

THE SWEDISH NATIONAL AUDIT OFFICE

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REGERINGEN 103 33  
STOCKHOLMDoc. Ref: 3.1.2-2017-0536  
DECISION: 22.03.2018

## Auditor's Report for Karolinska Institutet 2017

### Report on Annual Report

#### *Statement*

Pursuant to Section 5 of the Swedish Act on Auditing State Activities, etc. (2002:1022), the Swedish National Audit Office has carried out an audit of Karolinska Institutet's Annual Report 2017, dated 19.02.2018.

In the opinion of the Swedish National Audit Office, the agency has:

- prepared an annual report in accordance with the Swedish Ordinance on Annual Reporting and Budget Documentation (2000:605), as well as instructions, letters of regulation and specific government decisions affecting the agency.
- in all essential respects, provided a true and fair view of Karolinska Institutet's financial results, funding and financial position as of 31 December 2017.
- submitted a financial report and information in general that is consistent with and supports the accuracy of the picture presented in the annual report as a whole.

#### *Basis for the statement*

The Swedish National Audit Office has carried out the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI) for financial auditing, and the Swedish National Audit Office's instructions for financial reporting and other information in annual reports (RRI). Our responsibilities pursuant to these standards are described in more detail in the section *Responsibility of the auditor*. We are independent of the agency in accordance with ISSAI 30 Code of Ethics and have fulfilled our commitments pursuant to this Code of Ethics. We consider the audit documentation we have received to be adequate and appropriate as a basis for the Swedish National Audit Office's statement.

#### *Responsibility of the agency's management for the Annual Report*

The agency's management bears the responsibility for preparing an annual report that provides a true and fair view in accordance with the Swedish Ordinance on Annual Reporting and Budget

Documentation (2000:605), as well as in accordance with instructions, letters of regulation and other decisions relating to the agency. The agency's management is also responsible for the internal governance and controls they deem necessary to prepare an annual report that is free from material misstatement, whether due to fraud or error.

In preparing the annual report, the agency's management is responsible for assessing the agency's ability to continue its operations. They have a duty, where appropriate, to inform about conditions that may affect the ability to continue operations and to assume that operations will continue unless there are specific reasons not to do so.

### *Responsibility of the auditor*

Our objectives have been to achieve a reasonable degree of certainty that the annual report as a whole is free from material misstatement, whether due to fraud or error, and to submit an auditor's report containing the statement of the Swedish National Audit Office. *Reasonable certainty* represents a high level of certainty but is not a guarantee that an audit in accordance with ISSAI and RRI will always discover a material misstatement where such exists. Misstatement may arise due to fraud or error and is considered to be material if, together or separately, it can reasonably be expected to affect the financial decisions made by the user on the basis of the annual report.

As part of an audit in accordance with ISSAI, we have used professional judgement and maintained professional scepticism throughout the audit process. In addition, we have:

- identified and assessed risks of material misstatement in the annual report, whether due to fraud or error, designed and performed our audit procedures in part to manage these risks, and thereby obtained audit evidence that is sufficient and appropriate to provide a basis for our statement.  
The risk of failing to detect a material misstatement due to fraud is greater than for material misstatements due to error, as fraud may involve collusion, falsification, wilful misconduct, misleading or false presentation of information or circumvention of internal governance and controls.
- obtained an understanding of the agency's internal governance and controls relevant to our audit so as to design audit procedures that are appropriate in the circumstances, but not so as to express an opinion on the effectiveness of the agency's internal governance and controls.
- evaluated the appropriateness of accounting principles used and the reasonableness of the estimates and related information presented by management in the annual report.
- drawn a conclusion as to the appropriateness of the management's assumption of continued operation when preparing the annual report. We also draw a conclusion, based on the audit evidence obtained, as to whether any material factor of uncertainty exists relating to such events or circumstances that may lead to significant doubts about the authority's ability to continue to operate. If we reach the conclusion that a material factor of uncertainty exists, we shall draw attention in the audit report to the information contained in the annual report of the factor of material uncertainty and the assessment submitted or, if such information is insufficient, modify our statement on the annual report accordingly.

- evaluate the overall presentation, structure and content of the Annual Report, including the information included and whether the annual report reproduces the underlying transactions and events in a manner that provides a true and fair view.

As part of an audit in accordance with RRI, we have planned and performed the audit so as to:

- obtain adequate and appropriate audit evidence that essential information of a financial or non-financial nature stated in the financial report has been prepared, together with the other parts of the annual report, with a view to conveying an accurate picture of the organisation based on applicable regulations.
- implement the necessary measures to assure ourselves that any additional information is consistent with the other parts of the annual report and free from material misstatement, based on our knowledge of the agency.

Our communication with management includes the planned scope, focus and significant results of the audit, including any significant deficiencies in internal governance and controls that which we identify during the audit.

## Report on other requirements in accordance with laws and other statutes

### *Management's compliance with applicable regulations for the use of appropriations and other income*

#### Statement

In the opinion of the Swedish National Audit Office, based on our audit of the annual report, the agency has in all material respects used appropriations and income pursuant to the purposes decided on by the Riksdag and in accordance with applicable regulations.

#### Basis for the statement

Our audit has been carried out in accordance with ISSAI and RRI. Our responsibilities pursuant to these standards are described in more detail in the section *Responsibility of the auditor*.

We consider the audit documentation we have received to be adequate and appropriate as a basis for the Swedish National Audit Office's statement.

#### Responsibility of the management

It is the responsibility of the management to ensure that appropriations and income are used and accounted for in accordance with applicable regulations and according to the financial terms and conditions stated in letters of regulation and specific government decisions relating to the agency.

#### Responsibility of the auditor

Our responsibility is to audit the agency's annual report in accordance with ISSAI and RRI. Pursuant to our auditing standards, we shall consider compliance with legislation and regulations and any possible effects of material deviations from applicable regulatory frameworks may have on the financial sections of the annual report. It is also our responsibility to review whether the

management's administration of the agency complies with applicable regulations and specific decisions. In addition to the regulatory frameworks and specific decisions that directly influence our audit, this includes the regulations that directly relate to the use of funds decided on directly by the Riksdag and the Swedish Government<sup>1</sup>. Based on our audit, we will make a statement on the agency's compliance with these regulations.

### *Management's assessment of internal governance and controls*

#### Statement

In our audit of the annual report, nothing has emerged to suggest that management has failed to comply with the Swedish Ordinance (2007:603) in their assessment of internal governance and controls.

#### Basis for the statement

Our audit has been carried out in accordance with ISSAI and RRI. Our responsibilities pursuant to these standards are described in more detail in the section *Responsibility of the auditor*.

We consider the audit documentation we have received to be adequate and appropriate as a basis for the Swedish National Audit Office's statement.

#### Responsibility of the management

It is management's responsibility, pursuant to the Swedish Ordinance on Annual Reporting and Budget Documentation (2000:605), instructions, letters of regulation and specific government decisions affecting the agency, to make a statement on the internal governance and control of the agency.

#### Responsibility of the auditor

Our responsibility is to express an opinion on the annual report based on our audit. Our audit has been carried out in accordance with ISSAI and RRI. In planning and implementing the audit, consideration is given to those aspects of internal governance and controls that are relevant to how the agency prepares its annual report in order to provide a true and fair view. We have no responsibility to express an opinion on the effectiveness of the agency's internal governance and controls. Our statement on management's assessment of internal governance and controls is based on the measures we have taken in order to audit the annual report, and therefore lacks the certainty that a statement based on an audit of the organisation itself has.

The auditor in charge, Kent Gustafsson, has decided on this matter. Assignment manager

<sup>1</sup> Swedish Appropriations Ordinance (2011:223), Fees Ordinance (1992:191), Guarantee Ordinance (2011:211), Capital Provision Ordinance (2011:210), Transfer of State Real Estate Ordinance (1996:1190), Transfer of State Movable Assets Ordinance (1996:1191).

Elina Gustafsson presented the report.



Kent Gustafsson



Elina Gustafsson

*Copy for information:*

Karolinska Institutet  
Ministry of Education and Research  
Ministry of Finance, Budget Department