

# Annual Report 2022

Document 2 (2022–2023)



Cover photo: Nicki Eliza Schinow / Unsplash

ISBN-978-82-8229-566-6

# Contents

<b>1</b>	<b>Clearer priorities and broader dialogue</b> .....	<b>5</b>
<b>2</b>	<b>Brief presentation of the Office of the Auditor General of Norway</b> .....	<b>6</b>
2.1	Roles and duties .....	6
2.1.1	Evaluation of the Office of the Auditor General's activities .....	7
2.2	Our methods.....	7
2.2.1	Financial audits and control of national accounts .....	7
2.2.2	Annual corporate controls .....	8
2.2.3	Performance and compliance audits.....	8
2.3	Organisation .....	12
2.3.1	The Board of Auditors General and the Secretary General .....	12
2.3.2	Organisation, employees and regional presence.....	12
<b>3</b>	<b>Activities and results in 2022</b> .....	<b>14</b>
3.1	Results related to the strategic goals .....	14
3.1.1	Goal 1: The Office of the Auditor General is society's foremost provider of current and relevant public auditing .....	14
3.1.2	Goal 2: The Office of the Auditor General conducts high-quality audits and controls .....	17
3.1.3	Goal 3: The Office of the Auditor General will be an efficient organisation .....	18
3.2	Audits and controls.....	19
3.2.1	Financial audits and control of national accounts .....	19
3.2.2	Annual corporate controls .....	20
3.2.3	Performance audits .....	21
3.2.4	Compliance audits.....	24
3.3	Development work .....	25
3.3.1	Portfolio of development initiatives.....	26
3.4	International engagement .....	27
3.4.1	Development of public auditing .....	27
3.4.2	Professional support to partner institutions .....	28
3.4.3	Peer reviews.....	30
3.4.4	Auditing of international organisations .....	30
3.4.5	Other international activities.....	31
<b>4</b>	<b>Quality assurance and management</b> .....	<b>32</b>
4.1	The quality assurance system.....	32
4.2	Planning and follow-up.....	33
4.2.1	Strategic plan .....	33
4.2.2	Annual performance plan .....	33
4.2.3	Operational management.....	33
4.3	Expertise, working environment and equality .....	34

4.3.1	Professional development.....	34
4.3.2	Life phase policy .....	34
4.3.3	Cooperation and co-determination.....	34
4.3.4	Diversity, sickness absence and non-discrimination.....	35
4.4	Sustainability .....	37
<b>5</b>	<b>Outlook to the future.....</b>	<b>38</b>
<b>6</b>	<b>Budget and financial statements 2022.....</b>	<b>40</b>
6.1	Executive salaries .....	41
6.2	Under-utilisation of the budget.....	41
	<b>Appendices .....</b>	<b>42</b>
	Appendix 1: The INTOSAI Development Initiative (IDI) .....	43

### Overview of tables

Table 1:	Board of Auditors General 2022–2025.....	12
Table 2:	Performance audits reported to the Storting in 2022 .....	22
Table 3:	Ongoing performance audits at the start of 2023 .....	24
Table 4:	Compliance audits reported to the Storting in 2022 .....	24
Table 5:	Ongoing compliance audits at the start of 2023 .....	25
Table 6:	Gender representation in the various position categories .....	36
Table 7:	Budget and cash accounts for 2022 (in NOK thousands) .....	40
Table 8:	Development in full-time equivalent hours worked in the Office of the Auditor General .....	41

### Overview of figures

Figure 1:	The Office of the Auditor General's forms of criticism.....	10
-----------	---	----

### Overview of fact boxes

Fact box 1:	The framework for our audits.....	6
Fact box 2:	Financial audits.....	7
Fact box 3:	Performance and compliance audits .....	9
Fact box 4:	The INTOSAI Development Initiative (IDI) .....	29

# 1 Clearer priorities and broader dialogue



Photo: Mathias Fossum / Office of the Auditor General of Norway

The Office of the Auditor General's work in 2022 has been characterised by two major changes. We have improved our prioritisation of the issues we choose to investigate, and we have established a broader dialogue with the community around us. Over time, the Office of the Auditor General has built up considerable trust in society.

Most of the audits we carry out are considered by the Storting. This means that the topics we choose to focus on receive a great deal of attention. We must therefore be sure we are turning the spotlight on the most important challenges in society.

Independence is a central underlying principle for all supreme audit institutions. We are free to decide what we want to focus on. However, with this freedom comes responsibility to consciously set priorities.

In 2022, the Board of Auditors General decided six strategic priority areas for the Office of the Auditor General going forwards. Three of the areas reflect the focus of key policy documents: *the changes required in society to meet the climate challenges, civil protection and emergency preparedness (including ICT security)*, and *improvement of the public sector, including digitalisation*.

Two of the priority areas concern aspects that will have decisive impact on the national economy: *factors that are of particular significance to society's access to resources* (such as high employment), and *factors that are of particular significance to society's use of resources* (such as social security schemes). The final area is *safeguarding of vulnerable groups*, i.e. citizens who are often overlooked in the public discourse. It is therefore the Office of the Auditor General's duty to ensure that their needs are being met.

Our mission requires that we have good knowledge about society in Norway. The Board of Auditors General has therefore proposed that the Office of the Auditor General should engage in broader dialogue with society. There has also been an increased focus on the importance of dialogue in the global auditing community. As chair of the Board of Auditors General, I have had meetings with ministers and business leaders. In addition, I have invited key social actors from all over Norway to dialogue meetings. This has enabled us to spread information about our strategic priorities and about findings from our audits and investigations. The main purpose of this dialogue, however, is to gather input on what we should focus on in the future, with the goal of making our work even more useful.

We hope you will find this report interesting and informative.

Karl Eirik Schjøtt-Pedersen, Auditor General of Norway

## 2 Brief presentation of the Office of the Auditor General of Norway

### 2.1 Roles and duties

The Office of the Auditor General of Norway (OAGN) is the regulatory body of the Norwegian parliament – the Storting. We conduct controls and audits of the ministries, central government entities and state interests in companies. The Office of the Auditor General is the only institution that provides the Storting with a comprehensive and independent audit of central government entities. The starting point for our controls and audits is the decisions of the Storting, such as laws and resolutions. In concrete terms, this means that we

- audit the central government accounts
- check that laws, rules and decisions are being complied with
- assess the economy, efficiency and effectiveness of public policies
- oversee the management of the state's interests in companies

Through our audits and controls, we also prevent and detect irregularities and errors, and advise the public administration with a view to preventing future errors and omissions.

#### Fact box 1: The framework for our audits

The general framework for our work is defined by the Act relating to the Office of the Auditor General and the Instructions concerning the activities of the Office of the Auditor General. We adhere to the International Organization of Supreme Audit Institutions (INTOSAI)'s international framework and standards for public sector auditing. These lay down the main principles and quality requirements for supreme audit institutions. Within this framework, we operate independently of the Storting and the public administration.

Source: Office of the Auditor General of Norway

Our audits are independent and objective and are intended to provide the Storting with an expert basis on which to perform its parliamentary supervision of the government. In most cases, the Board of Auditors General decides what to investigate, but the Storting in plenary may instruct the Office of the Auditor General to conduct special audits. The report on the Alexander L. Kielland accident presented to the Storting in spring 2021 is an example of this kind of special audit.

The Storting has asked the Office of the Auditor General to carry out a special audit into practices related to the Storting's financial arrangements for MPs.<sup>1</sup> We expect to present this audit in spring 2023.

<sup>1</sup> Recommendation from the Presidium of the Storting of 16 December 2021. Adopted in the Storting on 6 January 2022.

## 2.1.1 Evaluation of the Office of the Auditor General's activities

In 2021, the Storting decided to appoint a commission to carry out a thorough evaluation of the Office of the Auditor General's activities and review the current legislation and instructions for the Office of the Auditor General and, if appropriate, propose amendments to the rules and law.

This has resulted in a great deal of contact between the commission and the Office of the Auditor General in 2022. We have received several requests from the commission, and both external and internal evaluations of our activities have been carried out. The commission is scheduled to present its recommendation in autumn 2023.

## 2.2 Our methods

The Office of the Auditor General performs mandatory regular annual audit assignments such as financial audits and corporate control. In all other respects, we decide what to audit, based on assessments of risk and materiality. Our objective is always to provide the Storting with topical and relevant information.

### 2.2.1 Financial audits and control of national accounts

Financial audits are conducted annually. Financial audits are crucial to ensure confidence and trust in public accounts.

#### Fact box 2: Financial audits

Financial audits provide assurance that the central government accounts do not contain material misinformation or omissions and that the financial statements have been prepared in line with the applicable regulations and financial frameworks.<sup>2</sup>

Source: Office of the Auditor General of Norway

We audit the central government accounts and the accounts of central government entities, including all the ministries and the Office of the Prime Minister. We also audit the accounts of the Storting (Parliament), the Sámediggi (the Sámi Parliament) and other organisations that have a duty to submit their accounts to the central government, as well as four Nordic organisations based in Norway<sup>3</sup> and the United Nations Association of Norway.

Audits of an organisation's accounts include:

- financial audit of the annual financial statements
- risk-based checks of compliance with the administrative regulations for public sector financial management

The results are reported annually in the form of an audit report for each organisation. We also issue a declaration on the central government

<sup>2</sup> In the public administration, this includes the *Appropriations Regulations*, the *Regulations on Financial Management in Central Government* (the Financial Management Regulations) and associated circulars, and the central government accounting standards for those organisations that use accrual accounting.

<sup>3</sup> See Appendix 2 to Document 1 (2022–2023) for an overview of these organisations.

accounts. The most important findings are reported in *The Office of the Auditor General's annual audit report – from the national budget to the central government accounts* (Document 1).

## Advice and dialogue

We advise the organisations we audit to help ensure that their accounts do not contain any material errors or omissions. Auditors provide guidance through the annual audit programme, both when the audit is being planned and conducted and when the audit report is issued. This guidance is provided in dialogue with the organisation being audited and may pertain to its accounts or its internal control procedures.

We aim to provide guidance in a way that does not affect the independence and objectivity of the Office of the Auditor General in the subsequent audit. Audited organisations have an independent responsibility for their accounts and internal control, regardless of any advice provided by the Office of the Auditor General. The organisations being audited must ensure that they have systems in place at all times that meet their quality control needs.

### 2.2.2 Annual corporate controls

Each minister is required to submit documentation to the Office of the Auditor General, describing the companies' activities. Based on the documentation received, we check whether general meetings and corporate meetings have been held and documented in compliance with the relevant laws, regulations and decisions.

Building on our assessment of materiality and risk, it may be pertinent to carry out further investigations in selected areas as part of the annual corporate control. This can include checking whether the management of the state's interests is in compliance with laws, regulations and decisions (regulatory compliance) and/or generally accepted principles relevant to the administration of the state's interests in the companies (prudent administration). We report any material non-compliance to the Storting. Any reported instances of non-compliance are normally followed up after two years to provide the Storting with information about what has been done after the report was submitted.

### 2.2.3 Performance and compliance audits

When selecting an area to audit, our decision is based on what information we think will be most useful for the Storting in its supervision of the government and public administration. Risk and materiality normally determine the direction and content of our audits. Possible audit topics must be of major financial or social importance or address matters of principle, or there must be a risk that parliamentary decisions and intentions are not being implemented.

We continuously monitor key areas of society and use information from a range of external sources, such as research communities, academia, the media and our own tip-off channel. We also use information gathered in connection with financial audits and other audit work to select areas to investigate.



Possible audit topics are then prioritised. The investigations are conducted as either a performance audit or a compliance audit. As part of the corporate control, we also conduct performance audits of the management of the state's interests in companies.

### Fact box 3: Performance and compliance audits

#### Performance audits

Performance audits enable us to perform major, systematic investigations, the aim of which is to show how the government and public administration have implemented measures adopted by the Storting and the effectiveness of public initiatives.<sup>4</sup>

#### Compliance audits

Compliance audits enable us to check that central government entities are discharging their duties in the manner decided by the Storting and that they are complying with laws and regulations.<sup>5</sup>

Source: Office of the Auditor General of Norway

The Board of Auditors General makes the final decision regarding which audits we will conduct.

### The audit process

The audit process consists of four phases: planning, implementation, reporting and follow-up. In all four phases, we assess, based on analyses of risk and materiality, whether to continue with the audit.

#### *Planning*

During the planning phase, we carry out a risk analysis to determine whether the risk is sufficient to justify an audit. We also gather more information to ensure that we have a good understanding of the administration of the policy area, which we use to develop an implementation plan for the audit. In this plan, we decide on the objective of the audit, audit questions, audit criteria (the norms and standards against which the evidence will be measured) and the method of gathering and analysing information. During the planning phase, we communicate with the organisation or ministry to be audited about the audit criteria and how the tasks will be performed.

#### *Implementation*

If we conclude that an audit might detect major shortcomings and thereby contribute to improvements, the audit is performed. During the implementation phase, we gather information and perform the necessary analyses in view of the objectives and audit questions. In the audit report, we summarise the findings and present a conclusion, based on the defined audit criteria. A draft of the report is sent to the responsible ministry for review and comment ("contradiction").

---

<sup>4</sup> Section 9 of the Act relating to the Office of the Auditor General, and section 9 of the Instructions concerning the activities of the Office of the Auditor General

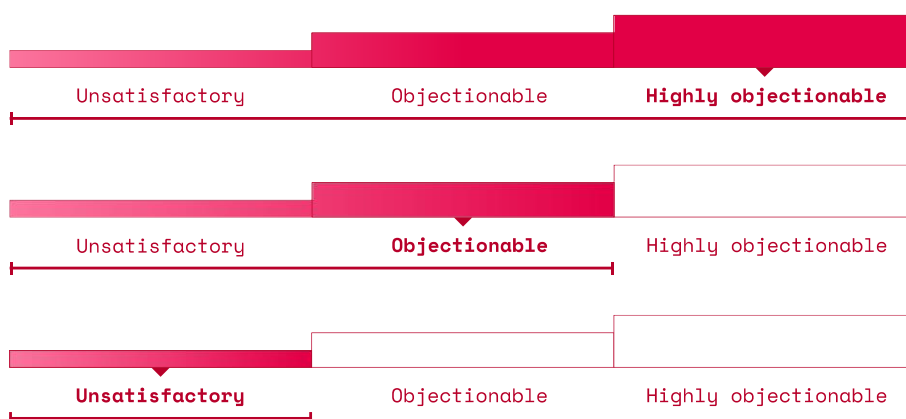
<sup>5</sup> Section 9 of the Act relating to the Office of the Auditor General, and sections 3 and 9 of the Instructions concerning the activities of the Office of the Auditor General

## Reporting

Based on the audit findings and the feedback from the ministry, we assess whether the case should be reported to the Storting. The Board of Auditors General makes the final decision. Reports that are to be presented to the Storting are submitted to the responsible minister for comment.<sup>6</sup> The minister's response is then attached to the report. The reports are made public after they have been submitted to the Storting. We publish them on our website: [www.riksrevisjonen.no](http://www.riksrevisjonen.no).

In 2022, we changed our forms of criticism for matters reported to the Storting. Our criticism is now categorised as *highly objectionable*, *objectionable* or *unsatisfactory*.

**Figure 1: The Office of the Auditor General's forms of criticism**



Source: Office of the Auditor General of Norway

*Highly objectionable* is the Office of the Auditor General's strongest criticism. We use this level of criticism when we find serious weaknesses, errors, and shortcomings. These can often entail major consequences for individuals or society in general.

*Objectionable* is used when we find significant weaknesses, errors and shortcomings that can often entail moderate to major consequences for individuals or society in general.

We use *unsatisfactory* when we find weaknesses, errors and shortcomings that are less likely to entail direct consequences for individuals or society in general.

We aim to publish a certain proportion of our audit reports in the Nynorsk variant of Norwegian in line with the intentions of the Language Act. In 2023, we plan to publish two audit reports in Nynorsk. We also translate some of our audit reports into English.

<sup>6</sup> Section 11 of the Act relating to the Office of the Auditor General

### *Follow-up*

Once the Storting has received a report, it is considered by the Standing Committee on Scrutiny and Constitutional Affairs and then by the Storting in plenary. We follow up audits, generally within two to three years, to provide the Storting with information about the measures that have been implemented after the report was submitted.

See section 3.2 for a more detailed presentation of our audits and investigations.

## 2.3 Organisation

### 2.3.1 The Board of Auditors General and the Secretary General

The Office of the Auditor General is governed by a Board consisting of five Auditors General. The Storting selects members of the Board every four years following the parliamentary election, for a term of four years starting from the beginning of the next calendar year. At the same time, the Storting also appoints the chair and the deputy chair of the Board.

The chair of the Board of Auditors General is also the managing director of the Office of the Auditor General.

In December 2021, the Storting selected a new Board of Auditors General for the period 2022–2025. Karl Eirik Schjøtt-Pedersen is the chair of the new Board of Auditors General.

**Table 1: Board of Auditors General 2022–2025**

<b>Auditors General</b>	<b>Role</b>	<b>Deputies</b>
Karl Eirik Schjøtt-Pedersen	Chair	Svein Roald Hansen
Tom-Christer Nilsen	Vice-chair	Beate Heieren Hundhammer
Helga Pedersen	Board member	Heidi Grande Røys
Anne Tingelstad Wøien	Board member	Tor Peder Lohne
Arve Lønnum	Board member	Torstein Dahle

The Secretary General assists the Auditor General in the day-to-day management of the organisation and is also the secretary for the Board of Auditors General. Jens Arild Gunvaldsen has been Secretary General of the Office of the Auditor General since 2016.

### 2.3.2 Organisation, employees and regional presence

The Office of the Auditor General comprises seven departments: three financial audit departments, two performance audit departments, an administrative department and a support and development department. Each department is managed by a Director General. In addition, we have a management and communications team, a legal team (since 2023) and an international section.

The administrative support functions provide services to the entire organisation. These services are essential for ensuring that our audits and investigations can be carried out expediently and that we comply with the laws and regulations that govern our operations.

The administrative support functions are responsible for the operation and development of our various systems, as well as providing services such as HR, payroll, financial services, archiving, library, security, operations, cleaning, communication, corporate governance and management support.

At the end of 2022, the Office of the Auditor General had 443 permanent employees. Our employees are primarily economists, auditors, lawyers and social scientists. In 2022, we performed work corresponding to 417.5 full-time equivalents.<sup>7</sup>



Our head office is in Oslo, and we have regional offices in Tromsø, Bodø, Trondheim, Bergen, Kristiansand and Hamar.

At the end of 2022, 66 employees worked outside Oslo. Each regional office has between 6 and 16 employees.

Read more about our organisation on [www.riksrevisjonen.no](http://www.riksrevisjonen.no).

Source: Office of the Auditor General of Norway

<sup>7</sup> See the definition in chapter 7.

## 3 Activities and results in 2022

### 3.1 Results related to the strategic goals

The Office of the Auditor General's strategic plan covers the period 2018–2024. Our vision is to deliver “auditing to benefit the society of tomorrow”, and we work towards three main goals. We will

- be society's foremost provider of current and relevant public auditing
- conduct high-quality audits and controls
- be an efficient organisation

We have defined strategies for each main goal that specify how we will work to achieve the goal.

This year's results show that we largely deliver current and relevant audits of high quality, but that we need to further strengthen our quality assurance of audit-related tasks in our financial auditing. The Storting and the public administration both state that our investigations and audits are useful and contribute to improvements. The development projects we have initiated in recent years will help further improve efficiency in the organisation.

#### 3.1.1 Goal 1: The Office of the Auditor General is society's foremost provider of current and relevant public auditing

##### **Contribute to the Storting's supervision of the public administration**

In connection with its consideration of Document 2, the Storting stated that the Office of the Auditor General makes important contributions to the supervision of the government and the public administration through its financial audits, performance audits, compliance audits and corporate control.

An external evaluation of the Office of the Auditor General conducted by Agenda Kaupang shows that three out of four members of the Storting find the information from the Office of the Auditor General's documents useful. They use the information in a variety of ways, including as a basis for contributions to parliamentary debates (79 per cent), for participation in the public debate (79 per cent) and in connection with policy formulation (66 per cent).<sup>8</sup> A review we undertook in 2021 showed that the Storting referred to audits and investigations performed by the Office of the Auditor General on 142 occasions that year. This is in addition to its standard consideration of our reports.

Although the Storting considers the Office of the Auditor General to be useful and independent, MPs point out that there is still potential to broaden the scope of our activities, in respect of both the issues we investigate and our ability to meet the Storting's information needs in a way that enables developments in critical areas to be monitored over time. Among other things, some MPs find that the Office of the Auditor General could

---

<sup>8</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*

investigate more cross-sectoral topics than it currently does.<sup>9</sup> We have noted that the evaluation raises questions about the breadth of the Office of the Auditor General's supervisory activities. The Office of the Auditor General holds that we should give priority to issues that must be assumed to be of particular importance. In February 2022, the new Board of Auditors General therefore decided to prioritise six strategic areas. These are discussed in more detail in section 3.2.3.

### **Contribute to improving the public administration**

According to the public administration, the Office of the Auditor General is thorough and professional in its conduct of audits, and the reports are relevant and suitable for working on improvements. The Office of the Auditor General's reports lead to steps in the right direction being taken in areas that are central to the public administration, such as internal control and financial management.<sup>10</sup>

The Office of the Auditor General normally follows up audits within three years of their being considered in the Storting. The follow-up of previous audits shows that the public administration implements changes and improvements in the wake of the audits. In some cases, we discontinue our follow-up even though it is too early to assess whether the implemented changes have led to better results. This is because we consider the public administration's follow-up of the Storting's and the Office of the Auditor General's comments to be satisfactory.

The annual user surveys indicate that the public administration finds our audits and investigations relevant and useful, and that they use them to make specific improvements. The feedback is generally consistently positive, albeit with small variations from year to year. Perceived usefulness has remained stable at a high level in recent years. This applies to both financial audits and performance audits.

At the same time, the public administration identifies potential for improvement in respect of the Office of the Auditor General's choice of audit approach. The respondents find that the Office of the Auditor General is better at casting light on sector-specific issues than cross-sectoral ones. The public administration points out that performance auditing has the potential to trigger more efficient resource utilisation. According to Agenda Kaupang's evaluation of the Office of the Auditor General, we do not adequately identify whether the public administration is making optimum use of its resources (productivity and efficiency). The public administration holds that the audit of accounts ought to focus more on the risk of irregularities, IT security and whether funding is being used as intended.<sup>11</sup>

During the audits, we disseminate our findings and opinions. Our dissemination work appears to be well suited to promoting learning, development and correction of errors and omissions. The Office of the

---

<sup>9</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*

<sup>10</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*

<sup>11</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*

Auditor General's advice and guidance are perceived as useful, but there is also scope for providing more advice and guidance.<sup>12</sup>

In 2022, the Office of the Auditor General has participated at a number of conferences and events where we have presented our audits. Examples include Arendalsuka (the largest political gathering in Norway, held annually), the Digitalisation Conference organised by the Norwegian Digitalisation Agency (Digdir), and the Public Procurement Conference organised by the Norwegian Agency for Public and Financial Management (DFØ). We have also strengthened our dialogue with the public administration, for example through meetings with the political management of the ministries and with key central government entities and companies.

In autumn 2022, we also started a series of dialogue meetings with key regional actors within the public administration, politics and society across the whole of Norway. At these meetings, we presented our strategic priorities and received input on ideas for future audit topics. The meetings have provided us with valuable insight into the strengths and challenges in the individual regions. We have also used the meetings to promote our regional presence.

In the future, we are planning to also hold meetings with various organisations, such as interest groups, trade unions and professional associations.

### **Offer benefit, credibility and relevance to the general public**

The media are our main channel for communicating information about our findings to the public. In 2022, the Office of the Auditor General had approximately 4,200 instances of media coverage, compared with approximately 4,800 in 2021. The results of our audits and investigations are used as the basis for coverage in the media, suggesting that the audits are perceived as topical and relevant contributions to the public debate.

In 2022, the following audits received the most media coverage:

- *The Norwegian Armed Forces' systems for communication and information exchange in operations*
- *Follow-up audit of the frigates' operative capacity*
- *The Office of the Auditor General's 2021 annual audit report – from the national budget to the central government accounts*

Our website, [www.riksrevisjonen.no](http://www.riksrevisjonen.no), is the main source of information about our findings and recommendations and our social mission. The media is an important user of the website. In 2022, the website had approximately 98,800 visits, up from approximately 84,400 visits in 2021. The visit statistics show that the main reason for visits is to access new reports.

Most of the users of the website find the information they were looking for. They are positive about both the structure of the website and the content. This is shown by the 2022 evaluation of the website. The evaluation included

---

<sup>12</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*



interviews with a selection of key users such as journalists, the public administration, interest organisations and auditors.<sup>13</sup>

In 2022, the following audits were the most visited on our website:

- *The authorities' work on adapting buildings and infrastructure to a changing climate*
- *The authorities' efforts to combat domestic violence*
- *The Norwegian Armed Forces' systems for communication and information exchange in operations*

### 3.1.2 Goal 2: The Office of the Auditor General conducts high-quality audits and controls

We assess the quality of our work based on the quality of our audits and investigations (product quality) and the quality of the process and the communication we have with the people we are auditing (process quality).

#### **Product quality of our audits and investigations**

The quality of the Office of the Auditor General's audits is consistently high. This applies in particular to our performance audits and compliance audits, while there is still potential for improvement in our financial audits. This is shown by the senior management's retrospective quality control (TEK), which was carried out in autumn 2022.

According to TEK, we have challenges related to quality assurance of our audit-related tasks and the organisation of our financial audits. There is a need for better compliance with international auditing standards and financial auditing guidelines. Cases have been identified where sufficient and appropriate audit evidence has not been obtained. The review has also highlighted the need for a new audit support tool in financial auditing to ensure better documentation and traceability. In addition, we have established a new quality committee. The purpose of this committee is to clarify the interpretation of a variety of auditing-technical issues in financial auditing before making a recommendation to the Auditor General, who will decide whether the matter requires consideration by the Board of Auditors General.

The TEK review has revealed that good quality assurance systems have been established for compliance and performance auditing and that the guidelines are largely observed.

In addition to retrospective quality controls after the audits have been completed, we also conduct independent quality checks of the audits before they are finalised.

#### **Quality of interaction with auditees**

One of our objectives is to be professional, open and user-oriented in our communication. In the user surveys, the audited organisations express their views on the audit process as well as the communication with the Office of

---

<sup>13</sup> NoA Connect, NoA Ignite. (2022). *Summary of findings and recommendations. Qualitative and quantitative user insight on the Office of the Auditor General's website*

the Auditor General. We generally receive consistently positive feedback, and the public administration finds that the auditing process is good.

Agenda Kaupang's evaluation of the Office of the Auditor General includes a more detailed analysis of the results of the user surveys. The auditees are satisfied with the communication during the financial audit process, but there is potential for improvement in this respect in connection with performance audits.<sup>14</sup> Among other things, the evaluation shows that communication during performance audits is not always experienced as sufficiently good.

In 2022, we introduced procedures for collaboration and coordination between the Office of the Auditor General's work and internal audits carried out in central government entities and companies. This will help ensure we comply with auditing guidelines and act consistently and professionally in our contact with the public administration.

### 3.1.3 Goal 3: The Office of the Auditor General will be an efficient organisation

One of the aims of the Office of the Auditor General is to be a well-managed organisation that conducts audits and controls expediently. This requires that we have the agility to adapt, and we therefore give high priority to internal development work. Digitalisation and automation are top priorities. A range of recent development initiatives have resulted in enhanced quality and more efficient use of resources. In addition, more coordinated management of the audit assignments has led to better prioritisations. The number of full-time equivalents has been reduced by approximately 5 per cent over the past five years, while production has remained at virtually the same level.

At the end of 2022, we are working on several development projects that will enable further efficiency gains, for example through simplification of work processes and introduction of new technical solutions. We expect these projects to yield gains in the form of higher quality, financial savings and reduced use of time and resources, freeing up time and resources for other important tasks.

Once these development projects are completed, they will be transferred to the relevant units. In 2022, we have completed a project to digitise the production of reports. Together with the project *Framtidens Dokument 1* ["Tomorrow's OAGN Annual Audit Report"], which was completed in 2021, this has led to better dissemination of our audit findings and conclusions, both linguistically and visually. Both of these projects have simplified and sped up the production of our documents.

Our ambition is to further develop Document 1 with more financial and economic analyses. For example, Document 1 (2022–2023) contained a discussion of the use of the fiscal rule. The document was also adjusted in line with feedback from the Standing Committee on Scrutiny and Constitutional Affairs.<sup>15</sup>

Our digital communication solutions have enabled production to largely continue as normal through the pandemic years. The ongoing seamless

---

<sup>14</sup> Agenda Kaupang. (2022). *Evaluation of the Office of the Auditor General's activities*

<sup>15</sup> To Recommendation no. 127 to the Storting (2021–2022) (to Document 1 for 2020)

communication project allows us to conduct more audit meetings and other tasks remotely. This will result in reduced travel, benefitting the employees through less work-related travel, which can often be burdensome, the environment by cutting our carbon footprint, and the bottom line through reduced travel expenses.

Our goal is a 35 per cent reduction in travel expenses in 2024, compared with 2017. The accounting figures for 2022 indicate that we are on track to achieve this goal. Last year, our travel expenses were down by 33 per cent compared with 2017. This corresponds to a saving of approximately NOK 6.3 million. Some of this decrease is attributable to the COVID-19 pandemic.

Our new solution for the transfer of audit documentation between ourselves and auditees has brought us closer to reaching our goals of better security and greater efficiency in the transfer of data. Among other things, the solution ensures greater information security. It has also reduced the amount of time we spend collecting data.

Read more about our development work in section 3.3.

## 3.2 Audits and controls

### 3.2.1 Financial audits and control of national accounts

We have audited the central government accounts and the annual accounts of 235 organisations for ministries, central government entities and funds for 2021. This includes the annual accounts of the Sámi Parliament.

The central government accounts are largely correct and in accordance with laws and regulations. Any minor errors we have detected have been corrected by means of advice and dialogue with the audited organisations before the accounts have been closed.

We issue a modified opinion in the audit report if there are material errors or omissions in the accounts or it is not possible to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. In 2021, Export Finance Norway, the Research Council of Norway, the Norwegian Public Roads Administration and the Norwegian Coastal Administration received a modified opinion as a result of material errors and omissions in their annual accounts.

In 2020, the Office of the Auditor General experienced practical challenges conducting the audit of the Norwegian Armed Forces in connection with the pandemic, due to the special needs for physical presence when auditing classified information. As a result, we were unable to confirm the opening balance of stocks of goods and operating materials or other operating expenses for 2021.

We have detected non-compliance with administrative regulations at six auditees, but these instances of non-compliance have no bearing on our conclusion on the annual financial statements.

The central government accounts is a consolidated statement based on the financial statements of all the central government organisations. The control of the central government accounts is based on financial audits of the ministries and their subordinate entities, and audit processes covering the central government accounts themselves. The Office of the Auditor General finds that the central government accounts for 2021<sup>16</sup> have been correctly prepared and presented. In other words, we find that they are in compliance with the principles of the Appropriations Regulations.

Financial audits, including control of the central government accounts, are our most resource-intensive area.

### 3.2.2 Annual corporate controls

Each year, we conduct checks on companies in which the state has a material ownership interest. In 2022, we inspected the ministerial exercise of authority in 12 ministries that exercise ownership rights. We have checked that general meetings and corporate meetings have been held and documented in compliance with laws, regulations and decisions in 46 wholly-owned private limited liability companies, 24 partly owned limited liability companies, one joint-stock liability company, six public limited liability companies (ASA), eight state enterprises, four regional health authorities, 15 student welfare organisations, and a further six companies regulated by special legislation. Many of the companies perform vital functions in society and are responsible for a significant part of the value creation in Norway.

The corporate control for the 2021 financial year has not found any major shortcomings in the exercise of ownership.

---

<sup>16</sup> White paper Report no. 3 to the Storting (2021–2022)

### 3.2.3 Performance audits

In 2022, the new Board of Auditors General established a framework for strategic prioritisation of performance audits. The purpose of the overarching management signals is to help ensure that the cases we present to the Storting address the topics that are most important for society. Priority is to be given to the following topics (in no particular order):

- the changes required in society to meet the climate challenges
- civil protection and emergency preparedness, including ICT security
- improvement of the public sector, including digitalisation
- safeguarding of vulnerable groups
- factors that are of particular significance to society's access to resources
- factors that are of particular significance to society's use of resources

All six topics are regarded as of equal importance. When determining the priority of assignments, we look at the portfolio as a whole. It may therefore be necessary to investigate other topics on the basis of an assessment of risk and materiality.

In 2022, we reported 11 performance audits (including performance audits of companies) to the Storting. Although all the audits were decided and largely carried out before the strategic focus areas were introduced, we have nevertheless chosen to present them in accordance with these categories in Table 2 to illustrate how they align with the individual focus areas.

According to the Storting, it is important that the Office of the Auditor General conducts investigations and assesses materiality and risk across the ministries. We are able to do this because we have unique access to information. A total of five of the reported audits involve multiple ministries.

**Table 2: Performance audits reported to the Storting in 2022**

<b>Category</b>	<b>Audit</b>	<b>Report to the Storting</b>
<b>Climate challenges</b>	Green public procurements The Ministry of Climate and Environment, the Ministry of Finance and the Ministry of Trade, Industry and Fisheries	Document 3:5 (2021–2022)
	The authorities' work on adapting buildings and infrastructure to a changing climate The Ministry of Climate and Environment, the Ministry of Local Government and Regional Development, the Ministry of Trade, Industry and Fisheries, the Ministry of Justice, the Ministry of Petroleum and Energy and the Ministry of Transport and Communications	Document 3:6 (2021–2022)
<b>Civil protection</b>	The Norwegian Police Service's achievement of goals in key areas The Ministry of Justice and Public Security	Document 3:7 (2021–2022)
	The Norwegian Armed Forces' systems for communication and information exchange in operations The Ministry of Defence	Document 3:3 (2022–2023)
<b>Improvement</b>	Investinor's achievement of goals and investment practice The Ministry of Trade, Industry and Fisheries	Document 3:2 (2022–2023)
<b>Vulnerable groups</b>	The authorities' efforts to combat domestic violence The Ministry of Justice and Public Security, the Ministry of Children and Family Affairs, the Ministry of Labour and Social Inclusion, the Ministry of Health and Care Services and the Ministry of Education and Research	Document 3:8 (2021–2022)
	Health, education and welfare services for prison inmates The Ministry of Justice and Public Security, the Ministry of Labour and Social Inclusion, the Ministry of Health and Care Services and the Ministry of Education and Research	Document 3:4 (2022–2023)
	Administrative practices in the municipal child welfare services The Ministry of Children and Family Affairs	Document 3:5 (2022–2023)
<b>Use of resources</b>	Traceability in the prioritisation of projects in the National Transport Plan (NTP) The Ministry of Transport and Communications	Document 1 (2022–2023)
<b>Topics outside the strategic priorities</b>	The authorities' control of cross-border transport of waste The Ministry of Climate and Environment and the Ministry of Finance	Document 3:6 (2022–2023)
	The complaints process in the tax area The Ministry of Finance	Document 1 (2022–2023)

At the start of 2023, we were working on a further 22 performance audits (including five performance audits of companies). Four of these audits involve multiple ministries.

<b>Category</b>	<b>Audit</b>
<b>Climate challenges</b>	Enova's achievement of goals and management of the Climate and Energy Fund
	The authorities' management and coordination to meet climate targets adopted by the Storting
<b>Civil protection</b>	The authorities' work to ensure safe drinking water
	The authorities' coordination of work on cyber security in the civil sector
	The authorities' work on food security and emergency preparedness in the agricultural area
	Information security in research within the knowledge sector
<b>Improvement</b>	Digitalisation in the Norwegian Police Service
	Use of IT systems in hospitals
	Risk management in the regional health authorities and health trusts
	Seamless public transport
	Use of artificial intelligence in the central government
	The authorities' work to reduce delays and cancellations on the railways
<b>Access to resources</b>	The work by Norwegian universities and university colleges to improve the quality of education
	The Norwegian Tax Administration's control of Norwegian citizens' income and assets abroad
	The authorities' work on fish health and welfare in the aquaculture industry
	The authorities' work-oriented assistance for young people who have fallen outside the labour market
<b>Use of resources</b>	Norway's humanitarian assistance in connection with the crisis in Syria
	The Ministry of Foreign Affairs and Norad's handling of the risk of financial irregularities in international development aid
	Quality and efficiency in the operation and maintenance of the national road network
	Availability and quality of rehabilitation services for major patient groups
<b>Topics outside the strategic priorities</b>	Election of competent boards of directors in wholly owned state-owned companies
	The Norwegian Maritime Authority's work to promote good working and living conditions at sea

**Table 3: Ongoing performance audits at the start of 2023**

### 3.2.4 Compliance audits

We have reported six compliance audits in Document 1 (2022–2023). Two of the reported audits include multiple ministries.

As mentioned above, the overarching management signals for prioritisation of audit topics are intended to help ensure that the cases we present to the Storting address the topics that are most important for society. Compliance audits consist of checking that central government entities are discharging their duties in the manner decided by the Storting and that they are complying with laws and regulations. Factors other than the management signals will weigh heavily when we are choosing audit topics. We have nevertheless chosen to present these audits in accordance with the categories in Table 4 to illustrate how they align with the individual focus areas. The audits that have been performed were decided and largely carried out before the new strategic focus areas were introduced.

**Table 4: Compliance audits reported to the Storting in 2022**

<b>Category</b>	<b>Audit</b>
<b>Vulnerable groups</b>	Grants to organisations supporting vulnerable groups The Ministry of Health and Care Services, the Ministry of Children and Family Affairs and the Ministry of Labour and Social Inclusion
<b>Access to resources</b>	Withholding tax on dividends to foreign shareholders The Ministry of Finance
<b>Use of resources</b>	NAV's control of benefits related to COVID-19 The Ministry of Labour and Social Affairs  The Norwegian Directorate of Health's audit of health reimbursements The Ministry of Health and Care Services
<b>Topics outside the strategic priorities</b>	The Ministry of Trade, Industry and Fisheries' management of pollution from abandoned mines The Ministry of Trade, Industry and Fisheries  Central government entities' follow-up of pay and working conditions in procurements The Ministry of Labour and Social Affairs, the Ministry of Finance, the Ministry of Defence, the Ministry of Justice and Public Security, the Ministry of Climate and Environment, the Ministry of Local Government and Regional Development, the Ministry of Education and Research, the Ministry of Agriculture and Food, the Ministry of Trade, Industry and Fisheries, the Ministry of Petroleum and Energy and the Ministry of Transport and Communications



At the beginning of 2023, we were working on a further nine audits that we plan to report to the Storting in 2023: Two of these include multiple ministries.

**Table 5: Ongoing compliance audits at the start of 2023**

<b>Category</b>	<b>Audit</b>
<b>Civil protection</b>	Health registers – ICT security
	The Norwegian Directorate for Civil Protection (DSB)’s supervisory activities within electrical safety
<b>Vulnerable groups</b>	Aftercare in the child welfare services
<b>Use of resources</b>	Compliance with lifetime costs of the F-35
	Procurements – framework agreements and security procurement in the defence sector
	The new Government Building Complex, phase 1 – costs, functionality and scope
<b>Topics outside the strategic priorities</b>	The Storting’s financial arrangements for MPs
	Remuneration and allowances in the Ministry of Foreign Affairs, the Norwegian Police Service and the Norwegian Armed Forces
	Clear, understandable communication in decision letters from the Norwegian Public Service Pension Fund (SPK) and the Norwegian Labour and Welfare Administration (NAV)

### 3.3 Development work

The Office of the Auditor General has many ongoing development projects. These projects are necessary to ensure we develop in line with the goals laid down in our strategy. Digitalisation and automation are central pillars in the work to enhance quality and improve the efficiency of our work processes. Among other things, we have an innovation lab that supports this work. Much of the development work also consists in our adopting innovative methods and new technology to conduct audits.

In 2017, we established a modernisation programme to ensure systematic management of our development work in the strategy period. The programme has consisted of our largest and most important development projects. This has been an important instrument to help us achieve the goals laid down in our strategy, and to ensure that the development initiatives yield the expected gains.

In 2022, the modernisation programme was replaced by clearer coordinated portfolio management of all the approved development initiatives. Responsibility for the portfolio has been assigned to the Secretary General, while ownership of the individual initiatives has been delegated to the

relevant departments. The framework for management and follow-up of the initiatives will be continued, building on the work done under the modernisation programme.

### 3.3.1 Portfolio of development initiatives

At the close of 2022, the portfolio comprised 13 development initiatives. The initiatives are categorised into the five defined focus areas for our development work: social mission, organisation and management, infrastructure and technology, professional expertise, and communication.

Below is a brief presentation of the most significant development initiatives.

#### **Design of a new data platform**

This project concerns development of a new data platform with a solution for the secure transfer, reception, storage and processing of data. The new platform is expected to contribute to improved quality in our audits and the organisation. This project is part of our infrastructure and technology focus area. The work will continue until 2024.

#### **Handling of classified information**

We are working on increasing our capacity to handle classified information in accordance with requirements laid down in the *National Security Act* and the *Regulations relating to the protective security work of undertakings* (the Security of Undertakings Regulations). The goal is to improve the efficiency of audits and investigations in which we handle classified information. This project is part of our infrastructure and technology focus area, and is expected to be completed in the first half of 2023.

#### **Management information**

We are working on a project to improve and systematise management information in the organisation. The project is part of the organisation and management focus area and is intended to contribute to improved efficiency in the organisation. It is expected to be completed in 2023.

#### **New audit support tool for financial auditing**

This measure was decided in 2022. We expect the new support tool to contribute to better quality and greater efficiency in financial audits. This project is part of our infrastructure and technology focus area, and is expected to continue until the end of 2024.

#### **Focus on productivity and efficiency**

In the coming period, the Office of the Auditor General will pay particular attention to improvement of the public sector. In addition to the audits and investigations we already deliver, there is potential to deliver reports that can provide the Storting with more information about productivity and efficiency in various areas. We are currently mapping our capacity to contribute to more analyses of productivity and efficiency. This project part of our professional expertise focus area, and is expected to continue until the end of 2023.

## Other important initiatives

The portfolio also includes other development initiatives aimed at improving various processes, such as strengthening our profiling and recruitment work, for example. In 2022, we also established an internship scheme for certification of financial auditors. Under this scheme, financial auditors can accumulate three years of professional practice at the Office of the Auditor General in order to qualify for approval as a state-authorized public accountant. Previously, this could only be done through work in private auditing firms.

We believe that both projects will strengthen our competitive standing in a tight labour market.

We are working on solutions adapted to more flexible working arrangements, building on experiences from the COVID-19 pandemic. In 2022, we tested out various solutions for flexible and efficient use of our offices in Oslo. In 2023, we will decide which solutions to introduce.

## 3.4 International engagement

The Office of the Auditor General is involved in a wide range of international work. We participate in international organisations for supreme audit institutions and in partnerships to strengthen supreme audit institutions in weak democracies, in addition to undertaking audit assignments for international organisations.

The Office of the Auditor General's international engagement has two main objectives:

- We will strengthen the standing of public auditing internationally. We achieve this in particular by providing technical support to supreme audit institutions in developing countries and by contributing to the work of establishing good international standards for public auditing.
- We will ensure learning and development through professional dialogue. Sharing experiences and knowledge are fundamental for the development of our own business.

### 3.4.1 Development of public auditing

Internationally, most of the development work on public auditing is done through INTOSAI<sup>17</sup> – the global umbrella organisation for supreme audit institutions. INTOSAI develops auditing standards and a common international framework for public auditing.

The Office of the Auditor General of Norway contributes to INTOSAI in a number of ways. The chair of the Board of Auditors General is a member of the board of INTOSAI. In addition, we head the overarching coordinating body for the further development of international standards for public auditing, and we are represented on the committees responsible for developing standards for financial auditing, performance auditing and

---

<sup>17</sup> International Organization of Supreme Audit Institutions

compliance auditing. The Office of the Auditor General has chaired the committee responsible for developing standards for performance auditing since 2016. In 2022, we handed over this role to the Comptroller and Auditor General of Ireland.

We also sit on a number of other INTOSAI committees and working groups that are particularly relevant to our work.

Collaboration with the other Nordic supreme audit institutions remains a priority. At the 2022 meeting of the Nordic Auditors General, the sharing of experiences related to selecting audit topics was a key item on the agenda, in addition to a mutual briefing on current cases and discussion of various forms of Nordic co-operation.

Through INTOSAI, we also collaborate with supreme audit institutions that are at the forefront in areas such as data analysis, visualisation, and the use and auditing of machine learning algorithms and artificial intelligence.

### 3.4.2 Professional support to partner institutions

Common international standards on auditing provide us with a good point of departure for assisting other countries' supreme audit institutions in their work to improve the management of public resources. This in turn supports Norway's foreign-policy and development-policy goals by promoting good governance and combating corruption. It also aligns with UN Sustainable Development Goal 16 (peace, justice and strong institutions).

Through our collaboration, we aim to contribute to the development of strategies, methods and plans to strengthen the institutions. We also provide support in areas such as IT auditing, resource management and the environment.

An underlying principle for our international engagement work is that we assist the institutions in ongoing processes. Our greatest strengths in this context are that we have a broad range of expertise and a flexible approach. We attach importance to having an active presence and long-term perspective in all these projects. We use only our own employees in international engagement work.

In 2022, the Office of the Auditor General has continued the bilateral institutional cooperation with the supreme audit institutions of Uganda and Albania. We have also continued our work to ensure regional anchoring via our close collaboration with AFROSAI-E, the African Organisation of English-speaking Supreme Audit Institutions in Southern Africa. In 2022, we have started a new institutional collaboration with the State Audit Office of North Macedonia and entered into a collaboration agreement with the Office of the Auditor-General of Namibia.

We also collaborate with other countries' supreme audit institutions through the INTOSAI Development Initiative (IDI). The IDI coordinates a number of country-specific projects. Through these, the Office of the Auditor General has also collaborated with the supreme audit institutions of South Sudan, Gambia and Madagascar.

#### **Fact box 4: The INTOSAI Development Initiative (IDI)**

The Office of the Auditor General of Norway hosts the INTOSAI Development Initiative (IDI) – an organisation that works to develop and support supreme audit institutions in developing countries. The IDI helps increase capacity in more than 140 supreme audit institutions through a range of development programmes. The Auditor General of Norway is chair of the IDI Board.

There is more information about the IDI in Appendix 4.

Source: Office of the Auditor General of Norway

#### **Assistance to strengthen institutions**

Supreme audit institutions need to have a clear mandate, robust internal governance structures and good support functions to be able to reap the full benefits of strong auditing expertise. In view of this, the Office of the Auditor General now supports more supreme audit institutions with the execution of internal evaluations and strategic planning. This is frequently done in collaboration with the INTOSAI Development Initiative (IDI). Among other things, we have provided input on the draft for new legislation for the Office of the Auditor-General of Namibia.

The Office of the Auditor General's professional support to supreme audit institutions in developing countries contributes to better management of public funds and good governance in our partner countries. Both the Office of the Auditor General and the IDI would like to further increase their involvement in these kinds of projects. This will require increased resources to ensure that this kind of work is not at the expense of the Office of the Auditor General's primary mission. In December 2022, Auditor General Karl Eirik Schjøtt-Pedersen had a meeting with Norway's Minister of International Development Anne Beathe Tvinnereim to discuss this.

#### **Assistance in developing IT audits**

Information technology (IT) systems are central to most public agencies. There is growing demand internationally for increased expertise in this area and greater understanding of the impact, security aspects and risk of IT systems in various organisations. This kind of evaluation or inspection of IT systems is called IT auditing. Our IT auditing team has expertise and capacity that we share internationally. We build capacity in other supreme audit institutions in order to enable them to include IT auditing in their audits. At the same time, we also learn many useful lessons from this collaboration.

#### **Assistance with audits of resource management**

In a number of developing countries, natural resources such as oil, gas and minerals are an important source of income. At the same time, corruption and irregularities can prevent these revenues from benefiting the country's citizens. The Office of the Auditor General has chosen to focus on providing assistance to audits of the extractive industry in order to promote good management of the extraction of natural resources. We currently provide audit support to the supreme audit institutions in Uganda, Namibia, Albania and North Macedonia and to AFROSAI-E. Uganda is planning to start

extracting oil in the next few years and will then become one of the largest oil producers in East Africa. The Ugandan authorities need a major boost in expertise in addressing the environmental challenges this will entail.

### **Costs of our development cooperation**

We reported around NOK 10.4 million to OECD-DAC<sup>18</sup> in 2022, compared with NOK 8.2 million in 2021 and NOK 15 million in the last pre-pandemic year 2019. The reduction in 2021 and 2022 is largely due to lower activity as a result of the COVID-19 pandemic. The figure includes our development collaboration costs, which consist of direct costs and the payroll costs of the staff involved.

#### **3.4.3 Peer reviews**

Peer reviews are conducted to get an external opinion on whether a supreme audit institution is performing its defined tasks and working in accordance with the applicable standards. A peer review consists of a team of employees from one or more supreme audit institutions carrying out an evaluation and submitting a report to the supreme audit institution being reviewed.

In 2022, we led a team, with assistance from the UK's National Audit Office, that conducted a peer review of the Swedish National Audit Office. We submitted the final report to the client in December. In 2022, we started a peer review of the U.S. Government Accountability Office. The Office of the Auditor General of Norway is leading this project, with team comprising employees from the supreme audit institutions of Sweden, Canada and New Zealand. The review is scheduled to be completed in early autumn 2023.

#### **3.4.4 Auditing of international organisations**

The Office of the Auditor General wishes to contribute to greater transparency and better administration in international organisations of which Norway is a member. We conduct external audit assignments for international organisations and are represented on the audit boards of a number of organisations. We learn a great deal from these assignments. One challenge associated with this kind of work is that many of these assignments do not provide full coverage of the costs of the work. This makes it difficult for the Office of the Auditor General to take on as many of these assignments as we would like.

In 2022, we chaired the EFTA Board of Auditors, and we were the external auditor for the European Centre for Medium-Range Weather Forecasts. In addition, we were represented on the audit boards of the European Patent Office, the European Space Agency, the Organisation for Economic Co-operation and Development and EUROCONTROL.

---

<sup>18</sup> The OECD's Development Assistance Committee

### 3.4.5 Other international activities

#### **The EU Interreg programme**

The Office of the Auditor General has taken part in the audit of the EU's Interreg programme. The Interreg programme aims to promote social and economic integration across national borders through regional cooperation. The audit has now been completed.

#### **Collaboration with the EFTA Surveillance Authority**

We have a Memorandum of Understanding regarding cooperation with the EFTA Surveillance Authority (ESA), which was signed in 2020. We exchange experience through meetings, competence-development initiatives and internship programmes. In the first half of 2022, an employee from ESA's Competition and State Aid Directorate did an internship at the Office of the Auditor General. Parallel to this, a working group has assessed how we can strengthen our expertise in EU and EEA regulations and issues related to the public administration's understanding and practices in this area.

# 4 Quality assurance and management

## 4.1 The quality assurance system

The Office of the Auditor General's quality assurance system is based on international standards for quality control. The system covers leadership, ethics, competencies, performance of tasks and monitoring of the organisation. The Office of the Auditor General's governing documents are easily accessible. We maintain a strong focus on ensuring that we have:

- clear requirements and work criteria
- an overview of the factors that affect our ability and opportunity to carry out the work in line with the stipulated requirements and criteria
- systematic processes for the planning, implementation, quality control and reporting of all auditing and controls
- a systematic approach to monitoring, learning and improvement

Our quality assurance system is under constant development. Key elements include guidelines for auditing and control work, our code of conduct, responsibility and authority structures, risk management, management of a portfolio of auditing and development tasks, auditing and support systems, and organisational culture.

In 2022, we have conducted internal and external evaluations of our operations, as described in chapter 2. The evaluations showed that we are doing a lot of good work, but that there is still room for improvement in certain areas. Among other things, we have started work to establish a dedicated ethics control system to map, analyse and manage ethical risk. This work is scheduled to be completed in 2023. In addition, we assess the need to introduce internal auditing on an ongoing basis.



## 4.2 Planning and follow-up

### 4.2.1 Strategic plan

#### “Auditing to benefit the society of tomorrow”

Strategic plan 2018–2024  
The Office of the Auditor General of Norway



Adopted by the Board of Auditors General on 13 February 2018

Source: Office of the Auditor General of Norway

Our current strategic plan, which has been approved by the Board of the Auditors General, applies to the period 2018–2024.

Our vision “Auditing to benefit the society of tomorrow” guides our work and our main goals:

- current and relevant public audits
- high-quality audits and controls
- efficient organisation

### 4.2.2 Annual performance plan

The strategic plan is operationalised through our annual performance plan, which is based on the organisation’s resources and budget. Within this framework, we set overall priorities for our auditing, international work and development work as well as professional and administrative support.

The annual performance plan is based on analysis work performed to identify and prioritise new auditing tasks. We also assess which are the most important risk areas internally within the Office of the Auditor General when determining which development initiatives and other measures and expectations to include in the annual performance plan. The annual performance plan is then translated into concrete actions through departmental plans and management contracts.

We assess our performance and goal attainment based on a defined set of sources of information. This enables the management and Board of Auditors General to assess whether the organisation’s results are satisfactory or whether measures are necessary to improve our degree of goal attainment. We carry out annual assessments of our performance and attainment of goals, which then form the basis of our internal risk assessment (see section 3.1 on performance assessment).

### 4.2.3 Operational management

We work continuously to further develop our operational management. The purpose of this is to ensure sound execution of our work and ongoing prioritisation of tasks. Operational management is largely achieved through portfolio management systems that provide a collective basis upon which to evaluate whether there is appropriate progress, staffing levels and implementation of risk management for the tasks.

The Office of the Auditor General uses an electronic planning and reporting system to allocate and report the use of resources for auditing and administrative tasks. Historical figures from this system also provide a basis for better resource estimates for the planning of similar tasks in the future.

Furthermore, operational management aims to ensure that we manage resources and tasks in an efficient and prudent manner and comply with the relevant laws and regulations in our ongoing work.

## 4.3 Expertise, working environment and equality

The Office of the Auditor General wants to be an attractive workplace for current and future employees. In 2022, we started work to improve our profiling as an employer in order to make the Office of the Auditor General better known as a workplace. We are currently working on improving our onboarding of new employees. In addition, importance is attached to meeting the needs of each individual employee through continuous professional development and individual adaptations in respect of life situation and employee involvement. We offer a high degree of flexibility and monitor trends in society that may have a bearing on our role as an employer.

### 4.3.1 Professional development

The Office of the Auditor General is a highly skilled organisation, and we devote considerable resources to continuous professional development. Activities range from basic training in auditing to acquisition of highly specialised expertise. Learning takes place in a variety of arenas such as courses, networks, coaching and mentoring – and not least through the everyday work. The Office of the Auditor General works systematically to increase the proportion of its financial auditors who are state authorised public accountants (see section 3.3.1).

### 4.3.2 Life phase policy

Our life phase policy is part of our HR policy and is based on guidelines for the central government as an employer and the objectives in the Norwegian Inclusive Workplace Agreement (IA).

The Office of the Auditor General aims to be an attractive workplace for employees in all phases of their career, and we make every effort to ensure that more people can have a longer working life. Our life phase policy focuses on individually tailored measures adapted to each person's circumstances or life phase, focusing on employees' opportunities rather than their limitations. We accommodate the needs of employees who require special adaptation of their workplace.

### 4.3.3 Cooperation and co-determination

A good working environment is one of our priorities, and we ensure that employee representatives and safety delegates can attend to their duties satisfactorily. This helps ensure sound processes and provides a better decision-making basis.

The civil service organisations and employers meet regularly on the Information, Discussion and Negotiation Committee, where we discuss issues in accordance with the Basic Agreement and the Basic Collective Agreement within the state. According to the annual evaluation, all the parties perceive this collaboration as very good.

We have an active Working Environment Committee that helps ensure that the Office of the Auditor General has a good working environment. The local safety delegates safeguard the interests of the employees in connection with issues concerning the working environment in each department.

#### 4.3.4 Diversity, sickness absence and non-discrimination

The Office of the Auditor General aims to be a diverse organisation. We have an online recruitment tool that provides applicants with an immigrant background or a disability with the opportunity to request special assessment of their application.

Together with the working environment committee, safety delegates and the occupational health service, we pay great attention to follow-up of sickness absence, collaborating to ensure a good working environment and prevent sickness absence. In 2022, safety inspections were carried out at the head office in Oslo and at all the regional offices.

In 2022, total sickness absence was 6.66 per cent, compared with 5.37 per cent in 2021. Sickness absence was high in the Office of the Auditor General and in society in general in 2022, as a result of the COVID-19 pandemic.

In 2022, four instances of non-compliance with occupational health and safety regulations were reported. All these matters have been followed up, and remedial measures have been implemented.

We pay especially close attention to the use of overtime work. We are working systematically to improve our internal control, enhance training and develop better systems to support and ensure compliance with the provisions of the Working Environment Act.

A total of 58 per cent of the Office of the Auditor General's employees are women. In the middle management category, the target of at least 40 per cent representation of both genders has been met, while less than 40 per cent of the employees in the senior management category are women. In the other position categories, the percentage of men is less than 40 per cent.

**Table 6: Gender representation in the various position categories**

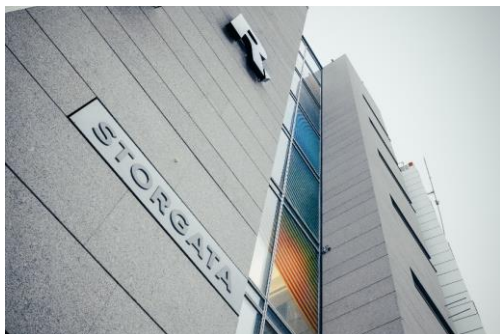
<b>Position category</b>	<b>Women (%)</b>	<b>Men (%)</b>
<i>(Position codes from the Norwegian State Salary Scale)</i>		
<b>Senior executives:</b>	37.5	62.5
<i>9146 – Director general 9208 – Secretary general</i>		
<b>Middle managers:</b>	51.4	48.6
<i>1218 – Deputy director general</i>		
<b>Senior case processing positions:</b>	59.6	40.4
<i>1217 – Assistant director 1220 – Special adviser 1364 – Senior adviser 1515 – Senior librarian</i>		
<b>Other case processing positions:</b>	66.7	33.3
<i>1363 – Senior consultant 1408 – Higher executive officer 1436 – Adviser</i>		
<b>Other positions:</b>	71.4	28.6
<i>1065 – Consultant 1130 – Cleaner 1136 – Operating technician 1203 – Skilled worker with trade certification</i>		

There are generally only small pay differences between men and women at all levels. However, the statistics show that there are differences between the genders in certain position categories.

There are no involuntary part-time positions in the Office of the Auditor General. All our positions are advertised as full-time positions, but we facilitate part-time work if a member of staff requests it. At the close of 2022, 37 employees were on partial leave or were working reduced hours. Of these, 33 were women. During 2022, six women and six men took parental leave. The women took a total of 96 weeks of parental leave, and the men took a total of 52 weeks of parental leave.

## 4.4 Sustainability

The Office of the Auditor General maintains a particular focus on areas such as energy consumption, procurements and travel.



Our head office has environmental certification of “Very good” according to the BREEAM NOR standard<sup>19</sup>. The building is in energy class A and has systems that regulate heating and ventilation 24 hours a day and that automatically turn off lights in rooms where there is no activity.

The head office of the Office of the Auditor General in Oslo. Photo: Ilja Hendel / Office of the Auditor General

As a result of the power crisis in Europe, we have introduced new energy-saving measures in line with the authorities’ recommendations. This has led to reduced energy consumption.

We have remodelled one floor at the head office to meet the increased security requirements. The remodelling was done in accordance with the BREEAM standard, and 95 per cent of the furniture and fittings were reused.

We set environmental requirements to the supply chain in connection with procurements. For example, our office furniture has been manufactured in accordance with environmental criteria, our office supplies and cleaning materials bear the Nordic Swan label, and our IT equipment is energy efficient. We deliver old IT equipment to Alternativ Data for recycling and reuse. Every time a piece of equipment is recycled, we help reduce carbon dioxide emissions, save raw materials and encourage the circular economy. We have reduced our consumption of paper significantly, in part by switching to digital publication of our reports since 2020.

In connection with the renewal of the contract with our canteen operator, we have set stricter environmental requirements, including increased use of organic foods (15 per cent) and regarding packaging and single-use items.

The Office of the Auditor General aims to reduce its number of travel days, air travel and greenhouse gas emissions in the coming years, in line with the UN Sustainable Development Goals. In 2021, new more stringent guidelines were adopted for business travel in the central government. We have a concrete target of reducing travel by 35 per cent in 2023, compared with the level in 2017. The use of digital solutions for communication and collaboration and flexible work-from-home arrangements help reduce the need to travel. However, audits of organisations all over the country, our international engagements and our regional presence mean that a certain amount of travel will always be necessary.

<sup>19</sup> BREEAM-NOR is a comprehensive environmental assessment method and rating system for buildings. It measures the sustainability of a building against a set of criteria.

## 5 Outlook to the future

The Office of the Auditor General's vision is that we will *benefit the society of tomorrow*. Norway is currently facing a number of major challenges related to, among others, climate change, an ageing population and declining government revenues from the oil industry – all of which will have consequences for public budgets. This places new and higher demands on the public administration. The Office of the Auditor General aims to provide current and relevant audits.

In 2022, we decided to prioritise audits in the following areas:

- the changes required in society to meet the climate challenges
- civil protection and emergency preparedness, including IT security
- improvement of the public sector, including digitalisation
- safeguarding of vulnerable groups
- factors that are of particular significance to society's access to resources
- factors that are of particular significance to society's use of resources

We will give greatest priority to profiling the work we do in the areas of improvement of the public sector and consider more topic-based reports and cross-sector reports. These areas will also be central topics at our “public sector improvement conference”, which we are holding for the first time in November 2023.

In view of the growing needs for services that come with an ageing population, expenditure on health and care services will rise going forwards. Pension payments are also increasing. Government expenditure will increase, while Norway's petroleum revenues are expected to decline. In addition, a smaller proportion of the population will be occupationally active. This will exacerbate the need for public services to make efficient use of their resources. The Office of the Auditor General has initiated work to explore whether there is potential to deliver audits that can provide the Storting with more information about productivity and efficiency in the public sector.

The Office of the Auditor General plays an important role in the work to improve and restructure the public sector. We want to strengthen our dialogue with the public administration in order to better understand their unique position and needs. Our ultimate goal is always to contribute to the development of the public administration, for example, by attaching greater importance to providing advice and guidance. We must therefore strike a balance between our auditing work on the one hand and our advisory work aimed at improving public sector activities on the other. In 2022, we held dialogue meetings with the Storting, the heads of several ministries and a number of regional actors. We will continue to conduct this type of dialogue in the years to come.

We must keep up with developments in society, requiring constant development in terms of both expertise and the way we communicate our findings, conclusions and recommendations. We will therefore give priority to further developing competencies within the organisation and recruiting new expertise where necessary. To succeed, we must be an attractive employer

that is responsive to our employees' needs, while at the same time continuing to develop and improve at a high pace.

In 2022, we began working on a new strategic plan. This plan will have to be adapted to the recommendations of the commission that is currently reviewing the legislation and instructions for the Office of the Auditor General, and the Storting's conclusions, once these become available. The new strategic plan will be operational from 2024.

## 6 Budget and financial statements 2022

The financial statements of the Office of the Auditor General are audited by PwC, on appointment by the Presidium of the Storting. We have received a clean audit report for the accounting for 2022, which means that the financial statements do not contain any material errors or omissions. The financial statements, with notes and the auditor's report, have been submitted to the Presidium of the Storting.

**Table 7: Budget and cash accounts for 2022 (in NOK thousands)**

Chapter	Item	Financial statements 2021	Budget 2022	Financial statements 2022	
<b>0051</b>	The Office of the Auditor General				
	01	Operating expenses	527 772	600 959	583 702
	75	Grants, international organisations and networks	27 900	28 600	28 600
		<b>Total recognised expenses</b>	<b>555 672</b>	<b>629 559</b>	<b>612 302</b>
<b>3051</b>	The Office of the Auditor General				
	01	Refunds	1 948	2 000	1 953
	02	Refunds abroad	846	300	1 152
		<b>Total recognised income</b>	<b>2 794</b>	<b>2 300</b>	<b>3 105</b>

“Development in full-time equivalent hours worked” measures resource input as the number of full-time equivalent hours actually worked.



**Table 8: Development in full-time equivalent hours worked in the Office of the Auditor General**

2017	2018	2019	2020	2021	2022
441	430	439	429	414	418

The change in full-time equivalent hours worked from 2021 to 2022 is mainly due to fewer leaves of absence in 2022.

## 6.1 Executive salaries

The salary of the Chair of the Board of Auditors General is determined by the Storting and was NOK 1,683,156 on 1 May 2022. The other four members of Board of Auditors General receive remuneration of 11 per cent of the chair's salary. The salaries of the Secretary General and Directors General are in line with the central government's system for the remuneration of senior executives. The system is intended to promote better achievement of goals, boost results and performance, and facilitate good leadership.

The Office of the Auditor General uses the system's salary band E for the Secretary General, which covers the salary range from NOK 1.2 million to NOK 2 million. In 2022, the annual salary of the Secretary General was NOK 1,852,948 (from 1 May).

The seven Directors General are in salary band C, which covers the salary range from NOK 1 million to NOK 1.6 million. As per 1 May 2022, the annual salary for the Directors General ranged between NOK 1,516,175 and NOK 1,575,585. The average salary was NOK 1,548,961.

## 6.2 Under-utilisation of the budget

The expenditure under chapter 0051 in the central government accounts shows an under-utilisation of NOK 17.25 million in 2022.

Much of this under-utilisation can be attributed to postponement of activities to 2023, including the introduction of a new mobile phone scheme, work on a cloud strategy, and completion of a remodelling project to provide high-security zones on the premises of the Office of the Auditor General. In addition, the pension premium to the Norwegian Public Service Pension Fund was lower than expected.

The Office of the Auditor General has applied for permission to transfer the funds to 2023 in line with section 5 of the Appropriation Regulations. They will be used to cover the measures that have been postponed and other development projects.

## Appendices

---

Appendix 1:

# The INTOSAI Development Initiative (IDI)

---

## Appendix 1: The INTOSAI Development Initiative (IDI)

The INTOSAI Development Initiative (IDI) is a not-for-profit body that supports capacity development of supreme audit institutions in developing countries. The IDI supports enhancement of the auditing capacity of supreme audit institutions in these countries through needs-based, targeted and sustainable development initiatives. Activities include skills development for managers and employees, organisational development, and strengthening of institutional capacity. The IDI is an integral part of INTOSAI (the International Organization of Supreme Audit Institutions), the global umbrella organisation for supreme audit institutions, and currently has 196 members.

Responsibility for the IDI was transferred to the Office of the Auditor General of Norway in 2001. The transfer was approved by the Storting (cf. Document 3:14 (1997–98) and Recommendation no. 8 to the Storting (1998–99)) and by INTOSAI's supreme governing body (Congress) in 1998. In Norway, the IDI is organised as a foundation with a board and a secretariat.

The board of the IDI comprises ten members and is chaired by Auditor General Karl Eirik Schjøtt-Pedersen. The Office of the Auditor General of Norway has three seats on the board, including the Auditor General. At the beginning of 2022, the remaining seven seats were held by the Auditors General of Bhutan, Indonesia, Jamaica, South Africa, Sweden, Sierra Leone and Austria. During 2022, the Auditors General of Jamaica and Sierra Leone were replaced by the Auditors General of Kenya and Saudi Arabia.

The IDI Secretariat consists of 50 full-time equivalents and is located in the Office of the Auditor General's offices in Oslo. The IDI's main task is to carry out development projects to enhance the capacity of supreme audit institutions in developing countries around the world. The secretariat has four official working languages: Arabic, English, French and Spanish. The secretariat also has an international section with staff from 30 different countries.

The IDI is also responsible for the operation of the INTOSAI-Donor Cooperation, which was established in 2009 through a Memorandum of Understanding (MoU) between INTOSAI and 15 donors. The number of donor organisations has now risen to 23. Through the partnership, supreme audit institutions and donors work together to ensure a more strategic approach and increased support to initiatives to enhance the capacity of supreme audit institutions in developing countries. Through the INTOSAI-Donor Cooperation, 45 supreme audit institutions have received approved financial support in 2022 to improve their IT solutions. In 2022, Helen Clark was appointed as IDC Goodwill Ambassador for SAI Independence. She has previously served as Head of the United Nations Development Programme (UNDP) and Prime Minister of New Zealand.

In 2022, the IDI has continued to support supreme audit institutions in countries where the economy is under great pressure and where corruption is on the rise due to the pandemic, crises, war, internal unrest, etc. In these kinds of situations, the work done by supreme audit institutions is essential. At the same time, democracy is being undermined in multiple countries, and the independence of supreme audit institutions is being challenged.

The demand for support from the IDI remains high and is growing. Towards the end of 2022, the IDI therefore launched a number of new initiatives in areas such as the use of technology, inclusivity and climate change.

In 2018, the IDI launched its strategic plan for the period 2019–2023. The plan has four main focus areas: supreme audit institutions' independence, professionalism, relevance and governance. In addition, equality goals have been incorporated as integral elements in more of the IDI's work. The plan ensures that the IDI assists supreme audit institutions around the world with enhanced audit capacity and support to secure funding from donors. The IDI delivers an assessment of global needs every three years.

The IDI collaborates with INTOSAI's specialist committees and working groups, which develop standards and guidelines and thus contribute valuable expertise to the IDI's projects.

Gender equality is promoted through a wide range of the IDI's initiatives. In 2022, 49 per cent of the participants from the supreme audit institutions in the IDI's initiatives were women. This is a decrease of 2 percentage points compared with 2021. The IDI works to ensure it maintains a high proportion of women.

A total of 188 supreme audit institutions participated in IDI activities in 2022. A number of donor organisations also participated, at their own expense. In 2022, more than 2,100 employees from supreme audit institutions participated in IDI initiatives. Approximately 2 per cent of the participants are from the senior management of the supreme audit institutions. The IDI attaches particular importance to strengthening the management function in supreme audit institutions, because good strategic management is a prerequisite for independent and effective supreme audit institutions. Participation at the management level is also important both to ensure ownership of the initiatives and to ensure access to the necessary resources to implement the initiatives.

The introduction and implementation of INTOSAI's international audit standards for supreme audit institutions has continued to be an important priority area for the IDI in 2022. The standards are compiled in a comprehensive framework<sup>1</sup> that includes requirements for supreme audit institutions' mandate, organisation, methods, etc. Supreme audit institutions in developing countries generally need a great deal of support in connection with introduction of the standards. In addition to assisting supreme audit institutions in performing audits in line with international auditing standards, in 2022 the IDI conducted the first round of a global programme to certify auditors in public sector auditing.

In addition to the new initiatives, the IDI has implemented initiatives in the following areas in 2022, among others:

- Auditing of implementation of the UN Sustainable Development Goals
- SAI independence
- Strategic planning and reporting
- The global Supreme Audit Institutions Performance Measurement Framework (SAI PMF)
- Supreme audit institutions as recipients of grants and relations with aid organisations
- Audits of public procurements
- Audits of national efforts to prevent domestic violence
- Risk and crisis management
- ICT practices and management
- Personnel management, ethics and equality in supreme audit institutions
- Masterclass for supreme audit institutions

In addition, the IDI has continued to provide special bilateral support to supreme audit institutions in vulnerable countries such as Somalia, South Sudan, Gambia, Madagascar and the Democratic Republic of Congo. The IDI is also working to mobilise well-functioning supreme audit institutions and other INTOSAI organisations to work together to help improve supreme audit institutions in selected vulnerable states, in line with Agenda 2030 and the "leave no one behind" principle. This applies in particular to the supreme audit institutions of Guinea, Togo, Niger, Eritrea, Sierra Leone and Zimbabwe.

The work to continuously improve the IDI's planning and reporting of achievement of goals has continued in 2022. A common performance framework for the entire IDI has been included in the IDI's strategic plan to ensure integrated reporting linked to the strategic goals.

---

<sup>1</sup> ISSAI: International Standards of Supreme Audit Institutions

The Office of the Auditor General of Norway's earmarked grant for the operation of the IDI secretariat in 2022 accounted for roughly 28% of the total grant funding to the IDI, compared with 34% in 2021. A substantial portion of the IDI secretariat's costs (mainly pay and travel expenses) are related to concrete activities, while a smaller portion covers internal administration. The operating grant is a prerequisite for the Office of the Auditor General's ability to host the IDI.

In 2022, grants to fund the IDI's capacity development initiatives have been received from donors in 13 countries<sup>2</sup>, in addition to the EU and membership fees from INTOSAI. Financial support from donors is a prerequisite for the IDI's activities. The IDI has had a stable group of donors. In 2022, a number of supreme audit institutions have also provided valuable support for the IDI's activities through the provision of services. This includes the provision of 352 resource persons for the IDI's initiatives, hosting of IDI activities, and translation and printing of documents.

---

<sup>2</sup> Norway, Sweden, Estonia, France, Ireland, Latvia, Qatar, Saudi, Arabia, United Kingdom, Switzerland, Germany, Austria, USA