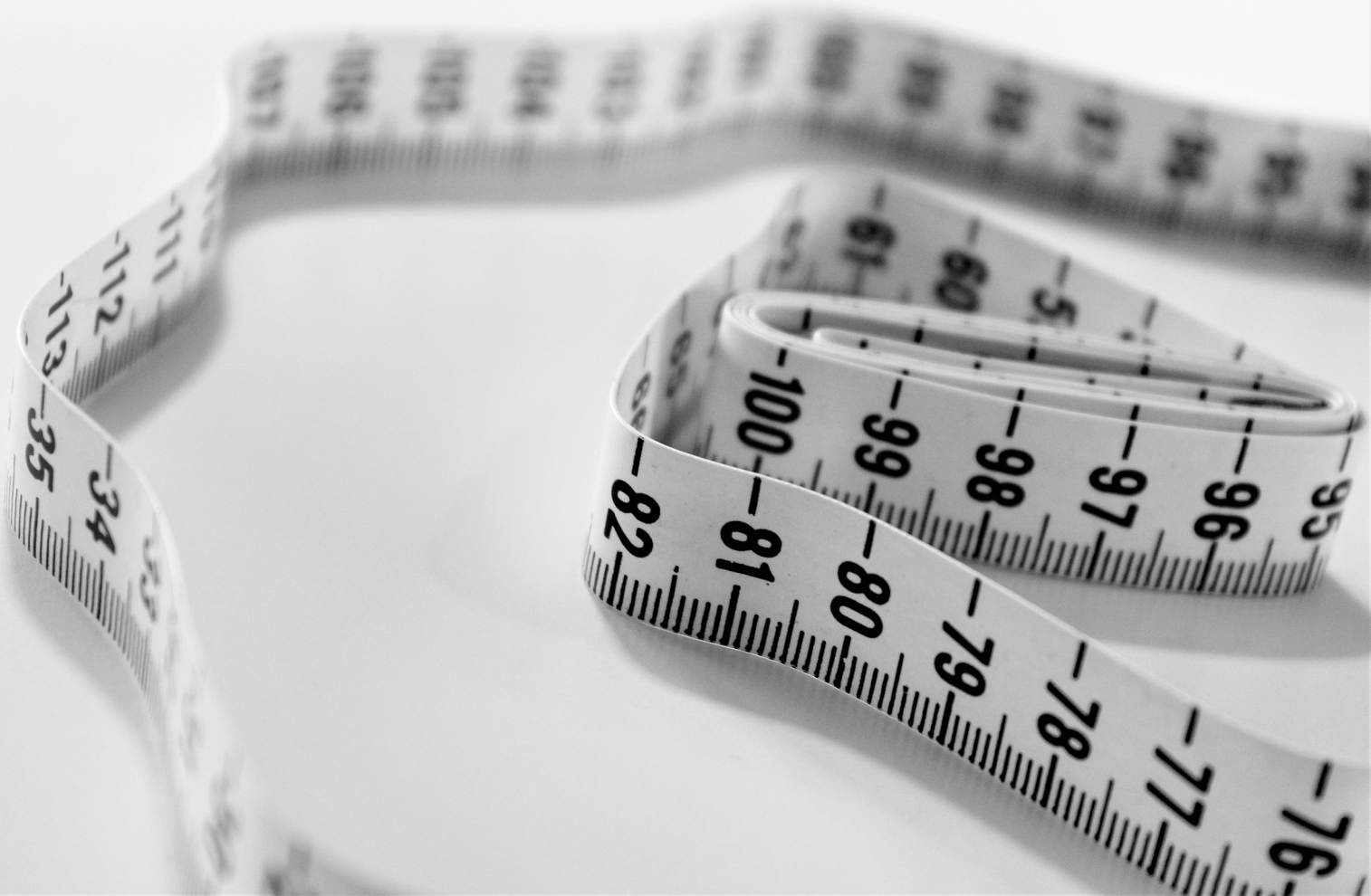




FOLKETINGET
RIGSREVISIONEN



April 2022

Annual report and accounts 2021

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Rigsrevisionen's annual report and accounts for 2021 is submitted to the Danish Public Accounts Committee in accordance with section 17 (4) of the Danish Auditor General Act.

Front page photo by Siora.

A word from the auditor general

The year 2021 ended just like it started; staff resumed working from home and restrictions were reimposed in public places. Although COVID-19 again in 2021 made it difficult for us to do things the way we usually do, we almost managed to carry out all planned audits and deliver our work programme.

Putting COVID-19 aside, 2021 was also a year of learning for us. Being weighed and measured regularly is important for us and instrumental in our efforts to develop the organisation and our services. But 2021 stands out in this respect as described in the sections below:

Measuring how we are doing

A wide range of Rigsrevisionen's processes and activities were scrutinized, measured and assessed throughout the year. We carried out an internal cold review of the quality of our financial audits, and colleagues from the Norwegian, Swedish and Finnish Supreme Audit Institutions did a very thorough peer review of our financial audit and major studies. The purpose of the peer review was to provide us with a snapshot of how we are doing in terms of delivering effective, independent and high-quality audit services.

In December 2021, the peer review team presented their report. In the report, the team pointed to areas where we could tighten up our practice and they offered several recommendations on improving our quality assurance system, documentation processes and process of selecting topics for our major studies. The report was well received by managers and staff and we are well under way to implement the many excellent suggestions made by the team. Read the full report on www.rigsrevisionen.dk.

Customer satisfaction

In 2021, we also looked at the auditees' satisfaction with our planning of audits and our communication with them before, during and after completion of the audit. Based on the ministries' feedback to 5 or 6 questions and a response rate of 79%, Rigsrevisionen achieved a score of 3.8 on a scale going to 5, and we received many useful suggestions and recommendations to improve our processes. We have decided to make this type of customer satisfaction survey an annual event and we shall report on the outcome of the surveys in Rigsrevisionen's annual report and accounts.



Peer review

A peer review is an external evaluation made by one's peers, which, in this connection, would be auditors from other Supreme Audit Institutions.

Workplace assessment

In the spring of 2021, we carried out a workplace assessment among staff that was followed up by a series of workshops with focus on the physical and psychological environment. We were a little concerned about the impact of COVID-19 on staff's well-being (working from home/limited physical presence at the workplace), and we were therefore very pleased to learn that 90% of our people was either to a high degree or to some degree happy with their work situation and appreciated the flexibility of working remotely. This does not mean, however, that all is well and that we can rest on our laurels. In 2022 we shall work on strengthening our learning culture and working relationships across different departments within the organisation.

What happens in 2022

What we have learnt from the peer review, cold review, customer satisfaction survey and workplace assessment will of course have a great influence on our activities in 2022.

The result of the customer satisfaction survey made it clear to us that we needed to implement the following changes in our processes to address the two issues that the respondents most frequently referred to in their feedback: The auditees will be given more time to prepare their response to us during the consultation phase in connection with audit memorandums and draft reports, and we shall strive to become better at keeping the auditees informed of the contexts in which we use and refer to audit results concerning their specific areas of responsibility.

Naturally, the lessons we have learnt in 2021 will also have an impact on the development of our strategy for the coming years. The task of adjusting or setting a new strategic course for Rigsrevisionen falls upon Ms Birgitte Hansen, former permanent secretary in the Ministry of Children and Education, who was appointed new auditor general with effect from 1 May 2022.

I myself resign from the position as auditor general by the end of April 2022, when my tenure expires. I have thoroughly enjoyed my time in this organization. It has been 10 exciting, educational and sometimes also challenging years. But throughout these 10 years, I have had the great fortune of being supported by a team of highly qualified and committed people, and I wish them and my successor all the best in the years to come.

Lone Strøm
Auditor General

Rigsrevisionen's activities and economy

Rigsrevisionen is part of the parliamentary system in Denmark and is an independent institution under the Folketing (Danish parliament).

We check that the Danish public accounts are correct and that public authorities and other government funded agencies and bodies act in compliance with current legislation and rules and administer public money effectively, efficiently and economically.

Audit of the Danish public accounts for 2020

The audit of the Danish public accounts is Rigsrevisionen's core task. The audit is performed in accordance with the Danish standards of public-sector auditing (SOR) and good public-sector auditing principles. This means that the financial audit of the accounts also includes elements of compliance audit and performance audit.

Our opinion on the audit of the financial statements of the various government agencies and bodies is included in the annual audit opinions formed on each separate ministerial remit. The annual report on the audit of the public accounts, which is submitted to the Danish Public Accounts Committee in August, includes our opinion on the public accounts as a whole and highlights significant errors or material weaknesses detected during the audit.

With the exception of the impact of a number of considerable uncertainties, unexplained differences and significant errors relating to section 38. Taxes and Duties, the public accounts for 2020 were in all material aspects correct

This is the fourth consecutive year that Rigsrevisionen qualifies its opinion on section 38. The members of the Public Accounts Committee were critical of as well as concerned about the inefficiency of the Danish tax administration.

The financial statements of all other ministries were correct and funds had been spent in accordance with the terms of appropriations. Rigsrevisionen's overall conclusion was therefore that the Danish public accounts for 2020 were correct.

Danish Public Accounts Committee

The six members of the committee are elected for a term of four years by the members of the Danish Parliament (the Folketing). Read more about the [Public Accounts Committee](#).

Audit of the government's administration in 2020

The most significant results of our compliance audit and performance audit of the government's financial statements are reported in the report on the audit of the government's administration.

Critical statement

A critical statement reflects material regulatory breaches or administrative shortcomings. Material regulatory breaches or administrative shortcomings, that are detected during the audit and give rise to critical statements, must be reported in the statement that is included in the overall opinion on the financial statements.

The audit of the ministries' compliance and performance in 2020 found that the departments did not always administer funds in compliance with the rules and terms set by the Folketing. In other words, the rule of law is occasionally compromised and the government is not performing its tasks in the most effective and efficient manner. Rigsrevisionen detected significant breaches of rules and shortcomings in the administration in four areas under the Ministry of Taxation. These findings triggered four critical statements on the ministry's management of IT-project, administrative sanctions, collection of public debt and charging of interest.

There were also breaches of rules and shortcomings in the administration in specific areas in 10 other ministries, but none of these led to critical statements. The findings were, however, of a nature that required briefing of the Public Accounts Committee.

Major studies

Our major studies look at topics that either we or the Public Accounts Committee consider to be of financial or fundamental importance. In 2021, Rigsrevisionen submitted 18 major studies to the Public Accounts Committee on a wide range of subjects.

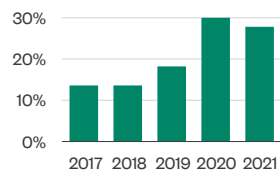
Five of the 18 studies published in 2021 were initiated at the request of the Public Accounts Committee and dealt with the following issues: supervision of the accounting practice of the Danish postal services, the probate courts' processing of complaints against executors' administration of estates, managing the shortage of railway signalling validators, the Ministry of Taxation's management of a new property assessment system and the administration of Danish oil and gas exploration and production licences in the Danish section of the North Sea.

The remaining 13 major studies were initiated by Rigsrevisionen. Some of these were focused on the government's management of various administrative processes like, for instance, the study on climate-change assistance to the developing countries and the study on administration of support for farmers, whereas others focused on aspects of the administration that had a more direct impact on the citizens like, for instance, the report on police patrolling and placement of CCTVs.

Naturally, COVID-19 also affected our work programme and in December 2020, Rigsrevisionen published a report on how the Danish Ministry of Industry, Business and Financial Affairs had administered the government's three largest COVID-19 relief packages for businesses. This study will be followed by two more in 2022: one on the preparedness of Danish hospitals before and during the pandemic and one on the Danish Ministry of Culture's administration of relief packages.

Requests by the Public Accounts Committee

Every year, the Public Accounts Committee asks us to look into specific issues or policy areas. In the period from 2017 to 2021, reports worked out at the committee's request made up between 12% and 30% of all reports published.



In accordance with Rigsrevisionen's strategy, three of the 13 studies that Rigsrevisionen initiated looked at the government's administration from the perspective of economy, efficiency and effectiveness. The first one was the report on police patrolling and placement of CCTVs, which concluded that neither was effective. The second study looked at processing times and efficiency at *Nævnenes Hus* (a secretariat providing services to 18 court-like complaints and appeals boards) and concluded that overall processing times had not been reduced since 2017. The third study looked at the cost efficiency of upper secondary schools, i.e. how much does the government spend per student that transfers from upper secondary school to higher education. The study found that cost efficiency in the period from 2014 to 2017 had declined at 37% of the upper secondary schools.

Read more about these and our other reports on www.rigsrevisionen.dk.

Appendix 1 shows a list of the major studies submitted to the Public Accounts Committee in 2021.

Other auditing tasks

In accordance with the provisions of the Auditor General Act, Rigsrevisionen also audits the financial statements of 46 independent public enterprises like, for instance, the Danish state railways and the Danish national broadcasting corporation. In addition to these, the cooperation established between Denmark, Norway, Sweden, Iceland, the Faroe Islands, Greenland and Aaland requires us to audit the Nordic Council of Ministers, the Nordic Council and the Nordic Culture Fund. Rigsrevisionen audits these three institutions, because the provisions of the Nordic audit regulations prescribe that the country hosting the headquarters of the Nordic cooperation, as Denmark does, also audits the financial statements of the three institutions. With effect from 2021, our audit of the institutions under the Nordic cooperation has been expanded to include also the financial statements of the Nordic Council of Ministers' offices in Tallinn, Riga, Vilnius and Saint Petersburg. Also with effect from 2021, we are auditing NATO Headquarters Multinational Division North.

Rigsrevisionen also issues opinions to government recipients of EU funding. These opinions include assessments of whether the financial statements present a fair view of the recipients' expenditure and income in connection with the implementation of EU-funded projects.

The members of the Public Accounts Committee are informed about changes to Rigsrevisionen's work programme every year in January.

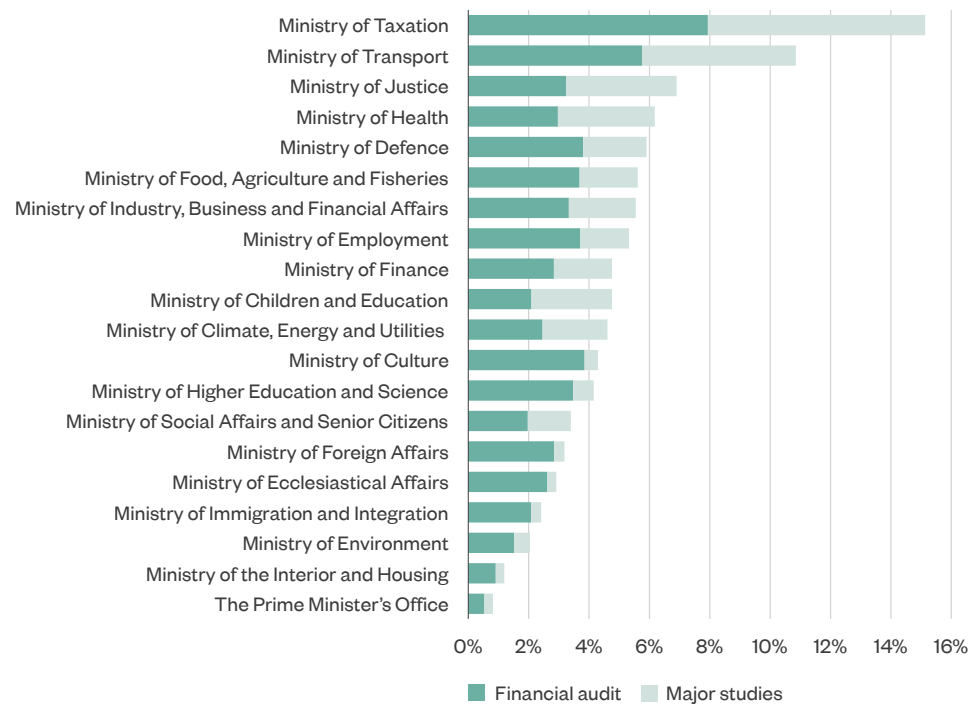
Allocation of resources

In 2021, Rigsrevisionen allocated its resources based on:

- assessment of materiality and risk
- monitoring of the ministerial remits
- strategic commitments
- the complexity of the ministerial remits and number of bodies audited within each remit.

The figure below shows how we allocated our resources in 2021 broken down on *annual audit* (audit of the public accounts, the government's administration and other auditing tasks) and *major studies*.

Allocation of resources in 2021



Note: Auditing resources are allocated based on time records.

In 2021, 15.1% of our auditing resources went into the audit of the Ministry of Taxation, 10.9% into the Ministry of Transport and 6.9% into the Ministry of Justice. Once again, the Ministry of Taxation topped the list, as it has done every year since 2013, when we first introduced this figure in our annual report. 7.9% of our resources went into the annual audit of the Ministry of Taxation and 7.2% went into the elaboration of five major studies that dealt with the following issues: *processing of tax evasion cases, IT contingency plans, correct payment of VAT on EU-trade, management of a new public property assessment system and management of oil and gas exploration licenses in the Danish section of the North Sea.*

We allocated 5.8% of our resources to the annual audit of the Ministry of Transport and 5.1% to major studies. The three major studies published in the remit of the ministry addressed the following issues: *supervision of the accounting practice of the Danish postal services, the Ministry of Transport and the regions' decision-making on establishing private-public partnerships (PPPs) and the shortage of railway signalling validators.*

The annual audit of the financial statements of the Ministry of Justice required 3.2% of our resources and 3.7% went into the elaboration of three major studies in the judicial area: *the probate courts' processing of complaints against executors, programmes for forensic patients and police patrolling and placement of CCTVs.*

Financial performance

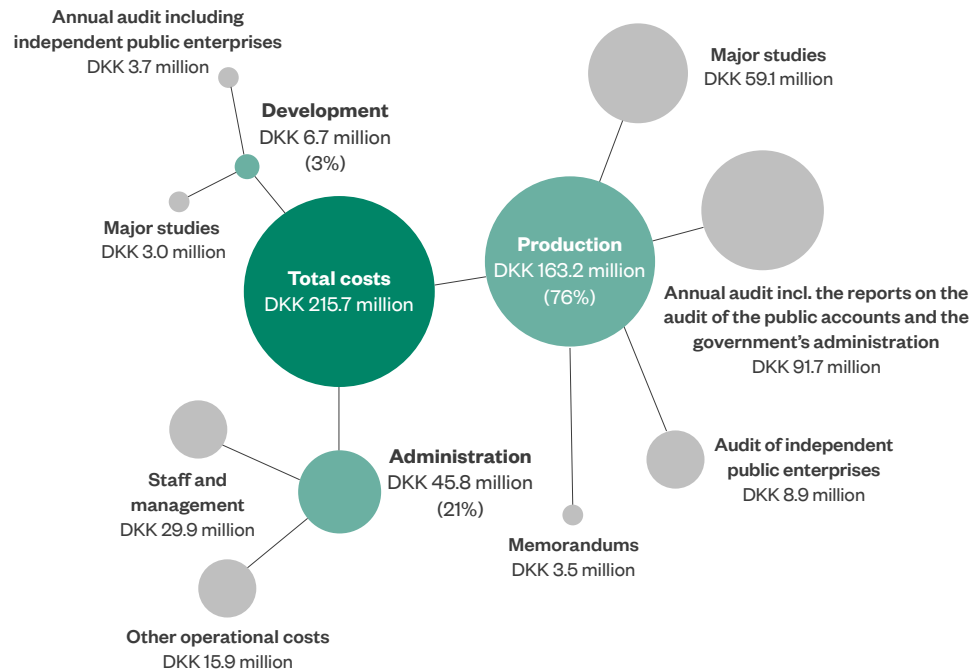
After having transferred DKK 7.5 million back to the Danish Parliament concerning a previously granted supplementary appropriation, Rigsrevisionen's budget for 2021 was DKK 220.9 million. Total costs in 2021 were DKK 215.7 million, of which staff costs made up DKK 175.2 million and operating costs DKK 40.5 million.

The result for the year was a surplus of DKK 5.2 million, consisting of a positive variance in staff costs of DKK 8.9 million compared to budget and an overspend of DKK 3.7 million in operating costs.

The positive variance in staff costs is mainly reflecting that it has been difficult to keep up with the high staff turnover and fill vacant positions quickly. The number of people employed in Rigsrevisionen throughout the year has therefore been lower than anticipated. At the same time, our holiday pay provision has been reduced compared to previous years due to the adoption of new regulations on the accrual of holiday pay.

However, the positive variance in staff costs is to some extent balanced by an increase in operating costs of DKK 3.7 million. Travelling costs were lower than estimated in 2021 due to COVID-19 (remote working), but total operating costs were in 2021 affected by the DKK 7.5 million that was transferred back to the Danish Parliament. The purpose of the transfer of funding was partly to reduce Rigsrevisionen's operating savings by DKK 4 million, partly to reduce the result for the year by DKK 3.5 million.

How we spent our money in 2021



Rigsrevisionen's total costs were in 2021 DKK 5.6 million higher than in 2020. The reason for this relatively large increase is primarily the fact that operating costs in 2020 were extraordinarily low due to COVID-19 (remote working). Costs are now largely on level with the pre-COVID-19 level in 2019.

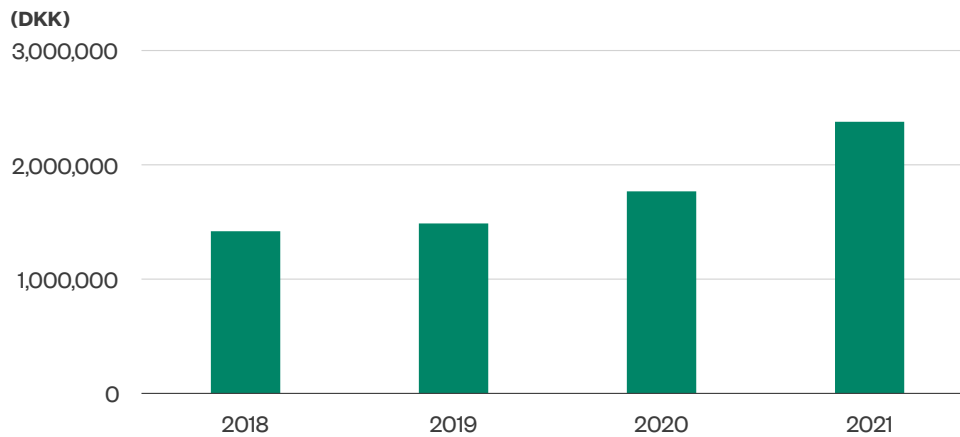
DKK 163.2 million went into production of our core services, i.e. annual audit, the audit of independent public enterprises, major studies, memorandums and the reports on the audit of the Danish public accounts and the government's administration. Production costs were in 2021 DKK 1.2 million lower than in 2020. In 2021, 76% of our total resources went into production against 78% in 2020.

Development costs relating to major studies and annual audit increased by DKK 0.8 million over 2020, i.e. from DKK 5.9 million to DKK 6.7 million in 2021. Development costs account for 3% of our total costs.

Unit costs

Unit costs include production time, production costs and overhead.

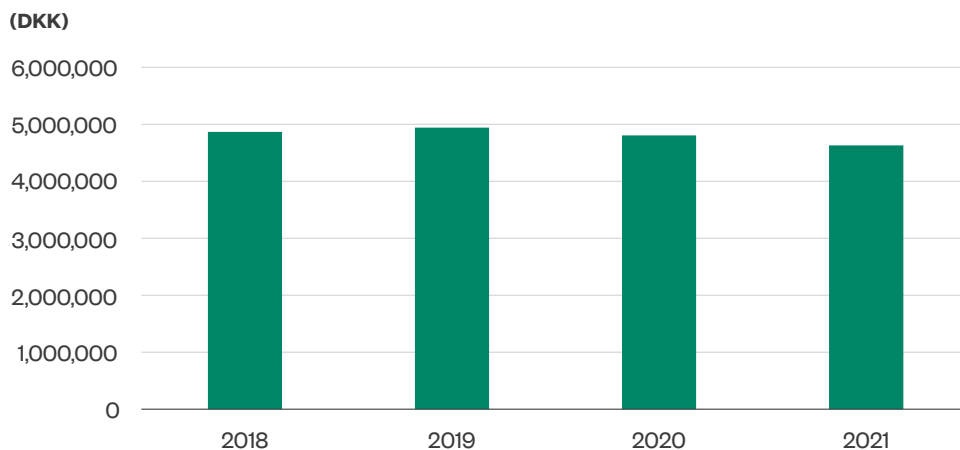
Costs of the report on the audit of the public accounts and the report on the audit of the government's administration



Note: The calculation of unit costs was changed in 2021, and the numbers are therefore not directly comparable with previous years.

Costs for the report on the audit of the public accounts and the report on the audit of the government's administration increased from DKK 1.8 million in 2020 to DKK 2.4 million in 2021. The increase is mainly be related to extra time spent on improving the communication of audit findings in the reports, but also a change in the registration of hours (from annual audit of the individual ministries to these two reports) has affected costs.

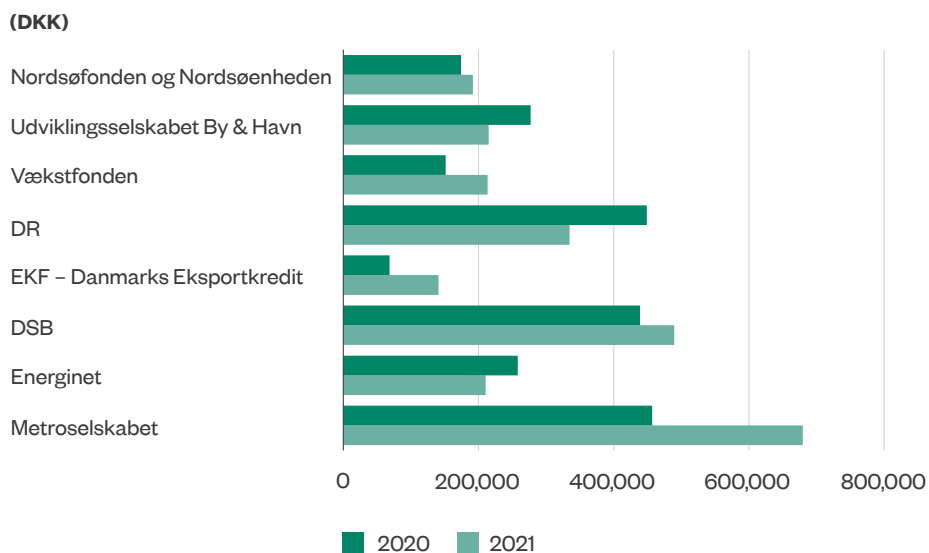
Unit cost of annual audit by ministerial department



Note: The calculation of unit costs was changed in 2021 and the numbers are therefore not directly comparable with previous years.

While costs for the two reports on the audit of the public accounts and the government's administration increased, unit cost of annual audit per ministerial remit decreased from DKK 4.8 million in 2020 to DKK 4.6 million in 2021.

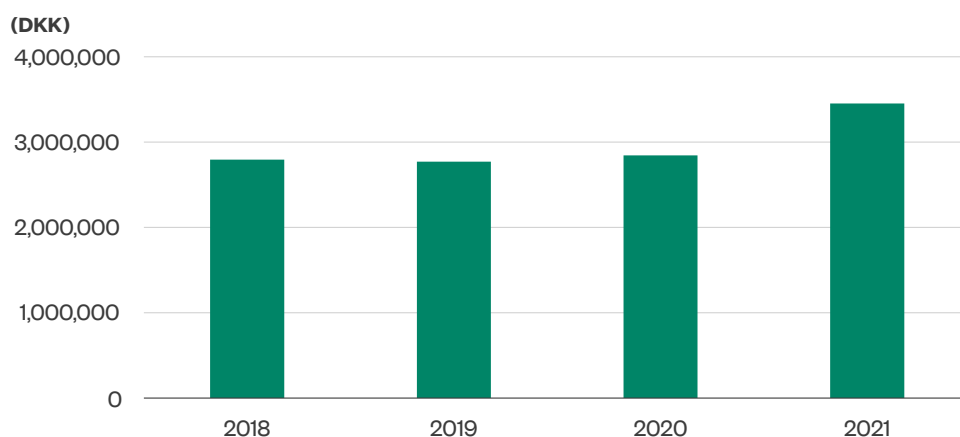
Labour costs for the audit of independent public enterprises



Rigsrevisionen audits a large number of independent public enterprises that operate in very different markets. As will appear from the chart above, the cost of auditing the enterprises varies significantly: from well over DKK 140,000 (EKF – Danmarks Eksportkredit (export credit agency)) to just under DKK 700,00 (Metroselskabet (enterprise running the Copenhagen metro system)).

Closing audit of Metroselskabet required more resources in 2021 than in 2020, which explains the relatively large increase in costs over 2020.

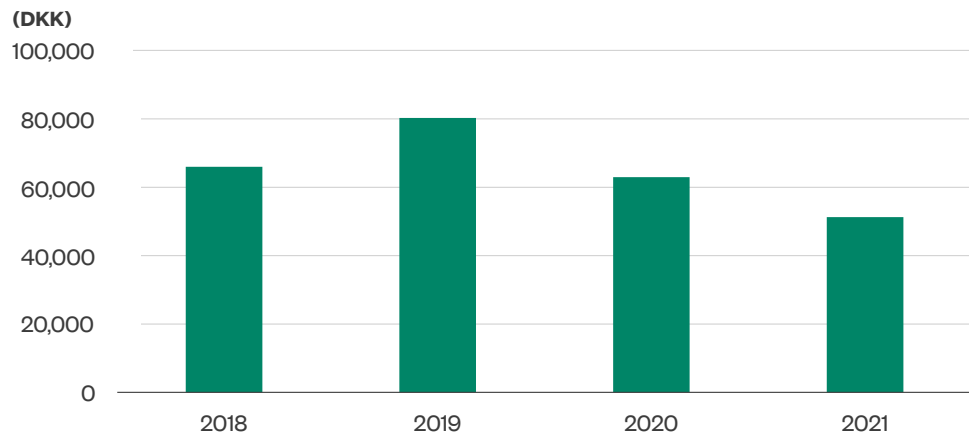
Unit cost of major studies



Note: The calculation of unit costs was changed in 2021 and the numbers are therefore not directly comparable with previous years.

Rigsrevisionen submitted 18 major studies to the Public Accounts Committee in 2021, which was two fewer than in 2020. Unit cost per report has over the past few years been around DKK 2.8 million, but increased to DKK 3.5 million in 2021. The reason is partly that we have submitted fewer reports, partly that the calculation of unit cost also includes costs for four major studies that were shut down mid-process.

Unit cost of memorandums



Note: The calculation of unit costs was changed in 2021 and the numbers are therefore not directly comparable with previous years.

The average cost of producing a memorandum was approx. DKK 51,000 in 2021. We submitted 68 memorandums to the Public Accounts Committee in 2021 against 75 in 2020. The number of memorandums that we submit to the committee varies from one year to the next and depends on the number of unresolved issues in previous reports, the number of cases that can be closed, because all outstanding issues have been addressed by the relevant ministry, or whether extraordinary events have occurred that we need to follow up.

Strategy

Rigsrevisionen's strategy covers the years from 2018 to 2022. The core of the strategy is the three promises that we have made to society. The three promises support our mission and our ambition to create maximum value for the users of our audits. The key action areas are evaluated and adjusted every year to ensure that they reflect our current focus.



Find the strategy document on www.rigsrevisionen.dk.

2021 performance



25%

Target: Minimum 25% of our major studies focus on issues that concern more than one government department

28%

Five of the 18 reports submitted to the Public Accounts Committee concerned more than one government department.



100%

Target: The economic or other consequences of our audit findings are described in all our major studies and highlighted in our audit opinions on compliance and performance audit, if findings have been significant.

100%

All reports submitted to the Public Accounts Committee in 2021 described the consequences of our audit findings, as did all audit opinions on compliance and performance audit. The latter can be found in the report on the audit of the government's administration in 2020.



3

Target: Three of our reports focus on economy, efficiency and effectiveness (the three E's).

3

of our reports were focused on economy, efficiency and effectiveness.



18

Target: The technical quality of our reports receives a minimum rating of satisfactory by the external evaluators.

17

The technical quality of one of our reports was rated very satisfactory, 16 were rated satisfactory and one was considered less satisfactory.



2

Target: The technical quality of the report on the audit of the public accounts for 2020 and the report on the audit of the government's administration in 2020 receive a minimum rating of satisfactory by an external evaluator.

2

The technical quality of the report on the audit of the public accounts for 2020 and the report on the audit of the government's administration in 2020 was rated very satisfactory.



90%

Target: 90% of all unresolved issues in our major studies must be addressed by the relevant minister within the three-year deadline.

60%

of all unresolved issues in our major studies were addressed to the satisfaction of the auditor general within the three-year deadline.



Cross-government reports

For some years now, we have set a target for ourselves to ensure that 25% of our major studies look into issues that involve more than one ministerial remit. These audits create an overall picture of how various agencies and government bodies perform their tasks, and they offer other public institutions an opportunity to learn from their peers. In 2021, 28% of our reports looked into cross-government issues.

The consequences of our audit findings

Rigsrevisionen wants to describe with more clarity how the Folketing and the citizens are affected by shortcomings in the government's administration. The possible consequences of administrative weaknesses can be of a financial nature, but sometimes they also have a more direct, personal impact on the life of the citizens. We achieved this target in 2021.

Three reports published with focus on economy, efficiency and effectiveness

Performance auditing is the most distinctive difference between auditing in the private sector and in the public sector. Performance auditing creates transparency and gives the citizens and society in general insight into the government's administration of public money. Increasing the number of major studies with focus on economy, efficiency and effectiveness is a strategic priority for Rigsrevisionen. We achieved this target in 2021.

Evaluation of the technical quality of our major studies

All our reports are evaluated annually by an external panel of experts. The evaluators rate the reports on a scale ranging from less satisfactory to very satisfactory. In 2021, one of our reports received a rating of very satisfactory, 16 reports were rated as satisfactory and the quality of one report was considered less satisfactory.

Evaluation of the technical quality of the report on the audit of the public accounts and the report on the audit of the government's administration

In 2021, the technical quality of our annual reports on the audit of the public accounts and the government's administration was for the first time evaluated externally. The evaluation was carried out by a certified public accountant who rated the report on the audit of the public accounts as satisfactory and the report on the audit of the government's administration as very satisfactory.

Read more about the external evaluation of our reports on www.rigsrevisionen.dk.

Reports published in 2021 with focus on economy, efficiency and effectiveness:

- Case processing times and efficiency at Nævnenes Hus.
- Police patrolling and CCTVs
- Students' transfer from upper secondary school to higher education.

Members of the evaluation panel 2021

- Professor Torben M. Andersen – *Department of Economics and Business Economics, University of Aarhus*
- Professor Jan Pries-Heje – *Department of People and Technology, University of Roskilde*
- Professor Lene Holm Pedersen – *Department of Political Science, University of Copenhagen*
- Associate Professor Caroline Howard Grøn – *Department of Political Science, Aarhus University*
- Professor Michael Gøtze – *Department of Law, University of Copenhagen*.

Addressing unresolved issues

We – and the Public Accounts Committee – expect the relevant ministers to implement measures to address our recommendations and the issues we have raised. This is how we, in the strictest sense of the word, measure the impact of our work.

However, the complexity of the issues – let alone their solution – makes it near impossible to close all unresolved issues within the deadline of three years. Moreover, Rigsrevisionen is not involved in implementing measures in response to our recommendations; it is entirely up to the auditees to act on our reports. In 2021, only 60% of all unresolved issues were addressed by the ministries within the deadline of three years, and the target of 90% was thus not achieved. For the past four years, the rate of achievement of this performance target has varied between 50% and 80%.

Production, activities and impact in 2021

The nine key performance indicators listed below provide an overview of Rigsrevisionen's production and impact in 2021. Figures for 2020 are indicated in brackets.



20 (22)

reports submitted to the Public Accounts Committee including the Report on the audit of the public accounts and the Report on the audit of the government's administration.



39 (64)

requests for access to information received and processed.



68 (75)

Memorandums submitted to the Public Accounts Committee.



1,577 (2,034)

So many times, did the media refer to Rigsrevisionen's reports and audit findings.



22* (22)

audit opinions issued on the public accounts.



76% (78%)

of our costs went into delivering our core services.



59 (66)

audit opinions were issued on financial statements concerning government bodies and enterprises, that are not included in the public accounts, and on EU project accounts.



791,660
(969,949)

Visits to our website.



3.8**

This was Rigsrevisionen's score out of maximum 5 in the client survey on the auditees' satisfaction with our processes and communication.

* In addition to these opinions, Rigsrevisionen also issued an overall audit opinion on the Danish public accounts.

** A comparison with 2020 is not possible, as this type of customer satisfaction survey was conducted for the first time in 2021.

2022 performance targets and expectations

We have defined five targets for 2022 that all support achievement of the three promises we have made to the auditees in our five-year strategy. The five targets below are identical with the targets set for 2021.



Minimum 25% of our major studies have focus on issues that concern more than one government department.



Three of our reports are focused on economy, efficiency and effectiveness (the three E's).



The technical quality of our reports on major studies receives a minimum rating of satisfactory by the external evaluators.



The technical quality of the report on the audit of the public accounts for 2021 and the report on the audit of the government's administration in 2021 receives a minimum rating of satisfactory by a team of external evaluators.



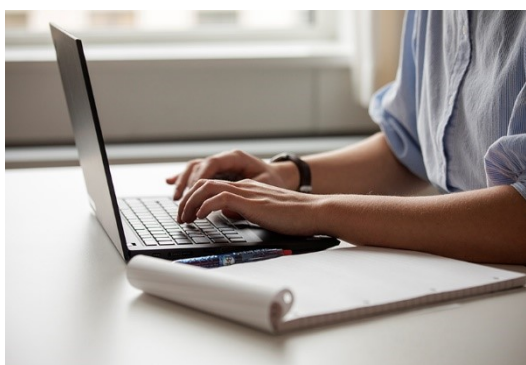
90% of all unresolved issues in our major studies must be addressed by the relevant minister within the three-year deadline.

Our people

Working from home

Staff proved once more their willingness to adapt to sudden changes in their work routines and transitioned smoothly from remote working to full physical presence at the work place and back to remote working again.

In 2021, Rigsrevisionen carried out a statutory assessment of the physical and psychological aspects of the workplace environment. The assessment was followed by a number of workshops and the overall result of both exercises was that the majority of our employees appreciated the freedom and flexibility of working from home during the COVID-19 restrictions.



Subsequently, it was decided that a pilot project introduced in August 2021 that allowed employees one weekly, voluntary remote working day should be extended to the end of 2022. In 2023, the management will assess whether the option of working from home can be made permanent without having any negative impact on our work programme and the cohesion of the organisation.

Recruitment and retention

The number of full-time equivalents has dropped from 273 in 2020 to 266 in 2021. A higher rate of employment among university graduates paired with a greater mobility in the labour market, has made it difficult for Rigsrevisionen to achieve a sufficiently high fill rate. This in spite of a strong employer brand, participation on several career fairs and more active use of social media such as LinkedIn.

Our people in numbers

	2017	2018	2019	2020	2021
Staff					
Full-time equivalents	264	280	287	273	266
Staff turnover (including student assistants)	12.7%	11.8%	13.0%	12.3%	18.5%
Sickness absence (days)					
Per full-year equivalent	8.2	6.8	5.7	3.5	5.0
Excluding long-term sickness per full-year equivalent	3.6	4.0	4.0	2.8	3.6
Distribution by gender					
Females	57.0%	55.9%	52.5%	52.0%	52.0%
Men	43.0%	44.1%	47.5%	48.0%	48.0%

Staff turnover rates are monitored closely and measures are implemented regularly in an effort to keep the rate at a reasonable level. Despite these efforts, our turnover rate increased from 12.3% in 2020 to 18.5% in 2021. It is thus 5.4 percentage points higher than the average for all government agencies and bodies, but 2.8 percentage points lower than the average for the departments. Whether this disturbing development is a trend or a temporary phenomenon will become clear in the course of the next few years.

In the meantime, Rigsrevisionen intends to invest more time and effort into managing the potential or perceived challenges of leading the new generation of employees and clarify how we can fulfil their career aspirations.

Sickness absence in 2020 was historically low due to remote working (3.5 days). In 2021 absence is back on a more normal level (5 days), but still lower than in 2017, 2018 and 2019. Sickness absence excluding long-term sickness was 3.6 days in 2021 against 2.8 days in 2020.

Gender distribution has not changed compared to 2020, and we still have more women than men in the organisation. In 2021 – as in 2020 – 45.8% of all management positions were occupied by women.

Whistleblower mechanism

In accordance with requirements set out in the EU Whistleblowing Directive 2019, the Danish Parliament passed a bill on protection of whistleblowers on 24 June 2021.

The purpose of the whistleblowing directive is:

- to encourage employees and others to make good faith reports of suspected fraud, corruption, or other improper governmental activity without fear of repercussions;
- to protect individuals who report such information to the whistleblower mechanism;
- to detect errors and omissions and thus contribute to enhance the quality of public services.

Whistleblowing report 2021

The Whistleblower Protection Act requires all authorities to publish minimum one annual activity report on whistleblower reports received. Rigsrevisionen has decided to publish this information in our *Annual report and accounts*.

The whistleblower policy was made available on Rigsrevisionen's website on December 1st 2021. No reports were received from December 1st to December 31st.

Climate accounts

	2019		2020		2021	
	Consumption	CO ₂ -emission	Consumption	CO ₂ -emission	Consumption	CO ₂ -emission
Electricity (200 grams per kWh)	240,910 kWh	48 tons	182,132 kWh	36 tons	187,785 kWh	38 tons
Official journeys, own car (133 grams per kilometre per passenger)	14,365 km	2 tons	17,348 km	2 tons	13,650 km	2 tons
Train journeys (34,5 grams per transport krone)	196,250 DKK	7 tons	65,000 DKK	2 tons	67,950 DKK	2 tons
Air transport, short haul	82,380 km	13 tons	32,807 km	4 tons	16,322 km	2 tons
Air transport, medium haul	145,595 km	12 tons	12,393 km	1 ton	26,487 km	2 tons
Air transport, long haul	235,194 km	27 tons	20,864 km	2 tons	36,200 km	3 tons
Total		109 tons		47 tons		49 tons

Note: Emission related to air transport is based on calculations made by Carlson Wagonlit.

Rigsrevisionen's CO₂-emission in 2021 is largely on level with 2020, but 60 tons lower than in 2019.

Our consumption of electricity is still affected by the consequences of COVID-19 (employees working from home), but to a lesser degree than before. Thus, CO₂-emission from electricity has gone up by 2 tons compared to 2020

Rigsrevisionen's total CO₂-emission from travelling (car, train and air transport) was 11 tons in 2021 as in 2020.

Financial statements

Rigsrevisionen's financial statements 2021

Income and expenditure statement

(DKK '000)	Note	Actual 2020	Budget 2021 (not audited)	Actual 2021	Budget 2022 (not audited)
Ordinary operating income:					
Appropriation		(214,400)	(228,400)	(220,900)	(227,700)
<i>Sale of goods and services:</i>					
External sale of goods and services	3	(32)	(30)	(16)	(30)
Total ordinary operating income		(214,432)	(228,430)	(220,916)	(227,730)
Ordinary operating expenditure:					
<i>Consumption expenditure:</i>					
Rent		13,015	13,430	13,521	13,500
Total consumption expenditure		13,015	13,430	13,521	13,500
<i>Staff costs:</i>					
	7				
Salaries		151,761	159,729	152,491	163,120
Other staff costs		240	226	201	215
Pension		26,305	25,833	25,486	24,959
Salary refunds		(2,175)	(1,688)	(2,993)	(2,594)
Total staff costs	6	176,131	184,100	175,185	185,700
Amortisation, depreciation and write-downs	2	1,344	2,600	3,815	2,600
Inter-government purchase of goods and services		934	775	1,027	950
Other ordinary operating expenditure		18,484	27,285	21,912	24,780
Total ordinary operating expenditure		209,908	228,190	215,460	227,530
Result of ordinary operations		(4,525)	(240)	(5,456)	(200)
Result before financial items		(4,525)	(240)	(5,456)	(200)
<i>Financial items:</i>					
Financial expenditure		145	240	293	200
Result before extraordinary items		(4,380)	0	(5,164)	0
Extraordinary income		0	0	0	0
Extraordinary expenditure		0	0	0	0
Result for the year		(4,380)	0	(5,164)	0

Balance sheet

(DKK '000)	Note	31 December 2020	31 December 2021
ASSETS:			
Fixed assets:			
<i>Tangible fixed assets:</i>			
Leasehold improvements		661	541
Furniture and IT equipment		6,035	5,247
Total tangible fixed assets	2, 6	6,696	5,788
<i>Financial assets investments:</i>			
Government guarantee	9	3,378	3,378
Total fixed assets:		10,074	9,166
Current assets:			
Receivables		3,210	6,159
Cash		56,382	41,220
Total current assets		59,592	47,379
Total assets		69,666	56,545
LIABILITIES:			
<i>Equity:</i>			
Adjusted equity (opening balance)		3,378	3,378
Surplus carried forward	8	22,606	27,770
Total equity		25,984	31,148
Provisions	4	3,370	4,866
<i>Long-term liabilities:</i>			
Long-term debt		6,055	4,894
Total long-term liabilities		6,055	4,894
<i>Short-term liabilities:</i>			
Goods and services		3,018	2,482
Other short-term debt:		3,546	4,437
Holiday allowance and overtime pay, etc.	5	27,692	8,718
Total short-term liabilities		34,256	15,637
Total liabilities		69,666	56,545
Accounting policy applied	1		

Distribution of surplus

(DKK '000)

Result for the year	5,164
Surplus cancelled	0
Surplus carried forward	5,164

Equity

(DKK '000)

	Actual 2020	Actual 2021
Equity	21,605	25,984
Adjusted equity opening balance	3,378	3,378
Changes to adjusted equity	0	0
Equity value closing	3,378	3,378
Value of surplus carried forward opening	18,227	22,606
Result for the year	4,380	5,164
Value of surplus carried forward closing	22,606	27,770
Equity closing	25,984	31,148
Equity, as per balance sheet	25,984	31,148
Equity, closing balance vs. equity as per balance sheet	0	0

Income and expenditure, pensions

(DKK '000)

	Actual 2020	Actual 2021	Budget 2022 (not audited)
Ordinary operating income:			
Net appropriation	(8,800)	(9,200)	(9,200)
Subsidies for own operations	(1,334)	(1,226)	(1,300)
Total ordinary operating income	(10,134)	(10,426)	(10,500)
Ordinary operating expenditure:			
Other staff costs	10	10	0
Pension costs	10,449	10,520	10,500
Ordinary operating expenditure	10,458	10,530	10,500
Result of ordinary operations	324	104	0
Result before financial items	324	104	0
Result before extraordinary items	324	104	0
Result for the year	324	104	0

Balance sheet - pension

(DKK '000)	Note	31 December 2020	31 December 2021
ASSETS:			
Current assets:			
Receivables		12	0
Total current assets		12	0
Total assets		12	0
LIABILITIES			
Equity		89	103
Total equity		89	103
Total long-term debt		0	0
Other short-term debt		102	103
Total short-term debt		102	103
Total liabilities		12	0
Pension benefit obligations	10		

Notes to the financial statements

Note 1. Accounting policy applied

The financial statements are presented in accordance with the accounting standards applying to Rigsrevisionen. Rigsrevisionen's appropriation accounts are accrual based, whereas the accounts for Rigsrevisionen's pension payments are cost based. The accounting policy applied is identical with the policy applied to similar government appropriations.

The accounting year is the tax year. In the income statement, income is recognised when earned and expenditure is recognised when consumed. However, when goods delivered are not stocked and operating equipment is not capitalised, then the accrual accounting principles are used in combination with the principle of legal claim.

Rigsrevisionen has in some cases prepaid or paid suppliers early in accordance with specific COVID-19 regulations that allow government bodies to deviate from the general government budget guidelines.

The balance sheet shows Rigsrevisionen's total assets and liabilities.

The accounting policy applied is the same as in previous years.

Expenditure is accrued as follows:

- Payroll costs are expensed as incurred.
- Holiday allowance and provisions for accumulated overtime are expensed once a year.
- Consumption of goods and services, taking place within the same tax year and within 12 months after delivery or the performance of the work, is recognised upon delivery or when the work has been performed.
- Tangible assets are included in the balance sheet, when the asset has a value above DKK 50,000. The life of the assets is determined in accordance with government rules.
- For liabilities that do not concern delivery of goods and services, a provision or a short-term liability is recorded when a legally binding event has occurred and the liability has become plausible and can be estimated.

Income is recognised when a service has been provided and a legal entitlement to receive payment has been obtained.

Provisions concern holiday allowance, overtime payment, severance payment and maintenance of the leased office space, which, in accordance with the leasehold contract, must be maintained to the level required by the property owner, should the lease be terminated.

Current pension payments made to public officials are expensed. No provisions for future pension benefits are made in the balance sheet. Still, payroll is charged with expenditure equal to a technical pension benefit provision. The pension benefit obligation for 2021 referred to in note 10 is based on an actuarial estimate.

Data from Navision Stat, LDV, SKS and SB provides the basis for Rigsrevisionen's financial statements.

Figures in the financial statements may be rounded.

Note 2. Tangible fixed assets

(DKK '000)	Leasehold improvements	IT equipment	Furniture and fittings	Total
Cost, opening balance	4,354	10,851	1,850	17,055
Additions during the year	0	2,821	86	2,907
Disposals during the year	0	0	0	0
Cost, closing balance as at 31 December 2021	4,354	13,672	1,936	19,962
Accumulated depreciation as at 31 December 2021	(3,813)	(8,510)	(1,851)	(14,174)
Net asset value as at 31 December 2021	541	5,162	85	5,788
Depreciation during the year	(120)	(3,693)	(1)	(3,815)

Tangible fixed assets concern leasehold improvements of the premises leased by Rigsrevisionen. IT equipment account for the majority of fixed assets. Additions during the year are procurement of iPad, servers and energy optimization initiatives.

Rigsrevisionen has no intangible assets and the government guarantee of DKK 3.4 million represents Rigsrevisionen's financial assets. The government guarantee in 2021 is the same as in 2020 (note 9).

Note 3. Sale of services

Rigsrevisionen charges a fee for making external presentations at conferences etc. Income is also generated from selling used furniture. The pricing policy applied appears from Rigsrevisionen's accounting instructions.

Note 4. Provisions for maintenance and payroll

Rigsrevisionen has a lease for 6,523 square meters. We have in 2021 made a provision of DKK 640,000 for refurbishment of the office space. Starting in 2018, provisions for future refurbishment will be made over a period of 10 years. The total provision has been calculated based on the landlord's estimated expenditure of DKK 850 per square meter. The provision made for refurbishment was DKK 2.5 million by the end of 2021. To this amount should be added a provision of DKK 0.7 million for refurbishment of meeting facilities shared with the landlord. Rigsrevisionen has also in 2021 – in accordance with its severance agreement with the auditor general – made a provision of DKK 1,7 million. Rigsrevisionen's total provisions in 2021 thus amounted to DKK 4.9 million at closing.

Note 5. Holiday allowance and overtime pay

Holiday allowance

Rigsrevisionen's provision for holiday allowance is DKK 8.7 million which is largely on level with 2020 (DKK 8.6 million). In 2020 the total holiday allowance was DKK 26.3 million, of which DKK 17.7 million had been allocated to a frozen holiday allowance. In accordance with instruction from the Ministry of Finance, the frozen funds were transferred to the Danish Holiday Allowance Fund in 2021.

Overtime

In 2021 overtime was on level with 2020, but due to the conversion of free time into extra pay, the provision of DKK 1.1 million was DKK 0.3 million lower than in 2020.

Total staff related provisions amounted to DKK 9.8 million in 2021.

Note 6. Utilisation of borrowing limit

Rigsrevisionen depreciates fixed assets on a monthly basis and makes relevant cash transfers on the respective SKB bank accounts (government payment system).

Utilisation of borrowing limit

(DKK '000)	2021
Total fixed assets	5,788
Borrowing limit	7,500
Utilisation rate	77.2%

Note 7. Payroll cap

(DKK '000)	Accumulated savings opening balance 2021	Actual 2021	Accumulated savings closing balance 2021
Payroll cap	-	184,100	-
Salaries paid	-	175,185	-
Variance		8,915	
Carried forward from previous years	7,497		16,412

Rigsrevisionen is required to keep within a payroll cap and keep staff costs within the limit prescribed in the Finance Act. However, subject to approval by the Folketing, Rigsrevisionen may exceed the limit by carrying forward savings in salaries from previous years.

Staff turnover in Rigsrevisionen – as in the public sector in general – has in 2021 been very high. The number of months passing from an employee leaves and until a replacement is recruited in combination with staff-related provisions have resulted in a positive variance of DKK 8.9 million between the payroll cap and actual salary costs. The positive variance will be carried forward to subsequent fiscal years and increase accumulated savings to DKK 16.4 million.

Note 8. Appropriation accounts

(DKK million)	Actual 2020	Finance Act/ additional appropriation 2021	Budget 2021 (not audited)	Actual 2021	Variance 2021	Budget 2022 (not audited)	Finance Act 2022
Net appropriation	214.4	220.9	228.4	220.9	(7.5)	227.7	227.7
Income	0.0	0.0	0.0	0.0	0.0	-	-
Expenditure	210.1	220.9	228.4	215.8	(12.6)	227.7	227.7
Result for the year	4.3	0.0	0.0	5.2	(5.2)	0.0	0.0
<i>Accumulated result:</i>							
Accumulated surplus opening balance 2020				22.6			
Result for the year				5.2			
Accumulated surplus to be carried forward				27.8			

Rigsrevisionen recorded a positive variance compared to budget of DKK 5.2 million in 2021 that will be carried forward. The positive variance consists of a negative variance in operations of DKK 3.7 million and a positive variance in salaries of DKK 8.9 million, see note 7.

Note 9. Government guarantee and adjusted opening balance

The adjusted opening balance represents the funding allocated to Rigsrevisionen by the Danish government to cover potential shortfalls. The value of the adjusted opening balance and the government guarantee corresponds to the limit of fluctuation set for Rigsrevisionen's accumulated deficit. The opening balance is an immaterial asset that is offset in the balance sheet by the government guarantee. Originally, the government guarantee was calculated as 2 per cent (DKK 3.4 million) of the 2006 gross expenditure.

Note 10. Pension benefit obligation

(DKK million)	31 December 2019	31 December 2020
Pension benefit obligation	341,5	336,9

Rigsrevisionen's aggregate pension benefit obligations to current public officials (including capital value of any future increase in retirement age) and retired public officials was DKK 336.9 million as per 31 December 2021. As per 31 December 2020, the pension benefit obligation was DKK 341.5 million.

Our pension benefit obligation is recalculated every fifth year by an actuary. In the intervening years, the value is adjusted only for civil servants who no longer receive pension. This obligation recalculated in 2020.

The recalculation is based on:

- Current guidelines concerning the calculation of the pension benefit obligation that appear from the budget and accounting system for municipalities issued by the Ministry of the Interior and Housing and are based on the assumption that retirement will take place two years after the earliest possible retirement age, as stipulated in the Municipal Pension Regulations.
- The most recent benchmark for life expectancy published by the Danish Financial Supervisory Authority, which includes a benchmark for future improvements in life expectancy.
- A rate of interest based on the European Insurance and Occupational Pensions Authority's (EIOPA) risk free discounting curve without volatility adjustment, as required by the Danish Financial Supervisory Authority.
- A rate of inflation and yield adjustment level based on the assumptions published annually by Insurance and Pension Denmark. Currently, the annual rate of inflation is assumed to be 2%.

Remaining calculations and the principles of capitalisation are based on the G82-model.

Management statement

Today the management of Rigsrevisionen presented the annual report and financial statements for 2021 for primary account no. 03.31.11. Rigsrevisionen, and for subsidiary account no. 03.41.01.60. Rigsrevisionen's pensions. The financial statements have been prepared in accordance with the accounting provisions applicable to Rigsrevisionen and form an integral part of the financial statements of the Folketing.

It is our opinion that

- the annual report is correct, i.e. free from material misstatement or omissions, and that target setting and reporting are adequate;
- the transactions included in the financial statements are consistent with appropriations granted, legislation and other regulations, agreements made and generally accepted practice;
- that business procedures established ensure financially appropriate administration of the funding for which the financial statements are presented.

Copenhagen 31 March 2022

Lone Strøm
Auditor General

Nanna Henning
Assistant Auditor General

The independent auditor's opinion

To the Presidium of the Folketing

Conclusion

We have audited the financial statements of Rigsrevisionen for the financial year 1 January - 31 December 2021 that comprise income statement, balance sheet and disclosures, including summary of significant accounting policies on pages 23-31. The financial statements are prepared in accordance with the accounting provisions applicable to Rigsrevisionen and form an integral part of the financial statements of the Folketing.

In our opinion, the financial statements are, in all material aspects, correct. The financial statements have been prepared in accordance with the accounting provisions applicable to Rigsrevisionen and form an integral part of the financial statements of the Folketing.

Basis for opinion

We conducted our audit in accordance with international auditing standards and additional provisions applicable in Denmark, and the public-sector auditing standards as the audit is conducted on the basis of the provisions of the audit instructions issued by the Presidium of the Folketing to the auditor of the Folketing. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Folketing in accordance with international ethical principles for auditors (IESBA's ethical standards) and any additional provisions applicable in Denmark, and we have fulfilled our other obligations in accordance with these ethical standards and requirements. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

The income and expenditure statement and note 8 for the financial year 1 January - 31 December 2021 include the approved budgets for 2021 and 2022. As it appears from the financial statements, these budget figures are not subject to audit. This does not affect our audit opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting provisions that apply to Rigsrevisionen and form an integral part of the financial statements of the Folketing. Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Rigsrevisionen's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless management either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international auditing standards, the additional provisions that apply in Denmark, including the public-sector auditing standards, the provisions of the audit instructions issued by the Presidium of the Folketing to the auditor of the Folketing, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statements users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international auditing standards, the additional provisions that apply in Denmark, including the public-sector auditing standards, the provisions of the audit instructions issued by the Presidium of the Folketing to the auditor of the Folketing, we exercise professional judgment and maintain professional scepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rigsrevisionen's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Rigsrevisionen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Rigsrevisionen to cease to continue as a going concern.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management report

Management is responsible for the management report.

Our opinion on the financial statements does not cover the management report and we do not express any form of assurance conclusion on the management's review.

In connection with our audit of the financial statements, our responsibility is to read through the management report and, in doing so, consider whether the management report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we consider whether the management report includes disclosures required by the accounting provisions that apply to Rigsrevisionen.

Based on the work performed by us, we believe that the management report is in accordance with the financial statements and has been prepared in accordance with the accounting provisions that apply to Rigsrevisionen. We did not identify any material misstatement in the management report.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for the consistency of transactions comprised by the financial reporting with appropriations, legislation and other regulations as well as with agreements concluded and generally accepted practice, and for due financial considerations being taken into account in the administration of the funds and the operation of the enterprises comprised by the financial statements. Management is in this connection responsible for establishing systems and processes that support economy, efficiency and effectiveness.

In accordance with the public-sector auditing standards, it is our responsibility, in connection with our audit of the financial statements, to select the subject matters relevant to both the compliance audit and the performance audit. During a compliance audit, we verify with reasonable assurance for the subject matters selected whether the transactions comprised by the financial reporting are consistent with appropriations, legislation and other regulations as well as agreements concluded and generally accepted practice. During a performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support that due financial considerations are considered in the administration of the funds and the operation of the enterprises comprised by the financial statements.

If we, based on the work performed, conclude that our audit gives rise to material critical comments, we are to report on these.

We do not have any material critical comments to report in this respect.

Copenhagen 31 March 2022

PricewaterhouseCoopers
State-authorized accountants
CVR no. 33 77 12 31

Jesper Møller Langvad Jesper Randall Petersen
State Authorised Public Accountant State Authorised Public Accountant

Appendix 1. Reports published in 2021

January 2021

Supervision of Post Danmark's accounting practice
Climate change assistance provided to the developing countries

February 2021

Use of force in psychiatric care

March 2021

Processing times and efficiency at Nævnenes Hus
The probate courts' processing of complaints against and supervision of executors of estates

April 2021

Treatment programmes for forensic patients

May 2021

The administration of support for farmers

June 2021

The Ministry of Transport and the regions' decision-making on establishing public-private partnerships (PPP)
The Ministry of Taxation's processing of tax evasion cases

August 2021

Audit of the public accounts for 2020
Audit of the government's administration in 2020

September 2021

The Ministry of Taxation's IT contingency planning

October 2021

Work reintegration services offered to citizens who are on sick leave and receiving psychiatric treatment
Police patrolling and CCTVs

November 2021

Compliance checks of VAT on EU trade
Banedanmark's management of the shortage of validators
The Ministry of Taxation's management of the new property assessment system
The Ministry of Industry, Business and Financial Affairs' management of COVID-19 relief packages

December 2021

The administration of oil and gas exploration and production licences in the Danish section of the North Sea
The transfer of students from upper secondary school to higher education