

TOIMINTAKERTOMUS  
JA TILINPÄÄTÖSLASKELMAT

VALTIONTALouden  
TARKASTUSVIRASTO



2003



THE STATE AUDIT OFFICE OF FINLAND

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

1 January - 31 December 2003

179th year of operation

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## REVIEW BY THE AUDITOR GENERAL

Last year the State Audit Office approved its strategic lines for the period 2003–2006. According to the strategy the Office’s vision is to audit the state economy with top expertise. What this means for key interest groups – Parliament, ministries and agencies, citizens and the Office’s personnel – is laid out in the strategy, and more will be said about this below.

In the strategy we noted that critical success factors are the proper focusing of audit activities and ensuring the Office’s expertise. We must succeed in these matters if our activities are to be effective.

An essential part of the strategy is a list of measures to implement the strategy. The point of departure in specifying measures was to ensure the Office’s critical success factors.

A key measure for the proper focusing of the Office’s activities is annual reviews of audit requirements in different administrative sectors. Such reviews were made in every administrative sector according to new guidelines during the year. The reviews were used in the approved audit plan for 2004.

In order to operate successfully the Office must know how to recruit competent personnel and ensure staff permanence and working capacity. It must also take care of the development of personal skills as well as the utilization of skills in units and across unit divisions.

Measures aimed at ensuring competence are based largely on motivating and competitive pay. The plan to shift to a new pay

system could not be implemented last year. The Office will now strive to achieve motivating and competitive pay which ensures competence by preparing a development programme extending over several years based on the Office’s annual budget.

The Office has worked to strengthen and deepen cooperation with Parliament and administration, particularly the Ministry of Finance. When Parliament discussed the Office’s annual report to Parliament, it noted that dialogue between the Ministry of Finance and the Office had developed in a positive direction during the year. This dialogue is important above all to meet future challenges.

The Office’s annual report to Parliament has also been developed. The report has been made clearer and the way in which content is now arranged serves Parliament better. We will continue to improve reporting in the future as well.

The Office’s strategy and the measures in it together with the development of dialogue with Parliament and administration provide the Office good opportunities for more effective activities. This requires expertise, objectivity, cooperation, courage and effectiveness, which are the Office’s common values.

Last year was good in terms of effectiveness and was even better than the year before, for which I would like to thank our entire personnel.

Tapio Leskinen

# REVIEW OF OPERATIONS

## 1.1 Position and mission

Section 90 paragraph 2 of the Finnish Constitution calls for an independent State Audit Office in connection with Parliament to audit the state's financial management and compliance with the state budget.

According to section 1 of the Act on the State Audit Office, the Office's task is to ensure the legality and effectiveness of the state's financial management and compliance with the budget.

The Office's audit mandate covers:

- the Government and ministries
- state agencies
- funds outside the state budget
- state business enterprises and state-owned companies
- state aids
- state credit institutions taking care of payment traffic
- the transfer of funds between Finland and the European Union.

The Office also performs certain international auditing tasks, takes care of certain expert and negotiating tasks and participates in national and international cooperation in its field.

Funds outside the state budget, state business enterprises and state-owned companies and state credit institutions taking care of payment traffic are audited by outside auditors as provided in legislation.

## 1.2. Goals

The Office's goal is to produce useful and reliable information on the state's financial management, compliance with the budget and administrative activities for Parliament, the Government and other levels of administration.

Through its audit activities and key expert activities the Office strives to

- ensure compliance with the state budget and regulations concerning financial management
- promote economy, efficiency and effectiveness in state administration and
- promote good governance and the implementation of general principles regarding financial management in administration.

The State Audit Office's activities include financial audits and performance audits. The successful management of the tasks entrusted to the expert agency responsible for the external audit of the state economy is built on these two basic elements, which are complementary and mutually interacting.

Financial audits are performed annually and cover all state agencies and enterprises. The goal is to produce audits and related expert activities in key areas of competence which

ensure

- compliance with the state budget and key legislation regarding its application
- the provision of correct and adequate annual accounts by state administration and agencies

and promote

- the exercise of Parliament's budgetary power
- the proper arrangement of internal auditing
- the application of good financial management principles and
- the effectiveness of administration.

Performance audits are of a one-time nature and cover task areas applying to more than one unit, functions occurring throughout administration, tasks entrusted to a specific administrative sector, authority or recipient of state aids, funds outside the state budget, state business enterprises or state-owned companies.

A key goal of performance audits is to draw attention to significant deficiencies and problems in the effectiveness of administration and their basic causes and to supply the relevant decision-makers with information necessary for financial management in a usable form.

Both financial and performance audits involve the external auditing of ministries and subordinate agencies and enterprises, which is aimed primarily at ensuring the owner's financial interests. Financial audits serve Parliament as well as the Government and administration under it particularly by ensuring the legality of financial management and compliance with the budget. Performance audits serve them especially by producing objective information on the economy, efficiency, effectiveness and unexpected results of the management of the state's tasks. Both types of audit ensure the correctness and adequacy of the information supplied to Parliament and other units responsible for controlling the state economy. Reporting to ministries, agencies and enterprises produces direct value added for financial control and monitoring.

### 1.3 Vision and values

The Office's vision is to audit the state

economy with top expertise.

This requires

- qualitatively and quantitatively sufficient competence and expertise for audit and expert tasks
- the focusing of audits based on approved criteria and key focuses
- effective planning, implementation and monitoring processes and
- clear and timely reporting.

The content of the Office's vision for different interest groups has been given concrete form in the updating of the Office's strategy. For Parliament the vision means that the Office's activities support Parliament's budgetary and legislative power by producing objective and useful audit information on the implementation of the budget, the management of statutory tasks assigned to administration and the achievement of objectives, and the reliability and adequacy of the planning and monitoring information supplied to Parliament by administration.

For the Government and subordinate administration, the vision means that the Office as an outside auditor produces objective audit information which is needed in directing administration concerning matters which are essential and subject to risk, compliance with the budget, regulations and other decisions in the state's financial management, and the correctness of the state's and agencies' annual accounts. It also means that the Office presents initiatives on the basis of its expertise.

For citizens the vision means that the Office publishes its audit results openly. This helps citizens to perceive the Office as an independent and reliable audit institution and regard its activities as important.

For the Office's personnel the vision means that the Office offers employees challenging tasks, opportunities to develop professionally and as members of the community, fair and motivating pay, and up-to-date tools and support systems.

Management and other activities are gui-

ded by the Office's common values, which are expertise, objectivity, cooperation, courage and effectiveness.

## 1.4 Planning and strategic lines

The Office's operating strategy is made up of policy lines according to which the Office's activities are directed, carried out and developed taking into consideration changes in the Office's operating environment. The basis of this strategy is the task assigned to the Office in legislation.

The Office's activities are based on long-term planning and annual operational planning. Plans define strategic lines and focuses for activities and confirm individual audit topics. According to the Office's strategic lines for the period 2003–2006, which were approved last year, critical success factors are the proper focusing of audit activities and ensuring the Office's expertise.

The Office carries out its task through financial audits and performance audits, which are conducted along similar lines to achieve the Office's purpose.

The Office annually audits every state agency as well as the state's year-end accounts. On the basis of risk analysis, performance audits focus on areas which have considerable direct or indirect financial significance for the state economy. Financial audits and performance audits together provide a comprehensive picture of the management of the state budget economy.

The Office monitors the activities of state-owned companies, state business enterprises and funds outside the state budget. It publishes an annual report concerning the activities of the state-owned companies at the group level. Decisions concerning audits of state-owned companies and state enterprises as well as funds outside the state budget are made separately.

The Office has approved the following criteria in focusing audit activities:

- the economic significance of the matter
- the risk for the state economy
- the production of new information
- ensuring the legality and effectiveness of agencies' financial management and compliance with the state budget and
- the significance of the matter for Parliament.

Performance audit topics are selected each year on the basis of special focuses. Systematic risk analysis is used in selecting topics. In 2003 focuses included the provision of correct and adequate information in budget proposals and the Government's report to Parliament on the management and status of state funds, financial management systems, state aids and other supports, state revenues and financing systems, state procurement procedures and off-budget organizations.

According to the principle of equal protection, the auditing of EU funds is given the same weight as the auditing of national funds. The Office audits transfers of funds between Finland and the European Union in the same scope and according to the same principles and procedures which apply to national funds.

## 1.5 Organization

The State Audit Office is directed by the Auditor General, who is elected by Parliament. The Office's organization comprises an Advisory Board prescribed by law as well as audit units and an Internal Services unit (see organization chart, Appendix 1). In 2003 the Special unit was abolished and its tasks were transferred to the Financial Audit unit. The Office has its headquarters in Helsinki, with branches in Turku and Oulu.

The task of the Advisory Board is to maintain and develop the Office's connec-

tions with cooperation partners, to present initiatives to develop auditing and to monitor the focusing of audits, their effectiveness and ability to serve different cooperation partners. The Advisory Board is chaired by Maria Kaisa Aula, MP, with Under-Secretary of State Juhani Turunen serving as vice chairman and Special Researcher Timo Lehtinen as secretary.

#### Composition of the Advisory Board in 2001–2003

Maria Kaisa Aula, MP  
 Reino Hjerppe, Director General  
 Markku Lehto, Permanent Secretary  
 Tapio Leskinen, Auditor General  
 Christel von Martens, Director  
 Anita Niemi-Iilahti, Professor  
 Risto Palo, Senior Auditor  
 Vappu Taipale, Director General  
 Juhani Turunen, Under-Secretary of State  
 Kari Urpilainen, MP

During the year the Advisory Board met six times. It discussed the focusing of audits, audit results and outside factors influencing the Office's activities. In connection with the focusing of audits and audit results the Advisory Board discussed the Office's strategic lines for the period 2003–2006, the Office's annual report to Parliament and the Office's audit and operational plan for 2004.

## 1.6 Personnel

Information concerning the Office's personnel and a comparison with the three previous years are presented in the following tables and figures:

Personnel				
Year	Number of employees 31.12	Number of person-years	Unpaid leaves of absence <sup>1</sup>	Number of posts 31.12.
2000	131	129	14	141
2001	129	132	15	145
2002	138	137	14	146
2003	143	141	8	146

At the end of 2003 the Office had 143 employees. Looking at the figures for the past three years, the number of person-years has increased by 9.2% in 2001–2003. This was partly due to a drop in unpaid leaves of absence particularly in 2003.

<sup>1</sup> Unpaid leaves of absence include maternity and parental leave, paternity leave, child-care leave, pension/rehabilitation support, study leave, work elsewhere, public task, unpaid private matter, job-rotation leave and part-time pension.

## Structure of personnel

Temporary employees' share of personnel			
Year	Permanent (number)	Temporary (number)	Temporary (%)
2000	109	22	16,8
2001	119	10	7,8
2002	124	14	10,1
2003	137	6	4,2

The number of employees in temporary posts fell by eight and their share of personnel fell by 4.2 % compared with the year before.

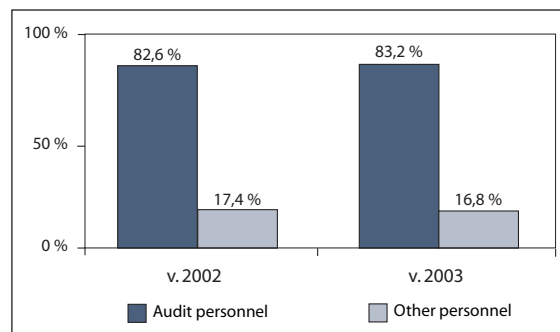


FIGURE 1: AUDIT PERSONNEL'S SHARE OF PERSONNEL AT 31 DECEMBER

In 2003 the number of audit personnel rose to 119 or 83.2 % of total personnel. The year before the corresponding figure was 114 or 82.6 %. Other personnel remained unchanged (24 employees).

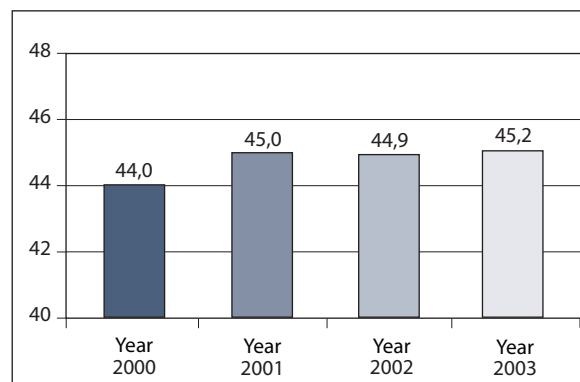


FIGURE 2: AVERAGE AGE OF EMPLOYEES AT 31 DECEMBER

The average age of employees rose slightly compared to previous year.

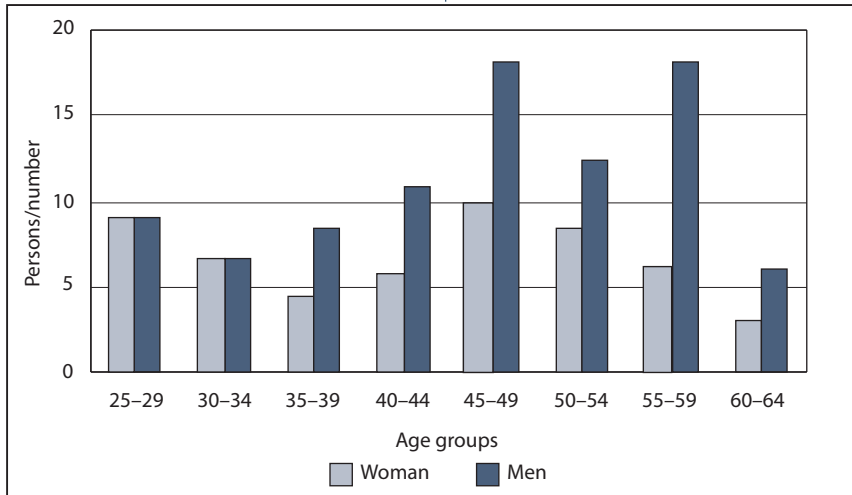


FIGURE 3: AGE DISTRIBUTION AT 31 DECEMBER.

The two largest age groups at the end of the year were 45-49 years (19.6 %) and 55-59 years (17.5 %). Employees at least 45 years of age accounted for 57.3 % of personnel (60.7 % of men and 51.9 % of women).

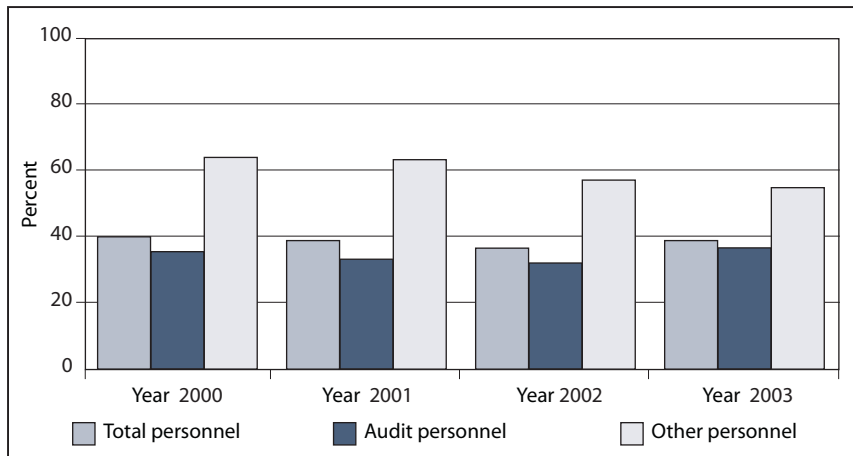


FIGURE 4: WOMEN'S SHARE OF PERSONNEL AT 31 DECEMBER

Women comprised 37.8 % of the Office's total personnel, 34.5 % of audit personnel and 54.2 % of other personnel.

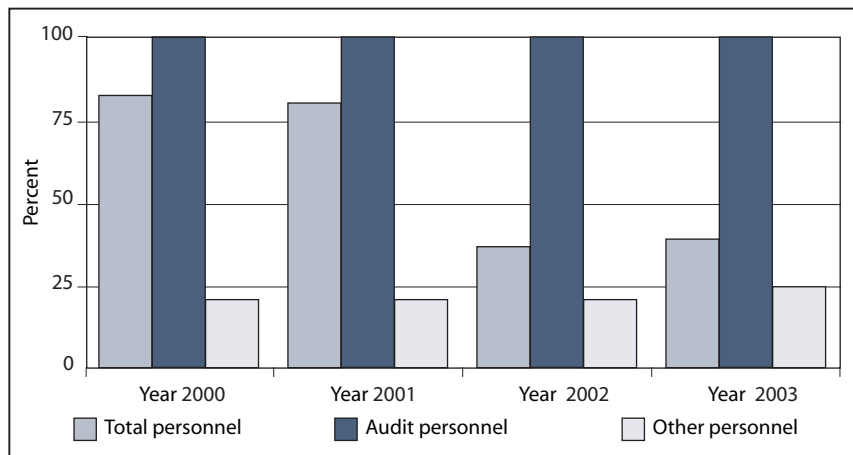


FIGURE 5: SHARE OF PERSONNEL WITH A UNIVERSITY DEGREE AT 31 DECEMBER

86.7 % of personnel had a university degree, including 99.2 % of audit personnel and 25 % of other personnel.

## Personnel development

Year	Training days (person-days)	Training days/ person-year	Costs (euro)	Costs per person-year
2000	1 427	11,1	376 999	2 923
2001	1 321	10,0	357 628	2 709
2002	1 130	8,2	308 996	2 255
2003	1 273	9,0	355 992	2 525

Personnel development includes external and internal training as well as voluntary development. Training days averaged 9 person-days per person-year overall, 10.1 person-days per person-year among audit personnel and 3.5 person-days per person-year among other personnel. Personnel development costs amounted to 3.8 % of the Office's total costs. Costs mainly consisted of pay.

## Sick leave and health-care visits

Year	Person-days of sick leave	Person-days per person-year	Cases of illness (number)	Cases of illness per person-year	Health-care visits per person-year
2000	1 021	7,9	320	2,5	-
2001	1 082	8,2	360	2,7	-
2002	823	6,0	293	2,1	4,2
2003	1 149	8,1	380	2,7	4,7

Sick leave averaged 3 days, and on most occasions (80 %) sick leave lasted 1-3 days.

## Personnel turnover

Turnover (left to take other jobs)			
Year	Temporary	Permanent	% of personnel
2000	2	6	6,1
2001	5	4	7,0
2002	0	10	7,2
2003	0	8	5,6

The Office has experienced an increase in personnel turnover in recent years, along with state administration in general. Last year 8 permanent employees, or 5.6 % of the Office's personnel, left to take other jobs. Turnover was highest among employees who had been in service for less than five years.

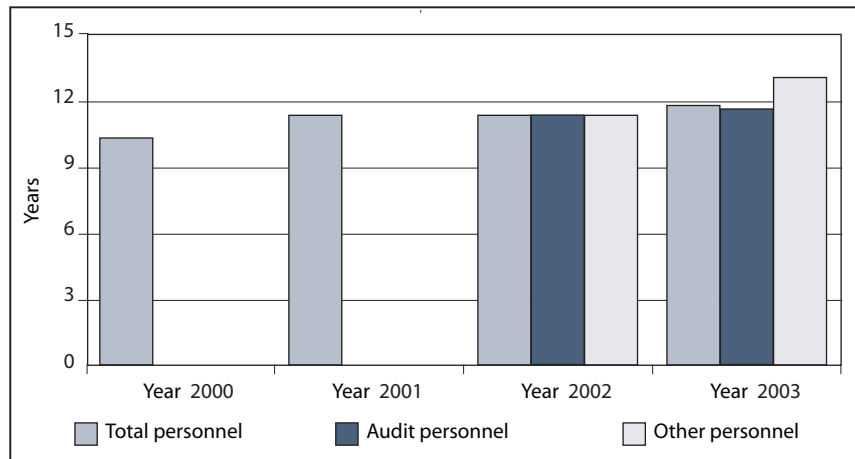


FIGURE 6: AVERAGE LENGTH OF SERVICE AT 31 DECEMBER

The average length of service at the end of the year was 11.9 years. The length of service has continued to rise and development was similar among both audit personnel (11.7 years) and other personnel (13.1 years). Statistics on the average length of service by personnel group are not available for the period before 2002, which is why they are not shown in the figure.

## 1.7 Development of activities 2003-2006

The development of audit activities is discussed in sections 2.3.3 and 2.4.3.

Last year the Office approved its operational strategic lines for the period 2003–2006. According to the strategy the Office’s vision is to audit the state economy with top expertise.

The Office also approved an online service strategy for the period 2003–2006. The Office’s vision is for online services to promote top expertise in auditing the state economy and to reflect and support the Office’s values. A working group was established to reform the Office’s online services in 2004. The implementation of a crisis communications plan began in 2003 and will be completed in 2004. This plan allocates responsibilities and specifies the measures which must be taken if a crisis threatens.

A project aimed at developing the Office’s pay system ended last year. The goal of the project, which began in 2001, was to shift to a new pay system. Instead the Office will strive to achieve motivating and competitive pay which ensures competence by preparing a development programme extending over

several years which is based on the Office’s annual budget.

The Office’s technical capacity was improved by updating a third of workstations and placing in use a new cabling system. Planning for the introduction of new workstation and server operating systems and software also began. Planning took place in close cooperation with Parliament’s Information Management Office. The Office began using new telecom connections which allow auditors to make use of auditees’ information systems at a distance. This means that auditors can now perform some tasks in the Office which in the past would have required visiting auditees.

## 1.8 International activities

The State Audit Office serves as the national cooperation body of the supreme audit institutions of the European Union and the European Court of Auditors. During the year the Office took part in meetings of the auditors general and liaison officers of the supreme audit institutions of the European Union and in working groups appointed by meetings of the auditors general. An employee of the Office also held a temporary position

at the Court of Auditors according to agreed practice between the Court of Auditors and the member states. The Office participated as an observer in all three audit visits of the European Court of Auditors in Finland and answered queries and requests for information from the Court of Auditors.

The Office is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and the European Organization of Supreme Audit Institutions (EUROSAI). As in past years, the Office participated in meetings organized by INTOSAI and EUROSAI as well as the preparation of meeting materials and answered enquiries from the organizations and their working groups. A key goal of international activity is to promote the exchange of information regarding auditing procedures. INTOSAI and EUROSAI are also involved in developing auditing methods and standards. Last year the Office participated in a EUROSAI-EURORAI conference which was held in Copenhagen in June and in a seminar on the evaluation of internal control systems which was held in Prague.

The Office participated in an EU working group which coordinates the audit of the EU's structural funds and in EU working groups

which focus on VAT and the harmonization of reporting on the application of development cooperation funds.

The Office participated in preparatory meetings for a parallel audit on the implementation of the Helsinki Convention and two of the Office's auditors continued to serve as auditors for the Wassenaar Arrangement in Vienna.

Cooperation and the exchange of information among the state audit institutions in the Nordic countries and the Baltic countries continued as in the past. Forms of cooperation included a meeting of the Nordic auditors general which was hosted by Finland, meetings together with the Baltic countries and reciprocal visits. The Office was represented at a Nordic seminar which was hosted by the National Audit Office of Iceland. The Office's management made a reciprocal visit to the National Audit Office of the People's Republic of China.

Last year the Office received 17 international visits, with visitors from as far away as South Korea, China, Columbia and Vietnam. The Office's representatives took part in 24 conferences and seminars in other countries and also made 8 audit trips abroad.

## DESCRIPTION OF RESULTS

### 2.1 The Office's results

The Office produced 116 financial audits during the year (2002 115, 2001 116) plus a report on the state's year-end accounts. A total of 117 audits concerning fiscal year 2003 were started during the year. Financial audits and special audits accounted for 50.0 % of the working time spent on external performance production (Figure 7). This was 1.5 percentage points more than the year before.

The Office completed 35 performance audits during the year (2002 32, 2001 26). These led to 25 audit reports, 5 accounts, 4 preliminary studies and 1 letter. In addition 41 audits or preliminary studies were still under way at the end of the year (2002 39, 2001 40). Performance audits accounted for 47.0 % of the working time spent on external performance production (Figure 7). This was 0.5 percentage points less than the year before.

The breakdown of the financial audits, special audits and performance audits which were completed in 2003 by administrative sector is shown in Figure 8. In interpreting this figure it should be pointed out that results with regard to financial audits are influenced by the division of agencies into administrative sectors. With regard to financial audits calculations only included audit days for audits completed during the year. Changes in audit days were due mainly to the breakdown of completed performance audits by administrative sector.

Other audits accounted for 1.0 % of the time spent on external performance production (Figure 7).

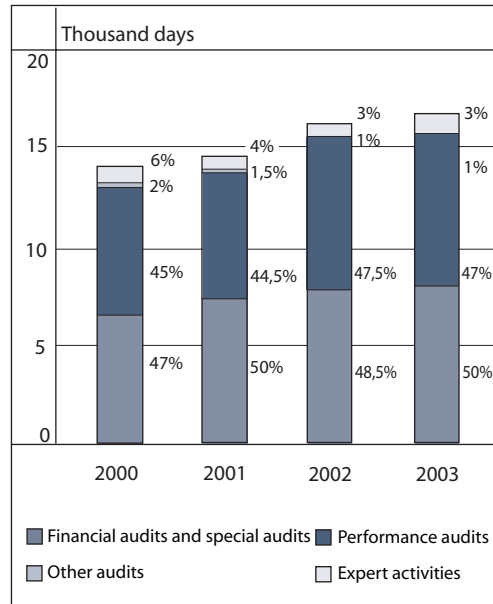


FIGURE 2: TIME USE IN 2000-2003

A list of the audits which were completed in 2003 is appended to this report.

In connection with its expert tasks the Office presented initiatives, issued statements, provided advice and training, participated in outside working groups, gave testimony and handled complaints regarding the state's financial management. Expert activities accounted for only 3 % of the time spent on external performance production (Figure 7).

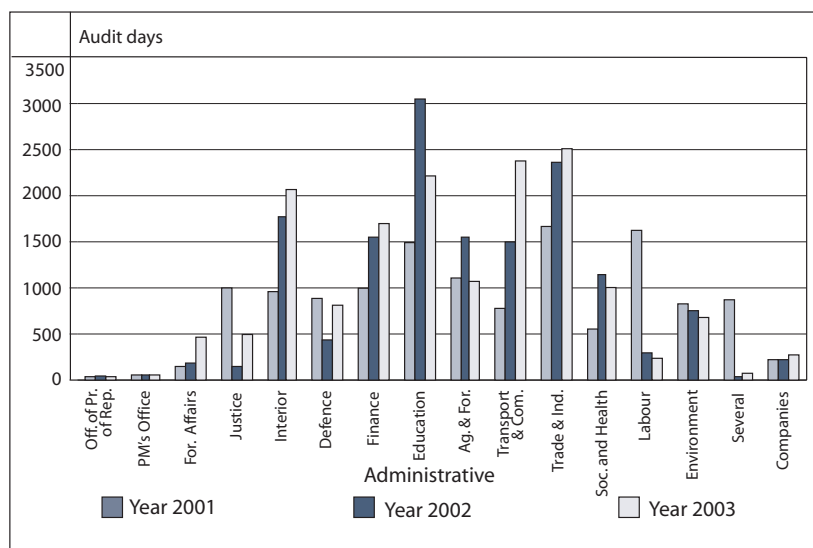


FIGURE 3: BREAKDOWN OF COMPLETED AUDITS BY ADMINISTRATIVE FIELD IN 2001-2003

## 2.2. Costs and time use

The Office's costs (Figure 9) amounted to €9.4 million (2002 €8.92 million, 2001 FIM 48.76 million). Performance Audit accounted for €4.68 million of this total (2002 €4.45 million, 2001 FIM 24.08 million), Financial Audit €4.71 million (2002 €4.40 million, 2001 FIM 24.14 million) and the Special unit €47.38 thousand (2002 €74.75 thousand, 2001 FIM 0.54 million). In the calculation the Office's real estate costs (€0.94 million), internal service costs (€0.86 million) and other joint costs (€1.52 million) have been apportioned between different result areas.

External performances, i.e. audits and expert tasks, accounted for 70 % of effective working time (excluding paid absences) in the Performance Audit result area (2002 70 %, 2001 66 %) (Figure 10). In the Financial Audit result area the share was 71 % (2002 70 %, 2001 68 %). Training accounted for about 4 % of effective working time.

The average costs of the Office's external performance production amounted to €565 per day, up 2.4 % from the previous year (Figure 11). In the Financial Audit result area the average costs of external performance production amounted to €547 per day, up 0.8 % (Figure 12). In the Performance Audit

result area the average costs of external performance production amounted to €581 per day, up 3.8 % (Figure 13).

Total pay excluding side costs amounted to €5.69 million (2002 €5.35 million, 2001 FIM 29.9 million).

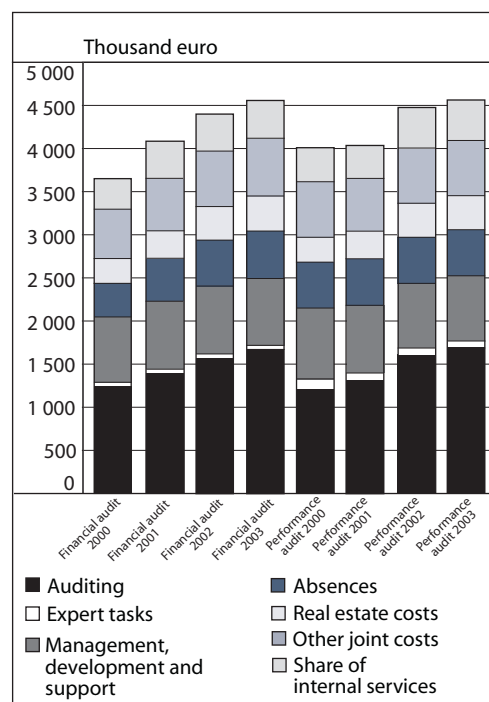


FIGURE 9: THE STATE AUDIT OFFICE'S COSTS IN 2000-2003

<b>Working time in person-days and person-years</b>			
	<b>2001</b>	<b>2002</b>	<b>2003</b>
Person-days	33 214	34 323	35 505
Person-years	132	137	141
<b>Breakdown of working time, %</b>			
	<b>2001</b>	<b>2002</b>	<b>2003</b>
Effective working time	81	83	81
Annual leave	14	12,5	14
Holiday pay leave	1	1,5	1
Sick leave	3	2	3
Other paid leave	1	1	1
Total	100	100	100

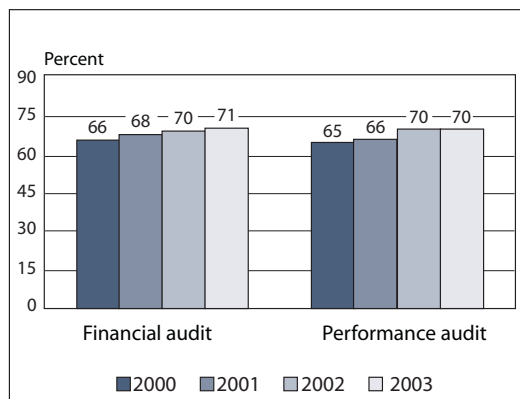


FIGURE 10: TIME SPENT ON EXTERNAL PERFORMANCE PRODUCTION

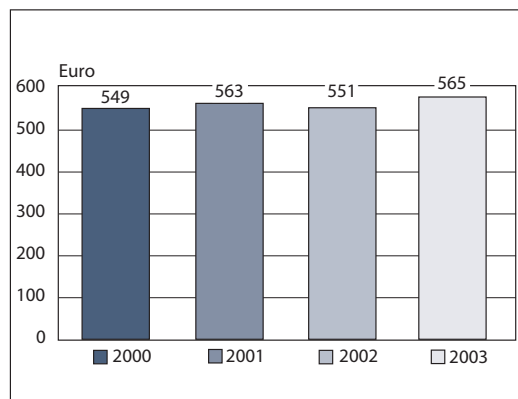


FIGURE 11: AVERAGE COSTS PER DAY OF EXTERNAL PERFORMANCE PRODUCTION (€)

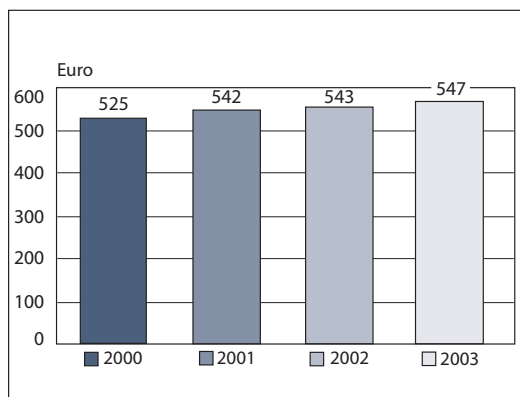


FIGURE 12: AVERAGE COSTS PER DAY IN THE FINANCIAL AUDIT RESULT AREA (€)

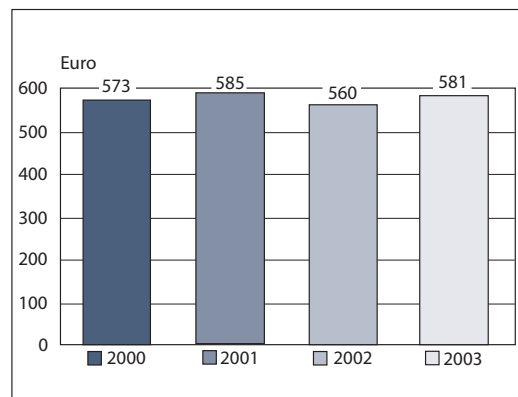


FIGURE 13: AVERAGE COSTS PER DAY IN THE PERFORMANCE AUDIT RESULT AREA (€)

## 2.3 The achievement of objectives and effectiveness in the Financial Audit result area

### 2.3.1. Effectiveness and the achievement of objectives

The key objective was to perform annual audits of all 116 ministries and agencies as well as the state's year-end accounts

- according to the quality requirements in the audit guidelines
- developing interim reporting during the audit period
- submitting audit reports to ministries by 6 June 2003 (objective in 2002 10 June) and to agencies by 23 May 2003 (objective in 2002 31 May) and the state's year-end accounts by 12 June 2003 and moving up the average date of audit reports
- using an average of 71 audit days per agency for annual audits (objective in 2002 65 days) and
- developing the annual report to Parliament on the basis of feedback so as to emphasize key stands.

All the audits in the objective were completed according to the quality requirements in the audit guidelines. Interim reporting was developed so that reports focused greater attention on conclusions, reporting dates were moved up and the number of reports increased. The Office prepared 297 interim reports or an average of 2.6 reports per agency, compared with 1.9 the year before. In addition to interim reports for agencies, the Office also prepared interim reports evaluating result management for each ministry.

The average completion date for financial audits was again moved up, to 31 May for ministries (2002 4 June). Audit reports were submitted by 31 May for ten ministries and a few days later for three ministries.

The average completion date for the remaining 103 agencies' audits was 4 May 2003

(2002 9 May). Audit reports were submitted by 23 May for 94 agencies and a few days later for nine agencies. The achievement of the timetable objective can be considered good.

Audit reports were published on the Office's website after completion and were distributed to interest groups in printed form according to established practice. In order to promote the use of audit results in administration, the Office also produced and distributed a publication entitled "Perustieto valtion tilivirastojen tilintarkastuksesta" (Basic Information on the Audit of State Agencies).

The 116 financial audits which were completed required an average of 70 days per audit (2002 61, 2001 60, 2000 61). This was practically the same as the objective. Figures also include audits of information systems, which were conducted in the case of eight agencies in connection with audits covering 2002. Their effect on the average was three audit days.

External performances accounted for 71 % of effective working time (2002 70 %, 2001 68 %, 2000 66 %).

Auditing performed in 2002 accounted for 47 % of audits reported in 2003 (2002 44 %, 2001 42 %, 2000 42 %). This figure reflects the share of audit work performed during the fiscal year, which the Office is striving to increase.

Summaries of financial audits and key conclusions were included in the Office's annual report to Parliament.

Personnel in the unit totalled 63 at the beginning of the year and 64 at the end of the year. Plans called for 63 person-years and the actual amount was 62. Five employees resigned in 2003 (2002 7).

<b>Audits' average completion dates</b>			
<b>Year</b>	<b>Ministries (date)</b>	<b>Other agencies (date)</b>	<b>Number of reports</b>
2000	6 June	20 May	101
2001	5 June	14 May	116
2002	4 June	9 May	115
2003	31 May	4 May	116

### 2.3.2. Costs

The following tables present key cost information for financial audits concerning the previous year which were completed in 2000–2003, namely costs per person-day and average costs per audit. Both figures are calculated on the basis of the unit's separate costs. Direct costs consist mainly of pay for actual work-days together with welfare and pension payments, plus direct travel expenses. The second cost component covers management,

development and supporting activities. The cost of absences is mainly for annual leave.

Separate costs per audit day fell by 0.7 % during the year and rose by 4.3 % over a three-year period.

Average costs per audit rose by 13.3 % during the year and by 19.7 % in 2000–2003. The rise in costs is a direct result of the increase in audit days from 61 the year before to 70 last year, according to the objective.

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Result area's costs per audit-day (€)				
Direct costs	183	188	196	202
Management, development, support	103	104	100	94
Absences	60	64	67	64
Separate costs	341	356	363	360
Change 2002–2003, %				- 0,7 %
Change 2000–2003, %				4,3 %
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Result area's average costs per audit (€)				
Direct costs	11 085	11 207	11 962	14 055
Management, development, support	6 241	6 197	6 088	6 578
Absences	3 636	3 788	4 103	4 456
Separate costs	20 963	21 192	22 153	25 089
Change 2002–2003, %				13,3 %
Change 2000–2003, %				19,7 %

### **2.3.3. Development and expert activities**

An average of 13.4 person-days per person-year was spent on personnel development (2002 11), including 6.7 person-days per person-year for training. A total of 298 person-days was spent on the unit's own development activities. This corresponded to 2.5 % of effective working time (2002 2.8 %, 2001 3.3 %, 2000 5.1 %).

Computer-aided auditing remained a key area of development, with the focus on developing tools in agencies to assist in the shift to paper-free accounting.

The unit worked closely with the State Treasury in handling agencies' requests for permission to shift to paper-free accounting. The Office was also represented in Ministry of Finance working groups which prepared a reform of accounting in state administration, together with legislative amendments.

## **2.4 Achievement of objectives and effectiveness in the Performance Audit result area**

### **2.4.1. Effectiveness and achievement of objectives**

The objective was to complete 27 performance audits during the year. The actual number of completed audits was 35, so the objective was exceeded.

The 35 audits which were completed during the year led to 25 audit reports, 5 accounts and 4 preliminary studies. One audit led to a letter. The number of completed audits was 32 in 2002 and 26 in 2001.

At the beginning of the year 31 audits and 11 preliminary studies were still under way. Of these 42 audit topics 25 were completed during the year. In addition to ongoing audits, 34 new audit topics were included in the operational plan at the beginning of 2003 and further topics were added in the course of the year to bring the total to 45 new audit

topics. Preliminary studies or actual audits got under way for 33 of these. Of this number 16 preliminary studies and 10 audits were completed during the year.

Actual performance audits required 7,781 person-days (2002 7,704, 2001 6,491, 2000 6,363). Completed audits required 7,827 person-days or an average of 224 person-days per audit (2002 256, 2001 256, 2000 289).

In addition to actual performance audits the unit spent 248 person-days on various expert tasks.

External performances accounted for 70 % of effective working time (2002 70 %, 2001 66 %, 2000 65 %).

Audit reports were published in printed form and copies were distributed to the appropriate bodies, MPs, the parliamentary Finance Committee and special committees, the Office of the Parliamentary State Auditors and the Ministry of Finance. Reports have also been available to the public and have been publicized in press releases. Press releases concerning performance audits and summaries of audit reports are posted on the Office's website. Links are provided so that users can order publications and send feedback online.

Summaries and key conclusions of performance audits were presented in the Office's annual report to Parliament. The Office conducts follow-ups of all performance audits and monitors the effects of recommended changes. Information concerning follow-ups is also included in the annual report to Parliament.

### **2.4.2. Costs**

Key cost indicators for performance audits which were completed in 2003 (costs per person-day, average costs per audit) are presented in the accompanying tables. Both figures are calculated on the basis of the unit's separate costs. Direct costs consist mainly of pay for actual work-days together with welfare and pension payments, plus direct travel expenses.

The second cost component covers management, development, training and supporting activities. The cost of absences is mainly for annual leave.

Average costs per audit declined by 12.5 % compared with audits completed the previous year. Average costs per person-day remained unchanged last year but have declined by 12.3 % in the past three years.

### 2.4.3. Development

A total of 386 person-days or 3.2 % of effective working time was spent on personnel development (2002 398 or 3.3 %, 2001 461 or 4.1 %, 2000 668 or 5.8 %).

An average of 6.1 person-days/person-year was spent on training performance auditors. The amount of time spent on training was lower than the year before (2002 7, 2001 7.5, 2000 9.5).

The focus in personnel development remained on in-service training for auditors.

Personnel mainly received training arranged by state agencies and enterprises as well as other outside training in their special fields of expertise. Performance auditors have also been able to participate in training arranged by the Financial Audit unit.

In 2003 the Office continued a series of lectures begun two years before concerning interaction between administration and citizens, with MPs from different political parties serving as speakers. Visits were arranged to Statistics Finland, the Technical Research Centre of Finland and the Bank of Finland.

Procedural training was arranged on the Altika and Astika databases, surveys and the presentation of statistical information, tables and graphics. A seminar on information gathering in performance audits was also held at Vierumäki. Training cooperation with the audit offices in the other Nordic countries continued and the Office also took advantage of other experience gained by personnel in international work.

	2000	2001	2002	2003
Result area's costs per audit-day €				
Direct costs	185	190	171	177
Management, development, support	106	108	85	79
Absences	70	76	61	61
Separate costs	362	373	317	317
Change 2002-2003, %				0,2 %
Change 2000-2003, %				-12,3 %
	2000	2001	2002	2003
Result area's average costs per audit €				
Direct costs	56 054	48 608	43 680	39 501
Management, development, support	32 063	27 609	21 753	17 775
Absences	21 188	19 443	15 681	13 667
Separate costs	109 305	95 660	81 114	70 943
Change 2002-2003, %				-12,5 %
Change 2000-2003, %				-35,1 %

#### **2.4.4. Complaints and abuses**

The Office has monitored and investigated abuses in administration and their effects on the state economy as well as measures aimed at preventing abuses. The goal is to prevent problems, mistakes and abuses through audit means by contacting authorities, requiring corrective measures and initiating audits if necessary.

The Office received 31 complaints regarding the state's financial management (2002

53, 2001 43), and 38 complaints were dealt with during the year (2002 37, 2001 51). Complaints were submitted by private citizens and organizations. State officials and agencies submitted 17 reports concerning abuses under section 16 of the Act on the State Audit Office (2002 18). Ministries administering EU aids also submitted copies of their reports on the monitoring of subsidies under Commission Decree No. 1681/94 to the Office. Reports are made for each structural fund quarterly.

# FINANCIAL STATEMENTS WITH NOTES AND EXAMINATION OF THE FINANCIAL STATEMENTS

## 3.1 Year-end accounts

### STATEMENT OF INCOME AND EXPENSES

	1.1.2003-31.12.2003		1.1.2002-31.12.2002	
<b>OPERATIONAL INCOME</b>				
Other operational income	<u>67,00</u>	67,00	<u>7 958,53</u>	7 958,53
<b>OPERATIONAL EXPENSES</b>				
Materials, supplies and goods:				
Purchases during the year	98 705,30		100 608,23	
Personnel expenses	7 267 689,12		6 779 235,64	
Rents	952 549,96		946 059,76	
Purchased services	788 884,70		713 116,42	
Other expenses	236 933,05		238 196,67	
Depreciation	<u>140 981,85</u>	<u>9 485 743,98</u>	<u>139 690,54</u>	<u>8 916 907,26</u>
<b>DEFICIT I</b>		-9 485 676,98		-8 908 948,73
<b>FINANCIAL INCOME AND EXPENSES</b>				
Financial income	<u>0,00</u>	0,00	<u>307,12</u>	307,12
<b>EXTRAORDINARY INCOME AND EXPENSES</b>				
Extraordinary expenses	<u>0,00</u>	0,00	<u>-2 011,36</u>	-2 011,36
<b>DEFICIT II</b>		-9 485 676,98		-8 910 652,97
<b>INCOME FROM TAXES AND COMPULSORY CHARGES</b>				
VAT paid	<u>-388 792,95</u>	<u>-388 792,95</u>	<u>-339 349,77</u>	<u>-339 349,77</u>
<b>DEFICIT FOR THE YEAR</b>		<u><u>-9 874 469,93</u></u>		<u><u>-9 250 002,74</u></u>

## BALANCE SHEET

**ASSETS**

31.12.2003

31.12.2002

**FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS****INTANGIBLE ASSETS**

Intangible rights	18 522,60		40 637,21	
Other long-term expenditure	25 508,79		18 080,74	
Advance payments and work in progress	<u>0,00</u>	44 031,39	<u>11 029,48</u>	69 747,43

**TANGIBLE ASSETS**

Machinery and equipment	280 419,34		184 564,66	
Furnishings	<u>21 411,76</u>	301 831,10	<u>13 141,99</u>	197 706,65

**TOTAL FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS****INVENTORIES AND**

<b>FINANCIAL ASSETS</b>	345 862,49		267 454,08	
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**CURRENT RECEIVABLES**

Other current receivables	<u>111,99</u>	111,99	<u>1 649,46</u>	1 649,46
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**CASH, BANK RECEIVABLES AND OTHER FINANCIAL ASSETS**

Cash accounts	399,45		807,60	
Office's expenditure accounts	<u>0,00</u>	<u>399,45</u>	<u>-1,35</u>	<u>806,25</u>

**TOTAL INVENTORIES AND FINANCIAL ASSETS**

		<u>511,44</u>		<u>2 455,71</u>
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**TOTAL ASSETS**

		<u><u>346 373,93</u></u>		<u><u>269 909,79</u></u>
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**EQUITY AND LIABILITIES****EQUITY****STATE'S EQUITY**

State's equity 1.1.1998	-819 653,02		-819 653,02	
Change in previous years	-260 376,46		-196 256,74	
Equity transfers	9 936 850,55		9 185 883,02	
Deficit for the year	<u>-9 874 469,93</u>	-1 017 648,86	<u>-9 250 002,74</u>	-1 080 029,48

**LIABILITIES****CURRENT LIABILITIES**

Accounts payable	44 484,87		87 009,09	
Inter-agency transfers	178 818,57		181 213,40	
Payable items	117 334,03		117 161,66	
Accrued expenses	<u>1 023 385,32</u>	<u>1 364 022,79</u>	<u>964 555,12</u>	<u>1 349 939,27</u>

**TOTAL LIABILITIES**

		1 364 022,79		1 349 939,27
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**TOTAL EQUITY AND LIABILITIES**

		<u><u>346 373,93</u></u>		<u><u>269 909,79</u></u>
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## COMPLIANCE WITH THE BUDGET 1.1.-31.12.2003

1.1. - 31.12.2003

	Accounts 2002	Budget 2003	Accounts 2003	Comparison Budget/ Accounts
<b>BUDGET INCOME ACCOUNTS</b>				
12.39.10 Miscellaneous income	307,12	0,00	0,00	0,00
12.39.50 Net income from sale of shares	7 232,08	0,00	0,00	0,00
<b>TOTAL BUDGET INCOME ACCOUNTS</b>	<b>7 539,20</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>BUDGET EXPENDITURE ACCOUNTS</b>				
22.40.21 Operating costs (2-year trans.)	8 876 000,00	9 569 000,00	9 569 000,00	0,00
28.80.24 State pension and early rehabilitation	8 683,50	0,00	0,00	0,00
22.02.19 VAT (open)	0,00	388 792,95	388 792,95	0,00
28.81.23.02 VAT (open)	339 349,77	0,00	0,00	0,00
<b>TOTAL EXPENDITURE ACCOUNTS</b>	<b>9 224 033,27</b>	<b>9 957 792,95</b>	<b>9 957 792,95</b>	<b>0,00</b>
<b>DEFICIT FOR THE YEAR</b>	<b>9 216 494,07</b>	<b>9 957 792,95</b>	<b>9 957 792,95</b>	<b>0,00</b>

### 3.2 Notes

#### Note 1: Principles used in calculating depreciation according to plan and changes

Depreciation according to plan has been calculated on a straight-line basis according to the economic life of assets. The Office does not own national property.

Depreciation principles did not change during the year.

Depreciation periods are:

Fixed assets	Depreciation method	Depreciation period	Annual deprecia- tion %	Residual value %
<b>Intangible assets</b>				
Intangible rights				
Purchased computer software	straight-line	3 years	33	0
Advance payments and work in progress				
Unfinished acquisitions of intangible assets		no depreciation period		
<b>Tangible assets</b>				
Machinery and equipment				
Cars and other road vehicles	straight-line	7 years	14	0
Computers hardware and accessories	straight-line	3 years	33	0
Office machinery and equipment	straight-line	5 years	20	0
Telephone switchboards and other communications equipment	straight-line	5 years	20	0
Audiovisual machinery and equipment	straight-line	5 years	20	0
Other machinery and equipment	straight-line	5 years	20	0
Furnishings				
Apartment and office furnishings	straight-line	5 years	20	0

Minor purchases costing less than €1,000 have been included with annual costs.

## Note 2: Personnel expenses and fringe benefits and holiday pay liabilities

<b>Personnel expenses and fringe benefits</b>	<b>1.1.-31.12.2003</b>	<b>1.1.-31.12.2002</b>
	<b>euro</b>	<b>euro</b>
- Salaries and fees *)	5 727 114,97	5 348 105,43
- Fringe benefits	132 888,00	119 918,70
- Pension expenses	1 125 077,71	1 049 466,39
- Other personnel expenses	415 496,44	381 663,82
<b>Total</b>	<b>7 400 577,12</b>	<b>6 899 154,34</b>

\*) In 2003 salaries and fees included €8,518.00 in fees.

\*) In 2002 salaries and fees included €15,074.70 in fees.

<b>Holiday pay liabilities</b>	<b>1.1.2003</b>	<b>31.12.2003</b>	<b>Change, €</b>
- Holiday pay liabilities	765 714,40	814 576,72	48 862,32
- Side cost liabilities	198 840,72	208 808,60	9 967,88
<b>Total holiday pay liabilities</b>	<b>964 555,12</b>	<b>1 023 385,32</b>	<b>58 830,20</b>

## Note 3: Changes in the acquisition cost of national property and fixed assets and other long-term expenditure

The acquisition cost includes all fixed assets whose economic lives had not ended at the beginning of the year, even if their acquisition cost had been completely written off.

The Office does not own national property.

<b>Fixed assets</b>	<b>Intangible assets</b>		
	Intangible rights	Other long-term expenditure	Total
Acquisition cost 1.1.2003	249 815,43	18 597,33	268 412,76
Increases	1 425,87	14 016,48	15 442,35
Decreases			
<b>Acquisition cost 31.12.2003</b>	<b>251 241,30</b>	<b>32 613,81</b>	<b>283 855,11</b>
Accumulated depreciation 1.1.2003	209 178,22	516,59	209 694,81
Accumulated depreciation difference			
Depreciation according to plan during the year	23 540,48	6 588,43	30 128,91
Depreciation not according to plan during the year			
<b>Accumulated depreciation 31.12.2003</b>	<b>232 718,70</b>	<b>7 105,02</b>	<b>239 823,72</b>
Appreciation			
<b>Book value 31.12.2003</b>	<b>18 522,60</b>	<b>25 508,79</b>	<b>44 031,39</b>

<b>Fixed assets</b>	<b>Tangible assets</b>		
	Machinery and equipment	Furnishings	Total
Acquisition cost 1.1.2003	746 194,89	56 147,53	802 342,42
Increases	197 188,39	17 789,00	214 977,39
Decreases	88 183,12		88 183,12
<b>Acquisition cost 31.12.2003</b>	<b>855 200,16</b>	<b>73 936,53</b>	<b>929 136,69</b>
Accumulated depreciation 1.1.2003	561 630,23	43 005,54	604 635,77
Accumulated depreciation difference	88 183,12		88 183,12
Depreciation according to plan during the year	101 333,71	9 519,23	110 852,94
Depreciation not according to plan during the year			
<b>Accumulated depreciation 31.12.2003</b>	<b>574 780,82</b>	<b>52 524,77</b>	<b>627 305,59</b>
Appreciation			
<b>Book value 31.12.2003</b>	<b>280 419,34</b>	<b>21 411,76</b>	<b>301 831,10</b>

#### **Note 4: Appreciation**

The Office did not book any appreciation of national property or fixed assets.

#### **Note 5: Granted loans outstanding at the end of the year**

The Office did not have any granted loans outstanding at the end of the year.

#### **Note 6: Granted state securities, state guarantees and other commitments in effect at the end of the year**

The Office does not have any granted state securities, state guarantees or other commitments which were in effect at the end of the year.

#### **Note 7: Principles for translating foreign-currency liabilities, receivables and other commitments**

The Office does not have any foreign-currency liabilities, receivables or other commitments.

#### **Note 8: Shares and participations in companies and other securities comparable to shares**

The Office does not have any shares or participations in companies or other securities comparable to shares.

#### **Note 9: National property not included in the balance sheet**

The Office does not own national property.

**Note 10: Provision of information in accordance with section 42 f paragraph 2 of the State Budget Decree**

Expenses from the acquisition of production factors and income from the sale of performances have been booked on a performance basis. The Office does not have other expenses or income.

**Note 11: Itemization of appropriations carried forward to the next fiscal year**

Appropriations carried forward	Starting balance 1.1.2003	Accumulation during the year	Final balance 31.12.2003
4.02.22.40.21 Operating costs (2-year trans.)	-480 074,07	480 074,07	0,00
4.03.22.40.21 Operating costs (2-year trans.)	0,00	-544 231,45	-544 231,45
4.02.28.80.24 State pension and early rehabilitation	-412,57	412,57	0,00
Total appropriations carried forward	-480 486,64	-63 744,81	-544 231,45

**Note 12: Budget authorizations, their use and resulting expenses**

The Office does not have any budget authorizations.

**Note 13: Year-end balancing account 31.12.2003**

<b>1. Deficit</b>		<b>-9 874 469,93</b>
<b>2. Entries which are included in the income/expense deficit but not in the budget surplus/deficit</b>		
	<b>Debit+ / Credit-</b>	
2.1 Business accounting income and expenses not booked in budget accounting		199 812,05
2.2 Business accounting income and expenses booked as items waiting to be booked in a budget account or as appropriations carried forward		0,00
2.3 Business accounting income, expenses and technical items booked as appropriations carried forward		-63 744,81
2.4 Business accounting income, expenses and technical items booked as being in arrears		0,00
2.5 Business accounting income and expenses booked as off-budget financing		0,00
<b>3. Entries which are not included in the income/expense deficit but are included in the budget surplus/deficit</b>		
	<b>Debit- / Kredit+</b>	
3.1 Balance sheet account entries which are booked as budget income or expenses		-219 390,26
<b>4. Total</b>		<b>-9 957 792,95</b>
<b>5. Budget deficit</b>		<b>-9 957 792,95</b>
<b>6. Difference</b>		<b><u>0,00</u></b>

**Note 14: Changes in equity**

<b>EQUITY (euro)</b>	<b>2003</b>	<b>2002</b>
<b>State's equity 1.1.1998</b>	-819 653,02	-819 653,02
<b>Change in equity in previous years 1.1.</b>	<b>-196 256,74</b>	<b>-189 150,19</b>
Opening transfer (Deficit for the year)	-9 250 002,74	-8 608 836,60
Opening transfer (Equity transfers)	9 185 883,02	8 601 730,06
<b>Change in equity in previous years 31.12.</b>	<b>-260 376,46</b>	<b>-196 256,74</b>
<b>Equity transfers 1.1.</b>	<b>9 185 883,02</b>	<b>8 601 730,06</b>
Opening transfer	-9 185 883,02	-8 601 730,06
Transfers from state's general payment traffic expense account	9 988 208,98	9 266 251,36
Transfers to state's general payment traffic income account	-51 358,43	-80 368,34
Transfers from remittance account	0,00	0,00
Inter-agency transfers	0,00	0,00
Transfers resulting from joint purchases	0,00	0,00
<b>Equity transfers 31.12.</b>	<b>9 936 850,55</b>	<b>9 185 883,02</b>
<b>Deficit for the year 1.1.</b>	<b>-9 250 002,74</b>	<b>-8 608 836,60</b>
Opening transfer	9 250 002,74	8 608 836,60
Transfer to balance sheet	-9 874 469,93	-9 250 002,74
<b>Deficit for the year 31.12.</b>	<b>-9 874 469,93</b>	<b>-9 250 002,74</b>
<b>State's equity 31.12.</b>	<b>-1 017 648,86</b>	<b>-1 080 029,48</b>

The Office does not have asset or liability items booked as income or expenses after the approval of the starting balance sheet.

**Note 15: Off-budget financing which should be included in the Statement of Income and Expenses**

The Office does not have off-budget financing which should be included in the Statement of Income and Expenses.

**Note 16: Reserve funds in the balance sheet**

The Office does not have reserve funds in the balance sheet.

**Note 17: Reserve funds, foundations and associations outside the balance sheet**

The Office does not administer reserve funds, foundations or associations outside the balance sheet.

**Note 18: Overspending of estimated appropriations and reasons**

The Office was not been granted estimated appropriations in the state budget.

## Note 19: Accounting principles

The year-end accounts have been prepared in the manner prescribed in sections 58-60 of the State Audit Office's accounting regulations and in accordance with the State Treasury's Accounting Guidelines 3.1 of 13 November 2003.

Depreciation according to plan has been calculated on a straight-line basis according to the economic life of assets. The depreciation period is three years for computer software and hardware, seven years for vehicles and five years for all other machinery, equipment and office furnishings. The Office does not own national property.

Under operational income, other operational income includes income from the sale of property no longer in use.

Under operational expenses, personnel expenses include salaries, holiday pay, overtime, expert fees, training fees, other fees, the change in holiday pay liabilities and side costs. Other expenses include travel costs, domestic and international membership fees, user fees, vehicle insurance premiums, taxes and other compulsory charges which are not taxes.

Under current liabilities in the balance sheet accrued expenses include holiday pay liabilities.

The Office's accounting is on an payment basis. The year-end accounts have been corrected on a accrual basis.

## 3.3 Examination of the financial statements

### Compliance with the budget, 31.12.2003

BUDGET ACCOUNT	Appropriation		Available €	Used or accumulated €	Carried forward to 2004 €	Comparison with the budget €
	For 2003 €	For previous years €				
22.40.21 Operating costs (2-year trans.)	9 569 000,00	480 074,07	10 049 074,07	9 504 842,62	544 231,45	0,00
4.02.28.80.24 State-pension and early rehabilitation (trans.)	0,00	412,57	412,57	412,57	0,00	0,00
<b>TOTAL</b>	<b>9 569 000,00</b>	<b>480 486,64</b>	<b>10 049 486,64</b>	<b>9 505 255,19</b>	<b>544 231,45</b>	<b>0,00</b>
22.02.19 VAT expenses (open)		388 792,95		388,792,95		
<p>Available funds totalled about €10 million. Appropriations carried forward from the previous year amounted to 4.8 % of this figure. Appropriations carried forward to 2004 amounted to €544,321.</p> <p>The Office's operating expenses totalled €9.5 million. Personnel expenses amounted to 76.6 % of this figure. No essential changes took place in the cost structure compared with the year before</p>						

## INTERNAL CONTROL

Internal control involves influencing the Office's auditing environment through accounting systems and procedures built into operating processes. The principles and procedures to be applied in internal control have been included in the Office's accounting regulations and guidelines. The accounting regulations call for all personnel to ensure proper internal control in their job and responsibility areas. In order to promote internal control, activities are also audited according to regulations and the audit plan. In 2003 the audit included material analyses and covered the internal control of key operational chains. The audit was performed by Office's Senior Auditor answering directly to the Auditor General.

The year-end accounts were approved in Helsinki on 22 March 2004



Tapio Leskinen  
Auditor General



Esa Tammelin  
Head of Planning

An auditors' report has been issued today.  
Helsinki, 25 March 2004



Matti Saarinen



Aulis Ranta-Muotio

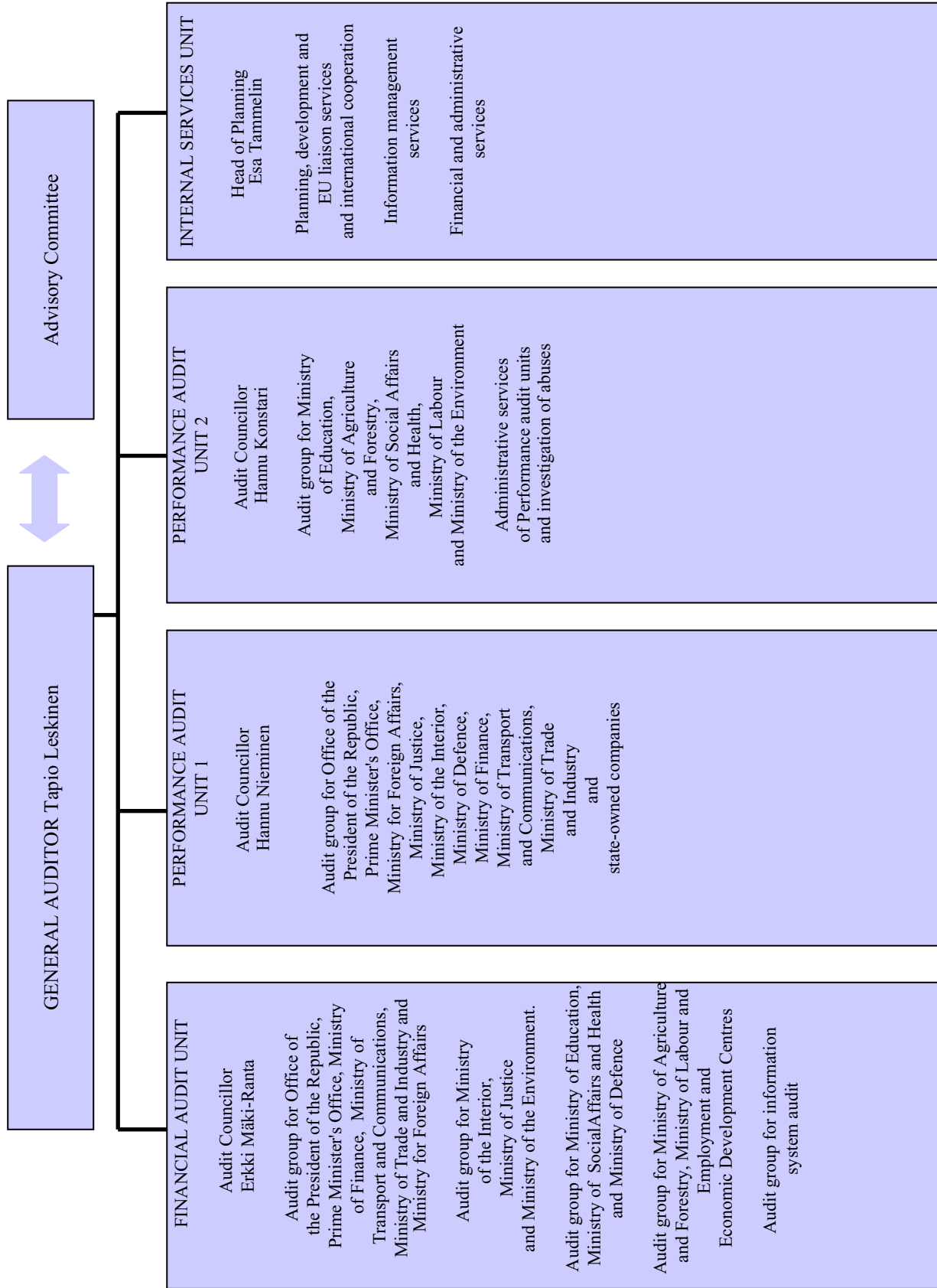


Petri Salo



Eero Suomela, C.P.A.

ORGANIZATION AND DIVISION OF TASKS



## COMPLETED PERFORMANCES IN 2003

### Financial auditing

OFFICE OF THE PRESIDENT OF THE REPUBLIC		Customs Service	035/53/03
Office of the President of Republic	005/53/03	Central Statistical Office	036/53/03
PRIME MINISTER'S OFFICE		MINISTRY OF EDUCATION'S ADMINISTRATIVE FIELD	
Prime Minister's Office	006/53/03	Ministry of Education	037/53/03
MINISTRY FOR FOREIGN AFFAIRS' ADMINISTRATIVE FIELD		National Board of Education	038/53/03
Ministry for Foreign Affairs	007/53/03	University of Helsinki	039/53/03
MINISTRY OF JUSTICE'S ADMINISTRATIVE FIELD		University of Joensuu	040/53/03
Ministry of Justice	008/53/03	University of Jyväskylä	041/53/03
The Criminal Sanction Agency	009/53/03	University of Kuopio	042/53/03
MINISTRY OF THE INTERIOR'S ADMINISTRATIVE FIELD		University of Lapland	043/53/03
Ministry of the Interior	010/53/03	University of Oulu	044/53/03
Directorate of Immigration	011/53/03	University of Tampere	045/53/03
Åland Provincial Board	012/53/03	University of Turku	046/53/03
Etelä-Suomi Provincial Board	013/53/03	University of Vaasa	047/53/03
Itä-Suomi Provincial Board	014/53/03	Åbo Akademi University	048/53/03
Lapland Provincial Board	015/53/03	Helsinki University of Technology	049/53/03
Länsi-Suomi Provincial Board	016/53/03	Lappeenranta University of Technology	050/53/03
Oulu Provincial Board	017/53/03	Tampere University of Technology	051/53/03
Population Register Centre	018/53/03	Helsinki School of Economics and Business Administration	052/53/03
The Police Department of Helsinki		Swedish School of Economics and Business Administration	053/53/03
Local District	019/53/03	Turku School of Economics and Business Administration	054/53/03
Central Criminal Investigation		Art Academy	055/53/03
Police	020/53/03	Sibelius Academy	056/53/03
Mobile Police	021/53/03	University of Industrial Art and Design	057/53/03
Security Police	022/53/03	Theatre Academy	058/53/03
Police Technology Centre	023/53/03	National Archives	059/53/03
Police School	024/53/03	Academy of Finland	060/53/03
The Police College of Finland	025/53/03	National Art Gallery	061/53/03
Emergency Services Institute	026/53/03	National Board of Antiquities	062/53/03
Border Guard	027/53/03	Suomenlinna Administrative Board	063/53/03
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Ministry of Defence	028/53/03	Ministry of Agriculture and Forestry	064/53/03
Defence Forces	029/53/03	Information Centre of the Ministry of Agriculture and Forestry	065/53/03
Defence Administration Building Department	030/53/03	Finnish National Centre for Agricultural Research	066/53/03
MINISTRY OF FINANCE'S ADMINISTRATIVE FIELD		Plant Production Inspection Centre	067/53/03
Ministry of Finance	031/53/03	The Seed Potato Centre	068/53/03
The Government Institute for Economic Research	032/53/03	Finnish Forest Research Institution	069/53/03
State Treasury	033/53/03	Finnish Game and Fisheries Research Institution	070/53/03
National Board of Taxation	034/53/03	National Board of Survey	071/53/03
		Finnish Geodetic Institute	072/53/03

National Veterinary and Food Research Institute	073/53/03	Employment and Economic Development Centre for Ostrobothnia	114/53/03
MINISTRY OF TRANSPORT AND COMMUNICATIONS' ADMINISTRATIVE FIELD		Employment and Economic Development Centre for North Karelia	115/53/03
Ministry of Transport and Communications	074/53/03	Employment and Economic Development Centre for Northern Ostrobothnia	116/53/03
Motor Vehicle Administration	075/53/03	Employment and Economic Development Centre for North Savo	117/53/03
Finnish National Road Administration	076/53/03	Employment and Economic Development Centre for Satakunta	118/53/03
National Board of Navigation	077/53/03	Employment and Economic Development Centre for Uusimaa	119/53/03
Finnish Rail Administration	078/53/03	Employment and Economic Development Centre for Varsinais-Suomi	120/53/03
Finnish Communications Regulatory Authority	079/53/03	MINISTRY OF SOCIAL AFFAIRS AND HEALTH'S ADMINISTRATIVE FIELD	
Finnish Meteorological Institution	080/53/03	Ministry of Social Affairs and Health	095/53/03
Institution of Marine Research	081/53/03	National Research and Development Centre for Welfare and Health	096/53/03
MINISTRY OF TRADE AND INDUSTRY'S ADMINISTRATIVE FIELD		Insurance Supervision Authority	097/53/03
Ministry of Trade and Industry	082/53/03	National Public Health Institute	098/53/03
National Board of Patents and Registration	083/53/03	National Product Control Agency for Welfare and Health	099/53/03
Geological Survey of Finland	084/53/03	Finnish Centre for Radiation and Nuclear Safety	100/53/03
Technical Research Centre of Finland	085/53/03	National Agency for Medicines	101/53/03
Safety Technology Authority	086/53/03	MINISTRY OF LABOUR'S ADMINISTRATIVE FIELD	
Centre for Metrology and Accreditation	087/53/03	Ministry of Labour	102/53/03
Technology Development Centre	088/53/03	MINISTRY OF THE ENVIRONMENT'S ADMINISTRATIVE FIELD	
National Consumer Administration	089/53/03	Ministry of the Environment	103/53/03
National Consumer Research Centre	090/53/03	Finnish Environmental Centre	104/53/03
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Employment and Economic Development Centre for Häme	108/53/03		
Employment and Economic Development Centre for Southeastern Finland	109/53/03		
Employment and Economic Development Centre for Kainuu	110/53/03		
Employment and Economic Development Centre for Central Finland	111/53/03		
Employment and Economic Development Centre for Lapland	112/53/03		
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## AUDITORS' REPORT TO PARLIAMENT

In the manner prescribed by section 19 paragraph 1 of Parliament's accounting regulations we have audited the financial statements, accounts and administration of Parliament during the financial period 1 January - 31 December 2003. The financial statements include the year-end accounts, the annual review of activities and the appendices stipulated in section 58 of the State Audit Office's accounting regulations. On the basis of our audit we issue our opinion on the financial statements and administration.

The audit has been conducted in accordance with Finnish auditing standards. The accounts, accounting principles and the content and presentation of the financial statements have been examined to the extent required to determine that the financial statements do not contain essential mistakes or deficiencies.

In our opinion the financial statements have been prepared in accordance with the State Audit Office's rules and regulations regarding the preparation of Parliament's accounts. The financial statements give a true and adequate view of Parliament's finances and their development during the financial period as prescribed in these rules and regulations. We do not have any comments on Parliament's financial statements, accounts or administration for the year 2003.

Helsinki, 25 March 2004



Matti Saarinen



Aulis Ranta-Muotio



Petri Salo



Eero Suomela, C.P.A.

# VALTIONTALouden TARKASTUSVIRASTO

Annankatu 44  
00100 Helsinki  
PL 1119, 00101 Helsinki  
puhelin (09) 4321  
telekopio (09) 432 5820  
s-posti: kirjaamo@vtv.fi  
www-kotisivut: <http://www.vtv.fi>

## **Pääjohtaja Tapio Leskinen**

puhelin (09) 432 5700  
telekopio (09) 432 5818

## **Toiminnantarkastuksen toimintayksikkö 1**

Tarkastusneuvos Hannu Nieminen  
puhelin (09) 432 5702

## **Toiminnantarkastuksen toimintayksikkö 2**

Tarkastusneuvos Hannu Konstari  
puhelin (09) 432 5704

## **Tilintarkastuksen toimintayksikkö**

Tarkastusneuvos Erkki Mäki-Ranta  
puhelin (09) 432 5703

## **Sisäisten palvelujen toimintayksikkö**

Suunnittelupäällikkö Esa Tammelin  
puhelin (09) 432 5705