



**FOLKETINGET
STATSREVISORERNE**



**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 2019

1. Introduction and conclusion

Purpose and conclusion

The report concerns the audit of the government's administration in 2019. The purpose of the audit is to assess whether the ministries are administering selected areas of responsibility in compliance 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 administer selected areas of responsibility in compliance with the regulations and whether the ministries' systems and processes support economic, efficient and effective management. In the course of a five-year period, our work plan ensures that essential transactions, processes or systems pertaining to the administration are being audited.



Conclusion

The audit of the government's compliance and administration disclosed that the ministries' administration is not consistently complying with the regulations and conditions laid down by the Folketing. As a consequence, the government is not performing its duties effectively, rule of law is compromised and the government is losing the opportunity to collect revenues.

The Ministry of Taxation is struggling to ensure compliance and effective administration

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

- The Ministry of Taxation's administration of staff's access to IT systems is inadequate and entails increased risk of fraud relating to section 38. Taxes and duties, because unfortunate combinations of access compromise the segregation of duties.
- The Ministry of Taxation is not complying with the regulations governing collection of outstanding taxes and duties and the regulations concerning transferring collection of debts for enforcement, which has resulted in substantial financial losses and contributed to the ministry's subsequent difficulties in recovering the accumulated debt.
- The Ministry of Taxation is not complying with the regulations concerning addition of interest. For several years, the level of interest added to various claims by the ministry has been either too low or too high.
- The Ministry of Taxation is not complying with the regulations concerning impoundment of number plates of vehicles whose owners have failed to pay due vehicle taxes. This means that 195,000 vehicles are still on the Danish roads, despite the fact that their number plates should have been impounded.
- Twelve years of consistent criticism still has not induced the Ministry of Taxation to establish systems and processes that support effective collection of tax debt in the amount of DKK 130.2 billion.

All the ministries are affected by agencies or government bodies that have violated the rules or failed to support economic, effective and efficient administration

These audit findings are considered insignificant in relation to the ministry's overall administration of the subject matter in question and have therefore not lead to critical remarks in any of the audit opinions on the ministries.

The Danish Environmental Protection Agency and the Danish Agency for Labour Market and Recruitment have not ensured professional and equal treatment of grant applications. The Danish Agricultural Agency has misinterpreted EU requirements concerning calculation of the value of payment entitlements, which affected the agricultural subsidies distributed to farmers.

- Seventy-three government bodies under 18 ministerial remits are affected by breaches of rules, errors and deficiencies in payroll administration concerning, for instance, payment of fees to councils and boards and public servant pensions. As a result, staff is not receiving the salary or pension to which they are entitled.
- The Danish Health Data Authority and Statens Serum Institut (government body with responsibility for preparedness against infectious diseases, biological threats and control of congenital disorders) have not acted in compliance with the EU rules on public procurement on 10 separate occasions. The intention of the public procurement rules is to ensure transparency, open competition and cost-effective use of public funds.
- We have detected IT security weaknesses in the Agency for Governmental IT Services and the Ministry of Foreign Affairs that may jeopardize operations and compromise government data and data on citizens.
- The Danish Agency for Labour Market and Recruitment and the Ministry of Children and Education's evaluation of grant schemes is unsatisfactory. The evaluation is not providing sufficient insight into the effectiveness of the grants in terms of results achieved and impact. This hampers effective management of the grant funds and prevents the implementation of adjustments to ensure long-term impact of the grant schemes.
- Processing times at the Danish Business Authority are long and private businesses and small associations currently wait up to nine months before their requests for payment are processed and payment effected.
- The Ministry of Taxation's processing of claims for dividend withholding tax refunds takes very long, which has resulted in interest expenditure of DKK 456 million. Developing a new customs system has also proven a challenge to the ministry; the development project is significantly behind schedule and may not meet the deadline set by the European Commission.
- The Danish Debt Collection Agency has failed to ensure filing of petitions in bankruptcy against all companies owing money to the public sector, which means that certain companies have been able to continue to accumulate debt. On this basis, Rigsrevisionen has concluded that the agency's efforts to limit losses have been inadequate.

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 Employment		<p>The Danish Agency for Labour Market and Recruitment has not ensured professional and equal treatment of all grant applications, see items 40-43.</p> <p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p> <p>The Danish Agency for Labour Market and Recruitment should improve its management of the performance of support schemes, items 65-68.</p>
Ministry of Children and Education		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p> <p>The Ministry of Children and Education has not evaluated grants for activities under the heading <i>Forsøg og udvikling</i> (test and development) in a systematic manner, see item 69.</p>
Ministry of Industry, Business and Financial Affairs		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p> <p>The Ministry of Industry, Business and Financial Affairs has not ensured timely payment of subsidies for the development of rural areas, see item 71.</p>
Ministry of Finance		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>Inadequate database security at the Danish Agency for Governmental IT Services, see item, see item 62.</p>
Ministry of Defence		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>The head of the Danish Home Guard was paid twice the salary he was entitled to, see item 49.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Justice		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>The administration of remuneration to councils and boards is affected by error and deficiencies in 4 ministries, see items 50-52.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>

Table 1 – continued
Overview of audit findings

Ministry	Critical remarks	Significant and cross-departmental audit matters
Ministry of Ecclesiastical Affairs		<p>Four ministries should reduce the error rate in salary administration, see item 46.</p> <p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>The administration of remuneration to councils and boards is affected by error and deficiencies in 4 ministries, see items 50-52.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Climate, Energy and Utilities		<p>Four ministries should reduce the error rate in salary administration, see item 46.</p> <p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Culture		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>Salaries for individually employed managers at the Royal Danish Theatre still have not been approved, see item 48.</p> <p>The administration of remuneration to councils and boards is affected by error and deficiencies in 4 ministries, see items 50-52.</p>
Ministry of Environment and Food		<p>The Danish Environmental Protection Agency has not ensured professional and equal treatment of all grant applications concerning Arctic environmental projects and has not complied with the terms of appropriation, see item 39.</p> <p>The certifying body has qualified its opinion on the financial statements of the Danish Agricultural Guarantee Fund for 2019, see item 44.</p> <p>Four ministries should reduce the error rate in salary administration, see item 46.</p> <p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Taxation	<p>Increased risk of fraud concerning section 38 Taxes and fees, see section 2.1.</p> <p>The Ministry of Taxation is not complying with the regulations governing collection of outstanding taxes and duties, see section 2.2.</p> <p>The Ministry of Taxation is not complying with the regulations concerning addition of interest, see section 2.3.</p> <p>The Ministry of Taxation is not complying with the regulations concerning impoundment of number plates, see section 2.4.</p> <p>The Ministry of Taxation's collection of public arrears is still significantly affected by weaknesses, see section 2.5.</p>	<p>Four ministries should reduce the error rate in salary administration, see item 46.</p> <p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p> <p>The Ministry of Taxation's administration of claims for dividend withholding tax refunds results in significant interest expenditure, see item 72.</p> <p>The Ministry of Taxation risk being unable to meet the deadline set for the EU's new custom code, see item 73.</p> <p>Administrative weaknesses in the Ministry of Taxation's handling of companies owing money to the public sector, see items 74-76.</p>

Table 1 – continued
Overview of audit findings

Ministry	Critical remarks	Significant and cross-departmental audit matters
Ministry of Social and Domestic Affairs		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Prime Minister's Office		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p>
Ministry of Health		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>The Ministry of Health has failed to call for tenders in the EU concerning delivery of various services, see item 60.</p>
Ministry of Transport and Housing		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Higher Education and Science		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>The administration of remuneration to councils and boards is affected by error and deficiencies in 4 ministries, see items 50-52.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p>
Ministry of Foreign Affairs		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p> <p>13 ministries have transferred incorrect pension payments to public servants, see items 53-55.</p> <p>IT security weaknesses detected in the Ministry of Foreign Affairs, see item 63.</p>
Ministry of Immigration and Integration		<p>Errors found in the Ministry of Finance's data on salaries for specialist consultants, see item 47.</p>
The regions		<p>Errors in remuneration of medical consultants for overtime in the Capital Region of Denmark and the Region of Southern Denmark, see item 57.</p> <p>The Capital Region of Denmark and the North Jutland Region have without proper authorisation paid medical consultants and healthcare executives for overtime, see item 58.</p>