

Sweden Country Focus

Intro

Sweden, State Audit and Riksrevisionen Politics and Laws

Sweden is a constitutional monarchy, but royal power has long been limited to official and ceremonial functions. The legislature is the Swedish Parliament (the Riksdag) with 349 members. Riksrevisionen (the Swedish National Audit Office) is one of three agencies working under the auspices of Parliament.

The Constitution is based on the principles of popular sovereignty, representative democracy and parliamentarianism. Executive power in Sweden rests with the Prime Minister and the Cabinet. Ministerial decisions are usually made collectively and not by individual ministers.

Since 1995 Sweden has been a member of the European Union.

Swedish State Audit

State audit has existed in some form in Sweden since the sixteenth century. Riksrevisionen began operations on 1 July 2003 with the purpose to considerably strengthen the checks and balances provided by Parliament. The operations of the Parliamentary Auditors and the Riksrevisionsverket (RRV) were discontinued at the same time. Riksrevisionen's overall goal is to carry out independent audits of all government activities, and in this way promote cost-effective use of resources and effective administration. Riksrevisionen forms part of the powers of control of Parliament and thus plays an important role in the Swedish democracy.

Brief Facts about Sweden

Official name: The Kingdom of Sweden

Political system: Parliamentary democracy

Area: 450,000 km²

Population: 9 million

Capital: Stockholm

Language: Swedish

Average life expectancy: women 82 years,
men 77 years

Currency: 1 krona = 100 öre
1 euro = 9.30 kronor

Riksrevisionen – its tasks

Riksrevisionen audits *all state activities*, e.g. the Parliamentary Administration and bodies associated to Parliament, the Government Offices, government agencies, state-owned companies and foundations, and national subsidy transfers to households, business and government bodies as well as taxes and fees. Riksrevisionen is responsible for auditing the accounts of government agencies through fee-based **financial audits**, and for auditing the effectiveness and efficiency of government undertakings through **performance audits**.

The independent status of Riksrevisionen, which is embodied in constitutional law, is also ensured by its form of governance. The three Auditors General decide on what is to be audited, how the audit is to be carried out, and which conclusions are to be drawn from each audit. Riksrevisionen also carries out certain international audit activities.

Parliament and the Government are the most important recipients of the results of the work of Riksrevisionen. Every year Riksrevisionen produces 30-35 performance audit reports, audit statements for about 270 agencies and 60 state-owned companies and foundations and also a consolidated annual report with the most important findings and observations.

The Advisory Board for Riksrevisionen, appointed by the Riksdag, among other things puts forward proposals to Parliament resulting from the audits of Riksrevisionen.



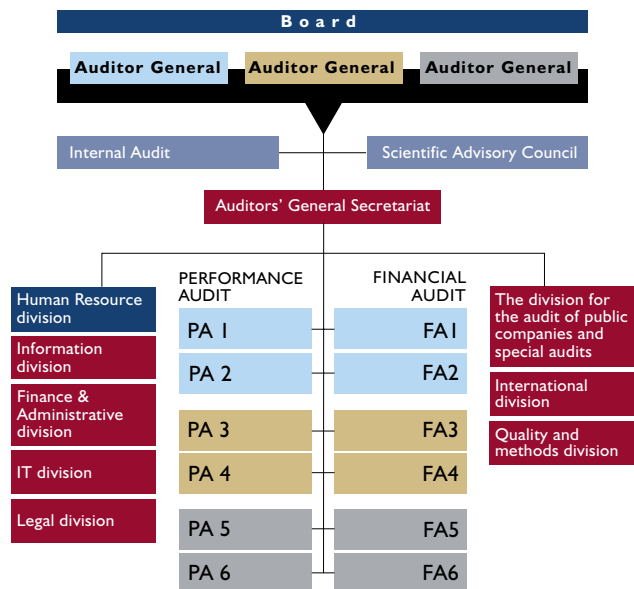
Organization

Riksrevisionen has about 300 employees. The total budget for 2004 is approximately SEK 320 million. Riksrevisionen consists of twelve departments, six for financial audit and six for performance audit. Riksrevisionen also has three special divisions: the international division, the quality and methods division, and the division for the audit of public companies and special audits.

The Auditors General have each taken responsibility for a certain audit area, and those are:

- Public safety, coordination and administration of finance
- Welfare and health
- Education and development

Organization chart



IT Audit at Riksrevisionen

Organization of IT Audit

There is no separate IT audit department at Riksrevisionen and the auditors at Riksrevisionen all work as general auditors, with some focused on IT auditing.

As for performance audit, there is no special function for IT audits. Each department conducts its own IT-focused audits as and when required. However, one division has as its special audit area IT policy and the Government's control of IT in the State administration.

Among the financial auditors there is a network of IT auditors, several of whom are qualified Certified Information Systems Auditors (CISAs). They form part of the audit teams which are each responsible for auditing a set of agencies. How specialist support should be organized in future for auditing government agencies that rely heavily on IT is currently under discussion.

Within Riksrevisionen's division for public companies and special audits, sector-wide audits are conducted, in close co-operation with other audit divisions concerned. The division's audits are focused on matters that affect several agencies within a number of audit areas, and in planning its operations the division also develops proposals for such audits, including IT audits, in consultation with other divisions. A particular aim in this connection is to carry out audits where financial auditors co-operate with performance auditors. The division is also responsible for a certain development of audit models in order to develop a model for auditing IT security.

The advantage of working as we do without a specialist function is, among other things, that the IT audit is incorporated into the regular audit work. This is the obvious way to go for a SAI auditing an administration probably being among the earliest computerized in the world. And Riksrevisionen will continue to devote considerable attention to the training of general financial auditors in IT audit – information security being the first priority. The drawback is that it is difficult to maintain a driving, cutting-edge expertise within the area. As for the habit of using IT tools it could be mentioned though, that already in 1989 all personnel in the Swedish SAI had their own PCs linked to a common network.

Results and aims of IT Audit

Traditionally, the aim and direction of IT audits has differed between performance audits and financial audits:

- Financial auditors have examined accuracy and orderliness and audited the security of the IT systems that affect items in the annual accounts. They have also undertaken the audit of procurement of IT services.
- Performance auditors have audited government agencies' IT management, the benefits/effects of IT investments in the operations, and the costs generated by the use of IT. In this respect, the RRV audited the IT support of major government agencies (the police, the prisons and probation service etc). Government agencies' co-operation through IT-based information exchange and the management of common structures for such co-operation were targeted in some audits. During the RRV's final year, audits covered the investment process and how management in government agencies control their capital expenditure on IT. There was also an audit of adaptation of about 90 government web sites to needs and prerequisites of immigrants, the elderly and the disabled – with disappointing results.

The IT audits conducted by financial auditors within Riksrevisionen are always based on a risk analysis done in connection with the planning of work on various audit objects (overleaf). If there proves to be insufficiently experienced and competent staff within the assignment to carry out IT audits, this competence will be sought primarily from within Riksrevisionen itself and only secondarily will these services be outsourced.

Riksrevisionen's competence development programme for all financial auditors includes two courses on IT auditing. The objective of these courses is to give general auditors a knowledge of general controls and application controls, and an insight into the importance of IT in analyzing risk. The aim is to enable them to carry out simple IT audits without assistance and to function as competent procurers/purchasers of more technically advanced IT audits.

Financial auditors are now working together with the division for public companies and special audits to develop an audit programme for government agencies' management and control of their IT security work. The aim is for all financial auditors to be able to use this.

As concerns performance audit-directed IT audits, the focus during 2003 and 2004 has been on e-government and the provision of 24-hour e-government services. Recently published audit reports shed light on various aspects of e-government. These deal with matters concerning the decisions of Parliament, Government control and reporting to Parliament, the capability of government agencies to invest in the right e-services, and the problems affecting citizens' and businesses' contacts with e-services.

IT projects in 2004 and onwards

In 2004, Riksrevisionen focused its audit operations on IT issues in two areas:

- Government's management and control of the 24-hour reform
- IT security

About the 24-hour reform

In spring 2004, Riksrevisionen published an audit report on the reform work done in Sweden to enable electronic government and 24-hour e-government services. Riksrevisionen found that the Government had not succeeded in creating the sufficient prerequisites, legislation, government targets etc., for the work done by government agencies to develop e-services. As a result, important e-services have either not been developed or are not functioning in the right way.

Riksrevisionen drew particular attention to the problem of e-mail, which is a basic service of e-government and the most important route for citizens wishing to contact the e-government services. Citizens demand to be able to formally use e-mails, but the agencies are not legally bound to answer them or attend to e-mail enclosures. There is a great risk for deficiencies in the electronic communication and this leads to



imperfections in the agencies' services concerned. Riksrevisionen found that the Government needs to appreciably improve its control of the reform work done to enable electronic government, including laying down clearer rules and guidelines for government agencies' handling of e-mail.

IT Security Project

During 2004, Riksrevisionen initiated several IT security projects. Electronic government is opening up agencies to threats from the outside world and both performance and financial auditors have identified the need for systematic audit.

These projects aim at creating prerequisites for delivering more secure opinions on:

- management's control and administration with respect to IT security;
- accuracy and orderliness in government agencies' IT security work.

The auditing will comprise examination of whether the important prerequisites for good security exist. The audit question will be:

- based on the prevailing standards, are government agencies working effectively on their IT security?

In order in the longer term for this work to be taken care of by Riksrevisionen's general financial auditors, an audit program including a pre-audit web survey is also being prepared based on, inter alia, ISO 17799 and the manuals of the GAO (Government Accountability Office, USA). The work will be concluded in June 2005.

Co-operation and contacts with other SAIs

Riksrevisionen, like the former RRV, supports co-operation with other SAIs (Supreme Audit Institutions), either for shared competence development or in order to learn from one another. Riksrevisionen has, for example, studied

the GAO's (General Accountability Office, USA) audit models and how these may be adapted to Swedish government administration. The GAO has also recently paid a visit to Riksrevisionen and shared a joint seminar with us on the theme of IT security. Under the leadership of SAI Norway, Riksrevisionen and other SAIs have developed an audit model – Auditing IT Service Management – within the framework of the work done by the INTOSAI IT Committee. Riksrevisionen has also had contacts with Norway regarding development of IT support and setting up of IT courses.

Participation in INTOSAI and EUROSAI

During the 1990s, Sweden was a very active member of the INTOSAI IT Committee. The RRV hosted the two first committee seminars – in 1995 and 1998. Riksrevisionen is currently taking part in a working group and a committee project on e-government. Various IT projects have been presented in earlier articles in IntoIT, including "Communication Security on the Internet".

Sweden has been a member of the EUROSAI IT Working Group since its establishment in 2002. Here, too, both performance and financial auditors from Riksrevisionen have taken part.

Together with the United Kingdom and Russia we have assisted in producing a guide in the area of "Electronic Records Management", which was presented in 2004 at the IT Working Group's meeting in Bern. Riksrevisionen is currently considering the possibilities of using a joint EUROSAI tool for "IT Self Assessment".

Plans for the future

Riksrevisionen's aims with respect to future IT audit have not yet been decided. But the indication is that e-government will be an important audit area for at least the next few years, as the public administration's migration to e-government will take a long time.

One important aspect of e-government to be audited will be the follow up of the effects of implemented e-services, but also the costs of this extensive reform. E-services can only gain acceptance among citizens and businesses if the services are secure and inspire confidence.

The Government's use of IT systems in its control of public administration and for reporting back to Parliament is another possible area for audit. The issue of security – to a considerable part caused by the migration to e-government – will also stay in focus.

Authors

This article is a joint effort of colleagues in the Performance audit, Financial audit, IT, Information and International Departments of the Riksrevisionen.