

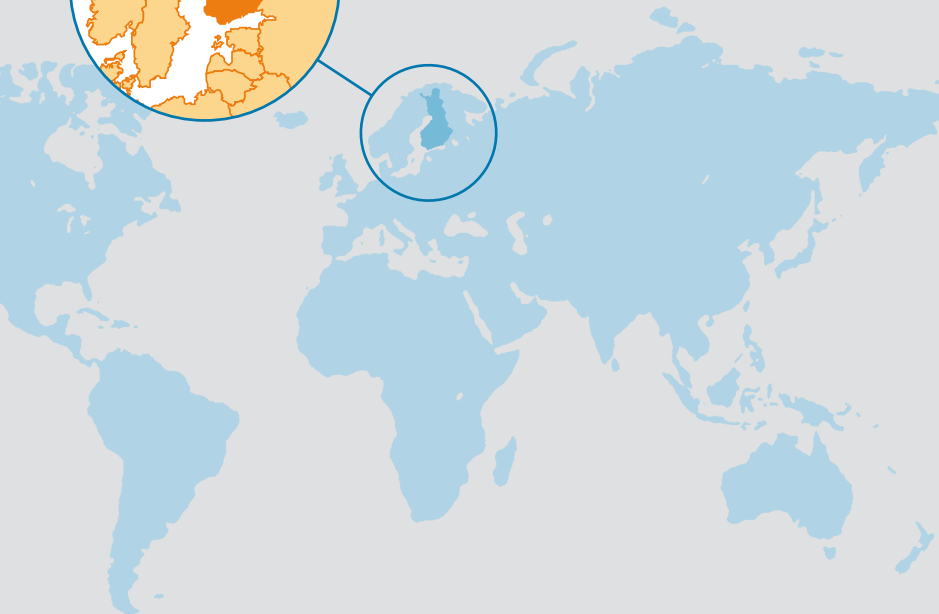


## FINLAND IN A NUTSHELL

*Finland is the seventh largest country in Europe with an area of 338,400 square kilometres. Forests cover 69% of this area and water 10%. The country has about 187,800 lakes in all.*

*Finland's population is 5.3 million and the population density is 17 persons per square kilometre. Over one-fifth of Finns live in and around the capital, Helsinki, which is located on the southern coast.*

*Finland's official languages are Finnish and Swedish. The currency is the euro.*





## The conscience of the state economy

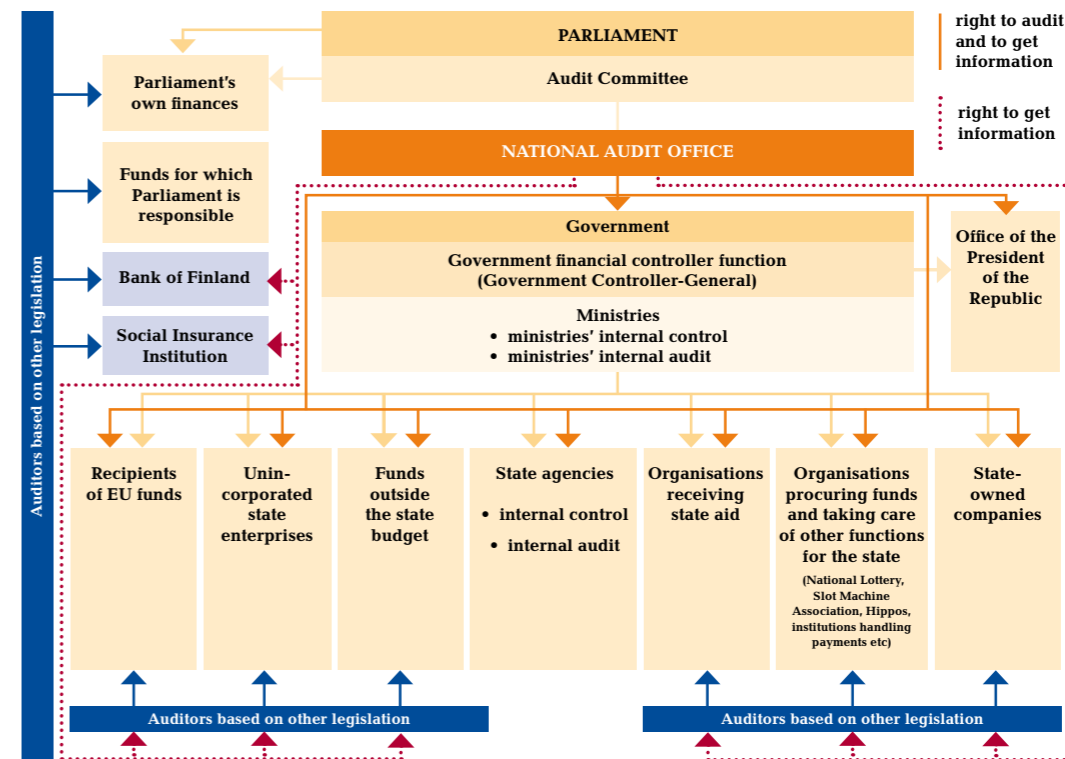
► The National Audit Office is Finland's Supreme Audit Institution and reports directly to Parliament. We audit the state's finances and asset management in order to ensure that public funds are spent wisely and in compliance with legislation.

Together with administration we work to develop sound financial management and build confidence in the proper and effective use of public funds. As an independent expert we support Parliament, the Government and state administration in decision making.

## What we do

► The National Audit Office conducts financial audits and performance audits. We audit the state's accounts each year and evaluate the efficiency of the state's activities and the achievement of objectives. We also evaluate the information base for financial policy and outputs and thus promote responsible and sustainable financial management. The National Audit Office selects audit topics and subjects independently on the basis of the financial significance of the matter and associated risk.

Conducting an audit is a demanding process in which accounts, planning and reporting materials are obtained and analysed, interviews are conducted with officials and experts and an audit report is drafted on the basis of findings. Audit results are reported to Parliament as well as auditees and supervising ministries. The National Audit Office also publishes its findings and recommendations.



## THE NATIONAL AUDIT OFFICE'S MANDATE

*The National Audit Office has an extensive mandate and right to obtain information. The National Audit Office's mandate covers one-fourth of Finland's GDP.*

## Who we are

► The National Audit Office is directed by the Auditor General, who is elected by Parliament for a term of six years. The Auditor General in 2007-2012 is Dr Tuomas Pöysti.

The National Audit Office comprises the Financial Audit, Performance Audit and Corporate Services units together with Executive Management Support. It has an Advisory Board prescribed by law, to which representatives of key stakeholders and experts in financial administration and public finances are appointed.

## AUDIT PERSONNEL

*The National Audit Office employs about 150 persons.*

*Most of our employees are involved in audit work. Our team also includes experts in public finances and special fields such as IT audit, procurements and the audit of EU funds.*

## Performance audit

► Performance audit evaluates the economy, efficiency and effectiveness of public administration or cross-sectoral functions. We complete 20-30 performance audits each year.

The focusing of performance audits is based on annual audit plans. For each topic a preliminary study is conducted to determine what questions the audit should address. During the audit data are collected and analysed and an audit report is drafted. The audit report contains audit findings together with the National Audit Office's recommendations. The National Audit Office prepares a press release on practically every performance audit and in some cases a press conference is held to discuss findings.



## FINLAND'S PUBLIC ADMINISTRATION

*Finland is a constitutional republic whose highest organs are Parliament, the President of the Republic and the Government. Finland's public administration includes state administration, the courts, indirect state administration and local government.*

*The central government sets policies designed to promote citizens' welfare and local authorities take care of delivering services, such as education, health care and social services. The state also helps finance services.*

## Financial audit

► We audit the final central government accounts and submit a report to Parliament on this audit. We also conduct annual audits of government ministries and agencies as well as certain funds outside the state budget as prescribed by law.

Each audit is based on an audit plan, an essential element of which is a risk analysis. Each spring we issue financial audit reports to ministries and agencies in which we express our views on the regularity of budgeting procedures, financial statements and compliance with the budget, internal control, and the presentation of true and fair information on operational performance. Opinions are also presented in annual summaries of financial audits. Audit findings may result in the obligation to report to the National Audit Office what measures have been taken on the basis of an audit.



## THE STATE BUDGET

*The preparation of the state budget proposal begins in March each year, after the Government has approved central government spending limits. In May the ministries submit budget proposals for their own administrative sectors to the Ministry of Finance.*

*The Government goes over the budget proposal prepared by the Ministry of Finance at a special budget session in the summer. Once it has been approved by the Government and the President of the Republic, the budget proposal is submitted to Parliament for consideration. Parliament generally approves the budget for the coming year in December.*

## Expert tasks

► In addition to audits the National Audit Office takes care of expert and advisory tasks in its field and participates in social discussion regarding the state's financial management and the development of administration. The National Audit Office receives and investigates reports and complaints concerning the abuse of state funds.

All expert tasks are performed in a way that does not endanger the National Audit Office's objectivity and impartiality or its ability to audit activities.



## THE PARLIAMENT OF FINLAND

*Finland has a unicameral Parliament with 200 seats. Members are elected every four years in general elections. Parliament enacts legislation, approves the state budget and ratifies international treaties that concern Finland.*

*The National Audit Office supports Parliament in the exercise of its legislative, budgetary and oversight powers by producing timely audit information on the state's financial management and administration as well as the achievement of social policy objectives. The National Audit Office submits an annual report to Parliament in September. In May it submits a separate report on the audit of the final central government accounts and the report on the final central government accounts.*

## The National Audit Office's effectiveness

► The goal of the National Audit Office is to ensure that citizens can rely on the sound management of public finances. Audits increase accountability.

We can require an auditee to report what measures have been taken on the basis of audit findings. We monitor the effectiveness of audits and also commission external evaluations of the effectiveness of our activities. Studies show that most of the National Audit Office's recommendations lead to action.

We monitor changes in ministries' and agencies' activities when reports are required on the basis of financial audits. Follow-ups are conducted for performance audits within a period of 2 years to see what measures have been taken as a result of findings. Follow-up reports are sent to the auditee and the supervising ministry.



## THE NATIONAL AUDIT OFFICE'S COSTS

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*Spending by the National Audit Office amounts to 0.03% of audited funds.*

*For every euro that we spend, we audit €35,714 in state income and expenses.*

## International activities

► The National Audit Office participates in international cooperation aimed at developing the external and internal control of public finances, risk management and standards and promoting the exchange of information concerning audit methods and outputs. The National Audit Office also takes part in joint audits and audits a number of international organizations.

The National Audit Office serves as the national cooperation body of the Supreme Audit Institutions of the European Union and the European Court of Auditors.

We apply international audit standards in our work.



## INTERNATIONAL COOPERATION PARTNERS

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*The National Audit Office participates in cooperation within the framework of the Supreme Audit Institutions of the EU member states, the International Organization of Supreme Audit Institutions (INTOSAI), the European Organization of Supreme Audit Institutions (EUROSAI) and the network of SAIs in the Nordic and Baltic countries.*

# History of the National Audit Office

► The forerunner of the National Audit Office was established in 1824 under the Financial Department of the Finnish Senate. Its history actually goes back to 1695, however, when an independent body was set up to monitor financial administration under the Swedish crown. (Finland was part of the kingdom of Sweden up to 1809.)

The Finnish Constitution of 1919 created the basis for the present system of external supervision and auditing of state finances. The Audit Office began operating under the Ministry of Finance in 1924. After the Second World War legislation was enacted to establish a new National Audit Office along collegial lines at the beginning of 1948.

Since the beginning of 2001 the National Audit Office has reported directly to Parliament.



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*The National Audit Office's headquarters are in Helsinki, with branches in Turku and Oulu.*

*Photographs: Finnish Tourist Board*

