the audits on personal assistance benefit and guidelines for the health services.

The second type of problem arises when a state undertaking assumes that a responsible authority is responsible for cost control within the system and the authority in question is incapable of doing it. Irrespective of whether the cause is a lack of competence, or resource problems, or the authority has been given insufficiently clear guidelines as to what its responsibilities are, a situation with escalating costs can arise even if the rules are correctly framed. This type of failing appears clearly in the audits of the employment offices' management of unemployment insurance and the Armed Forces' materiel procurement.

The Government must of course adapt its action to the type of problem involved. If it is a case of unclear rules, the matter may need to be referred back to the Riksdag for reconsideration. If, instead, it is a question of an authority failing to perform its responsibilities, the Government must deal with the problem in the day-to-day control of the authority concerned. That can also demand more far-reaching measures, however.

4.2 Law and order

That citizens should feel safe and that law and order and legal security can be guaranteed is vitally important for the legitimacy of the welfare state. The responsibility for safeguarding these values lies with a very wide circle of state undertakings. While the core activities are perhaps the judicial system and the total defence system, aspects of law and order and personal safety are of central importance for public confidence in government activities in a number of other areas as well.

Law and order can be about various things. It can be about the quality of the service that the public has the right to expect from the State, for example how the Government and public authorities deal with questions about handling times and accessibility within various activities. It can also be about in what measure the Government and responsible authorities work in an acceptable way on methods to provide quality assurance in the activities for which they are responsible. Legal security relates not least to the question of equal treatment, that is to say that citizens can expect to be treated equally irrespective of when, where and in what context they encounter an activity performing a government undertaking

These various aspects of the concept of law and order are all relevant to study within the framework of Riksrevisionen's performance audits, and the issue of law and order is one of the prioritised themes which will steer the focus of the performance audits in 2004. Of the audits that have been completed to date, important observations concerning law and order problems in various areas have arisen in five of them. These observations relate primarily to failings in the application of the principle of equal treatment.

Observations on law and order problems

The audit of the employment offices' management of unemployment insurance (RiR 2004:3) also showed up problems relating to law and order. The work done by the employment offices to check whether job seekers were really available for work and to report any questioning of their willingness to take jobs is not done in such a way that job seekers can expect to get equal treatment at all employment offices.

There are big variations between different employment offices in Sweden. The differences are great as regards the extent to which individual employment offices are capable of planning and follow-up tailored to the needs of the individual or whether they let job seekers manage by themselves. There are also differences in the way the rules are applied when the employment offices recommend a new period of benefit after 300 days or when the job seeker is placed in the "activity guarantee" for the purpose of

avoiding the expiry of unemployment benefit from the unemployment benefit funds.

The audit shows that the checks to which a job seeker “risks” being exposed depend to a great extent on which employment office the individual concerned is registered with, but also on which case handler the job seeker is allotted. This suggests that the requirement for a just and uniform application of the rules is not being fulfilled.

In the audit of personal assistance for persons with disabilities (RiR 2004:7) risks have also emerged of failings relating to law and order. This applies to the application of the Act on benefits and services for certain persons with disabilities (LSS) and particularly to personal assistance benefit. The reason for this is that there is a lack of clarity in the legislation. This lack of clarity makes it difficult for the National Social Insurance Board to frame clear guidelines since it will then risk encouraging application and assessments that are not supported by the Act itself. The National Board of Health and Welfare has not published a fully comprehensive set of guidelines with regard to local authorities’ application of LSS since the Act came into force in 1994. The lack of guidance means that the responsibility for taking a position on a particular matter is shoved further out in the organisation, to individual social insurance offices and the case handlers who finally have to make a concrete decision.

The difficulties of interpretation apply above all to the needs that entitle an individual to personal assistance. This has by extension consequences for who is entitled to the benefit and to the state benefit under the Act on assistance benefit (LASS). One risk associated with the scope for interpretation being so great is that individuals will be treated differently in different local authorities and regions. There are big differences between the counties when it comes to the number of hours of personal assistance benefit granted by the local social insurance office per person per week. In 2002, the average figure in the counties varied between 79 and 104 hours.

That the law is difficult to apply uniformly across the board is also evidenced by statistics from the National Courts Administration. Of all LASS cases that were decided in the county courts in 2003, 39 per cent were appealed against. This is a high proportion compared with all county court cases in total, where 25 per cent went to appeal. Of those cases that were heard by a higher court, decisions were changed in a considerably higher percentage of LASS cases than in other cases.

Riksrevisionen has also audited the programmes of the Government and the educational authorities aimed at providing an equal grading system in primary and lower secondary schools. In the audit report *Grades with equal value?* (RiR 2004:11) the picture of considerable failings in grade equivalence is confirmed that emerged in previous reports produced by the National

Agency for Education, among others. A lack of equivalence in the setting of grades has consequences for the possibility of using grades as a control and monitoring instrument in today's decentralised educational system. It also has consequences for the legal security of the students.

The school-leaving certificate in the compulsory nine-year Swedish school system (primary and lower secondary school) still has an important function as an instrument for selecting students to continue in upper secondary education, particularly in metropolitan areas where the competition for places to study popular subjects at popular schools can be tough. For the students' part, the school-leaving certificate determines both qualifications and competitiveness. Grading thus has a legal effect and implies the exercise of authority. At the present time, it is not possible to appeal against this exercise of authority.² That students' grades should be set on an equal basis is important for the individual student's protection under the law and for the general effectiveness of the educational system.

The problem of the lack of equivalence in grading is to a great extent the result of false premises. The target- and knowledge-related grades system assumes that the centrally set targets and grading criteria are interpreted and concretised in relation to the content of the local educational offerings. This is intended to be achieved through professional co-operation within and between schools where the grading requirements are also brought into line with each other and calibrated with one another. Professional co-operation does not, however, come about to the extent to which or with the focus that equal grading demands. Today's grading system is also based on a radically new way of thinking about knowledge and assessing knowledge compared with the previous, relative system. In order for teachers to apply the grading system correctly and equally, it is necessary for them to acquire this way of thinking. The development in competence and skills that teachers have been offered has, however, been insufficient. Riksrevisionen's recommendations are intended to make clear the responsibilities, to improve the support to agencies and schools, and to develop government control and follow-up of grade equivalence.

In an audit of the follow-up of clients of the Prison and Probation Service, a couple of observations arose which are important for law and order in this area. An important observation in the audit report *Reoffending or adapting to life in the community* (RiR 2004:5) is that there are big differences in the results achieved between various forms of probation or non-institutional care. The variations are also very great both as regards the number of clients who reoffend and the number who obtain work. The

² The report of the Educational Legislative Committee (SOU 2002:12) proposes that students be given the opportunity to have their grades reviewed. The Committee's proposal is currently being prepared within the Government Offices and a parliamentary bill is expected in the spring of 2005.

conditions under which clients are expected to cope with life outside prison also appear to differ substantially between different areas of probation or non-institutional treatment. However, inadequacies in the follow-up given to these clients make it impossible to assess the success of the efforts made in different forms of non-institutional care for different groups of clients.

Another observation made in the audit is that the likelihood of being sent to prison varies greatly between different district courts. This makes it difficult to compare the results between different areas of non-institutional care since an area of non-institutional care that is allotted clients from a “strict” or “lenient” district court has different assumptions for assisting them to adjust to life in the community. The differences in the likelihood of being sent to prison also have a direct link with the question of law and order. Also when taking into account differences in crime distribution, previous legal proceedings and the number of young offenders, the percentage convicted and sent to prison in the various counties varied between 15 and 29 per cent.

Riksrevisionen has scrutinised how animal protection functions in Sweden. The rights of animals to be treated well and not to be exposed to unnecessary suffering are guaranteed under the Animal Protection Act. The responsibility for enforcing the Act lies with local authority animal protection inspectors and, where the State is concerned, with district, county and veterinary inspectors’ organisations. In order for the supervision system to function effectively, co-operation is required between the different participants.

The report *How effective is the animal protection supervision system?* (RiR 2003:1) observes that the system for supervising how animals are treated by their owners varies greatly among Sweden’s local authorities. All State-employed veterinarians in the country are required to report any suspicions that an animal is being mistreated. This duty to report maltreatment is, however, performed in different ways by both district veterinarians and veterinary inspectors. The central government authorities, the National Farming Administration and the National Food Administration³, have unclear and weak roles. The resources for the regional and local animal protection work vary throughout the country.

Taken together, the picture that emerges in the audit report is that legal security under the Animal Protection Act cannot be guaranteed. The prerequisites for equal treatment in different counties and local authorities are not present. To create better conditions for enabling animal protection to function in the future, Riksrevisionen considers among other things that

³ With effect from 1 January 2004, the National Animal Protection Authority took over central responsibility for ensuring compliance with the Animal Protection Act.

there should be greater co-operation between the supervisory bodies and that the central government authorities should support the various veterinary organisations more actively at local and regional level.

Conclusions

As appears from the audit reports, it is primarily failings in the equal treatment principle that are highlighted as examples of the law and order and legal security problem, even though other types of problems have also been observed. Inadequate prerequisites for equal treatment are found primarily among public authorities with local and regional activities.

However, the observations concerning inadequacies in equal treatment relate to very different areas and types of activities. As stated in the reports, the problems are to be found in core government activities such as the Prison and Probation Service and the employment service, as well as in the accomplishment of tasks involving the control or exercise of supervision over local authority activities, as appears in the audits of the grading system in schools or the animal protection supervision system.

The conclusions to which these observations give rise, however, point to the fact that there is a general problem in enabling different participants with identical assignments to interpret and operate their activity in such a way that citizens get equal treatment. It is of course the responsibility of any central government authority to work in various ways to ensure that the underlying authorities or offices understand their duties in the same way. There is reason for the Government to devote particular attention to the efforts made in this area and to sharpen the requirements as well as the follow-up to ensure that a positive development ensues.

4.3 Government control of public authorities

A natural part of Riksrevisionen's performance audits is to audit the Government's performance, particularly the question of how the Government controls the administration so that political decisions have an effect. Control refers to the various tools the Government has at its disposal to influence the administration when the Riksdag's decisions are to be implemented. The control can pertain to questions of procedure for the administration – administrative policy – or to the implementation of the policy and the results within different areas.

The principal reason for Riksrevisionen to assess questions of control is to determine whether the control has led to the desired result. That is also the starting point for this review of observations relating to government

control in the audits that have been carried out to date. The problems that were observed pertain mainly to various indications of deviations from targets or impediments preventing the desired results from being achieved.

To facilitate this overview and analysis, the control questions need to be structured. It is customary to distinguish between various types of means of control or forms of control. Three main categories which frequently occur in the political science literature are:

- regulation and supervision – sometimes called administrative means of control,
- economic means of control, and
- informative or informal means of control.

The first two categories of means of control are more formal in the sense that they are frequently documented and can be attributed to formal decisions. The category of economic means of control includes financial control and results control. The third category is sometimes defined as the informal or communicative supplement to the more formal means of control. In the audit reports a fourth category also appears, i.e. passivity or a “wait and see” approach on the part of the Government.

Of the audits completed to date, relevant observations concerning government control of the authorities have emerged in eight of them. In all the audits it emerges that the Government used a mixture of various forms of control. The reason for this may be that there are several types of control problems that need to be resolved. But it may also be the case that achieving a certain objective requires a number of different means of control.

Economic means of control

The category of economic means of control brings together observations arising from six audits that deal with the problem of government control. These observations are of very different kinds, sometimes even in the same audit. In four cases – with respect to the reports *The State guarantee model* (RiR 2004:4) and *Commissioned statistics* (RiR 2004:8) as well as the preciously mentioned audits of the Armed Forces’ materiel procurement (RiR 2004:6) and personal assistance (RiR 2004:7) – the criticism is directed at failings in the Government’s economic control. In the case of materiel procurement, personal assistance and the commissioned work done by Statistics Sweden, this criticism is attributable to failings in the financial accounting (see also section 4.4 below about the Government’s reporting). In the audit of the State guarantee model criticism is directed at the lack of a uniform accounting for and valuation of State guarantees.

In the audits of the follow-up of the Prison and Probation Service's clients (RiR 2004:5), Statistics Sweden's commissioned work, and the concretisation of the Riksdag's guidelines for the health services (RiR 2004:9), the Government is criticised for not using regulation letters or alternatively the authorities' instructions more actively in its control of the public authorities. In the question of the Prison and Probation Service's clients and Statistics Sweden, the criticism is about inadequate reporting requirements and about set requirements not being followed up. The Government does not set clear requirements for the Prison and Probation Service to follow up clients' rehabilitation and readjustment to life in the community despite the fact that such follow-up is needed in order to assess how well the activity is fulfilling its objectives. Similarly, the requirements are weak as regards Statistics Sweden's accounting for its commissioned statistics work in order for the activity's fulfilment of its objectives and requirement for full cost coverage to be assessed. In the audit of the prioritisations in the health services, the Government is criticised for giving commissions to the National Board of Health and Welfare through agreements between the State and the federations of county councils and local authorities ("Dagmar Agreements") instead of using ordinary forms of control of the authorities.

In the audit of the Armed Forces' materiel procurement, the control problem is about the long-term binding of finance combined with inadequate and impenetrable accounting. Riksrevisionen observes that the Government and defence authorities have taken necessary but not sufficiently far-reaching measures to get to grips with the problem of bound finance. Riksrevisionen is critical of the fact that the Government and the Armed Forces have not allocated sufficient competence and sufficient resources for a speedy development of methods in the work of developing the link between the Armed Forces' operational capability and its materiel needs.

Regulation as a means of control

From six audits observations have been gathered regarding unclear regulation. These inadequacies have resulted in various kinds of problems which can be attributed primarily to unclear responsibilities and difficult or faulty assumptions for carrying out political decisions.

The unclear regulation has led, in the State guarantee activity, the handling of personal assistance for the disabled, and the prioritisations in the health services, to uncertainty regarding the activity to be operated. In the State guarantee system, the lack of clarity consists in deficient guidelines for when State guarantees are an effective means of achieving political objec-

tives, that what is to be considered as a State guarantee is not clearly defined, and that the co-ordinating role of the National Debt Office in managing the guarantees is not more clearly defined. In the audit of personal assistance for persons with disabilities it has been observed that the rules as such are unclear and that there are not sufficiently comprehensive guidelines for deciding how the law should be applied. Similarly, the guidelines for prioritisations in the health services are one area which in large part has been found to be characterised by a lack of clarity. The Government has failed to concretise the Riksdag's guidelines in such away as to enable them to be translated into practice.

In the audit *County plans for regional infrastructure* (RiR 2004:1), a lack of clarity has also been demonstrated in government control through the directives that have been established for the work. Also with regard to Statistics Sweden's commissioned work, the audit shows that there is a lack of clarity in government control inter alia with respect to what services the respective authorities shall and may carry out against payment of a charge and for the account of which customer groups.

Finally, with regard to equal grading in the primary and lower secondary school system, it was found that the Government has not stated clearly what responsibilities the various parties have for ensuring that grades have the same value everywhere. There is a lack of clarity in the matter, both with regard to the division of responsibilities between school authorities at a national level and between the responsible authorities and the professionals at local level.

Informal control

The category of informal control brings together observations about control problems arising from seven audits – the county plans for transport infrastructure, the State guarantee model, the follow-up in the treatment of offenders, the Armed Forces' materiel procurement, the prioritisations in the health services, and the audit *Assistance through embassies* (RiR 2004:10).

In the case of the Prison and Probation Service and personal assistance for the disabled, the problem is about the Government not controlling more actively with information derived from statistics or implemented assessments. In three cases the Government is criticised for failing to make clear and communicating problems with conflicting objectives. In the case of the Armed Forces' materiel procurement, the conflict is between the objectives of freedom of action in materiel procurement and international co-operation. In the case of county plans for infrastructure investments, the conflict is between the objectives of positive regional development and other part-objectives relating to transport policy. With regard to the prioritisations in

the health services, the conflict is between difficulties in reconciling increased accessibility with the guidelines for prioritisation that have been decided.

With respect to the Government and Government Offices' control of Sweden's integrated external authorities, Riksrevisionen has directed criticism at the fact that the control of development co-operation is done through agreements instead of regulations and special decisions, which is contrary to administrative law. Riksrevisionen has also criticised the agreements on individual points. Finally, there is an observation within this category regarding the Government's capability of maintaining the necessary competence in guarantee questions in order to be able to follow up and develop the activity.

Lack of control

Observations under the category of lack of control have been made in seven audits and without exception concern the Government's failure in various respects to follow up the activity and its results. These observations are interesting in the perspective of the Government's reporting to the Riksdag, which is another theme taken up by Riksrevisionen. An initial prerequisite for this reporting is that the Government builds up its own knowledge.

In the case of the State guarantee model, Riksrevisionen observes that the Government has been made aware, inter alia by the National Debt Office, for the need for a common risk accounting covering the entire State, but that the Government has failed to take any initiative in the matter. Nor is there any institutionalised co-ordination of guarantees within the Government Offices. With regard to the follow-up of clients of the Prison and Probation Service, Riksrevisionen notes that the Riksdag's requirement is for clients to be followed up also after they are released from prison. Despite this, the Government has not set any specific requirements in this respect for reporting back in the regulation letters issued to either the National Prison and Probation Administration or the National Council for Crime Prevention.

The criticism directed at the Government with regard to the Armed Forces' materiel procurement refers to the fact that not sufficiently far-reaching measures have been taken to get to grips with the existing problem of bound finance in materiel procurement. Because of this bound finance, a large part of the future scope of appropriation is bound by orders, follow-on orders and activities that follow from previously supplied materiel systems. The Armed Forces' flexibility is therefore limited as regards adapting to new tasks decided by the Riksdag.

Riksrevisionen also observes that the Government's follow-up of the effects of the reform on personal assistance for disabled persons has not been sufficiently active. There has been no greater clarification of the law since 1996, nor have the reforms' intentions been taken care of. The Government's follow-up of Statistics Sweden's commissioned work has also been inadequate, and the Government makes few requirements with respect to information from Statistics Sweden. Finally, as regards government control in connection with the Riksdag's decision on guidelines for prioritisations in the health service, Riksrevisionen observes that the Government has been passive by failing to follow up or require information in order to assess whether objectives have been fulfilled.

Conclusions

A common feature of several of the observations arising from Riksrevisionen's audits is that the Government has failed in its control with respect to making requirements for follow-up of the Riksdag's decisions. With insufficient follow-up, weak control follows. In several cases the Government's failure to follow up is combined with generally passive control. It may be a failure to concretise the Riksdag's decisions sufficiently in order for them to have an effect or the Government failing to appoint responsibility for various activities sufficient clearly.

4.4 Government reporting to the Riksdag

Riksrevisionen is part of the powers of control exercised by the Riksdag. Accordingly, an important perspective in the auditing activity is to study how the Government reports to the Riksdag. That the Government delivers clear and correct data for decision-making to the Riksdag and provides a correct, continuous account of follow-up of government activity is an important part of the way in which a democracy functions. It is therefore a priority issue in Riksrevisionen's audit plan to focus on questions of quality, objectivity, comprehensiveness and clarity in the data with which the Government supplies the Riksdag.

The question of the Government's reporting and information provision to the Riksdag can be studied from different perspectives. The core of this activity is, of course, the information and the data for decision-making that goes direct from the Government to the Riksdag. In a somewhat broader perspective, it is, however, important to note that the Government for its part is often dependent on other suppliers of information for its reporting to

the Riksdag. If the public authorities fail to provide correct and relevant data of good quality it is difficult for the Government to do the same vis-à-vis the Riksdag. Riksrevisionen's observations relating to the reporting to the Riksdag focus therefore on two types of data:

- The information that the Government obtains from the public authorities
- The information that the Government communicates to the Riksdag

Inadequacies in the data obtained by the Government

Five of the audits done to date contain conclusions regarding serious failings in quality in the data supplied by the public authorities to the Government Offices. These failings are also found in some of the central follow-up areas for the Riksdag. Indirectly, failings like these can have an effect on the Government's reporting or on the data it supplies the Riksdag for its decision-making. Riksrevisionen has not, however, scrutinised whether the exemplified failings in the cases below have actually resulted in any quality failings in the Government's reporting to the Riksdag.

In the audit of the work done by the county councils on the county plans for regional transport infrastructure (RiR 2004:1), failings have been observed in the county plans' effect assessments concerning the part-objective of positive regional development. This part-objective is one of six part-objectives for transport policy in addition to objectives relating to accessibility, quality of transport, traffic safety, the environment and equal opportunities. With a few exceptions, the county councils have failed to present data sufficient for judging whether the measures are really providing the developmental effects that are claimed. The justifications with respect to the effects claimed by the county councils are seldom concrete and permit follow-up, and they generally lack specific analyses of the economic effects in the regions that are expected as a result of the proposed measures.

The audit of the committee system is a follow-up of an audit done in 1997 by Riksdagens Revisorer. Since then, the Government's rules on cost accounting and consequence analyses have been brought together in a new committee ordinance. In the audit in question, *Changes in the committee system* (RiR 2004:2), Riksrevisionen nevertheless noted major inadequacies in these respects in the case of the committees that were reported in 2002. The Government is responsible for ensuring that the data that is presented to the Riksdag is complete and exhaustive. It is a serious matter if a committee report with serious inadequacies of this kind is carried further as a draft bill before the Riksdag without the inadequacies having been taken care of.

Citizens have a right to information about the results of the treatment of offenders, and the Riksdag and Government need to know the results of

previous efforts in order to be able to make decisions regarding this activity. The audit of the follow-up of the clients of the Prison and Probation Service (RiR 2004:5) shows that follow-up is deficient in several respects. There is no regular follow-up of clients who are released from prison without monitoring, for example with respect to whether they have legal means of support. The follow-up done by the National Prison and Probation Administration is not generally at the level of the individual, either, which means that no link can be made between the efforts made in relation to the client and the results of those efforts. Taken together, Riksrevisionen notes that there is a lack of statistics with respect to clients' adaptation and adjustment to life in the community.

In the audit of the commissioned work done by Statistics Sweden (RiR 2004:8), inadequacies were also observed in the Government's data with respect to this activity. To a certain extent these inadequacies were a result of Statistics Sweden failing to comply with the Government's requirements. There was no accounting to the Government for financial results broken down by different customer groups. The Government Offices also failed to follow up to ensure that the information requested was supplied. The lack of information, according to Riksrevisionen, has meant that no assessment can be made of whether the activity achieved its set objectives.

Through the Riksdag's decision on guidelines for prioritisations in the health services, the requirement was emphasised that prioritisations in the health services must be open and must be made according to given ethical principles. In Riksrevisionen's audit it was found that the Government had failed to follow up or request information on how the prioritisations are functioning in practice. The Government therefore lacks the information it needs to judge whether the Riksdag's decision has had an effect.

In the case of the development co-operation activity within the external authorities SIDA (Swedish International Development Authority) and the Ministry for Foreign Affairs, Riksrevisionen has observed a lack of information concerning the use of resources in different parts of the development assistance process. Neither the Government nor the Riksdag can therefore have a correct picture of what administrative costs are associated with different forms of support.

Inadequacies in government reporting

In four of the audits done to date, certain direct observations have been made with respect to the Government's reporting to the Riksdag. In all four cases, Riksrevisionen notes that the reporting expected by the Riksdag did not occur or was incomplete.

With regard to the previously mentioned audit of the committee system, Riksrevisionen notes that in the spring of 2004 the Government had still not submitted the report that Riksdag requested in 1997. The Riksdag had asked the Government to account for the effects of government measures to improve the quality of the committee system.

In the audit of the State guarantee model (RiR 2004:4), Riksrevisionen found that the State had issued guarantees for approximately SEK 700 billion in total, but that there was no overview of the State's overall risk-taking with respect to outstanding guarantees, which thus limited the ability to make contingency plans for handling the risk of future losses. A basic requirement should be that every guarantee authority has a transparent and comparable system of risk-based accounting in which future estimated losses can be compared with the present value of future revenues and reserves. The Riksdag has not received an overall account of the risk-taking in outstanding guarantees.

In the area of defence, the Armed Forces' materiel procurement is financed through an annual appropriation of just under SEK 20 billion. According to Riksrevisionen's audit (RiR 2004:6), the Riksdag's Parliamentary Defence Committee assumed, prior to the decision on materiel procurement in June 2002, that an overall strategy for the Armed Forces' defence materiel procurements and research would be produced and laid before the Riksdag. The Riksdag also expected that the Government would at the same time submit any proposals to change the financial rules on materiel procurement. No such proposals have as yet been made to the Riksdag. In the audit it was also noted that the Government's accounting to the Riksdag with respect to the Armed Forces' materiel procurement was in general thin, partly owing to military and commercial secrecy. A lack of clarity in the account, including with respect to authority, has led to difficulties for the Riksdag in examining the allocation of funds.

Also in the audit of personal assistance for persons with disabilities (RiR 2004:7), Riksrevisionen notes that the Government has still not commenced the overhaul of the rules that the Riksdag requested in May 2003. The requested overhaul is stated in the report as being greatly delayed, and the Government has not in general been sufficiently active in its role of supplying the Riksdag with relevant information nor has it lived up to its follow-up responsibilities.

Conclusions

Riksrevisionen has in several cases noted that the Government has failed to comply with the Riksdag's requests for information and data on which to base decision-making. Several observations have also been made that the

Government has failed to request or ensure access to the kind of information the Government needs to be able to report important information to the Riksdag, whether it is a question of reporting back on objectives fulfilled or similar or whether it is about data the Riksdag may need in order to make its decisions. However, the audits done to date within Riksrevisionen have in no case been specifically aimed at assessing the Government's information to the Riksdag. It is therefore too early to be able to draw any overall conclusions.

Appendix

Performance Audits and the Advisory Board's Reports to the Riksdag up to 2 June 2004

How effective is the animal protection supervision system?

- Riksrevisionen's Report RiR 2003:1, decision of 4 December 2003
- Advisory Board's Report 2003/04:1, decision of 12 December 2003
- Resulting Motions 2003/04:MJU33-37
- Committee Report 2003/04:MJU14, adjusted 20 April 2004
- Reports of Proceedings 109 (debate 5 May 2004) and 110 (decision of 6 May 2004)
- Riksdag written communication 2003/04:212

County plans for regional infrastructure – what has driven the prioritisations?

- Riksrevisionen's Report RiR 2004:1, decision of 12 January 2004
- Advisory Board's Report 2003/04:3, decision of 17 March 2004
- Resulting Motion 2003/04:T2
- The matter to be prepared by the Riksdag's Parliamentary Committee on Traffic and decided by the Riksdag in spring 2004

Changes within the committee system

- Riksrevisionen's Report RiR 2004:2, decision of 30 January 2004
- Advisory Board's Report 2003/04:RRS6, decision of 21 April 2004
- The matter to be prepared by the Riksdag's Parliamentary Committee on the Constitution and decided by the Riksdag in spring 2004

Management of unemployment insurance by the employment offices

- Riksrevisionen's Report RiR 2004:3, decision of 11 February 2004
- Advisory Board's Report 2003/04:RRS7, decision of 17 March 2004
- Resulting Motion 2003/04:A7
- The matter to be prepared by the Riksdag's Parliamentary Committee on the Labour Market during the 2004/05 session of the Riksdag

The State guarantee model

- Riksrevisionen's Report RiR 2004:4, decision of 4 March 2004
- Advisory Board's Report 2003/04:RRS8, decision of 21 April 2004

- No resulting motions
- The matter to be prepared by the Riksdag's Parliamentary Committee on Finance and decided by the Riksdag in spring 2004

Reoffending or adapting to life in the community: follow-up of the Prison and Probation Service's clients

- Riksrevisionen's Report RiR 2004:5, decision of 15 March 2004
- Advisory Board's Report 2003/04:RRS10, decision of 12 May 2004
- The matter to be prepared by the Riksdag's Parliamentary Committee on Justice during the 2004/05 session of the Riksdag

Materiel for billions: an audit of the Armed Forces' materiel procurement

- Riksrevisionen's Report RiR 2004:6, decision of 26 March 2004
- Advisory Board's Report 2003/04:RRS9, decision of 12 May 2004
- The matter to be prepared by the Riksdag's Parliamentary Committee on Defence during the 2004/05 session of the Riksdag

Personal assistance for persons with disabilities

- Riksrevisionen's Report RiR 2004:7, decision of 2 March 2004
- Advisory Board's Report 2003/04:RRS11, decision of 9 June 2004
- The matter to be prepared by the Riksdag's Parliamentary Committee on Social Affairs during the 2004/05 session of the Riksdag

Commissioned statistics: control of work subject to charge done by Statistics Sweden

- Riksrevisionen's Report RiR 2004:8, decision of 22 April 2004

Guidelines for prioritisations in the health services

- Riksrevisionen's Report RiR 2004:9, decision of 14 May 2004

Assistance through embassies: an audit of the Ministry for Foreign Affairs and SIDA in respect of the development co-operation

- Riksrevisionen's Report RiR 2004:10, decision of 28 May 2004

Grades of equal value: an audit of government programmes

- Riksrevisionen's Report RiR 2004:11, decision of 1 June 2004

Senior civil servants' entertainment and benefits

- Riksrevisionen's Report RiR 2004:12, decision of 2 June 2004