

Annual Report 2002

Swedish National Financial Management Authority

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I. Introduction

The Swedish National Financial Management Authority (ESV) is the central government agency for financial management in the central government sector and is responsible for the business systems and human resource (HR) systems of central government agencies. In 2002 ESV continued to promote efficiency in the government administration. The objective is that the government administration should be characterised, in its entirety, by high levels of productivity, high quality and good service from which decision-makers, citizens and trade and industry can derive advantage.

The year was characterised by further development work in all fields. The work being done by the ESV and the Ministry of Finance on the introduction of a government budget based on accrual principles has made good progress, as has the development and implementation of systems that support information processes and the budget process. In this work - as in all its work - the ESV works in close collaboration with both the Government Offices and government agencies.

Performance management and financial management in central government have been further developed in order to further enhance the possibility of achieving good resource allocation, controls of central government finances, and monitoring the use of funds and the results achieved. The follow-up of the government budget takes place continuously throughout the year and the forecasts have been further extended to provide functional information for the Government's actions. A transaction database in respect of government payments for goods and services was taken into operation in 2002 in order to facilitate cost-efficient government procurements and for use in tax administration and audit purposes.

From 2002 onwards, all business and HR systems provided by ESV to the government agencies are owned by companies on the market, which leads to lower costs and risks for the government administration. The annual customer questionnaires, which continue to show good assessments from users, give ESV a clear picture of needs as a basis for its further development work.

In order to be able to offer support on the financial management side that is independent of suppliers and systems, a new unit has been established which can give the agencies expert advice on business systems and provide support for their selection of systems, procurements and installations.

Where HR systems are concerned, the government agencies are now being given the opportunity to obtain professional assistance with the aid of framework agreements on consulting support resulting from procurements made by the ESV. To enable the ESV to continue to provide appropriate and cost-efficient HR systems in the future, a framework agreement procurement for systems of this type was initiated during the year.

Once again the "ESV days" attracted a great deal of attention. In addition to a menu of various seminars, the subjects in 2002 also included the new Swedish National Audit Office, EMU, and the government budget based on the new principles.

After building up its strength in previous years, the ESV was fully staffed in 2002 which has provided stability on the personnel side. The achievement of the high ambitions we have for our work is dependent on our personnel. One decisive factor for attracting and retaining staff with high qualifications and broad experience is the fact that the ESV's mission gives us important and stimulating working tasks and that we work in an interesting context in society. In addition to this, the ESV attaches great importance to being an attractive workplace in which human resource development, a good working environment, health-promoting activities, gender equality and diversity are given high priority.

The ESV has concluded a year in which many important tasks have been completed. This was possible since the ESV had a saving on appropriations at its disposal in 2002.

The ESV is ready to make new efforts to further develop financial management in central government. High expectations on the part of the Government Offices and the agencies, together with the high levels of qualifications and considerable interest on the part of the staff, lay the foundations for further results of high quality, unless a reduction in appropriations limit the possibilities available to use to take on urgent working tasks.

Maria Kain

Acting Director General

2. Policy area: Efficient government administration

The ESV is part of the policy area: Efficient government administration. The objective of the policy area is:

An efficient government administration that is characterised in its entirety by high productivity, good quality and good service of value to decision-makers, citizens and industry.

In this policy area the ESV works in three operational areas: Performance management and financial management, Business and HR systems, and Information on the government economy. The activities performed in these fields all have the objective that the ESV, as the expert agency for all financial management in central government, should be able to contribute to efficient and appropriate financial management and monitoring at all levels in central government.

In order to provide politicians, as well as industry and citizens, with good information on which they can base their decisions, the ESV makes analyses and provides relevant, up-to-date and reliable information on central government finances. Regular reconciliations and evaluations are made with the recipients/users, at the Ministry of Finance and at Statistics Sweden and the National Institute of Economic Research in order, as far as possible, to meet new needs. The year saw a continuation of the extensive exchange of information on government budget trends with politicians and civil servants in Parliament and the mass media.

The ESV does extensive development work in the field of performance management and financial management. The agencies and the Government Offices are given support in the form of advisory services, guidance, training and special consulting services. The financial management rating system can also be regarded as a form of support for the agencies and part of the work of improving financial management in central government. Contacts with agencies have increased and are differentiated through seminars, benchmarking groups, workshops etc. Consulting services have also increased.

During the year, the ESV, together with the Ministry of Finance, continued to run the extensive VESTA-IT project, which has the aims of making working instruments more effective and of increasing the availability of information on central government finances at both the Government Offices and the ESV.

Furthermore, the ESV also supports the agencies by providing business and HR systems. Through its direct contacts with the government agencies using the systems and through its annual questionnaire surveys on business and HR systems, the ESV has a continuous, up-to-date picture of the agencies' needs of systems support. Awareness of these needs, together with information collected through the active monitoring of the environment in which it works, provides the ESV with unique possibilities to express demands on behalf the government where business and HR systems are concerned. Since the ESV is responsible for both business and HR systems and for financial management issues in central government, it is possible to meet, in a cost-efficient manner, the specific needs of government agencies for systems support in the fields of business and HR systems. With the knowledge available at the ESV as the point of departure, a review is made each year of both

the scope and content of the existing products and of the role of the ESV in the various parts of these systems.

All business and HR systems are now owned by companies on the market. This leads to lower costs and risks for the government administration in its entirety.

All in all, the ESV would make the assessment that requested business and HR systems and their ancillary services have been provided in a cost-efficient manner with a range of services that has contributed to giving the agencies the possibility of having an efficient administration. In order to ensure that the ESV can continue to provide cost-efficient and, for the government sector, optimal HR systems in the future, a framework agreement procurement was started for systems of this type during the year. Through the framework agreement for consulting support in the HR field, which was finalised in 2002, the government agencies (and equivalent) are guaranteed professional support with high levels of accessibility.

To summarise, the ESV would make the assessment that activities in 2002 succeeded to the greatest extent possible in meeting the needs expressed for the achievement of an efficient government administration. This has partly been achieved through the ESV's regular work, and partly through extensive development work. The relatively large saving on appropriations available during the year made it possible to meet the needs of a wider circle of customers in accordance with the goal for the policy area.

Revenue and expenses

The ESV's total revenue and expenses for the years 2000 to 2002 can be seen below

Area SEK '000, 1)	Fees etc 2)			Appropriations, Income			Costs		
	2002	2001	2000	2002	2001	2000 3)	2002	2001	2000
Information on central government finances	39 652	29 442	10 188	37 198	31 189	28 986	74 261	62 509	40 065
Performance and financial management 4)	24 524	34 522	32 510	29 552	28 426	23 923	54 993	64 670	57 925
Business and HR/payroll systems	69 788	103 496	173 620	-	-	-	74 765	106 348	181 077
Sum	133 964	167 441	216 318	66 719	59 615	52 909	203 959	233 528	279 067

1) Including expenses and revenues in respect of grants, SEK 427 000

2) Revenue from fees, other payments, grants and financial income as shown on the Statement of Financial Performance

3) Including revenue from appropriation 2A2:2

4) Including the export of services

The appropriation-financed expenses increased in 2002 compared with earlier years. Income from appropriations amounted to slightly less than SEK 67 million, which means that the ESV used SEK 6.6 million more than the appropriations allocated to it. This excess spending was covered by accumulated savings on appropriations. At the end of 2002 the accumulated savings on appropriations amounted to SEK 0.8

million. The savings financed the extended duties of the agency and certain development costs. The sale of the HR systems at the end of 2000 and the sale of a business system at the end of 2001 also had the effect that appropriation-financed activities had to bear a larger proportion of the ESV's overheads. The ESV was fully staffed during the years which had the effect that duties could be done as planned.

The lower expenses and revenues in respect of business and HR systems in 2001 and 2002 are mainly a consequence of the sale of the two HR systems on January 1, 2001, and the remaining business system, developed by the ESV, on January 1 2002. From 2001, revenue in respect of HR systems comprises a certain percentage of the system owners' turnover on the central government market. At the same time, the ESV no longer has any expenses for the operation and development of these systems.

3. Operational area: Financial management and development of the central government administration

The policy area includes the operational area Financial management and development of central government administration, where the ESV works towards the following objective:

Demand-steered, appropriate and cost-efficient support to the Government Offices and other government agencies.

The ESV has worked extensively to identify needs in respect of changes in regulations, new methods and different types of support in order to contribute to better performance management and financial management. This work is taking place in close cooperation with the Government Offices, the ESV's Accounting Advisory Council, the ESV's Council of Business Controllers and Financial Officers as well as the agencies, and resulted in a number of development projects during the year.

The ESV is also working intensively to supply cost-efficient systems and services of high quality to the agencies in the business and HR fields. Through the annual questionnaire surveys, and by monitoring the environment in which it works, the ESV makes a continuous evaluation of business and HR systems. In the HR field, this has led first and foremost to the initiation of an extensive framework agreement procurement of HR systems, and to the conclusion during the year of a framework agreement on consulting support.

3.1 Operational area: Performance and financial management

The objectives of the operational area Performance and financial management:

1. Financial management shall be developed in order to make possible:
 - effective controls of central government finances,
 - allocation of resources in accordance with political priorities
 - high productivity and efficiency in the use of government resources.
2. Performance and financial management shall be combined to a greater degree than hitherto.

Reports:

The agencies' assessments of the ESV's programmes when the ESV deems that this is relevant.

Results of other programmes to achieve the objectives.

At the end of 2002, a questionnaire survey was made of the views of customers on Performance and financial management. The questionnaire was designed in the same way as in previous years. The results from the questionnaire and trends will be reported and analysed in more detail in the in-depth review that shall be submitted on March 31, 2003. The aim was to obtain a picture of the views held by agencies (including the Government Offices) on the support provided by the ESV in the subject area.

More than two-thirds of the responses gave the assessment "good" or "very good" to the question "What is your overall assessment of Performance and financial Management services?" This is a lower figure in comparison with 2001 when almost three-quarters of the respondents stated that their overall assessment of performance and financial management services was "good" or "very good". Correspondingly, the proportion of the responses that gave the assessment "satisfactory" increased from 27 per cent (N=23) to 32 per cent (N=25).

Activities in the area of Performance and financial management can be referred to three groups of outputs. The resources were allocated to the three groups in the following way:

Development	36 per cent
Advisory services, training and consulting support	37 per cent
Regular activities	27 per cent

The objective has been to make allocations to the three groups in such a way that a balance is achieved between inputs which, in both the short term and the long term; meet the requests made by both the Government Offices and the agencies.

Outputs and use of resources

Outputs	2002		2001		2000	
	Man-year	1) SEK, 000	Man-year	SEK, 000	Man-year,	SEK 000
Development						
VESTA	2, 8	3 592	1, 6	1 878	3, 1	3 905
Development	8, 9	13 027	9, 9	14 204	5, 7	6 917
Advisory services and support						
Advisory services – agencies	1, 8	2 415	2, 3	2 826	1, 6	1 797
Advisory services - Government Offices	0, 7	1 039	0, 7	799	0, 9	1 001
Manuals	1, 1	1 726	1, 4	1 800	3, 0	3 380
Training – agencies	4, 5	8 169	3, 9	6 465	4, 4	5 377
Consulting support - agencies	1, 6	3 254	2, 1	4 817	1, 8	2 356
Consulting support - Government Offices	0, 4	563	0, 2	539	0, 3	355
Regular activities						
Administration of regulations	0, 7	961	0, 7	841	1, 0	1 221
Responses to official reports	1, 9	2 454	2, 3	2 798	1, 7	1 917
Other operations	6, 1	8 846	5, 5	7 428	5, 5	6 782
Total 2)	30, 3	46 076	30, 6	44 398	29, 0	35 008

1) A man-year corresponds to 1,640 working hours. Breakdown is based on time reports.

2) Excluding export of services

Development

In the above-mentioned questionnaire, the following question was asked. "How well do you consider that the Performance and financial management function discharges its responsibility for monitoring and developing financial management in central

government?" 56 per cent of the respondents gave the assessment "good" or "very good", which is a lower figure compared to 2001 when 64 per cent gave corresponding assessments. At the same time, the proportion of respondents that consider that the responsibility was discharged in an unsatisfactory manner was halved since 2001 (6 per cent in 2001 (N=5), 3 per cent in 2002 (N=2)).

A report on the ESV's contributions in respect of its development work on a government budget based on the accruals concept (VESTA) is included in chapter 5.

During the year, the ESV continued to work actively in various ways to stimulate interest in governmental financial management in universities and university colleges. The ESV also made efforts to promote cooperation in the field of research between government agencies and the research community,

For example, the ESV, in close cooperation with the School of Business Economics at Stockholm University, has started an Academy for Financial Management in Government. The mission of the Academy is to guarantee, in different ways and with different means, that new research programmes are started in the field. The Academy consists of representatives of more than 15 government agencies and 7 researchers who met twice during the autumn to start up activities. The ambition is to be able to make a decision in 2003 to approve a research programme linked to governmental financial management and to establish a dissertation prize for students at the School of Business Economics.

In 2002, together with the National Council for Quality and Development, the ESV held a conference (Research for the development of the government administration) at which current research in the field of financial management was presented. The ESV considers that it is of great importance to realise the agency's ambitions in this field, which are to present and draw attention at regular intervals to interesting research programmes linked to government. In the long-term this can contribute to both increasing the interest of researchers in central government as a subject for research and to ensuring that government agencies are informed about research results and establish contacts with individual researchers. In total, over 100 persons from agencies, the Government Offices and universities participated in the conference.

During the year the ESV has given tips, advice and support to various groups. Where appropriate financial management in central government is concerned, it is important to have a long-term perspective. In both the accounting field and the performance and financial management fields, a number of projects have been started that have a long-term objective. It is a question of making surveys and analyses that can form a solid basis for the further development of financial management in the government administration.

For example, during the year a survey and comparative analysis was finalised between the government accounting rules on the one hand and, on the other hand, the Swedish Financial Accounting Standard Council's recommendations and the recommendations issued by the International Federation of Accountants – Public Sector Committee.

A feasibility study was made of internal accounting. The project identified a great need of development work in this field. The project presented proposals for five projects that the ESV should work with on the next few years.

During the year the ESV presented criteria for performance reports. Since the current rules only refer marginally to performance reports, these criteria have filled a vacuum. Expressions such as “true and fair picture” have been given content and meaning. The ESV also compiled a survey of how the agencies have fulfilled the criteria. Each agency that was included in the study and has shown interest in it has received information on the number of points it was awarded in the survey. In addition, the ESV has also published a study of the reasons why some agencies are better than others at presenting results in the annual reports. The analysis confirms that the quality of the information on results is partly dependent on the agencies themselves. How agencies organise and pursue the work on performance reports affects the quality of the information. The criteria, the survey and the explanatory analysis (ESV 2002:14) have been distributed to all agencies that have had their annual reports graded.

The ESV’s efforts to develop the quality of information in the agencies’ performance reports are largely pioneering work. Even if, in the past, the expression “true and fair picture” has been used, there is now both an understandable definition of this term and indicators for some of its qualities. Even if there has previously been some speculation about the factors that could be considered to influence the quality of the agencies’ performance reports, there is now an empirical analysis that shows the factors that exert this influence. This knowledge provides a stable basis for further work. In the long term, generally accepted performance report standards can be established, for example by the ESV making a continuous follow up of the quality of the agencies’ performance reports.

A survey of how fees shall be kept separate in the accounts from taxes, grants and other revenue concepts was finalised during the year. Fees, taxes and grants are the subject of different rules, for example where the jurisdiction of Parliament and the Government is concerned. The survey showed that a number of issues require further investigation, including the definition of the fee concept.

In 2002, the ESV pursued a number of development projects that resulted in proposals for new rules. The proposals for amendments to rules have the aim of making things simpler for the agencies, or of achieving uniformity in the rules of the government administration.

During the year, the ESV supported the Government Offices in their work of producing a new VAT ordinance. The ordinance entered into force in January 2003. The ESV has drawn up regulations and guidelines for the new ordinance.

Development work on the rules for leasing was started. Hitherto, the work has resulted in information being made available on the ESV’s website. This information describes what the agencies should bear in mind when considering entering into leasing agreements, for example how to make a calculation of present value.

The ESV has supported the Government Offices in the work of producing appropriate and specific rules that can contribute to effective exports of government administration expertise. The work has included a review of the financial goal of export of services, which is regulated in the ordinance on the export of services (1992:192).

During the spring a handbook was finalised for agencies on the opportunities and limitations contained in Section 4 of the Fees Ordinance: "All agencies may charge fees, but..." (ESV 2002:7). The handbook provides examples of the goods and services for which the agencies may charge fees with support of Section 4, and what the agencies should bear in mind before reaching a decision on charging fees. In addition, there is a general discussion of when it is suitable to charge fees and how price can function as a steering instrument.

Guidelines for government agencies on sponsorship as a source of financing (ESV 2002:15) were also produced. The publication starts with a discussion on the concept of sponsorship and a discussion of the problem of drawing borderlines. It then takes up what an agency should bear in mind before it considers receiving sponsorship, what should be taken up in a sponsorship policy, and what should be regulated in agreements on sponsorship.

The ESV also finalised the report "Fees 2001 – on fee-financed activities in central government" (ESV 2002:13). The report provides an overall description of the financial situation of government activities that are fully or partly financed by fees.

Version 1.0 of the Conceptual framework for the design of financial reports in central government has been completed (ESV 2002:8). It has mainly been produced in order to provide guidance for the design of standards in government accounting, thereby creating uniformity in the government rules for financial accounting. It can also facilitate discussions on accounting matters since it establishes common concepts. The conceptual framework has been translated into English in order to facilitate the dialogue with representatives of government administrations in other countries.

During the year long-term projects have been started on accounting of revenues that are received without the government providing anything in return (for example, taxes) and accounting of social commitments (for example, various grants). The projects are being run in international cooperation with IFAC-PSC and representatives of government administrations in certain countries. The aim is to further develop generally accepted accounting practices for these types of transactions, which are unique to public sector activities.

In 2002 ESV implemented a number of development projects in which the annual reports of the agencies were in focus. The reason for this programme is partly that the ESV has identified a number of development needs linked to the annual reports as documents, and partly that, in different contexts and to varying degrees, representatives of agencies have communicated shortcomings and pointed out needs for changes in the way annual reports are handled in central government. The ESV considers that the efforts made last year were well motivated in consideration of the central role of the annual reports in financial management in the government budget process.

The first project that the ESV implemented was a project in which the use of the agencies' annual reports in the Government Offices was surveyed. In the study an analysis was made of the use of the reports in five ministries and more than 40 interviews were conducted with officials. The reason for initiating and implementing the project was that there have been shortcomings in empirical knowledge in this field. In all probability, a lack of knowledge has contributed to false ideas and conceptions on the use of the annual reports being spread in both the Government Offices and the agencies.

With the results of the study as its point of departure, the ESV can learn lessons from the knowledge of the use of annual reports in the Government Offices and use this knowledge both in development projects initiated by the ESV itself and in the agency's supportive projects for the Government Offices. During the year, the ESV implemented projects to spread information on the results of the survey (ESV days) and this work will continue during the spring of 2003. The final version of the report will be published at the beginning of 2003.

The other project linked to the annual reports that was initiated by the ESV is a project that has had the aim of increasing knowledge of the use and organisation of annual reports in organisations outside the Swedish government administration. In this project a survey was made of annual reports in the private sector, local government, non-profit making organisations and the government administrations in other countries.

The ESV has found it necessary to make a survey of this type, partly since it is part of the ESV's mission to have basic knowledge of how, for example, annual reports are used in other sectors in Sweden and in other countries, and partly since this knowledge constitutes an important input for the agency's task of guaranteeing appropriate order in respect of annual reports in central government. In order to be able to question the existing order in a sound way, it is necessary to raise the sights and analyse what is being done, for example, in other sectors in Sweden in order not to restrict development programmes in this field to existing conceptions of how annual reports should be handled. The results of the survey will be disseminated to the Government Offices and the agencies in the beginning of 2003 and will constitute an input in the ESV's further work on guaranteeing appropriate order in respect of annual reports in central government.

Development work commissioned by the Government

The ESV has been commissioned by the Government (Ministry of Justice) to analyse the costs incurred by the police and the National Road Administration for administering parking fines of the type referred to in the legislation on parking fines. The ESV established that revenues raised from the deduction of SEK 50 for each paid parking fine made by the National Road Administration for government costs for administering parking fines did not cover the costs incurred by the police and the National Road Administration. The ESV therefore proposed that the deduction should be raised to at least SEK 56 in order to cover the costs incurred by the National Road Administration and the police.

The ESV was also commissioned by the Government (Ministry of the Environment) to study the system of fees for testing and inspecting pesticides. A report on this assignment shall be submitted no later than March 31, 2003.

The ESV and the Swedish Agency for Administrative Development participated in an assignment given to the National Council for Quality and Development that had the objective of giving prominence to inspiring examples taken from the government administration in central policy areas in order to stimulate government agencies.

The ESV has studied how doubtful receivables in the study loans system should be accounted for and budgeted during a process of transition to a budget based on cost principles. The study also takes up provisional regulations, the effects of the ceiling on expenditure, and needs of changes to the rules.

Advisory services and support

This area covers the external support activities that are provided for agencies and the Government Offices. The support can assume different forms: from written guidelines and training programmes to direct advisory services over the telephone and extensive consulting services in agencies.

The ESV would make the assessment that, particularly where training and consulting services are concerned, it has been possible to link performance management and financial management in an appropriate manner. For example, the ESV held a large number of training programmes on financial management in central government in which the various aspects of management were treated in an integrated fashion.

Advisory services

The ESV gives advice and support to agencies and the Government Offices. The customer questionnaire shows that the proportion of respondents who consider that the advisory services function well or very well diminished somewhat (90 per cent 2001 (N=56), 84 per cent 2002 (N=43)). One serious indication is that 6 per cent (N=3) of respondents considered that the advisory services were poor. This can be compared to 2001 when no respondent considered that the advisory services were poor. However, nine out of ten still consider that they have most often received satisfactory answers. An equally large proportion also considers that they receive an answer within a reasonable period of time, most often or always.

The ESV keeps a record of all incoming questions to the agency. In the accounting field the questions amounted to approximately 1 500. This is somewhat fewer in comparison with previous years.

Statistics are also kept on questions received on financing and capital supply. During the year, more than 600 questions were answered. Of these questions, almost 55 per cent are received from agencies. With the aim of meeting the increasing demand for advice and support, current and frequently asked questions and answers on accounting are published on the ESV's website.

The ESV participated in the work of the Government Offices on the agencies' annual directives and letters of appropriations for 2003. Comments and proposals for changes were made both orally and in writing in respect of both sections of the documents. The ESV also provided points of view on the handbook produced by the Ministry of Finance on writing annual directives and other directives.

Representatives of the ESV participated as experts in a number of government committees. In some cases, the work of the committees was supplemented with consulting support from the ESV.

Handbooks

In the above-mentioned questionnaire, the proportion of respondents that stated that the performance and financial management handbooks take up relevant issues diminished from eight in ten in 2001 to seven in ten in 2002. The proportion that consider that the handbooks are simple to understand and well structured increased somewhat in comparison with 2001. However, there was an increase in the proportion that make the assessment that the handbooks take up relevant questions in an unsatisfactory way and consider the structure of the handbooks as poor.

In addition to the handbooks that were produced in connection with development projects, the ESV produced the following handbooks during the year:

- Financial administration regulations for central government activities (ESV 2002:2)
- Reports on intangible assets (ESV 2002:3)
- Reports on EC funds (ESV 2002:16)
- Drawing up cash flow statements (ESV 2002:22)

All handbooks are available in electronic form on the ESV's website. For some of the handbooks, an advanced function has been introduced which enables the reader to find specific information rapidly. This is the case, for example, in the financial administration regulations handbook, which is updated regularly. This function makes the handbooks easily accessible and the users can choose the media they wish to use.

In 2001 work was started on the following handbooks:

- Reports on fixed assets.
- Application fees that are charged in accordance with provisions in paragraphs 10-14 of the Fees Ordinance (1992:191).

Training

During the year, a dozen one-day to three-day courses were held for more than 300 participants. Furthermore, seminars were held in different forms, mainly in connection with the interim annual report and the annual report. Almost 900 persons participated.

From the evaluations made by the participants after the courses/seminars, it can be seen that the proportion of participants who would unhesitatingly recommend the

course/seminar to other persons has been between 75-85 per cent during the last three years, with a peak in 2001.

The major training programmes, Government Controller Training Programme I and II were held during the year and received very good evaluations. Both programmes consisted of five residential meetings of two to three days each.

In November, a new two-day course was held: "Financing, pricing and capital supply – an advanced course". During the course there were discussions of, among other things, new aspects and current issues in each area. The course was evaluated highly by the participants.

Consulting support

Responses to questionnaires distributed to customers in this field show that there was a considerable increase in the proportion of respondents who were very satisfied with the consulting services provided, from 32 per cent in 2001 to 52 per cent in 2002. However, the number of dissatisfied respondents increased from zero to 3 per cent (N=1).

Consulting services were provided for government committees and the Government Offices and, to a large extent, for government agencies. In total, some 20 consulting assignments were performed.

In December, the ESV held a one-day training programme for administrators at Parliament on follow-up and evaluation. In total 30 persons participated and the participants gave the course very good evaluations. The ESV feels that it is extremely positive that Parliament has showed an interest in the services that the agency can offer and regards Parliament as a strategically important actor to work with in the future, not least on account of the ambitions of Parliament to make follow-ups and evaluations an integral component in the work of Parliament.

Consulting services also include training programmes that are carried out at the request of government agencies. The ESV held five certification training programmes for auditors from the Swedish National Audit Office and a number of training programmes on the rules for value-added tax for the police.

Considerable interest is still being shown by the government administration in developing activities with the aid of benchmarking. In response to this interest, the ESV has both developed several methods for exchanges of experience and increased the number of areas for comparisons. In 2002, the ESV implemented the following activities to support exchanges of information:

- Benchmarking networks in management by objectives with participants from 8 agencies
- Theme seminars on the subject of personnel finance, procurement processes, and budget and follow-up processes with participants from at least 60 agencies
- Networks in procurement processes with participants from 16 agencies

In 2002, the ESV implemented two development programmes in process orientation. Participants from 11 agencies were trained at four seminars in process orientation as an instrument for use in the planning, implementation and follow-up of activities.

Recurrent activities

Under this heading, a report is provided on work of a recurrent character. This covers responsibilities such as the administration of regulations, responses to reports circulated for comment, consultations on fees, impact assessments, etc.

Administration of regulations

The administration of regulations includes monitoring existing needs for amendments to ordinances or regulations, taking initiatives for making amendments of this type, and ascertaining whether there is a need of handbooks, training programmes etc. The result of this activity is often that the rule is not changed but, in certain cases where there is a clear need, new rules are drawn up. Some amendments to rules are made as the result of development work and therefore reports on these amendments are to be found in the section on development in this report. Otherwise the following rules have been drawn up or amended:

- Certain minor amendments have been made to the regulations and general guidelines to the ordinance (2000:605) on annual accounts and budget requests and to the ordinance (2000:606) on the bookkeeping of agencies.
- Certain amendments have also been made to the regulations and general guidelines to the government appropriations ordinance (1996:1189).
- An amendment to paragraph 6 of the capital supply ordinance (1996:1188) entered into force on July 1, 2002. The amendment has the effect that the administration of the National Debt Office's model for financing investments used in agency activities is simplified. On account of the amendment to the ordinance, the ESV has drawn up new regulations and guidelines for the ordinance.
- Certain minor amendments were made to the regulations and general guidelines for the ordinance (200:605) on annual reports and budget documentation.

Responses to official reports circulated for comment

The ESV provides responses to official reports circulated for comment in accordance with the objectives of its work, i.e. to provide points of view and proposals in its response that can contribute to achieving good control of central government finances, and high levels of productivity and efficiency in the use of government resources. This means that the ESV expresses an opinion on whether it considers that the proposals made in the report provide the effects that government wants to achieve. The effects of proposals on the government budget are analysed as well as aspects of cost-efficiency and the rule of law. The responses of the ESV thus take up issues that concern performance management and financial management in an integrated manner.

The ESV responded to 83 reports circulated for comment during the year (72 in 2001 and 72 in 2000), of which 77 were in the field of performance and financial management.

Financial management ratings

A follow-up of the agencies’ administration in the area of financial management (ESV 2001:10) was submitted to the Government on May 31, 2002.

The report describes the outcome of the financial management ratings for 2001. As many as 70 per cent of the government agencies were given the highest financial management values AA or AB, which give the assessment "Fully satisfactory".

Administration times

Other reports:
The number of consultations and the average throughput time broken down by different types of consultations.

Type of consultation	Administration time per consultation, days			Number of consultations		
	2002	2001	2000	2002	2001	2000
Consultations on fees	14	15	18, 5	123	118	136
Impact assessments	5	15	21	525	415	409

Consultations on fees

Under Section 7 of the Fees Ordinance (1992:191), the agencies shall consult the ESV each year on the fees they charge or intend to charge for their services. Under the regulations for the same section, the agencies shall initiate consultations with the ESV at least four weeks before a decision is reached on the amount of each fee.

In 2001, a total of 118 applications were received. The average length of time required for administration purposes was about 15 days. The ESV can state that the average time required to administer consultations is well within the four weeks specified in the regulations.

Impact assessment studies

Before approving regulations or general guidelines, government agencies shall make an assessment of whether this course of action is the most appropriate, make a study of the costs and other consequences, and document the study in the form of a so-called impact assessment study. Furthermore, the agencies shall give the ESV the opportunity to comment on the matter in question and on the study.

The time required for the administration of each study amounted to 5 days in 2002.

There was a considerable increase in the number of impact studies received and administered by the ESV in 2002 (from 415 studies in 2001 to 525 studies in 2002). Despite this, it has been possible to reduce administration times considerably (from

15 days in 2001 to 5 days in 2002). The reason for the reduction in administration times is that the ESV has had a deliberate focus on making the process more efficient and guaranteeing the quality (based on ISO 9001) of impact studies that has borne fruit.

During the year, the ESV held two commissioned training programmes on impact studies for the National Heritage Board and the National Board of Health and Welfare. The volume of training was similar to that provided in both 2000 and 2001.

3.2 Operational area: Business and HR systems

Objectives for the operational area: business and HR systems:
Demand-steered, appropriate and cost-efficient support to the Government Offices and the government agencies.

Reports:

- Support given to agencies
- The agencies' assessments of the support

All in all, the ESV considers that its work of providing business and HR systems has been performed in an appropriate way since demand has governed the services supplied. Earlier studies and results of questionnaires distributed to customers have shown that deliveries have been made in a cost-efficient manner for central government. During the year, extensive analyses were made of both the responses to questionnaires distributed to customers of business and HR systems and of the points of view and experience that emerged in direct contacts with the agencies. These indicate a certain growing need of integrated, easily accessible and easily analysable information to support agency management in their administration of agency activities.

In the light of the above, a feasibility study was implemented in the spring of 2002 and a benchmarking study in the autumn of 2002. There is great interest and a large number of activities in the central government agencies for the improvement of their integrated management and controls of activities. However, it has proved to be the case that the agencies seldom take advantage of each other's expertise or development work, which shows that the ESV can probably make an effort in this area to make the government administration more efficient.

Area SEK '000	Income, fees etc 1)			Costs		
	2002	2001	2000	2002	2001	2000
Business systems	4 149	5 475	84 007	5 300	9 254	85 785
HR/payroll systems	65 639	98 021	89 613	69 466	97 094	95 292
Total	69 788	103 496	173 620	74 765	106 348	181 077

1) Refers to revenue from fees and other payments, grants and financial income

The large reduction in revenue from fees and expenses between 2001 and 2002 is due to the sale of two HR systems on January 1, 2001. Both expenses and revenues in 2002 are approximately SEK 1 million lower than in 2001 since user days were not held in 2002. The negative result for 2002 is entirely due to the extensive work on the two framework agreement procurements. The cost of these procurements was SEK 2.8 million, which can be compared with the negative result of approximately SEK 1.3 million.

The large fall in revenue from fees and expenses between 2001 and 2002 is due to the sale of business systems on January 1, 2002. The phasing out costs for business systems amounted to SEK 1.5 million in 2002. The result of AGRESSO activities was SEK 1 million lower than budgeted.

Support given to the agencies

HR systems

At the beginning of 2001, WM Data took over the two HR systems, SLÖR/PIR and PALASSO/LSS, which government had owned up to then through the ESV.

All in all, experience of the first year's activities under the new management indicates that the objectives that were established for the sale of the systems (improved cost efficiency, security in supplies and development potential) have been achieved.

The largest and most important individual task of the year was the ongoing framework agreement procurement of HR systems and the production of framework agreements for consulting support in the HR systems field.

Other tasks given high priority have been studies of systems support for the management of operations and the provision of bilateral support to the agencies, mainly prior to possible changes in systems.

During the year, PALASSO was upgraded in a new version PALASSO 4.50. A new accounting module was developed to make the system less dependent on old technology and to improve controls of financial transactions. Where PALASSO is concerned, the year was otherwise characterised by an increase in the number of customers using WM Data's operating service for PALASSO. Web-based reports are the products that have been most in focus for customers. In order to simplify the introduction of the routine, WM Data developed an e-learning module for reports in the autumn. The training module will also be of considerable use when new employees are recruited and in situations where employees are away from work for a long period of time, for example on parental leave.

During the autumn a number of adjustments to local agreements for the agencies concerned were made in SLÖR.

The work on making systems administration efficient has continued in order to make the system as cost-efficient as possible for agencies that are still using SLÖR.

During the year, HR-Plus (formerly Picea) underwent considerable further development of new and existing functions. Focus was placed on the web part of the system in order to meet customers' requests to reach their applications via a web function, the Internet or the organisation's own intranet. Furthermore, the functionality of time reports and deviation reports were improved and the support function strengthened.

During the year the operating service concept, so eagerly awaited by many agencies, was also made available to users of AGRESSO's payroll and HR systems. By the end of the year, the concept had been implemented at three agencies. Furthermore, a new web-based routine for the systematic collection of development requests was launched.

All pay and HR systems were adapted to the new government pension agreement.

Business systems

An important assignment for the systems function is to make regular reviews of the products and the ways in which the ESV supplies products and services to the government agencies. During the year, a number of activities were implemented for the evaluation of the business systems function with the aim of obtaining experience on which to base the improvement of products and services.

- Analysis of the new supplier of business systems: WM Data
The ESV has made a continuous follow-up of the new supplier of business systems, WM Data. This has been done with the aid of a questionnaire and through the follow-up of undertakings and obtaining points of view of customers.
- Research cooperation
In accordance with the Government's administration policy programme, which increases cooperation between agencies to make activities more efficient, the ESV has started making an analysis in cooperation with a post-graduate student at the Stockholm School of Economics. The project has the aim of making government operations more efficient on the basis of the assumption that operations can best be improved when organisations, individuals and information systems are regarded as an entity. One focus area is whether the so-called Shared Services ideas in the private sector can be transferred to the public sector. The project started on July 1 and will be finalised in June 2003.
- Analysis of a change in ownership of the AGRESSO system
As in previous years, an evaluation has been made of the company, Unit4, in order to analyse the suppliers' financial situation and stability in comparison with other actors on the market. The evaluation was made by Grufman Reje.
- Establishment of the unit for Methods, Working Environment and Systems Support
In order to be able to offer the agencies further support and services independently of suppliers and systems, a new unit was established in September in the business systems field - the unit for Methods, Working Environment and Systems Support.

The unit will give the agencies expert advice on business systems and assist them by providing support when they select systems, make procurements and install the new systems. The new unit is independent of AGRESSO activities at the ESV. The unit has come into being as a result of requests from agencies that the ESV should adopt a more active role in the systems field.

The unit's activities are performed on a consulting basis in the form of assignments together with the agencies concerned. The unit will also collect environmental analysis and research contacts in respect of business systems. The ESV's work of making surveys of the agencies' needs of integrated control information was further pursued in the new unit in 2002.

- **User association for AGRESSO**

The ESV participated in the meetings of the module group in AGRESSO and in the user association's annual meeting, and assumed responsibility for the programme together with Agresso AB.

- **Support - and assistance on the web**

During the year, the ESV's website was extended to enable it to become the daily information and working tool for users of the AGRESSO product family.

Support was regularly provided for:

The AGRESSO systems

Administration and development

During the year considerable efforts were made to start the use of the new method through which requests for development can be registered and given priority via the web. The ESV has informed the agencies in writing of this method, and participated in the meetings of the module group of the users' association and at the user association's user days. The ESV and Agresso AB have also started giving priority to requests for development from the Swedish market. This has the effect that the system can be changed in relation to the central government sector's requirements and requests.

The ESV has been deeply engaged in the functional design of the module for electronic invoicing. This engagement has included specifying new functions and testing new versions. Today, the ESV has three installations in operation, and a further three customers with test installations.

During the spring of 2002, a program was introduced at the agencies concerned for reports to the ESV's transaction database. The development of programs to extract data from AGRESSO was produced and installed at the customers. During the year, a new program for making reports to the government accounting system was developed. Test activities were run in December and the program will enter into operation in 2003.

The ESV has given support to the Swedish National Audit Office (RRV) for the production of an auditing program for AGRESSO installations at agencies. The

RRV's auditors will start to use this program, which covers the basic modules in AGRESSO, in 2003.

Work continued on preparations for a possible introduction of the euro in Sweden. During the autumn a test conversion was made that exchanged currency from Swedish kronor to euro. The results of this test are being used to produce a model for the implementation of a conversion of an agency's AGRESSO installations.

An important part of the work is to produce and spread information to the users. The ESV's web-site for AGRESSO is an important tool for this purpose. Work continues on the development of the website. The effect of this is that it will be easier for the agencies to receive rapid assistance and support. It will also provide proactive support. During the year, information material was produced, including manuals for the interim annual report and final accounts in AGRESSO.

Number of hours - administration and operation of business systems

Number of hours	AGRESSO incl. Operating service		
	2002	2001	2000
Administration and operation	20 080	18 579	21 250

Consultations

The consulting services function worked intensively on marketing and introducing new functions at agencies. Three new agencies have taken AGRESSO into operation. During the year, the AGRESSO payroll system was implemented at 6 agencies. A new budget module was introduced at two agencies. A considerable amount of work was done during the year on preparations for the introduction of electronic invoicing. Methods for installation and training material were produced. A number of agencies are testing the new functions and they are now in operation at two of them. The introduction of electronic invoicing will have the effect that agencies can make considerable reductions in their costs for invoicing.

During the year, 169 agencies were upgraded to a new version of AGRESSO.

The consulting organisation also worked on projects at agencies to review the financial management model in combination with the installation and use of AGRESSO.

A number of network meetings were held as were various forms of seminars to which agencies were invited.

Number of hours - consultations

Number of hours	AGRESSO incl. Operating service		
	2002	2001	2000
Implementation	2 100	2 400	7 100

Other consulting work 21 900 21 800 16 900

Training

During the year, the demand for courses on the ESV's premises was lower than in previous years. The number of training days decreased by approximately 10 per cent compared to 2001. All courses in the AGRESSO payroll system were held at the agencies, which is the part of the reason for the decline.

The major reason for the decline in demand for training is probably that all agencies have now worked in AGRESSO for a number of years and the needs of training in installation and use etc have therefore diminished. During the year, a great deal of work was done on revising existing courses and developing new courses to better meet current needs. Six existing courses were revised and three new courses were developed. The new courses are an advanced course on the purchases ledger and the sales ledger and a report course for personnel administrators.

Training programmes

Number	AGRESSO incl. Operating service		
	2002	2001	2000
Training days	144	160	148
Teachers	22	15	17
Students	510	720	700
Student days	838	1 174	1 158
Agencies that purchased training services	195	202	250

Systems support

The systems support function was open on all workdays on which the ESV had normal working hours. The function provided support to all agencies that use AGRESSO. During the year, 169 agencies were upgraded to a new version (5/5.4). The phasing out of old versions (AGRESSO 5/5.1.2 and 5/5.2.1) was completed. A limitation was made to the number of database managers (for MS SQL Server and Oracle) supported in AGRESSO. All upgrades and installations of new functions have resulted in more complexity and a considerable amount of work for the systems support function. In parallel with this, the support consultants were trained in new modules (Invoice Manager, Budget Manager, Excelerator, Transaction Database and the new requirements in respect of government accounting system) in order to meet the future needs of agencies.

To enable agencies to work in a preventive manner, Heat Self Service (HSS) and an information database containing solutions to support problems (FLS) were developed and made available to agencies. Access to both HSS and FLS is available via the Internet 24 hours per day. This has the effect that the agencies have access to information and support whenever they need it. This also supports the proactive strategy of providing better support and assistance to prevent errors and shortcomings.

Despite this, the number of requests for support remained stable. This is partly due to the fact that there are more agencies in Operating Service and more payroll system customers. The table below shows the throughput of the business systems requests for support. Since the customers have become better at solving their problems themselves, and since the ESV's website often provides help and support, the requests for support received now are more complicated. This has the effect that throughput times are somewhat longer.

Throughput of support requests – business systems

Proportion in %	AGRESSO incl. Operating service		
	2002	2001	2000
Proportion of problems solved same day	61	68	71
Proportion of problems solved within 5 days	84	86	91
Proportion of problems solved within 1 month	94	93	97
Proportion of problems that had to be forwarded to AGRESSO AB and Norway	3	3	2

Requests for support

Number	AGRESSO incl. Operating service		
	2002	2001	2000
Requests for support	5 310	5 400	4 999
Hours	11 745	12 910	13 760

ESV AGRESSO Operating service

The ESV's Operating Service for AGRESSO is offered as an alternative to local installation and operation. At the end of 2002, 93 agencies were taking advantage of this service. During the year, a number of agencies were wound up and a number of new agencies were established. One innovation this year is that AGRESSO Payroll/PA was implemented at three agencies. It will be taken into operation on January 1, 2003.

Activities completed in 2002:

- Implementation of AGRESSO and connection to Operating Services at five agencies.
- Implementation of AGRESSO and/or connection to Operating Services at four agencies
- Implementation of AGRESSO Payroll/PA at three agencies
- Transfer of one agency to Operating Services from a local installation.
- Courses combined with workshops aimed at agencies connected to Operating Service.
- A reference group for Operating Service agencies formed and a meeting held in the spring.

- A users' meeting for agencies connected to Operating Service arranged during ESV days
- Work on creating greater stability and accessibility took place during the year. It is planned that a major project to implement a new solution for storage in the Operating Service environment will be completed in the beginning of 2003.
- Installation of a further database cluster in which four machines will be available for agencies instead of two. Completion estimated in January 2003.
- During the autumn all Operating Service agencies were upgraded to AGRESSO version 5.4. Work took place intensively for a period of almost eight weeks with, on average, four upgrading per day, and four days per week.

The ESV's objective in respect of accessibility in AGRESSO Operating Service is 98 per cent every month. Investments in technology and human resource development have had the effect that the agencies have been given better accessibility. The result of measurements of overall accessibility can be broken down as follows:

Accessibility ESV AGRESSO Operating service

Service window 07.00-20.00 1)

Month, %	2002	2001	2000
January	100	98, 3	98, 7
February	97, 1	100	98, 3
March	99, 7	99, 6	98, 5
April	99, 3	100	100
May	99, 6	68, 5	82, 1
June	98, 7	97, 3	99, 5
July	99, 6	90, 8	98, 8
August	98, 9	100	96, 9
September	99, 7	100	100
October	100	100	99, 6
November	93, 1	100	90, 5
December	96, 4	98, 2	100
TOTAL	98, 6	96, 2	97, 3

1) Hours when the service is open under agreements.

Armed Forces' systems

The Armed Forces' business systems (FS systems) have been administered from January 1, 2002 by WM Data. The product family was the subject of considerable development during the year, including the integration of existing modules from WM Data's product portfolio. During the year, FS plus was introduced at some of the customers. Furthermore FM PUB was further developed in cooperation with the Armed Forces.

Consulting work in respect of the FS systems was also taken over by WM Data on January 1, 2002.

The agencies' assessments of the support provided

A presentation is provided below of users' assessments of the business systems and HR systems, as well as associated services, offered by the ESV to government agencies. The information has been taken from responses received to the questionnaire surveys that were made during the autumn in which all users of these systems participated. The questionnaires contained some 50 questions, broken down into five areas: the systems' functionality and development; consulting services and training; information; support; and efficiency. The response rate was very high, with the exception of the FS systems - due to a reorganisation, over 90 per cent.

The agencies' assessments were made on a ten-point scale. This is a change from previous years when it was a five-point scale. No direct comparisons can be made between the scales. The change was made on the basis of a recommendation from the supplier, Statistics Sweden, in order to obtain comparisons with other organisations. In their responses to the questionnaire, the agencies were also invited to mention areas in which improvements could be made, and to present their own points of view on each area.

HR systems

The agencies' assessments of the systems and services provided by the ESV in the payroll and personnel administration field are shown in the table below. The column "Evaluation" gives the combined result for all Payroll and HR systems.

The modern HR system, HR Plus (formerly Picea), which is owned by PA-konsult in Växjö, still does not have enough customers and was therefore not included in the questionnaire.

Area	Evaluation 2002, 1)	Evaluation 2001, 2)	Evaluation 2000, 2)
HR/payroll systems' functionality and development	5, 4	3, 2	3, 2
Consulting services and training	7, 3	3, 8	3, 8
Information	6, 7	3, 5	3, 5
Support	8, 0	4, 0	4, 1
Efficiency	6, 4	3, 5	3, 5

1) Ten-point scale

2) Five-point scale

The average value for the systems' functionality and development is negatively affected by the old mainframe system SLÖR/PIR, whose grading was 3.1 in respect of development. This is a natural consequence of the fact that no further development is taking place on the system. It is primarily in the light of this that the need of the ongoing framework agreement procurement for payroll and HR systems should be seen.

PALASSO's grading in respect of functionality and development has gradually improved after the sale of the system to WM Data on January 1, 2001. The grading in 2002 was 6.7.

Questions that take up confidence in personnel, their skills, ability to cooperate and accessibility were given, without exception, very high grading for all systems. Among other things, this is evidence that the take-over by WM Data of PALASSO and SLÖR/PIR has proceeded smoothly, with the retention of very high levels of service. Furthermore, the figures confirm that the contributions made by the ESV's AGRESSO Pay/PA personnel are also the subject of great appreciation by the agencies using the system.

The question on whether users of PALASSO and AGRESSO Pay/PA can recommend their present HR systems to other agencies was given a positive response. Where PALASSO was concerned, as many as 65 per cent of the respondents answered in the positive, while only four per cent answered in the negative. The corresponding figures for AGRESSO Pay/PA were 54 per cent and 14 per cent respectively

Business systems

The agencies' assessments of the systems and services provided by the ESV in the business systems field can be seen in the table below.

Statement	Evaluation, 1,2) 2002,	Evaluation 2001, 3)	Evaluation 2000, 3)
The system is very user-friendly	6, 2	3, 3	3, 2
The system has, in general, a high level of operational security	7, 1	3, 6	3, 6
In general the system is a very good business system	6, 8	3, 5	3, 4
All in all cooperation with ESV's consultants works very well	7, 4	3, 8	3, 9
The training given is of very great value in my work	6, 6	3, 6	3, 5
In general the ESV's support functions very well	7, 3	3, 7	3, 7

1) applies only to AGRESSO

2) 10 point scale

3) 5 point scale

An analysis of the result in comparison with previous years shows that AGRESSO has consolidated its position somewhat. As in previous years, the questions which take up confidence in the personnel, their skills, ability to cooperate and accessibility are generally given high assessments. Contacts with the ESV's personnel, both in their consulting role and their support role, were ranked highly.

In general, large agencies are more satisfied and, at the same time, they also make greater demands on the systems and their associated services. Confidence in Operating Service improved in 2002. The areas of functionality, development and information are still given a somewhat lower ranking than other areas.

In response to the question whether users of AGRESSO can recommend their present business system to other agencies, 63 per cent responded in the positive while only six per cent responded in the negative.

One gratifying result is that the agencies had great confidence in the ESV as the supplier of AGRESSO. Only 9 per cent stated that they would prefer AGRESSO being provided by another organisation than the ESV.

FS systems

After the first year with WM Data it is still early to draw any conclusions on how the new ownership arrangement has affected the systems. The year's questionnaire survey shows a stable position, in line with last year's result. The customers are most satisfied with the skills of the personnel, both in respect of support and consulting. This assessment provides evidence that the take-over by WM Data of the FS systems has proceeded smoothly with the retention of a very high level of service. On the other hand, functionality and development are given lower ratings. This is probably due to the fact that most customers still use the older version of FS and not the modern FS Plus version.

The agencies' selections of systems

HR systems

The table below shows how the selections made by government agencies of payroll and HR systems changed during the period 2000 to 2002.

HR system	Number of agencies 1)		
	2002	2001	2000
SLÖR/PIR	159	178	189
AGRESSO	32	26	27
PALASSO	39	23	27
HR PLUS	2	2	0
External	12	13	13
Total	244	242	256

1) Agencies in this context are the agencies that are obliged to keep books of account under the Bookkeeping Ordinance (2000:606).

During the year, agencies changed their systems to a much greater extent than before. In principle, all changes of systems entailed a transition from SLÖR/PIR to PALASSO or AGRESSO. The trend of leaving SLÖR/PIR is expected to increase in 2003 when the ESV framework agreement procurement of HR systems has been completed. The reason why agencies leave SLÖR/PIR is that the system is not being further developed.

Almost half of the users of SLÖR/PIR (72) agencies use a service bureau solution provided by the Legal, Financial and Administrative Services Agency, which has the

effect that both technical and administrative handling of the system takes place at the Legal, Financial and Administrative Services Agency.

Almost half (15) of the agencies that use PALASSO run the system's technical operation at WM Data in an operating service solution. This is a considerable increase.

The systems in the table above are also used by other organisations in the central government sector. See table below.

	SLÖR/PIR	AGRESSO	PALASSO	HR-PLUS	Total
Others (foundations etc)	7	1	3	1	12

In terms of numbers, only a marginal change occurred in 2002. However there was a certain transition from SLÖR/PIR to PALASSO.

Business systems

All new agencies that were established during the year selected AGRESSO.

Per December 31, 2002	AGRESSO	FS systems	Others	Total
Number of agencies using the system	219	7	23	249
Number of agencies	2002	2001	2000	
AGRESSO - operation at the agency	126	144	155	
ESV AGRESSO Operating Service	93	87	87	
Cosmos	0	0	0	
Financial control systems (number of agencies/number of installations/number of accounting units)	7	7	9	
		(35/107)	(52/170)	
Total	226	238	251	

No agency left any system supplied by the ESV for another system on the market during the year. On the other hand, one agency that formerly had a system not provided by the ESV selected AGRESSO.

Other reports and government decisions

Other reports
 - Comments in respect of deviations between budget and outcome that exceed 15% for fee-financed activities (See table page XX)

- Measures to achieve the financial objective of the operating area Business and HR systems

The deviation between budget and outcome for HR systems is due to expenses that arose as a consequence of the procurement of the two HR systems. These costs amount to SEK 2.8 million.

Where business systems are concerned, the result for AGRESSO activities is approximately SEK 1 million lower than budget. In addition there was a phasing-out expense amounting to SEK 1.5 million for the FS systems run by the ESV. During the year the Unit for Methods, Working Environment and Systems Support was established, which resulted in a development cost of SEK 1.2 million.

Where business systems are concerned, it is important that a surplus is brought forward that can be used for a number of years. During the year, SEK 6.6 million was paid to the Government. In 2002, part of the surplus was used to train existing personnel and new personnel, and to establish the new unit.

Other reports
Revenue from external owners of payroll and HR systems and ESV's expenses for corresponding activities.

The revenue from external owners of HR systems amounted to SEK 4.1 million in 2002. This revenue was more than enough to finance ordinary activities, i.e. excluding the specified expenses incurred during the year as a result of the two framework agreement procurements.

The revenue from external owners of business systems amounted to SEK 1.4 million in 2002. These revenues finance part of the ordinary activities, mainly monitoring and analysing the external working environment.

4. Operational area: Forecasts and follow-up

The policy area includes the operating area Forecasts and follow-up in which the ESV is active with the following objective:
Reliable and well-documented forecasts and analyses of economic and government budget trends.
Reports: Programmes to achieve the objective.

Parliament and Government have considerable needs of information on government finances, information that is used on different occasions and for different purposes. The general public, mainly via the mass media, and actors on the financial markets, request and need information on government finances in forms adapted to their needs. The task of the ESV is to present information of this type in different profiles and perspectives. Both forecasts and reports on outcome are provided, based on the government budget. In addition to this, reports are made on central government in the form of statements of financial performance and financial position. Regardless of the purpose for which it shall be used, the information shall be up-to-date, reliable and relevant.

The ESV attaches great importance to analysing the information and making it available in a comprehensible and useful way for publication, both on the ESV's website and in printed form. For this purpose, projects have been implemented during the year with language consultants.

To enable users of the information to make their own assessments and analyses, there is detailed information on trends and the standpoints that have been adopted.

To meet existing needs and to fulfil the function of the agency, the ESV has very high levels of ambition, both in its regular collection and processing of information and in the development work that is being undertaken all the time.

The ESV would make the assessment that activities in 2002 met the above-mentioned needs in a perfectly satisfactory way and it therefore achieved the goal for the operational area. This was made possible since a relatively large saving on appropriations was available at the start of the year.

In-depth reports are given below under each operational area.

4.1 Operational area: Information on central government finances

The objectives of the operational area Information on central government finances are:

1. Budget forecasts shall have a high degree of precision. Risks for deviations from budget should be identified at an early stage
2. Differences between average forecasts for the expenditure - for which there is a ceiling - and outcome should not exceed the average of corresponding differences during the period 1999-2001 after the elimination of differences resulting from effects of additional decisions that influence expenditure and different values of assumed and actual macro-economic variables.

Reports:

Comments on the indicators of the precision of the forecasts, an analysis of major deviations and a survey of any systematic errors should be submitted no later than May 2, 2003.

Outputs and use of resources

Outputs	2002			2001			2000		
	Man-years	1) Costs	Reports	Man-years	1) Costs	Reports	Man-year	1) Costs	Reports
Budget forecasts	11, 3	12 398	4	11, 0	11 968	4	10, 0	10 441	4
Budget follow-up monthly	2, 0	2 314	12	2, 0	2 170	12	1, 8	1 922	12
Budget follow-up annually	2, 8	2 902	1	2, 2	2 423	1	2, 9	3 045	1
Supporting documenta- tion for the annual report of central govern ment	2, 3	2 744	1	3, 0	4 048	1	3, 6	4 656	1
Government accounting system	2, 0	5 404	-	3, 1	9 326	-	3, 9	7 262	-
Financial statistics	5, 5	5 941	17	5, 4	5 981	18	5, 2	5 183	18
Government assign- ments	0, 9	1 582	-	0, 8	1 360	-	0, 5	727	3
Advisory services Government Offices	0, 1	75	-	0, 2	172	-	0, 3	138	-
Advisory services agencies	0, 3	344	-	0, 4	401	-	0, 5	219	-
VESTA	18, 2	38 780	-	9, 9	21 971	-	3, 1	3 277	-
Other outputs	1, 5	1 765	-	2, 3	2 688	-	3, 2	3 225	-
Total	47, 0	74 259		40, 4	62 509		35, 0	40 065	

1) A man-year corresponds to 1,640 working hours. The breakdown is based on time reports.

The largest change was in respect of VESTA where, in particular, systems development was in an extremely intensive phase during the year. The outputs are commented on in more detail below.

Forecasts of the government budget

One of the most important purposes of the ESV's budget forecasts is to spread correct and relevant information on central government finances. Another is to provide material for the Government and Parliament prior to their budget work. In both cases, the accuracy of the forecasts is of great importance and therefore making a follow-up of the forecasts is a necessary and important component in the work of making forecasts. When the outcome for one year is available, an analysis is made of the deviations between the different forecasts and the outcome. In 2002 a report was made on the precision of the budget forecasts for the year 2001. This analysis was submitted to the Government in a report on May 2, 2002. The average forecast error on expenditure under the ceiling on expenditure was 0.1 per cent. The

forecast error in respect of revenues was 2.4 per cent. This is the lowest deviation since 1997.

During the year four forecasts were made. Two of these were medium-term forecasts in which estimates were made for the entire period covered by the ceiling on expenditure. During the year the ordinary forecast period was extended with the effect that each forecast contained an assessment and analysis of both the current year and the following year. The last medium-term forecast covered the period up to 2006 in order to provide data for the work of the Government Offices prior to the Spring Fiscal Policy Bill of 2003, when proposals for a budget ceiling for 2005 will be presented. The forecasting work is the subject of continuous development where forms of reports and analyses are concerned. The last forecast of the year was made under a tight time schedule and therefore did not contain detailed comments on all areas, merely the most important events. However, the estimates were of the same dimensions as usual, as was the information that is regularly submitted to the Ministry of Finance.

During the year major efforts have been made in respect of the linguistic design of the budget forecasts. In combination with intensive work on actively spreading information to those concerned and interested, this has given the forecasts a greater impact in the finance policy debate. The secretariats of the parliamentary parties and Parliament's Standing Committee on Finance are regularly offered a presentation of each forecast. This is taken advantage of to a very great extent. The general public receive good information through the press seminars that are arranged on each occasion a forecast is published.

Assignment 3:

The ESV shall arrange seminars for ministries and agencies concerned on forecast models for a number of appropriations in the government budget. The selection of appropriations shall be made in consultation with the Ministry of Finance.

The design, timing and content of the seminars have been discussed with the Ministry of Finance. It is planned that the first seminar should be held at the beginning of 2003 and take up methods and problems relating to the calculation of the EU fee.

Government budget follow-up

During the year, the ESV presented the monthly outcome of the government budget twelve times. The outcome is reported in the following month and follows a time schedule.

The preliminary annual outcome of the government budget was reported to the Ministry of Finance on March 1, 2002 and the final outcome for the year, with comments, on March 15, 2002 (see below under Documentation for the annual report of central government).

Within the framework of Sweden's official statistics, the ESV also published statistics on the government budget at the beginning of June. These statistics were also

presented to the Ministry of Finance. The statistics contained time series and were processed in more detail than the information presented on March 15.

Assignment 2:

The ESV shall work to ensure that the opening and closing balances of appropriations are correct and shall report on the work done by the agency to improve the quality of these balances. A report on the assignment shall be submitted no later than April 15, 2002.

On April 11, 2002, the ESV submitted a report on its work in 2001 to improve the quality of the opening and closing balances of appropriations.

In 2002, this work continued with greater intensity, primarily in three ways. The assignment has been given priority since several persons were given the main duty during the year of studying and correcting errors in registered available funds on appropriations. It was possible to correct a large number of errors and the ESV expects that there will only be a small number of errors when the opening balances for 2003 are entered into the information system, Hermes. However, it will not be possible to establish the final result until April, when the transfers are made.

During the year the ESV extended the information it gives to agencies in this field. This was done orally on information days, through special written instructions and through information in ESV publications.

The most important part of this work in a long-term perspective has been the active participation in the work on that part of the Hermes system which includes electronic annual directives and letters of appropriation. This refers both to the work on specifications for the system, on testing, and on training users which is expected to have the effect that, when the system is in full operation, errors will only arise on very rare occasions.

Documentation for the annual report of central government

Assignment 1:

The ESV shall submit documentation for the annual report of central government to the Government Offices. The documentation shall be submitted no later than March 15, 2002.

The year 2002 was the second year in which the ESV submitted the documentation for the annual report of central government, including the final outcome of the government budget, for the previous financial year as early as on March 15. The work on guaranteeing high quality in the documentation continued and included the further development of rules and routines for reconciliation between government agencies

The documentation for the annual report of central government for the budget year 2001 was once again audited by the Swedish National Audit Office (RRV) as the external auditor. In its audit statement the RRV mentioned several positive changes

that had been implemented since 2001. The RRV also made the following overall assessment:

"In the RRV's audit of the consolidated statement of financial performance, statement of financial position and cash flow statement with notes, and government budget revenue headings and appropriations, there is nothing that would suggest that the outcome is not in all essentials true and fair on the basis of the Government's decisions and the principles for drawing up the report given in the documentation."

At the same time the RRV emphasised the need for further development in some areas that concern the annual report for central government.

Financial statistics

Together with the Institute for Economic Research and Statistics Sweden, the ESV has developed instruments to make it possible to link the national accounts to the government budget. This was done in an assignment that was reported on in December 2001. The further work at ESV has included a systematic review of the material in both systems. The aim has been to improve the quality of the ESV's products and to contribute to facilitating comparisons of forecasts from the ESV and the Institute for Economic Research.

During the year the work on financial statistics has involved further adaptation to the requirements of the new European system of accounts (ESA 95) in respect of documentation on government financial savings. The further adaptation work has included system revisions, changes in working methods, and contacts with users at Statistics Sweden, the Institute for Economic Research, the Ministry of Finance and the Bank of Sweden. Complete quarterly national accounts based on the requirement for "complete quarterly national accounts for the public sector from the year 2000" in accordance with the European Commission's ordinance, were produced four times during the year. Presentation material for the users was improved.

The real economic breakdown of the government budget expenditure is made each quarter, to make it possible to link the budget forecasts to the outcome of the national accounts and for the breakdown of the budget forecasts. In the budget forecast 2002:1-4, the section on real economic breakdown was supplemented with a section on the various real economic categories. The annual outcome and quarterly outcome were presented in real economic terms in order to meet the needs of information of the Ministry of Finance.

Data for the conversion of prices and salaries of the administration appropriations, which form the basis of the agencies' annual compensation for price increases were delivered to the Ministry of Finance according to plan prior to February 1. International reports to the OECD were drawn up and delivered to the recipients at agreed points in time. Central Government Finances, which describes "where the money goes" was published on the ESV's website. For the first time the report was published in a network version only. The year's version was improved in terms of content and adapted linguistically and in terms of layout to publication on the network with in-built functions for searching for information and explanations of terms. The

government budget's revenue and expenditure is presented in long time series at the end of the publication.

Government accounting system

During the year the work on producing a new government accounting system in Hermes dominated. This is described in more detail under other reports in Chapter 5. In addition to this, during the year adjustments were made in order to meet the increasingly sophisticated requirements in respect of functionality and reports for counter-party accounting. An order has also been placed for the production of the new reports on the statement of financial performance to the system, broken down by operational areas, which - for 2002 - shall be made in the spring of 2003.

Advisory services

Advisory services were provided on a regular basis to the Government Offices and agencies. Where the Government Offices are concerned, a great deal of this work concerned analyses and quality assurance of budget figures and outcome figures in respect of appropriations and appropriation items, and questions linked to appropriation balances. Where questions from agencies were concerned, most related to points in time and routines for reports of forecasts and outcomes, funds allocated to the agencies through appropriations and appropriation items, allocations of appropriations between agencies, counter-party reconciliation, recording of appropriation items and revenue headings in the government accounting system, and the recording of payments in the agencies' accounting systems and the government accounting system.

Government assignments

In November 2000, the Government granted SEK 2.7 million for a main study. In respect of a government transaction database, which, when fully operational, will include 90-95 per cent of the costs of purchases of goods and services from outside the government sector? In 2002 information was collected from approximately 70 agencies. The ESV reported on the situation as at November 2002. Data in respect of 2002 will be evaluated and fed back to agencies submitting information and to agencies administering framework agreements. The information will also be available for taxation and audit purposes. The final design of the transaction database is expected to be complete in 2004 and will then also be available for interested parties outside central government.

Miscellaneous

Calculations and data for the VAT-based EU fee were sent in June to the National Tax Board, which coordinated the material and passed it on to the Ministry of Finance. The ESV work in this respect can be seen as a link in a chain in which a number of agencies participate. The VAT base that the Ministry of Finance arrives at then forms the basis of the final calculation of the EU fee.

Assignment 4:

The ESV shall provide times series of the outcome of appropriations in the government budget in the budget structure for 2002. The report on the assignment shall be submitted no later than March 15, 2002.

Time series have been submitted in accordance with the assignment.

Other reports:

The number of consultations and the use of resources and average throughput times broken down by different types of consultations.

Under Section 5 of the Ordinance (1994:1261) on the bookkeeping systems of government agencies, the agencies shall hold consultations with the ESV if they are considering changing over to an accounting system that is not supplied by the ESV. During the period 1999-2002, no consultations were held.

5 Other reports and assignments

5.1 Development work for the introduction of a government budget based on accrual principles (VESTA)

Other reports:

Costs of the support provided for the Ministry of Finance on the development work for the introduction of a government budget based on accrual principles.

Assignment 5:

Together with the Ministry of Finance, the ESV shall continue the development work for the introduction of a government budget based on accrual principles. It is not necessary to submit a report on the assignment.

The ESV also participated actively in 2002 in the further preparation of the proposals that the VESTA project submitted in the report "Financial management for efficiency and transparency". The overall objective of the development work has been to improve the control and follow up of government operations while maintaining effective controls of central government finances. Another ambition has been to improve IT support in the budget process and to create a better overview of government operations and the economy. The proposals also had the aim of achieving better integration of performance management and financial management, not least at government level.

The following table shows the costs incurred in the participation of the development of a government budget based on new principles.

VESTA SEK '000	Costs 2002	Costs 2001 1)	Costs 2000
IT information	37 813	21 551	2 212
Other work on VESTA	4 564	2 298	4 970
Total	42 377	23 849	7 182

1) The work done on ESV's response to the VESTA report is not included in the table.

As can be seen from the table above, the work on improving IT support accounted for the predominant part of the costs. The considerably higher levels of consulting inputs in 2001 were increased further last year. The development inputs that were made during the year can be seen in the report on assignment 6 below.

The further preparations have led to a situation in which considerable changes have occurred in relation to the proposals that were submitted in the report on the VESTA project. During the year, a large number of members of staff were engaged in special working groups for the performance of government assignments linked to the development work or participated in the preparation of Government decisions. At the ESV, a group has been created which has the special responsibility for coordinating development work with a holistic perspective on behalf of the agency. The overall coordination of this extensive further preparation and development work took place in regular meetings between those responsible at the ESV and the budget department at the Ministry of Finance.

Assignment 6:

The ESV and the Ministry of Finance shall develop and implement systems that have the aim of supporting the production of information and the budget process. No report is required on the assignment.

At the beginning of the year, the new government budget system was taken into operation and the Spring Fiscal Policy bill was prepared in the new system. Further development took place during the year and new functions were taken into operation prior to the work on the autumn budget bill. Electronic annual directives and letters of appropriations were developed during the year and put into operation in the autumn. Now the ministries write their annual directives and letters of appropriations directly in the system. This replaces the former manual process in Word. These web-based forms store data on the operational objectives of agencies, allocations of funds, authority to use appropriations etc. During the year a new web-based reporting system was developed for the agencies that will replace the existing system at the beginning of 2003. . A common graphic profile and navigation system was developed for the various parts of the integrated web-based information system. Training programmes and instruction in the various sub-systems took place regularly during the year.

5.2 Support for the Government Offices

Other reports:

Costs of support to the Government Offices in total. The cost of making responses to reports circulated for comment shall be reported on separately.

Government support 1) costs, SEK '000	Information on government finances			Performance and finan- cial manage- ment			Total		
	2002	2001	2000	2002	2001	2000	2002	2001	2000
Responses to official reports	385	379	275	2454	2797	1917	2838	3176	2192
Assignments from Min. of Finance	1582	1370	492 2)	4361	753	57	5942	2123	549
Other government assignments	0	0	236	553	2554	1359	553	2554	1595
Consulting support	0	0	0	563	539	355	563	539	355
Advisory services	75	172	138	1039	799	1001	1114	971	1140
Training	0	0	0	43	110	48	43	110	48
Total	2041	1921	1141	9013	7551	4737	11054	9472	5879

1) The costs do not include work on VESTA.

2) Excluding costs incurred in bringing forward the production of the Annual Report of Central Government.

A detailed description of the ESV's support to the Government Offices is given under each operational area

5.3 International operations

Other reports:

Focus and scope of international operations and ways in which experience gained has been put to use in the agency

During the year the ESV received representatives of the Ministries of Finance in Mozambique, Eastern Cape Province in South Africa, Japan, China, Poland, Brazil and the EU. The main purpose of these visits was to transfer know-how, in particular on how the ESV works and the ESV's role in the government administration.

The ESV also participated actively in international networks on financial management, including the International Federation of Accountants (IFAC) and the European Accounting Association (EAA). Where the IFAC is concerned, the ESV participates in its Public Sector Committee. Members of the ESV staff participated in ten conferences abroad.

The ESV's project in Eastern Cape Province in South Africa continued. Two long-term advisers are stationed in the province. The project comprises support for the development of the budget process and accounting. Short-term assignments totalling 29 weeks were implemented during the year. Sida is financing the project.

Twinning is a concept used in the European Union. It refers to cooperation between a member state and a candidate country with the aim that they should work together to improve the candidate country's institutions to enable it to meet the criteria for membership stipulated by the EU.

The ESV also exported services to Slovenia in the form of a twinning project financed by the EU. The expected results of the project are the design and initiation of a performance-oriented budget process and improvements to the candidate country's budget process at government level in order to meet the EU's criteria. The project is being implemented in cooperation with the Swedish Ministry of Finance. The ESV has had a long-term adviser stationed in Ljubljana for 22 months. The project was finalised in August.

The ESV has started a twinning project in Lithuania, as a junior partner to Italy. This project has the aim of improving the government budget process and performance management. It is being implemented together with the Ministry of Finance.

The ESV has started a twinning project in Slovakia, as a junior partner to France. This project has the aim of improving internal controls in the government administration.

Advantage is being taken of export of services. This creates value added for the ESV in those members of staff:

- acquire information on other countries' accounting systems, financial systems and budget processes
- receive impulses for methods development
- improve their language skills
- extend their experience of working in an international environment

and spread their knowledge to other members of the international resource base at the ESV. This also contributed to consolidating the ESV's standing as an attractive workplace.

The ESV's would make the assessment that its export of services contributed to the fulfilment of one of the objectives of Swedish international development cooperation, namely to promote efficiency and an open public administration. The ESV's participation as a consultant in this field is in demand.

5.4 Fee-financed activities

Other reports:
Comments on deviations between budget and outcome that exceed 15% for fee-financed activities.

Fee financed activities '000 SEK	Earlier years surplus/ deficit	Budget Fees 2002	Outcome Fees 2002	Budget Costs 2002	Outcome Costs 2002	Budget Surplus/ deficit 2002	Outcome Surplus-/ deficit 2002	Realloca- ted according to Gov. Decision 2)	Akkumulat- ed Surplus/ tom 2002
Area:									
Information on Central Government finances	-2373	35 400	38 136	35 400	35 043	0	3 093	5 400	6 120
<i>Of which government accounting and systems consultations</i>	-1 361	7 000	6 798	7 000	5 372	0	1 426	1 400	1 465
Performance and financial Management	939	13 300	12 684	13 850	13 489	- 550	-805	0	134
<i>Of which fee consultations</i>	950	1 025	1 028	1 466	1 003	- 441	25	0	975
Business systems and HR systems	29 498	68 360	66 542	70 577	71 519	- 2 217	- 4 977	- 12 900	11 621
Export of services	853	9 150	8 540	9 150	8 211	0	329	0	1 182
Total	28 917	126 210	125 902 1)	128 977	128 262	- 2 767	- 2 360	- 7 500 3)	19 057

1) Refers to income from fee-financed operations. The difference from the income from fees and other payments in the Statement of Financial Performance is explained by: Income under appropriations SEK 1 641 000, income from ESV days SEK 3 739 000, SEK 402 000 invoiced investment expenses in respect of VESTA, SEK 540 000 for sale of library, revenue from pay subsidies SEK 249 000. The remainder refers to other revenue.

2) Refers to ESV's surplus in its fee-financed activities.

3) Paid in to government budget.

Revenue from fees in respect of Information on government finances was higher than budgeted, since the fees, as well as the corresponding costs, were higher in the VESTA-IT project. Development work in the project was intensive during the year. First versions of two of the sub-systems were taken into operation. It has been possible to keep the costs for the government accounting system at a lower level than budgeted since as little new development as possible was implemented in the old system that shall be replaced in 2003.

Consultations on fees show a balance between revenues and expenses for 2002. The reason for the deviation in the outcome for expenses against budget is that fewer hours were spent on fees consultations than budgeted. The revenues are based on the amount of the agencies' fee-financed activities for the previous budget year and are thus not dependent on the number of consultations or the time spent by the ESV on consultations.

Of the expenses given for business and HR systems, SEK 2.8 million refers to the two framework agreement procurements and SEK 1.8 million for winding up activities in connection with the sale of the FS systems.

5.5 Work on the euro

Assignment 7:

In the planned development of administrative support systems or operational systems that are used by the ESV or that are provided to other agencies, the ESV shall ensure that new versions or new systems can be easily upgraded to a version with euro functions. Assessments made and measures taken shall be reported on within the framework of the regular reports on work on the euro that are made under the decision of the Government dated September 7, 2000.

The ESV is one of the twelve agencies that have been commissioned by the Government to draw up a situation report and a contingency plan on how the agency will handle a possible introduction of the euro. The contingency plan was submitted to the coordinatory group for euro issues. The plan is formulated as a plan of action that regulates preparations as well as the matters that must be implemented directly after a Swedish decision to accept the euro.

From the beginning of 2002, the SLÖR/PIR, PALASSO, HR-PLUS and FS systems have been owned by major IT companies. The systems owners, WM Data and PA Konsult, are responsible for ensuring that these systems fulfil the requirements of the euro ordinance, should Sweden decide to introduce the euro. During the year, the ESV has obtained information from the above-mentioned systems owners. The companies have responded to a number of questions on their preparations for the possible introduction of the euro. In the ongoing framework agreement procurement of payroll and HR systems, the need of euro functions has been taken into consideration.

All agencies that use AGRESSO use a version that has been prepared for the euro. If a decision is made to introduce the euro, a change in the basic currency in the system will be required. The ESV has started tests of this in order to produce a model for conversions.

The ESV's assignment of supplying information on central government finances, for example in the form of documentation for the annual report of central government and forecasts of the government budget, is based to a great extent on the information reported by government agencies to the government accounting system. In the VESTA-IT project, a web-based reporting system is being developed that has the aim of replacing existing systems. In this development work, consideration is given to the requirements that a possible introduction of the euro could have for the system. Even

for the smaller systems and databases that have been developed in the operational area of Information on central government finances, preparations have been made. In these cases estimates have been made of the resources that will be required for the conversion of historical data etc.

5.6 Organisation issues

No later than June 1, 2002, the ESV and the RRV shall have settled questions relating to the library that date from the time the RRV was divided into two agencies in 1998.

The RRV and the ESV have divided up their joint library.

The basis for this division has been the value of each agency's part of the library as at July 1, 1998, purchases made during the years 1998 to 2002, and an evaluation of the stock.

The ESV's share was valued at SEK 619, 309 of which SEK 540.000 was regulated in 2002. The literature the ESV has chosen to keep will be deducted from the remainder. A final settlement will be made in 2003.

6 The agency

6.1 ESV staff

Members of staff at the ESV are highly qualified and have extensive experience in the fields of economics, social sciences and IT. Approximately 75 per cent of the staff has a university degree or a higher educational background. To attract, make good use of, develop and retain members of staff, the ESV focuses on offering attractive and stimulating working duties, a good working environment, activities that promote good health, equal opportunities and diversity.

At the end of 2002, there were 209 employees at the ESV, including those on leave of absence. The number of man-years worked at the agency was 183 man-years and the average number of employees during the year was 206 persons. In 2002, 15 new members of staff were employed (recruited externally) and 11 persons left the agency during the same period.

The table below shows the breakdown of staff by men and women, the age structure and the educational background of the staff at the end of the year. The number of employees decreased in comparison with last year as a result of the sale of HR systems.

	Men/women 2002		2001		2000	
	Men	Women	Men	Women	Men	Women
Management	12	12	11	11	14	9
Core staff	76	84	94	95	108	116
Support staff	6	20	6	23	7	24
Total	94	115	111	129	129	149

Age	2002		2001		2000	
	Men	Women	Men	Women	Men	Women
< 35	25	35	25	44	38	54
35-54	55	64	60	69	69	77
55 <	14	16	26	16	22	18
Average age	42	41	43	40	44	42

Educational background	2002	2001	2000
Economists	125	140	130
Social scientists	14	16	28
Systems analysts	9	10	28
Other higher education 3 years +	18	15	17
Higher education 2-3 years	11	12	16
Upper secondary school	32	47	68

6.1.1 Human resource management

During the year a model was developed that will enable the ESV to work with human resource issues in a long-term and strategic perspective. The model is based on integrating human resource issues into the overall planning of operations, thereby specifying the links between human resources and the ESV's overall goals and visions. Analyses, surveys, planning and follow-up provide a basis for measures to be taken and for adaptation to the requirements of the external working environment and changes in conditions.

Retaining and developing existing staff is an important part of long-term human resource management. Therefore, the ESV continues to work to ensure that all members of staff have an individual development plan. During the year, an introduction to the production of individual plans was given on six occasions by the Personnel Department. In order to give staff further support in the choice of career and the design of individual development plans, personnel administrators have been trained as internal consultants in life and career planning.

On average 12 days were allocated per employee for internal and external development programmes during the year. This includes monitoring the external professional environment with the aim of enabling staff to follow developments in their fields and increasing exchanges of experience. Examples of training programmes that were held during the year are: introductory training for new employees, IT training in Office, language training, training programmes in quality enhancement, and consultant training.

Management training during the year focused on working environment issues, diversity, and setting pay levels and holding discussions on pay with their staff.

6.1.2 Staff mobility

In 2002, the average staff turnover for the ESV was 5.3 per cent. Staff turnover, measured as the number of persons leaving the agency divided by the average number of employees during the period, is presented below.

Mobility by staff category	2002	2001	2000
%			
Management	0	0	13
Core staff	6, 4	14	11
Support staff	3, 4	28	35
Total	5, 3	15, 5	14

The previous, relatively high, staff turnover decreased in 2002. Contributory causes of the diminishing mobility can be assumed to be the general situation on the labour market and that, for the first time, the ESV was a fully-manned agency in 2002, which contributed to making the organisation stable. Of the 11 members of staff that left the agency in the year, 4 retired and 5 left for other government agencies and the Government Offices. The reasons for staff mobility are followed up in the form of a

questionnaire and talks with the staff concerned. In the latest survey, based on 5 questionnaires, all the respondents stated that they could recommend the ESV as a workplace. In 2002, 2 persons were re-employed.

The ESV staffs often have frequent contacts with other agencies, including the Government Offices, and are thereby continuously exposed to prospective employers. During the year, 6 members of staff were on leave of absence for work at the Government Offices. This is regarded as a positive factor for the ESV's personnel management.

The working environment and activities to promote good health

During the year, a working environment plan was produced. The plan is based on results and follow-ups of the staff survey, medical profile assessments, questionnaires distributed to persons leaving the agency and talks with these persons, surveys of what it is that makes the ESV an attractive workplace, and issues taken up in the working environment committee. The results of the staff survey and the medical profile assessments are predominantly positive and there is a great deal that indicates that the ESV has a good working environment. The ESV is continuing to work on this in order to retain and develop staff, and the working environment plan is a tool for this purpose. The working environment plan contains, among other things, goals and activities for human resource development, workload, leadership, health activities and leave due to sickness.

During the year, the ESV continued to emphasise health and keep-fit activities by

- Giving all members of staff the right to have one hour of keep-fit activities per week during working hours.
- Subsidising keep-fit subscriptions by 60 per cent of the cost or a maximum of SEK 1,000 per year.
- Offering opportunities for physical training free of charge in cooperation with the RRV and the Board of Trade.
- Offering medical profile assessments to all members of staff.

6.2 ESV days, staff magazine, website

The ESV days are a major annual event for everyone working with financial management at ministries and agencies.

A total of 839 persons participated. This year the number of participants had to be limited once again. The first day took up the new National Audit Office and EMU. The second day took up the budget based on new principles, and relations between the Government Offices and the agencies, which was followed by a panel debate on management and control in the Swedish central government administration.

There were twenty different seminars on ongoing and future development work, a forum where seven central agencies described their activities and an exhibition where the ESV presented its activities. The information system, Hermes, was

launched at the ESV days. Seminars were given as well as opportunities to test the system via the exhibition and through special courses.

Responses to a questionnaire were received from 471 participants. Almost 65 per cent ranked the event between 6-10 on a scale of 0-10, in which 0 is very poor and 10 is very good.

During the year, the ESV published four editions of its news magazine. The magazine is directed towards everyone working with financial management in the government administration and has an edition of 5 000 copies.

Apart from the ESV days and the staff magazine, the website www.esv.se is the channel of communication that the ESV uses to provide information on developments in the field of financial management. During the year an external survey was made in order to ascertain what the ESV's primary target groups think of the ESV's website. The result shall be used in discussions on the future development of the website. A total of 237 persons participated in the survey. The majority visit the website once or twice a week or month. Statements on the quality of the information, for example relevance, topicality and comprehensibility, were given high ratings without exception. Statements on the structure were given somewhat lower ratings but were given high levels of approval. The respondents would be pleased to subscribe to information via the web.

6.3 Development of operations through work to enhance quality

In 2001, the ESV continued to survey its operations in processes.

During the year 46 per cent of the processes were revised. This means that 76 per cent of all processes have now been revised.

The processes provide a good picture of the agency's ways of working, provide good support in the daily work, and make it possible to continue the work on improvements.

To ensure that the ESV fulfils the requirements laid down in ISO 9001, an extensive revision of the ESV's operational systems was made in 2002. The ESV's internal quality auditors reconciled each process against the requirements of the ISO standard, and the owners of the processes then eliminated the shortcomings identified.

In order to obtain a picture of the progress made by ESV in its work on quality enhancement, a third-party audit was made by quality auditors from the National Road Administration who has been certified on the basis of the requirements for auditors at certification bodies accredited by SWEDAC.

The auditors' reports can be summarised as follows. The ESV has a well-documented operational system, but a certain amount of implementation work still needs to be done. In the light of this, quality enhancement in 2003 will concentrate on further implementation of the operational system.

Statement of financial performance

SEK '000	2002	2001
Operating revenue		
Revenue from appropriations	66 459	59 615
Revenue from fees and other revenue	132 287	165 508
Revenue from grants	365	90
Financial income	1 145	1 843
Total	200 256	227 056
Operating costs		
Cost of staff	-113 362	-121 426
Cost of premises	-10 792	-14 219
Other operating costs	-71 711	-85 661
Financial expenses	-516	-857
Depreciation and write-downs	-7 151	-11 365
Total	-203 532	-233 527
Collection of general revenue		
Revenue from fees and other revenue that may not be used by the agency	3 900	22 500
General revenue transferred to the government budget	-3 900	- 22 500
Balance	0	0
Change in capital for the year	-3 276	- 6 471

Statement of financial position

SEK '000 2002-12-31 2001-12-31

ASSETS

Intangible assets

Expenditure carried forward on development etc, 8 448 3 274

Tangible fixed assets

Improvements to real estate owned by others 2 454 3 121

Machinery, plant, installations etc 6 414 8 868

Stock

Stock and stores 2 500

Claims

Accounts receivable 1 773 3 016

Claims on other agencies 22 052 27 051

Other claims 0 963

Cut-off items

Prepaid expenses 5 005 3 814

Accrued revenue from grants 21

Other accrued revenue 2 619 2 927

Settlement with the Government

Settlement with the Government ESV -1 300 -7 219

Cash and bank

Balance on interest-bearing account
at the National Debt Office 10 178 34 288

Total assets 60 164 80 103

SEK '000

2002-12-31 2001-12-31

CAPITAL AND LIABILITIES

Agency capital

Change in capital brought forward 15 394 29 905

Change in capital in Statement of Financial Performance -3 276 - 6 471

Liabilities etc

Loans at the National Debt Office 6 250 9 134

Debts to other agencies 5 129 5 477

Accounts payable 17 551 19 838

Other liabilities 3 987 4 159

Cut-off items

Accrued expenses 12 603 14 951

Deferred revenue 1 986 3 110

Total capital and liabilities

60 164 80 103