



Extract from the report to the  
Public Accounts Committee on  
the audit of the Danish government  
accounts for 2013

October  
2014

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## Opinion on the Danish government accounts

Rigsrevisionen has audited the government accounts for the fiscal year 2013. The audit included an examination of the completeness of the accounts and a comparison of the appropriation figures with the accounting figures.

With the issue of this opinion, Rigsrevisionen considers the audit of the government accounts for the fiscal year 2013 completed. However, Rigsrevisionen may return to re-examine areas relating to this and previous accounting years, which may lead to disclosure of new information resulting in reassessment of items that have been examined in this report.

Also EU funds in Denmark are encompassed by the audit. Denmark receives funds from the EU and settles duties, levies, VAT and GNI contributions to the EU's own resources every year. EU funds represent significant income and expenditure and therefore attract the attention of both the European Commission and the European Parliament. Rigsrevisionen therefore prepares a report on the audit of EU funds in Denmark every year. The report on the audit of EU funds in Denmark in 2013 was submitted to the Public Accounts Committee in September 2014.

### **The Management's Responsibility**

The audit is based on the management representation letters of the respective departments, which confirm by signature that the financial statements have been prepared in accordance with the executive order on the preparation of financial statements and provide information on the following.

- Changes in the accounting principles of significance for the assessment of the financial statements;
- whether all book-keeping units and sub-accounts under the respective departments have been included in the financial statements;
- whether the use of appropriated funds has been accounted for correctly;
- whether the declared assets and liabilities are correct.

In the management representation letters, the departments also confirm that business procedures and internal controls have been established, which to the widest possible extent ensure that the transactions covered by the financial statements are in compliance with appropriations granted, laws and other regulations as well as agreements concluded and common practice. The department is also required to approve the annual settlement of appropriations that is prepared in connection with the closing of the financial statements.

The Minister of Finance presents the government accounts to the Danish parliament (the Folketing). The government accounts include the financial statements of the departments, which on their part include the financial statements of the individual entities under the departments.

**Rigsrevisionen's responsibility and the audit conducted**

The audit was planned and conducted in accordance with good public-sector auditing practice based on the fundamental auditing principles issued by INTOSAI (ISSAIs 100-999).

Based on an assessment of materiality and risk, Rigsrevisionen has examined, on a test basis, evidence relevant to the amounts and other information included in the government accounts. The audit performed by Rigsrevisionen was not limited to verification of the correctness of the government accounts, but included also examination of aspects relating to the administration's compliance with appropriations, legislation and other provisions, agreements made and common practice. The audit has also, for certain administrative areas, included assessment of whether the ministries have administered funds appropriately.

The audit of the government accounts was conducted as planned and ensured that all information necessary to provide Rigsrevisionen with sufficient evidence to assess the state accounts was obtained. The audit approach etc. is described in more detail in appendix 1.

**Conclusion**

In the opinion of Rigsrevisionen, the government accounts for 2013 are overall correct, i.e. without material error or deficiencies.

*Significant audit findings*

Rigsrevisionen has on three occasions qualified its opinion on department level, i.e. in relation to the administration and legality of the transactions in two entities. Rigsrevisionen has moreover included three emphasis of matter sections regarding interpretation of the accounts in two ministerial remits. The audit also disclosed weaknesses in the administration and errors in the accounts of a couple of entities. The qualifications, weaknesses and errors have affected the assessment of the accounts and administration of the entities and departments concerned, but they have not caused Rigsrevisionen to qualify its opinion on the overall government accounts.

Rigsrevisionen, 25 September 2014

Lone Strøm  
Auditor General

/Bettina Jakobsen  
Assistant Auditor General

### Opinion on cases relating to the Ministry of Finance

Auditor general Lone Strøm has in compliance with the Auditor General's Act, section 1a, sub-section 4, declared that she is not qualified to handle the following six cases relating to chapter 4.3. section 7. The cases concern the following.

- Grants paid by Økonomiservicecenteret (Danish Governmental Financial Service Centre) through GIS;
- belated presentation of accounts by the department, Digitaliseringsstyrelsen (Danish Agency for Digitisation), Moderniseringsstyrelsen (Agency for the Modernisation of Public Administration), Statens Administration (government administration body) and Statens IT (Danish Agency for Governmental IT Services);
- outdated IT systems used by Statens Administration
- accounting practice concerning software licence costs and presentation of accounts by the Danish Agency for Governmental IT Services;
- IT security level of the Danish Agency for Governmental IT Services;
- shared public-sector standard for management of IT security in the Danish Agency for Governmental IT Services.

The President of the Folketing (Danish parliament) has upon recommendation from the Public Accounts Committee and after consultation with the Presidency of the Danish parliament appointed former member of the European Court of Auditors and former assistant auditor general, Morten Levysohn, interim auditor general. Mr Levysohn is appointed for twelve months and is in this period authorised to handle the cases that the auditor general is not qualified to handle, cf. letter of 2 June 2014. The Public Accounts Committee has asked Mr Levysohn to handle the cases referred to above, and he has therefore made assessments of and issued audit opinions on these cases.

### Conclusion

In the opinion of the interim auditor general, the accounts in question are overall correct and free from material error and deficiencies.

#### *Significant audit findings*

The audit showed considerable weaknesses in the Danish Governmental Financial Service Centre's handling of payments made on behalf of clients. There were also considerable weaknesses in the IT security of the Danish Agency for Governmental IT Services. These weaknesses have affected the assessment of the administration of the entities concerned, but they have not caused Rigsrevisionen to qualify its opinion on the accounts of the Ministry of Finance.

Rigsrevisionen, 25 September 2014

Morten Levysohn  
Interim Auditor General