

# Abstract

## Organisation of the activities supporting decision-making under the comprehensive reform of state research institutes and research funding (TULA)

The report covers issues concerning the resolution on the comprehensive reform of state research institutes and research funding adopted by the Finnish Government on 5 September 2013. Under the Government resolution, two funding models were introduced: strategic research funding (STN), which is coordinated by the Strategic Research Council, and funding for Government's analysis, assessment and research activities (VN TEAS), which is coordinated by the Prime Minister's Office. The purpose of the reform was to

- strengthen high-quality multidisciplinary research relevant to society at large.
- bring together research funding so that it can be allocated as open research funding aimed at strengthening the relevance, demand-orientation and multidisciplinary nature of research. The aim is to ensure funding for long-term research in which the focus is on a problem-based and programme-based approach and in which solutions are sought to the challenges facing Finnish society.
- bring together research funding aimed at strengthening analysis, assessment and research activities supporting decision-making at Government level and in individual ministries in accordance with the policy decisions made by the Government.
- deepen cooperation between research institutes and higher education institutions.
- ensure more efficient and relevant research activities by releasing resources tied to permanent structures and research support services.

The focus in the report was on the management of the funding models referred to above, the way in which they operate and on the practices adopted by the Government and individual ministries as they apply project results to decision-making and statute drafting. The views of senior officials in individual ministries about the impacts of the TULA reform on research and expert activities in research institutes were also surveyed.

## STN funding is properly organised and administered and the procedures applied are in accordance with the Government resolution

Based on the report results, strategic research funding (STN) is organised in accordance with the Government resolution on TULA. The open and participatory planning process of the funding model and the impact plans required of the projects encourage multidisciplinary research, make the research funding societally more relevant and allow it to be used more extensively. Impact reporting, a new instrument for project monitoring and for promoting the use of the project results, has been introduced as part of the funding model. STN projects are of long duration and for this reason, reporting on the impacts of a project and updating the impact report during the research increases the impact of the research already during the project. The reports are highly useful in the assessment of the practical applicability of the research carried out

as part of the projects. At this stage, it is impossible to assess the results of the STN projects as the first projects will not be completed until 2019.

A total of EUR 55.6 million was authorised for STN funding in 2016. Ten person-years were used for funding administration, while STN operating expenses totalled EUR 758,000.

### VN TEAS funding process is in accordance with the TULA resolution but the project process and practices should be streamlined

According to the report, the funding for Government analysis, assessment and research activities (VN TEAS) is also organised in accordance with the TULA resolution. Even though the impacts of individual projects are not assessed in this report, the material analysed in it suggests that the funding model provides a basis for supporting decision-making and statute drafting at Government level and in individual ministries. Progress of the projects is monitored by the Prime Minister's Office and by all ministries even though there are slight differences between the monitoring methods. Usefulness of the VN TEAS projects has been enhanced by means of project exploitation and communications plans. VN TEAS funding should be directed at research that crosses the boundaries of administrative branches and that supports decision-making or the implementation of the Government Programme. There are cases where achieving the goals laid out for the funding would be easier if the funding were directed at specific, well-planned and broader-based projects.

Even though both the Prime Minister's Office and individual ministries have introduced more workable operating procedures for VN TEAS funding, the funding procedures remain administratively complex and require a great deal of manual work. This may slow down the generation and exploitation of relevant and topical research data. Using an electronic project management system would mean less administrative work in the preparation, implementation and monitoring of VN TEAS funding and it would also help to streamline processes.

VN TEAS funding, which is budgeted as a three-year deferrable appropriation, totalled EUR 10.4 million in 2016. Five person-years were used for funding administration, while operating expenses totalled EUR 640,000.

### A large proportion of STN and VN TEAS funding is directed at indirect costs incurred by the parties implementing the projects

The funding for STN and VN TEAS is full funding based on the full cost model under which the parties implementing the projects are not required to provide funding of their own. In this respect, the funding models differ from the models used in other areas of research funding. It was noted in the report that more than one third of the total funding for STN and VN TEAS projects is directed at the overheads incurred by the organisations implementing the projects. The organisation implementing a project calculates the total project costs on the basis of an overhead percentage. Depending on the calculation method, the percentage may include costs that arise from the organisation's operations outside research support services and infrastructure. In that case, the matching principle applied to the full cost model cannot be fully implemented at project level.

The Academy of Finland and the Prime Minister's Office monitor the overheads in the projects funded by them. In the projects with

exceptionally high overheads, the parties providing the funding should ensure the correctness of the principles used in the calculation of overheads. The parties granting the funding should also consider whether the total resources allocated to the preparation and application of funding should be evaluated.

### The impacts of the TULA reform on the research institutes' operating prerequisites and the other impacts of measures taken at the same time should be assessed together

The impacts of the TULA reform on the research institutes' operations and the other impacts of measures directed at them at the same time should be assessed together. It was noted in the report that the cooperation between research institutes has advanced further than what was envisaged in the Government resolution. Most research institutions had joined the agreement-based Tulanet network launched at the start of 2018.

### Development proposals of the National Audit Office

1. The Prime Minister's Office should consider the introduction of an electronic project management system in the VN TEAS project process so that administrative work can be reduced and the process speeded up. Consideration should also be given to other aspects of the clarification and simplification of the procedures and processes of the funding model.
2. The Academy of Finland and the Prime Minister's Office should also in the future require that the organisations seeking STN and VN TEAS funding detail the principles on the basis of which the verifiable overhead percentages are calculated. The Academy of Finland and the Prime Minister's Office should also examine the information containing unusually high overhead percentages submitted by applicant organisations. The providers of funding should also monitor the proportion of overheads of the total project costs and issue monitoring reports at regular intervals.
3. The Academy of Finland and the Prime Minister's Office should assess and monitor trends in the resources allocated to the preparation of the funding models and the implementation of the project progress in an appropriate manner. In this, consideration should be given to the resources allocated to VN TEAS by individual ministries and the resources used for the planning of and applying for STN project funding.