



FOLKETINGET
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FOLKETINGET
RIGSREVISIONEN

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

The audit of the Danish government's administration in 2021

1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns the audit of the government's administration in 2021 and assists the Danish Public Accounts Committee and the Danish parliament (the Folketing) in their supervision of the ministries.

The report is based on compliance audits of specific subject matters to determine whether the ministries' administration complies with applicable rules and regulations and on performance audits, involving an assessment of whether the ministries follow the principles of economy, efficiency and effectiveness. The focus of compliance and performance audit changes from one year to the next.

In the report, we present the three most critical audit findings from 2021, where the Ministry of Taxation's administration was not complying with the rules laid down by the Folketing.

The report focuses on the consequences of these findings for the government's effective collection of debt to the public sector and the public perception of rule of law. The correctness of the public accounts may also be affected by the findings. Audit findings that have had significant consequences for Rigsrevisionen's conclusion on the public accounts, are described in the *report on the audit of the Danish public accounts for 2021*.



Main conclusion

None of the 51 cases examined by Rigsrevisionen to determine whether the ministries' administration complies with applicable rules and terms were affected by significant breaches of regulations or shortcomings.

Three cases under the governance of the Ministry of Taxation were affected by significant breaches of rules or shortcomings in administration. These cases resulted in three critical remarks on the ministry. As a consequence of these shortcomings in the Ministry of Taxation's administration, the rule of law has been compromised, and the government has either lost revenue or failed to spend public money effectively.

Three critical remarks on the Ministry of Taxation

- The Ministry of Taxation's collection of green vehicle taxes and vehicle weight taxes are affected by significant breaches of rules. The ministry has not collected correct green vehicle taxes and vehicle weight taxes for certain passenger cars, vans, caravans and tractors. Additionally, the ministry has not ensured impoundment of the number plates of vehicles for which the owners have failed to pay green vehicle taxes or weight taxes. Nor has the ministry charged interest on payments overdue. The fact that the Ministry of Taxation has been aware of the non-compliance with the rules for several years without taking steps to resolve the matter is severely criticized by Rigsrevisionen.
- The Ministry of Taxation still has not ensured that claims concerning overdue taxes and duties include all the information required for collecting the debt. More than one in three claims sent for collection in 2021 were barred, because of uncertainty concerning their legal force or suspected data errors. As a consequence, the Ministry of Taxation's administration of unpaid VAT, A-skat (tax deducted from income at source), corporation tax, etc. was affected by significant shortcomings.
- The Ministry of Taxation still has not implemented systems and processes that support the effective collection of debt to the public sector. Rigsrevisionen's study shows that the government's revenue losses from taxes and duties and other debt to the public sector run into billions of kroner due to the limitations of the ministry's systems, and the ministry's inadequate employment of all available collection methods, including levy execution.

1.2. Background

2. The individual ministries are responsible for ensuring that their transactions comply with laws and other regulations, agreements concluded and generally accepted practice. The ministries are also responsible for taking due financial considerations into account in the administration of public funds and for establishing systems and processes that support economy, efficiency and effectiveness.

In accordance with the public-sector auditing standards, it is Rigsrevisionen's responsibility, in connection with the audit of the financial statements, to select subject matters relevant to both compliance and performance audit. Rigsrevisionen's compliance and performance audits are based on an assessment of the risk of non-compliance with the rules or risk of inadequate consideration of economy, efficiency and effectiveness in the administration of public funds. The subject matter of each audit is limited to specific transactions, systems or processes that, in our assessment, entail a risk of material breaches of rules or shortcomings in administration.

We issue a qualified opinion if our audit discloses material breaches of rules or material administrative shortcomings. A qualified opinion represents the highest level of criticism. The three critical remarks concerning the administration in 2021 are described in chapter 2 of the report. (Not available in English.)

In addition to the description of the three critical remarks, the report lists a number of cases that Rigsrevisionen has followed up consistently over the past years. The ministries have now dealt with the issues raised in these cases, and Rigsrevisionen, therefore, recommends that they be closed. These cases are outlined in chapter 3. (Not available in English.)

Compliance audit

During a compliance audit, we assess whether the ministry's administration comply with central rules.

Performance audit

During a performance audit, we assess whether the ministries have established systems and processes that support economic, efficient and effective administration of public funds.