



**FOLKETINGET
STATSREVISORERNE**



**FOLKETINGET
RIGSREVISIONEN**

**August 2021
– 19/2020**

**Extract from Rigsrevisionen's report
submitted to the Public Accounts Committee**

The audit of the Danish government's administration in 2020

1. Introduction and conclusion

Purpose and conclusion

The report concerns the audit of the government's administration in 2020. The purpose of the audit is to assess whether the government's administration is complying with the regulations and conditions laid down by the Danish Folketing (parliament). Thus, the report assists the Danish Public Accounts Committee and the Folketing in their supervision of the ministries.

We have therefore examined whether the ministries have administered selected areas of responsibility in compliance with the regulations, and whether the ministries have established systems and processes that support economic, efficient and effective management in these areas. In the course of a five-year period, all essential transactions, processes or systems pertaining to the administration are being audited.



Conclusion

The ministries' administration is not consistently complying with the regulations and conditions laid down by the Folketing. The consequence is that rule of law is compromised, and that the government is not performing its duties effectively or losing tax revenues.

Significant regulatory breaches and shortcomings in the administration detected in four administrative areas under the Ministry of Taxation

Our audit resulted in four critical remarks concerning the Ministry of Taxation:

- The Ministry of Taxation's management of IT projects is seriously flawed. The management basis of many of the IT projects does not meet the requirements of the shared government IT project model. The ministry is permitted to adjust the model to fit its requirements, but has failed to do so. Lastly, the ministry has failed to establish systems and processes that adequately ensure that all projects with a value of more than DKK 10 million are submitted for risk assessment by the Danish National ICT Council and that projects exceeding a value of DKK 60 million are submitted to the Danish Finance Committee.
- The shortcomings of the Ministry of Taxation's management of administrative sanctions are serious. The ministry has failed to establish systems and processes that fully support the imposition of relevant sanctions on companies that do not comply with relevant tax rules and legislation.
- The Ministry of Taxation's collection of personal tax debt worth DKK 114.1 billion is seriously flawed. Only approx. 10 per cent of all personal tax debt has been transferred to the new debt collection system PSRM (Public Sector Revenue Management) that makes it possible for the ministry to collect tax debt through wage withholding. The Ministry is not consistently chasing debtors, nor has the ministry provided guidance to indebted taxpayers whose debt is continuously growing. Additionally, issues concerning the quality of data prevents the collection of more than one third of all personal tax debt.
- The Ministry of Taxation is not charging interest in compliance with current legislation. The problems have been known to the ministry for years, but have not been resolved. The regulatory breaches have had the consequence that many citizens and companies have been charged either too much or too little interest on their debt, and the government has lost revenue in connection with repayment of interest and failure to collect interest.

Rigsrevisionen has detected shortcomings in the administration in ten ministries

The shortcomings have not resulted in critical remarks. However, we do find it relevant to inform the Danish Public Sector Auditors of a number of principle or cross-departmental issues involving violation of rules or violation of the principles of economical, efficient and effective administration.

- The Ministry of Defence, the Ministry of Culture and the Ministry of Social Affairs and the Interior need to strengthen payroll administration
- Systematic errors worth approx. DKK 3.4 million in the Danish Defence's time recording system have resulted in incorrect payments of salary to approx. 1,158 employees. At this point, the Defence still has not fully rectified the errors and ensured that the employees receive the salary they are entitled to according to the collective agreement.
- The Danish Prison and Probation Service still has not ensured compliance with the regulations on working hours and rest periods.
- Copenhagen Business School under the Ministry of Higher Education and Science has agreed to pay a one-off remuneration of DKK 692,000 to a retired headmaster. The agreement is not in compliance with the terms of the government funding provided to CBS.
- Seven ministries have circumvented the rules of the Ministry of Finance concerning individual employment contracts. The Ministry of Finance has an obligation to monitor the ministries' compliance with the rules, when they employ managers on individual employment contracts. Alternatively, the Ministry of Finance could consider whether this aspect of its control activities is relevant.
- The audit of procurement carried out this year showed that the ministries still have work to do to ensure that procurement takes place in accordance with the rules. Rigsrevisionen's random sample showed that 23 per cent of the purchases made in the remits of the Ministry of Children and Education, the Ministry of Industry, Business and Financial Affairs, the Ministry of Finance, the Ministry of Environment and Food and the Ministry of Higher Education and Science were not consistent with the regulations.
- The Danish Environmental Protection Agency has not ensured secure management of data in the Jagtportalen (national portal handling hunters' licences, game bag reporting, etc.).

1. Table 1 presents an overview of issues raised in the report broken down by ministry.

Table 1
Overview of audit findings

Ministry	Critical remarks	Significant and cross-departmental audit matters
Ministry of Children and Education		Breaches of regulations in five ministries.
Ministry of Business, Industry and Financial Affairs		Breaches of regulations concerning procurement in five ministries.
Ministry of Finance		Systematic errors in the calculation of pension payment for suspended civil servants in the police force. The Ministry of Finance has failed to ensure that the ministries comply with the rules concerning employment of managers on individual contracts. Breaches of procurement regulations in five ministries.
Ministry of Defence		Three ministries need to reduce the level of administrative errors regarding payroll. Errors in the Defence's time recording system have resulted in payment of incorrect salaries worth DKK 9.1 million.
Ministry of Justice		The Prison and Probation Service is still not complying with the working hours regulations. Systematic errors in the calculation of pension payment for suspended civil servants in the police force.
Ministry of Culture		Three ministries need to strengthen payroll administration.
Ministry of Environment and Food (now the Ministry of Environment and the Ministry of Food, Agriculture and Fisheries)		The Environmental Protection Agency has not ensured secure management of data in the Jagtportalen. Breaches of procurement regulations in five ministries.
Ministry of Taxation	Significant shortcomings in the ministry's administration of IT projects. Significant shortcomings in the administration of sanctions imposed on companies. Significant administrative shortcomings in the ministry's collection of personal tax debt. The ministry is not charging interest in compliance with the regulations.	
The Ministry of Social Affairs and the Interior		Three ministries need to strengthen payroll administration. Remark on the management of activities and resources on sundhed.dk (national health portal).
The Ministry of Higher Education and Science		Copenhagen Business School has agreed to pay a one-off remuneration of DKK 692,000 to a retired headmaster despite the fact that the chair of the board had been made aware that this was not consistent with the regulations. Breaches of procurement regulations in five ministries.