



**SIGMA**

Initiative conjointe de l'OCDE et de l'UE, financée principalement par l'UE



OCDE



Créer le changement ensemble

## Regional conference for Supreme Audit Institutions of European Neighbourhood South countries

### Profile of the Swedish National Audit Office and some challenges it may face (only the view of Kjell Larsson)

#### Brief introduction of the SAI

The new Swedish National Audit Office (SNAO) or Riksrevisionen, the SAI of Sweden came into being in mid 2003 replacing a Parliament and a Government Audit Office both focused on performance audit since 1960's. The Gov. Audit Office also had substantial responsibilities and resources for a long time in the financial management area and was responsible for financial audit since the early 90's. The new SNAO is now attached to the Parliament and is under the direction of three independent Auditor Generals. Today about 280 staff are evenly distributed between performance and financial audit and other activities including international development assistance in public audit area. SNAO reports to the Parliament (the Standing Committees). Performance and financial audits: the overriding objective of all audits is to find out to what extent government funding is effective, efficient and used in an economical way. A series of audits (2-5) are usually done of the most risky and for the State the most important areas in order for the SNAO to draw more general conclusions. An annual report sums up all audit work and highlights more generic findings. Attached to the SNAO is a Parliamentary Council to promote consultation and transparency in SNAO activities. A Scientific Council exists to advise the Auditor Generals on methods to be used, conclusions etc. of audits.

#### Key reforms and achievements

##### 1. Independence and legal framework

The basis for independence existed but was strengthened and clarified in the legal bases when SNAO was established. This has been further refined following an evaluation of the results of the reform after five years which gave one of the Auditor Generals an overall responsibility for administrative matters. It also replaced the earlier Parliamentary Committee to which the SNAO had to report with a Parliamentary Council with no powers of decision on daily matters and gave the SNAO right to report directly to existing standing Committees. The legal framework meets the IFAC and INTOSAI standards and recommendations in all major respects. No-one external to the SNAO is in a position to demand or postpone an audit

##### 2. Audit standards and audit process

The Auditor Generals have decided that audits should meet IFAC standards as well as INTOSAI IISAI levels 1, 2, 3 and 4 standards and guidance with some adjustments to legal and administrative peculiarities of the country. The Auditor Generals may together decide to adjust the use of standards. The SNAO and its predecessor have long since been active and contributed

to standard-setting by the INTOSAI as well as by the International Federation of Accountants (private sector). Audit quality systems of both the “hot” and “cold” type have been implemented and are being further developed constantly. A parliamentary review concluded that performance audits ought to be more focused on “effectiveness” rather than on “accountability”.

### 3. Reporting, communication and impact

Yearly auditors (financial) reports to some 300 auditees. Financial audit is largely financed by fees drawn from the auditees. There are also some 30 performance audit reports each year. Communication of audit results including recommendations for potential improvements is done also in many other ways than written reports. For example contributions at conferences arranged by the auditees, taking part in training programs for different segments of the government administration or other different professional fora. Meetings with top managers as well as line managers and staff of auditees. Also hearings arranged by parliamentary committees. Continuous follow up of actions taken by auditees related to audit recommendations shows varied results but overall there seems to be a positive trend.

### 4. Organisation, management and professional development

A common risk analyses covering all government administration is the base for planning of all performance and financial audits. All competence in the two areas should be used also in order to create and use synergies of their work. The organisation has developed to reflect the broad public programmes and facilitates the moving of needed high quality resources to the priority audits. It also facilitates more ambitious investments in safeguarding audit quality from the planning to the finalisation of the audits. All reports of the SNAO are public and easily accessible by any citizen. Even the underlying information (the audit files) of an audit are with a few exceptions public in the moment the audit is finalised. The SNAOs finances is audited by internal auditors (private sector auditors) on behalf of the Parliament.

## Ongoing challenges

### 1. Independence and legal framework:

Challenges. 1) Use of three Auditor Generals who decide individually on most matters 2) possibility to audit use of government funded activities in different type of municipalities (which have own audit arrangements). 3) access to information in state owned companies with activities abroad. 4) to be seen as independent.

### 2. Audit standards and audit process:

Challenges. 1) To clarify and establish good practices/standards for performance audit. 2). SNAO to be seen as a model organisation. 3) To get a culture, procedures and processes in place which guarantee a very high quality in every SNAO activity. 4) SNAO to play a more active role in the fight against fraud and corruption?

### 3. Reporting, communication and impact:

Challenges. 1) A need to further develop routines and procedures for reporting to the Parliament including a follow up of earlier recommendations 2) The value added of the audit and its recommendations must clearer and more understandable for the auditees and other stakeholders including the general public. 3) Parliament possibilities - and interest - to actively follow up on recommendations partly outside the existing political agenda or on “details” varies. A situation that may call for new approaches.

3) rapidly changing ways of communication in the society may demand new ways for

communication between the SNAO, citizens, auditees, other stakeholders as well as with the international audit/scientific societies.

#### **4. Organisation, management and professional development:**

Challenges. 1) to make sure the audits contribute to and are accepted by the auditees as giving highly valuable contributions to increase the overall effectiveness of the public sector. The audit should be under demand from also the auditees and seen as highly relevant and of outstanding quality 2) To create an internal culture at one and the same time as further developing the professional competences in the different audit areas 3) to be able to compete for the best resources / staff with the private and other sectors of the economy.