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Municipal Audit

Foreword to the audit platform

In this memorandum, the various components of Norrköping Municipal Audit's audit platform are presented in brief. Our vision is for Norrköping Municipal Audit to be one of Sweden's best local government audit organisations. Norrköping Municipal Audit contributes to strengthening trust in the democratic system by conducting annual audits of all municipal operations according to generally accepted auditing standards. In addition to legislation, generally accepted standards are a significant part of the platform for Municipal Audit. The audit regulations are established by the Municipal Council as the principal. As per the audit regulations, Municipal Audit is the collective term for the elected representative auditors and the Audit Office.

Municipal Audit works strategically, in an outgoing manner and over the long-term to achieve the greatest possible impact. Municipal Audit's vision and overall and long-term standpoints on assignments and results, approach and relationships, internal and external cooperation, information, communication, evaluation and development are implemented in the audit strategy. The strategy forms the basis of both the focus of the audit and Municipal Audit's concrete working methods. It is also the basis of the dialogue with the Municipal Council.

Municipal Audit's planning is summarised in the audit programme and the annual follow-up is documented in the auditors' statement. The professional auditing work is conducted by the Audit Office with the support of procured auditing consultants. The Audit Office checks all review reports. Municipal Audit takes a position on the audit results. The City Auditor is present at Municipal Audit's meetings and answers to the Municipality's auditors for the professional management of the Audit Office with auditing consultants. The Audit Office also assists the general examiners in the audit of the companies and the auditors in Norrköpings Samordningsförbund (Coordination Association).

A final decision on the audit platform was made by Municipal Audit on 29 November 2005.

MUNICIPAL AUDIT

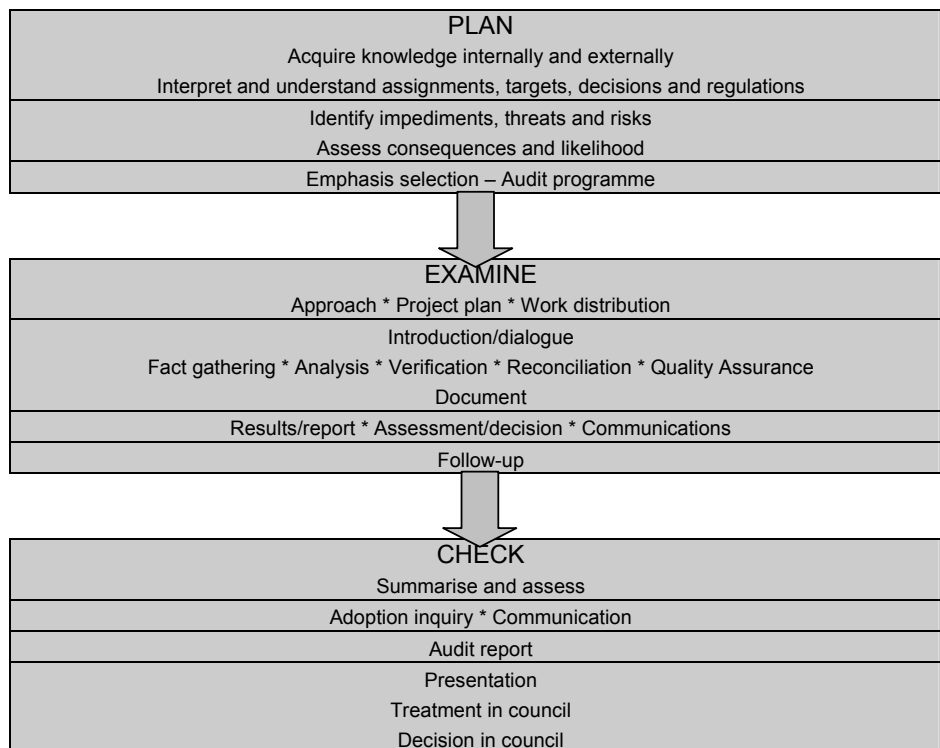
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1. Audit platform

In this memorandum, the various components of Norrköping Municipal Audit's audit platform are presented in brief. Auditing in municipalities, county councils and regions shall take place in accordance with generally accepted auditing standards. Generally accepted standards are the sound principles and approaches worthy of imitation that are applied in a qualitatively representative circle. In addition to legislation, generally accepted standards are a significant part of the platform for Municipal Audit. They are therefore of considerable importance to Municipal Audit's credibility and strength¹. The auditing process according to generally accepted auditing standards is shown by the following diagram:



2. Audit brochure

The audit brochure summarises the audit platform in the Municipality of Norrköping. Municipal Audit's task is to examine, promote and check. As per the audit regulations, Municipal Audit is the collective term for the elected representative auditors and the Audit Office.

See http://www.norrkoping.se/organisation/pdf/revisionsfolder_juni05.pdf

¹ Generally accepted auditing standards in municipal operations have been laid out by the Swedish Association of Local Authorities and Regions.
<http://www.skf.se/artikeldokument.asp?C=1323&A=2267&FileID=81775&NAME=godrev.pdf>

3. Audit vision

The audit vision is for Norrköping Municipal Audit to be one of Sweden's best local government audit organisations. Continuous development of auditing activities is essential. The Municipality of Norrköping has a common vision for all operations. The common objectives for Norrköping are also the guiding star for the audit vision.

See <http://www.norrkoping.se/organisation/pdf/revisionsstrategi.pdf>

4. Audit legislation

Audit legislation is comprised of the Local Government Act (1991:900), the Swedish Companies Act (1975:1385) and the Swedish Foundations Act (1994:1220). For auditing activities, the Local Government Act applies to the audit of the municipality's operations. For the audit of the municipality's companies, the Swedish Companies Act or other appropriate legislation applying to the companies apply.

See <http://www.riksdagen.se/webbnav/index.aspx?nid=3910>

5. Auditing standards

Generally accepted standards are the sound principles and approaches worthy of imitation that are applied in a qualitatively representative circle. These were documented in 2002 by the Swedish Association of Local Authorities and Regions in the document Generally Accepted Auditing Standards in Municipal Operations. A new edition of the text Generally Accepted Auditing Standards is planned for the spring of 2006. Norrköping Municipal Audit actively participates in the central development of generally accepted auditing standards in municipal operations.

See <http://www.skl.se/loppedelbanner.asp?C=24>

6. Auditing regulations

Auditing regulations are established by the municipal council and specifies generally accepted auditing standards in Norrköping Municipal Audit. The municipality's operations constitute an auditing field. The municipal council elects seven auditors for this. The Audit Office headed by the City Auditor falls under the auditors. The auditing regulations closely correspond in their scope to a programme as per the steering model in the Municipality of Norrköping.

See <http://www.norrkoping.se/organisation/pdf/mal-regler/reglementen/namndreglementen/revision.pdf>

7. Auditing standard

The auditing standard builds on generally accepted auditing standards in municipal operations and the Swedish Association of Professional Municipal Auditors' development work. In Municipal Audit's own development work, modern international auditing standards in the public and private sectors are an important point of departure. The effectiveness audit gathers methodological experience from performance auditing through the International Organization of Supreme Audit Institutions – INTOSAI.

The accounting audit follows the auditing standards for the private sector – IFAC. Another important source of experience is the Norwegian Association of Municipal Auditors – NKRF.

See <http://www.skyrev.se/>, <http://www.intosai.org/>, <http://www.ifac.org/>

8. Audit strategy

The audit strategy states Municipal Audit's long-term focus. Municipal Audit works strategically, in an outgoing manner and over the long-term to achieve the greatest possible impact. Municipal Audit's vision and overall and long-term standpoints on assignments and results, approach and relationships, internal and external cooperation, information, communication, evaluation and development are implemented in the audit strategy. Norrköping Municipal Audit has had a public and published audit strategy for many years.

See <http://www.norrkoping.se/organisation/pdf/revisionsstrategi.pdf>

9. Audit analysis

The audit analysis clarifies the concept and the aim of Municipal Audit's materiality and risk analysis. Auditing risk is the risk that the auditors make erroneous statements in the audit report and fail to emphasize significant circumstances that are of importance to the adoption inquiry. The audit analysis in the Municipality of Norrköping constitutes the basis of prioritisation in the audit programme.

See <http://www.norrkoping.se/organisation/pdf/revisionsstrategi.pdf>

10. Audit order

The audit order creates order in Municipal Audit's working methods. According to generally accepted auditing standards in municipal operations, Municipal Audit prepares effective and clear working methods, which are documented in the audit order for the running work. The audit order closely corresponds to a procedural plan for a committee and an administration. They treat Municipal Audit's internal working methods and approaches.

See <http://www.norrkoping.se/organisation/pdf/revisionsordning.pdf>

11. Audit process

The audit process is a tool to quality assure auditing activities. The elected representative auditors and the Audit Office participate in each step of the audit through special review groups. The audit process covers the annual audit from audit analysis and audit programme to the auditors' statement and audit report. The emphasis lies on the management audit in the Municipality of Norrköping.

See <http://www.norrkoping.se/organisation/pdf/revisionsprocess.pdf>

12. Audit approaches

The audit approaches are the management audit, effectiveness audit, special audit, economy audit, result audit, account audit and final audit. The audit approaches deal with the general focus of various auditing projects

according to generally accepted auditing standards. The former term of administrative audit is no longer used by the Municipality of Norrköping. See <http://www.norrkoping.se/organisation/pdf/revisionsansatser.pdf>

13. Audit steering model

The audit steering model is Municipal Audit's application of the general steering model in the Municipality of Norrköping. The Municipality of Norrköping has had a steering model since 2003. It is based on an assignment model that builds on the vision being made concrete in programmes for the municipality's various operations. The programmes are worked out by the committees responsible and adopted by the municipal council. Based on programmes and economic circumstances, the committee responsible then formulates assignment plans, which are to contain concrete, measurable and observable targets. The recipients of the assignments, i.e. the units that are to execute the assignments, formulate an operational plan, which describes the contents of the operation in more detail. Requisite adjustments of Norrköping's steering model are presented in the audit platform.

See <http://www.norrkoping.se/organisation/mal-regler/>

14. Audit programme

The audit programme is based on the audit analysis and the given budget scope. It constitutes a basis for the annual audit. It is based on current planning circumstances. The estimated economic scope in the annual budget amounts to just over SEK 4 million. Norrköping Municipal Audit is characterised by appropriate auditing operations with sound economic management. The audit programme corresponds to the assignment plans and the operational plan in the steering model in the Municipality of Norrköping.

See <http://www.norrkoping.se/organisation/pdf/revisionsplan.pdf>

15. Audit memoranda

The audit memoranda together with the auditing dialogues constitute an important part of audit production. In total, about 100 audit memoranda and review reports are produced annually. The audit memoranda are formulated according to our standards for clarity and are quality assured. For all committees, Norrköping Municipal Audit reports the review results in at least three audit memoranda per audit object every year. These reports concern the management audit, the economy audit and the final audit. The annual audit is summarised in the auditors' statement.

See <http://www.norrkoping.se/organisation/pdf/revisionsredogorelse>

16. Audit development

Norrköping Municipal Audit has composed an auditing method for the management audit that builds on generally accepted auditing standards in municipal operations. The method has been adapted to the needs of Municipal Audit. The elected representative auditors are covered by the method development conducted through the Audit Office. Among other things, this applies to what different roles the elected representative auditors

and professional auditors have in a review group. These different roles are clarified and documented. Audit development regarding other auditing efforts will continue.

See <http://www.norrkoping.se/organisation/pdf/revisionsstrategi.pdf>

17. Auditing competence

The elected representative auditors are offered the opportunity of participating in the training that is offered through Starev, Östrev and Fyrrev among others. The professional auditors receive continuous further education. The educational needs are primarily fulfilled through Starev, Skyrev and other training providers. Where necessary, Norrköping Municipal Audit arranges its own competence development.

See <http://www.norrkoping.se/organisation/pdf/revisionsstrategi.pdf>

18. Audit administration

The audit administration is influenced to an appropriate extent by the general committee regulations with several regulations and guidelines. Norrköping's audit administration has been made more effective through the coordination of work to one person.

See <http://www.norrkoping.se/organisation/pdf/revisionsplan.pdf>

19. Auditors' statement

A summary auditors' statement is published during the autumn in connection with the audit assessment of the interim report. The auditors' statement including the audit report is published during April. This is just over three months after the end of the calendar year. According to the regulations for Norrköping Municipal Audit and generally accepted auditing standards, Municipal Audit submits an auditors' statement to the municipal council in connection with the audit report. The audit report with the auditors' statement is published annually on Norrköping Municipal Audit's website.

See <http://www.norrkoping.se/organisation/pdf/revisionsredogorelse>

20. Audit control

The implementation of audits shall be quality assured. This is done within the scope of quality assurance and internal control. Quality assurance shall ensure that the audit and the audit report possess requisite professional and methodological quality. Furthermore, consistency shall be ensured between assignments, auditing issues, control targets, data and conclusions. The internal control shall be sufficient.

See <http://www.nkrf.no/>