



# Annual Report 2014



## Annual Report for 2014

190th year of operations

HELSINKI 2015



The year in review marked the 190th anniversary of the National Audit Office of Finland. In a report submitted in 1824, Count Carl Erik Mannerheim, Vice Chairman of the Economic Division of the Imperial Finnish Senate, proposed the establishment of a general court of auditors in the autonomous Grand Duchy of Finland. As a result, the general court of auditors was established under a statute approved by the Tsar of Russia (who was also the Grand Duke of Finland) on 16 December 1824. This marked the beginning of the auditing of central government finances in Finland, which has continued without interruption for the last 190 years.



The tradition of external auditing of central government finances in Finland goes back much longer, to the period when Finland was under Swedish rule. In 1638, Per Brahe, Governor General of Finland, proposed that Finland should have its own court of auditors. The proposal was not adopted, however, and for this reason, the early history of the monitoring of central government finances in Finland is part of the history of the Swedish central government administration. On 14 October 1695, the Swedish court of auditors was made into an independent body when the function was separated from the department responsible for managing central government finances. At the time, Finland was part of Sweden and thus the year 2015 also marks the 320th anniversary of the monitoring of central government finances in Finland. Johan Skytte, a Finnish-born member of the Swedish Privy Council, had already made a significant contribution to the management and auditing of central government finances in Sweden. Since then, the auditing of Finnish central government finances has been greatly influenced by Nordic practices.

### The National Audit Office carries out an important task

The external auditing of final central government accounts and accounting agencies is the main task of the National Audit Office. This is also the task of the National Audit Office under the Constitution of Finland. By performing financial audits, the National Audit Office verifies the reliability of the accounting information concerning on-budget activities and compliance with the budget and highlights the perspective of sustainable finances and financial administration. Financial audits and the compliance audits supplementing them also help to highlight the perspective of the legality of financial management and good administration and the relevant requirements of proper internal control when financial management procedures are digitalised. In digital administration, proper internal control is based on

essential controls that have been automated as part of reliable information systems. When performing expert work as part of financial audits, the National Audit Office has emphasised this view and has also sought to play a role in the development of financial administration.

When conducting performance audits, the National Audit Office carries out its statutory task as the body auditing the appropriateness of central government finances. This means that performance audits also have a development task. Their aim is to promote sustainable renewal of public administration and general government finances and innovation in the audited entities. Selection of the audited entity is an essential factor in a performance audit. In recent years, the focus in performance audits has been on activities that are central to the success of a sustainable structural change. Examples of this are the performance audits covering the management of youth unemployment and immigrant integration in social and health care. The risk-bearing capacity of general government finances has weakened in recent years and in performance audits the National Audit Office has now also focused on activities that result in general government liabilities and thus create risks concerning the use of assets in the future. In performance audits and expert work, the National Audit Office has highlighted the fact that tasks should be adjusted and prioritised in relation to the available economic resources so that public services can be provided and official duties performed in an effective manner.

Since 2013, the basic task of the National Audit Office has also included the independent monitoring of fiscal policy. The year in review saw the submitting of the first annual fiscal policy monitoring report to Parliament. Fiscal policy monitoring has a time span of its own, which makes it different from external audit. In accordance with the Stability and Growth Pact, the Budgetary Frameworks Directive, the regulation of the European Parliament and of the Council on monitoring and assessing draft budgetary plans of the Member States and the Fiscal Policy Act, fiscal policy monitoring includes a future-oriented and proactive dimension the purpose of which is to ensure that it is possible to react to any deviations endangering economic stability and sustainability. As part of its fiscal policy monitoring task, the National Audit Office also produces statutory assessments of the setting of targets in the general government fiscal plan from the perspective of medium-term and long-term sustainability and stability of general government finances and the Stability and Growth Pact.

In 2014, the National Audit Office carried out an organisational change in which fiscal policy monitoring and fiscal policy audit were made into two separate operating departments. In this respect, the organisation of the National Audit Office is in accordance with the recommendations concerning fiscal policy institutions issued by the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) and the international standards for external audit of general government finances. The National Audit Office is a process organisation in which each audit and monitoring department or function is responsible for a specific core process that is in accordance with the basic task of the National Audit Office and for the preparation of the report to Parliament submitted as part of the basic task. In its Fiscal Transparency Evaluation for Finland, the IMF has concluded that the independent monitoring of fiscal policy and macroeconomic forecasts carried out as part of the fiscal policy monitoring is in accordance with the most advanced international practices.



On the basis of the self-evaluation performed by the National Audit Office, the focus in the reports to Parliament has been on the priority areas laid out in the risk analysis of central government finances and the national economy, in other words on issues that are essential from the perspective of the national economy and central government finances. A number of important reforms have been initiated on the basis of the recommendations laid out in the reports to Parliament. The recommendations of the National Audit Office concerning the development of the Government steering policy, reduction in the number of central government strategies and a substantially shorter Government Programme were included in the proposals submitted as part of the project concerning the Government Steering Policy, which enjoys the support of the four biggest parties. Based on the recommendation presented in the National Audit Office's report to the 2014 parliamentary session, Parliament has called for the Government to establish, from the beginning of the parliamentary term starting in 2015, a centralised unit responsible for supporting and monitoring the effectiveness evaluations of statutes. The purpose of the unit, which would be part of the Government, would be to ensure the quality of the effectiveness evaluation of legislation. The Government has started preparatory measures in accordance with the opinion of Parliament. When successful, such a unit would have a significant impact on the quality and evaluation of the effectiveness of legislation and on the prerequisites for ensuring the success of major reform projects concerning society at large.

The parliamentary committee tasked with the assessment and development of the functioning of the Government has proposed, in accordance with the observations and recommendations of the National Audit Office, that the division of labour between political decision-makers and senior public servants should be clarified and that the system of political permanent secretaries should be reassessed. The objective of the National Audit Office has been to contribute to the renewal and development of Finnish society. On this basis, its aim has been to carry out the task of promoting reforms and innovation laid out for supreme audit institutions in recently adopted international standards.

The National Audit Office has made a significant contribution to ensuring that central government finances are on a sustainable basis. The reliable information verified by means of financial audits are the basis for credible financial management and, consequently, a prerequisite for sustainable financial management. According to the Fiscal Transparency Evaluation for Finland carried out by the International Monetary Fund, the financial audits performed by the National Audit Office and, in broader sense, the performance audits and fiscal policy audits that NAOF carries out with the aim of ensuring a true and fair view of central government finances correspond to the most advanced international practices. In its performance audits, the National Audit Office has highlighted the prerequisites for successful implementation of structural policy reforms and the chances of improving employment rates and providing young people with jobs. More than half of the recommendations set out in the performance audits are implemented, at least to a significant degree, which is a substantial proportion when compared with other countries.

Setting an upper limit to the obligations imposed on municipalities by the state and an overall economic steering model for local government finances are some of the fiscal policy monitoring and audit recommendations contained in previous parliamentary term reports that are in the process of being implemented. The estimates of

the meeting of fiscal policy targets, overall functioning of the tax system, tax policy and the basis for the fiscal policy for the next parliamentary term presented in the fiscal policy monitoring and audit report for the parliamentary term have strongly influenced the public debate on these topics. The Parliamentary Finance Committee has also expressed the view that the observations and recommendations are of central importance when the basis for the economic and tax policy for the next parliamentary term is outlined.

The National Audit Office has made a substantial contribution to the compliance with the Stability and Growth Pact in Finland. The National Audit Office has also highlighted the role of reforms strengthening the output potential of the Finnish economy. Both the National Audit Office and the Government are of the view that the Finnish economy is facing a risk of a substantial deviation from the cyclically adjusted structural deficit, which means that Finland has not achieved the targets laid out in the Stability and Growth Pact. This is first and foremost a major national problem. Finland's general government finances are not on a stable basis.

Oversight of election campaign and political party financing has played a major role in ensuring the openness of election campaign and political party financing.

The conclusion is that the overall effectiveness of the National Audit Office is very good.

### Productivity and economic efficiency targets have been achieved

External performances accounted for more than 75 per cent of the effective working hours. When the National Audit Office is able to complete most of its audit reports as scheduled, it is also in compliance with its productivity target. The expenses of the National Audit Office increased by 0.46 per cent from the previous year, which was substantially below the rise of the consumer price index (1.0 per cent). The price of National Audit Office's performance day (profitable price charged by NAOF for its services) decreased by four per cent. The trend in the personnel structure of the National Audit Office was in accordance with the agency's stability and efficiency programme. All economic efficiency targets were achieved.

### Competence levels and workplace atmosphere improved

The workplace atmosphere in the National Audit Office and the factors affecting it are comparable with those at an average Finnish workplace, while in some of the agency's departments they are well above average. This means that the trend has been positive compared with previous surveys. Personnel are more satisfied with management practices than before. Sickness absenteeism amounts to seven days/person-year, which is less than in central government as a whole.

Competence is one of the most important resources in external professional audit and fiscal policy monitoring. All competence development targets were achieved. A total of 11 person-days was spent on competence development per person-year. The National Audit Office developed an agency-level competence index, which will be used for assessing competence development and success of the development work.

## Overall assessment

The National Audit Office has successfully carried out its tasks in accordance with its economic efficiency targets. For this, thanks go to our competent and highly motivated personnel.

Tuomas Pöysti





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# 1 Review of operations

The National Audit Office is an independent audit and monitoring authority with tasks laid down in the Constitution of Finland that operates outside central government and parliamentary administration. The National Audit Office is responsible for auditing central government finances and for monitoring compliance with the budget and fiscal policy rules. The National Audit Office is also responsible for overseeing financing of election campaigns and political parties.

Under the Constitution of Finland, the task of the National Audit Office is to audit the effectiveness and legality of central government finances and compliance with the state budget. The National Audit Office performs this task by carrying out performance audits, financial audits, compliance audits and fiscal policy audits. The National Audit Office operates as the national audit body under the Treaty on the Functioning of the European Union, working in cooperation with the European Court of Auditors in the external control of Union funds.

The National Audit Office is tasked under the Act on a Candidate's Election Funding (273/2009) with the oversight of compliance with the obligation to disclose information about election financing, making the funding disclosures available to the public and examining the disclosures. Under the Act on Political Parties (10/1969, amended by 683/2010), the National Audit Office is prescribed with the task of supervising compliance with provisions concerning party subsidies, disclosures of election campaign expenses and funding and the formulation and submission of related documents and information by political parties, affiliated entities and associations referred to in party subsidy decisions.

The newest basic task of the National Audit Office is the independent monitoring of fiscal policy, which has been a NAOF responsibility from the start of 2013 and on which national provisions are laid down in the Act on the implementation of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, the implementation of Treaty provisions of a legislative nature as well as requirements concerning multi-annual budgetary frameworks (869/2012) and the Act on the National Audit Office (amended by Act 870/2012). Under the European Union law, the fiscal policy monitoring task is based on the Stability and Growth Pact and on European Union legislation (Budgetary Frameworks Directive 2011/85/EU and the Regulation on Monitoring Draft Budgetary Plans (EU) 473/2013). The fiscal policy monitoring task is closely connected with the fiscal audit carried out by the National Audit Office.

## 1.1 Effectiveness and performance targets

The National Audit Office supports Parliament in the exercise of its legislative, financial and oversight power and is thus part of the constitutional system implementing and ensuring Parliament's fiscal power.

The National Audit Office's objective is to promote effective and high-quality management of central government finances. A key perspective is to ensure that the so-

cial policy objectives set in connection with legislation concerning the state budget and the collection and use of central government funds are achieved and that the Government and administration have taken the necessary measures to achieve them. The objective of supervision of legality of election and party financing is to promote the openness of election and party funding and citizens' right to assess the interests of political parties and those holding public elected offices. Another objective is to prevent corruption and influence on the activities of the President of the Republic, Members of Parliament, municipal councillors and parties that is based on inappropriate interests.

The National Audit Office has laid out its performance targets for 2014 in its 2014-2018 audit plan. The agency's departments and quality group have carried out an assessment of the implementation of these performance targets. Effectiveness has been assessed on the basis of the following scale: extremely significant effect, significant effect, moderate effect, little effect.

### 1.1.1 Strategic effectiveness targets and assessment

#### Role of NAOF in promoting sustainable renewal of general government finances and public administration

*Target 1: VTV2020 strategy provides a basis for sustainable renewal of general government finances and public administration. In audit and monitoring, focus has been on essential issues and issues involving risks.*

*Assessment: Assessment of the achievement of the target will be carried out as self-evaluation by audit type in 2015 and 2019, as laid out in the audit plan.*

*Target 2: The focus in the reports to Parliament and audit reports is on areas highlighted in the risk analysis of central government finances and the national economy.*

*Assessment: The target has been achieved. The focus in the reports to Parliament and audit reports has been on the areas highlighted in the risk analysis of central government finances and the national economy. In its reports to Parliament, the National Audit Office has examined prerequisites for structural change. The focus in performance audits has been on high-priority risk areas.*

*Each year, the National Audit Office approves the priorities and principal policies concerning its reports to Parliament (separate report issued in spring and the report on NAOF's activities to the parliamentary session), which will be observed in the preparation of the reports.*

*As regards final accounts, the separate report issued in spring contains a financial audit report describing the audit of final central government accounts and a summary report on the compliance with the budget, which is based on completed financial audits. The report on NAOF's activities contains summaries and analyses of the state of the central government finances and of the implementation of the principles of good administration in such areas as effectiveness of operations, internal control, true and fair final accounts information and legality of the activities. The summaries and analyses are based on completed financial audits and compliance audits.*

*In its 2014 fiscal policy audit and monitoring report to Parliament, the National Audit Office focused on compliance with the Stability and Growth Pact and highlighted the risks concerning the growth of GDP and potential output. In fiscal policy audit reports, the focus has been on the impacts of tax policy measures on economic growth and, as regards the calculation of structural deficit, on the relationship between GDP growth and factors affecting it. Achievement of the fiscal policy targets and the success of the Government in stabilising general government finances were extensively assessed in the fiscal policy audit and monitoring report on the 2011–2014 parliamentary term, which was published in December 2014. In its expert activities, the National Audit Office has highlighted the sustainability gap in general government finances and the long-term structural sustainability problems in local government finances.*

*Target 3: According to the feedback provided by stakeholder groups, NAOF promotes:*

- 1 sustainable and successful management of central government finances*
- 2 reliability of the information on central government finances*
- 3 trust in central government finances*

*Assessment: Based on the assessments submitted by the audit departments to the agency's quality group, the target has been mostly achieved. A stakeholder survey will be conducted in 2015 to determine how well the target has been achieved.*

*According to the assessment made by Financial Audit and Compliance Audit, interaction has been cordial and effective. According to the Fiscal Transparency Evaluation for Finland conducted the IMF, the financial audit performed by the NAOF is in accordance with the most advanced international practices and helps to ensure reliability of the information and transparency. The work carried out as part of performance audit and fiscal policy audit in the verification of true and fair picture of central government finances and performance strengthens the transparency and reliability of the information central to the management of central government finances (IMF, Fiscal Transparency Evaluation, Finland, IMF 2015).*

*Access to information required for fiscal policy audits has been unproblematic. For example, the findings of the audit on the calculation of the structural deficit were presented in the ministry before the report was published. In this connection, the National Audit Office was thanked for good and cordial interaction.*

*According to the assessment made by the Performance Audit, the impression from the final discussions with the audited entities has been that the feedback on the interaction is generally positive. This conclusion is also supported by the assessments of the functioning of the cooperation entered in the audit quality and process follow-ups.*

### **Sustainability, legality and success of central government finances and reliability of the knowledge base**

*Target 4: The National Audit Office makes a significant contribution to ensuring that central government finances are on a sustainable basis.*

*Assessment: The target has been mostly achieved and the National Audit Office has made a significant contribution to the achievement of the target.*

*The purpose of financial audit and compliance audit is to verify the legality of central government finances, compliance with the budget and the trueness and fairness of the final accounts. In the long term, these will strengthen the credibility of central government finances and reliability of the information on them.*

*When indirect impacts are assessed on the basis of how well performance audits have been focused on major issues concerning central government finances, examination of such matters as export financing liabilities has played a role. Concerning specific sectors, sustainable and successful management of finances has been discussed in the audit of the renovation grant scheme and the audit of the youth guarantee.*

*Sustainability of general government finances has been extensively highlighted in fiscal policy audit and monitoring. The recommendations laid out in the fiscal policy audit and monitoring report on the 2011–2014 parliamentary term and the 2013 interim report on the parliamentary term are being implemented with a delay of a few years. The recommendations include:*

- macroeconomic steering model for local government finances and an upper limit to local government obligations arising from state measures*
- expanding the central government spending limits into general government spending limits in the general government fiscal plan*
- pension reform and outlining the economic policy dimension of healthy competition*
- the need for and role of structural reforms*

*Fiscal policy audit and monitoring has helped to keep the sustainability gap in the centre of discussion at public forums and in Parliament. The National Audit Office has underlined the need for structural reforms and development of steering systems in the closing of the sustainability gap. The fiscal policy audit and monitoring report on the 2011–2014 parliamentary term, published in December 2014, was particularly extensively discussed in editorials and assessed by external parties. The report received positive feedback from Parliament and the public administration.*

*In its Fiscal Transparency Evaluation for Finland, the IMF concluded that the assessment of fiscal policy monitoring is in accordance with best international practices (IMF; Fiscal Transparency Evaluation, Finland, IMF 2015).*

*However, Finland's general government finances are still not on a sustainable basis and thus it is not possible to subject the effectiveness to more comprehensive self-evaluation. NAOF's work is important from the perspective of highlighting the issue and its seriousness. The 2013 and 2014 reports have made Parliament and the public more aware of the implementation of fiscal policy objectives and compliance with the rules. The fact that the reports have also provided a great deal of information about the new rules and their meaning for Finland's national fiscal policy has also been important.*

**Target 5: NAOF makes a significant contribution to ensuring that the general government finances under the responsibility of the State of Finland are in compliance with the Stability and Growth Pact.**

*Assessment: The National Audit Office has had some effect on ensuring that the target has been achieved.*



*The purpose of financial audit and compliance audit is to verify the legality of central government finances, compliance with the budget and the trueness and fairness of the final accounts. In the long term, these will strengthen the credibility of central government finances and reliability of the information on them. Because of the indirect nature of the issue, the audits performed by the National Audit Office have had some effect.*

*During the period in review, performance audits have focused on employment issues.*

*As part of its statutory fiscal policy monitoring task, NAOF's fiscal policy evaluation and monitoring function monitors compliance with the Stability and Growth Pact. Finland has complied with the pact during the 2011–2014 parliamentary term. However, there is a risk that Finland will be in breach of the objective concerning general government structural deficit laid down in the preventive arm of the pact. In the separate fiscal policy audit and monitoring reports submitted to Parliament in 2014, the National Audit Office highlighted the importance of structural reforms and reforms strengthening the output potential of the Finnish economy so that Finland can remain in compliance with the Stability and Growth Pact. In this respect one can say that NAOF has significantly contributed to ensuring compliance with the pact.*

**Target 6:** NAOF makes a significant contribution to ensuring that central government finances are in compliance with the law and decisions of Parliament, especially those concerning the state budget, and the principles of good administration.

*Assessment: The target has been achieved and the National Audit Office has made a significant contribution to the process.*

*Of the different audit types of the National Audit Office, financial audit is of greatest importance in the achievement of this target. This is because the purpose of financial audit and compliance audit is to verify that central government finances are in compliance with the law and the budget. Verifying the trueness and fairness of the final accounts is part of the process of verifying that financial management is in compliance with the law. Based on self-evaluation, the perspective of economic efficiency in performance audits should be strengthened.*

**Target 7:** NAOF plays an important role in the process of ensuring the reliability of the decision-making concerning central government finances and fiscal policy and the reliability of the knowledge base of the dialogue between Parliament and the Government.

*Assessment: Assessment of the achievement of the target will be carried out on the basis of stakeholder survey feedback in 2015 and 2019, as laid out in the audit plan.*

## **Oversight of election campaign and political party financing**

**Target 8:** The purpose of the audits carried out as part of the oversight task concerning the Act on Political Parties is to ensure that financing of political parties is in accordance with the openness requirement laid down in the act.

*Assessment: The target has been achieved and the National Audit Office has made a significant contribution to the process.*

*The National Audit Office has carried out the tasks referred to in the Act on Political Parties in the manner referred to in the act. On this basis, the monitoring carried out by the National Audit Office in ensuring the openness of political party financing referred to in the Act on Political Parties should be considered of great importance.*

## Service capacity targets

### Output targets

**Target 9:** External performances are carried out as scheduled (release calendar).

*Assessment: The progress towards achieving the target is being monitored and the target will probably be achieved.*

*Introduction of the release calendar and the fact that it has become a well-established part of NAOF's working practices have made it easier to predict audit publishing dates and every effort has been made to adhere to agreed dates. Minor changes in timetables have been caused by timetable coordination problems or by delayed opinions. More substantial delays are usually caused by extended absences, other commitments or the need to ensure the quality and effectiveness of the audit (such as problems concerning the acquisition of important material).*

*All reports to Parliament were published as scheduled. All financial audits and compliance audits were completed as scheduled.*

*The release calendar has been updated throughout the year and the audit departments have agreed on the changes with Communications. All publications were released as agreed in accordance with the updated release calendar.*

### Service level targets

**Target 10:** The feedback on interaction during the audits provided by the audited entities is positive.

*Assessment: Based on the assessments submitted by the audit departments to the agency's quality group, the target has been mostly achieved. A stakeholder survey will be conducted in 2015 to determine how well the target has been achieved.*

*According to the assessment made by Financial Audit and Compliance Audit, interaction with both accounting agencies and other stakeholders has been cordial and effective.*

*In fiscal policy audits, access to information has been unproblematic and especially the findings of the audit concerning the calculation of the structural deficit were presented in the ministry before the report was published. In this connection, the National Audit Office received thanks for good and cordial interaction.*

*According to the assessment made by Performance Audit, the impression from the final discussions with the audited entities has been that the feedback on the interaction is generally positive. This conclusion is also supported by the assessments of the functioning of the cooperation entered in the audit quality and process follow-ups.*

## Quality targets for audit and reporting

**Target 11:** The perspective of central government finances is extensively covered in the audits conducted by the agency.

*Assessment: The progress towards achieving the target is being monitored and the target will probably be achieved.*

*The perspective of central government finances is extensively covered in performance audits. However, in some of the audits, the quality criteria and objectives concerning parliamentary decisions and the principles of good administration are emphasised so that the perspective of central government finances plays a secondary role even though direct and indirect central government costs are considered and highlighted in the audits.*

*Fiscal policy audit and monitoring are connected with central government finances through their definitions. Thus, the perspective of central government finances is extensively covered in all fiscal policy audit and monitoring reports. The reports contain both quantitative and qualitative analyses, which can be directly linked with trends in central government finances.*

**Target 12:** The information contained in the reports is easy to use.

*Assessment: The progress towards achieving the target is being monitored. Stakeholder surveys will be conducted in 2015. Based on the assessments submitted by the auditing departments to the agency's quality group, the target will be mostly achieved. From the perspective of the use of the information, there are still expectations concerning the legibility of the reports and the usability of the electronic product.*

## Productivity and economic efficiency targets

### Strategic economic efficiency targets

**Target 13:** The rise in the real price of the performance day (change in the price of the audit day in relation to the consumer price index) during a four-year period will not exceed the rise in the consumer price index during the same period.

*Assessment: The target concerning the price of the performance day was achieved during the year in review. In 2014, the price of the performance day decreased by 3.9 per cent from the previous year. During the monitoring of the National Audit Office's stability and efficiency programme which began in 2011, the price of the performance day has increased by 3.3 per cent, which is below the increase in the consumer price index between 2011 and 2014.*

**Target 14:** The rise in expenditure during a period of four years does not exceed the increase in consumer price index during the same period a) at NAOF level and b) at the level of each operating department on a structurally adjusted basis.

*Assessment: During the past four years (since 2011) the expenditure of the National Audit Office has increased by 3.4 per cent, while at the same time, the consumer price index has risen by 5.6 per cent. The increase in expenditure has been substantially below the rise of the consumer price index. The target was achieved.*

## *Productivity, external performances*

**Target 15:** The number of person-years allocated to external expert services accounts for 5–7 per cent of the available person-years.

*Assessment:* The actual figure was 11.7 per cent. The demand and requirement for external expert services have exceeded the estimates.

**Target 16:** The ratio between external and internal performances is 75–25.

*Assessment:* The actual ratio was 75.6–24.4, which means that the target was achieved.

## **Performance targets concerning human resources management**

### *Personnel policy*

**Target 17:** In NAOF, the results of the barometer describing well-being at work are at least at the level of the reference group:

The following results are at least at the level of the reference group: overall result, and management, supervisory work, satisfaction with pay, workplace atmosphere, well-being at work, equality, non-discrimination and workload.

*Assessment:* The target was achieved and the workplace atmosphere in the National Audit Office and the factors influencing it are at the level of an average Finnish workplace. This means that the trend has been positive compared with previous surveys.

**Target 18:** The proportion of NAOF staff members that have transferred to another employer is at the level of the reference group (personnel working in on-budget activities).

*Assessment:* Personnel turnover rate was lower than in the previous year of operations. A total of 4.1 per cent of those employed at the end of 2013 transferred to another employer. There is no reference figure available on the turnover of the personnel working in on-budget activities.

**Target 19:** Sickness absenteeism is at overall central government level.

*Assessment:* Sickness absenteeism (5.8 days/person-year) was substantially below the overall central government level (8.9%), which means that the target was achieved.

**Target 20:** Fewer than 5.3 visits are made to occupational health care per person-year.

*Assessment:* The target was achieved and the number of visits was 4.9/person-year.

**Target 21:** The changes in the structure of public offices are carried out in accordance with the VTV2020 strategy.

*Assessment:* The structure of public offices has been changed in accordance with the targets during the year. The target for 2020 has not yet been achieved.

## Competence policy

*Target 22: The competence level index laid out in the competence survey (competence level) will improve.*

*Assessment: In order to be able to monitor changes in the competence level index, the National Audit Office carried out a competence survey in early 2015. Overall average value of the competence level index was 6.9 (on a scale of 1–10).*

*Target 23: An average of 10 person-days/person-year is allocated to competence development.*

*Assessment: The target was slightly exceeded as an average of 11,1 person-days/person-year was allocated to competence development.*

*In general it can be said that the National Audit Office has achieved most of the targets that it has set for itself.*

### 1.1.2 Helping Parliament to exercise its budgetary and legislative powers

On the basis of reports issued by the Parliamentary Audit Committee, the National Audit Office monitors the implementation of Parliament's positions if these have required that the Government report on a matter or if the National Audit Office's audit activities have dealt with related matters.

The matters that receive attention in the Audit Committee's reports are based mainly on key findings and conclusions presented to Parliament in the National Audit Office's reports. Parliament's positions concern the most significant matters in which achieving change has been slow. Consequently, matters are also followed over a longer period. Parliament has issued two to four positions a year that have required the Government to report on a matter. Performance Audit monitors the implementation of the parliamentary positions and reports its findings as part of the yearly report to Parliament.

### 1.1.3 The National Audit Office's impact on promoting good practices and preventing errors and abuses in administration

The National Audit Office monitors the effects of its own reporting and measures taken on the basis of audit observations. The aim is to increase the preventive and accountability impact of audit activities. The National Audit Office helps to ensure sustainable public administration and general government finances in central government. The National Audit Office's report on its activities to the 2013 parliamentary session, in which the focus was on the need for a Government steering policy and the reliability of the decision-making knowledge base, has contributed to the renewal of state steering systems and steering policy. Through its performance audits, NAOF has helped the state to overhaul and improve its ICT functions. Fiscal Policy Audit has also helped to highlight the importance of sustainable general government finances, while Financial Audit has disseminated information about trends in central government finances.

The effectiveness of the reporting obligations contained in the previous year's financial audit reports were examined in the 2013 financial audits. A total of seven agencies were issued with a reporting obligation in the 2012 financial audit reports. In 2013, the reporting obligations were renewed in full or in part for four accounting agencies (three in 2012 and 2011).

Performance Audit monitors the implementation of positions included in its reports. The impacts of individual performance audits on audited entities are assessed through follow-ups, which usually take place two to three years after the submission of the report.

In 2014 the National Audit Office completed 18 follow-up reports, which evaluated the implementation of a total of 100 recommendations issued by the National Audit Office.

Of the recommendations evaluated, 29 per cent had been implemented in full or almost in full, 47 per cent to some extent and 24 per cent poorly or not at all. The proportion of recommendations that had been implemented in full or almost in full had increased from the previous year by 11 percentage points and the proportion of those implemented poorly or not at all had decreased by 8 percentage points. The proportion of the recommendations that have been implemented has varied considerably in recent years and the proportion of recommendations that have been implemented in full or almost in full was lower in 2014 than in the peak years 2009–2011. Factors influencing the implementation of the follow-up recommendations include the concrete nature and feasibility of the recommendations, resources required for the implementation, administrative environment and development work. Recommendations supporting ongoing administrative development work are more likely to become reality and be implemented more quickly than recommendations in which more extensive administrative reforms and changes are proposed.

#### 1.1.4 The National Audit Office's impact on citizens' trust in the proper management and monitoring of central government finances and in public administration

The external auditing of central government finances contributes to the maintenance of justifiable confidence in the proper management of central government finances and the activities of the Government and central government in general. One audit objective is to achieve administration's accountability for good financial management. It takes place by verifying and auditing compliance with the law and the budget and good and effective financial management. Development needs and shortcomings are also openly highlighted. Trust in public administration is social capital for the nation, the development of which is difficult to measure or assess in annual performance reporting. Trust also plays a financial role as regards the central government's capability of making the necessary yet difficult decisions required in financial management.

The ability of the National Audit Office to strengthen citizens' trust in central government and central government finances is based on the agency's good reputation. Based on the reputation survey conducted by the National Audit Office in 2013, the agency has a good reputation among its stakeholders as a reliable producer of information and it has also become better known among the public.



The supervision of the legality of election and political party financing helps to implement citizens' right to access information about and assess the financial interests of political parties and those holding elected public offices. External auditing of central government finances and the supervision of the legality of election and party financing are elements of the institutional arrangements in place to prevent corruption and promote good administration. The supervision of election and political party financing has also expanded the scope of the National Audit Office's duties into the field of general legality supervision.

By verifying the realisation of governance accountability, audits strengthen citizens' expectations regarding good and effective financial management. Audit information also allows citizens to assess the work of state authorities and its results.

During the year in review, the National Audit Office issued a total of 33 information bulletins of which 26 were disseminated to a large number of different media and held two information briefings. The National Audit Office was highly visible in the media and the number of media hits was slightly higher than in the previous year. The Auditor General Pöysti in particular had an active media presence. His name appeared in one out of ten of all published articles.

The media was particularly interested in audits concerning issues of human interest, the environment and Finnish economic growth as well as the financing of EU elections. At regional level, the largest number of news stories with the name of NAOF in them appeared in the media in Uusimaa, Southwest Finland and Tampere Region (20–30 hits), whereas there was only moderate interest in South Savo and Ostrobothnia (10–20 hits) and much less interest in Lapland, Kainuu and Kymenlaakso (1–3 hits).

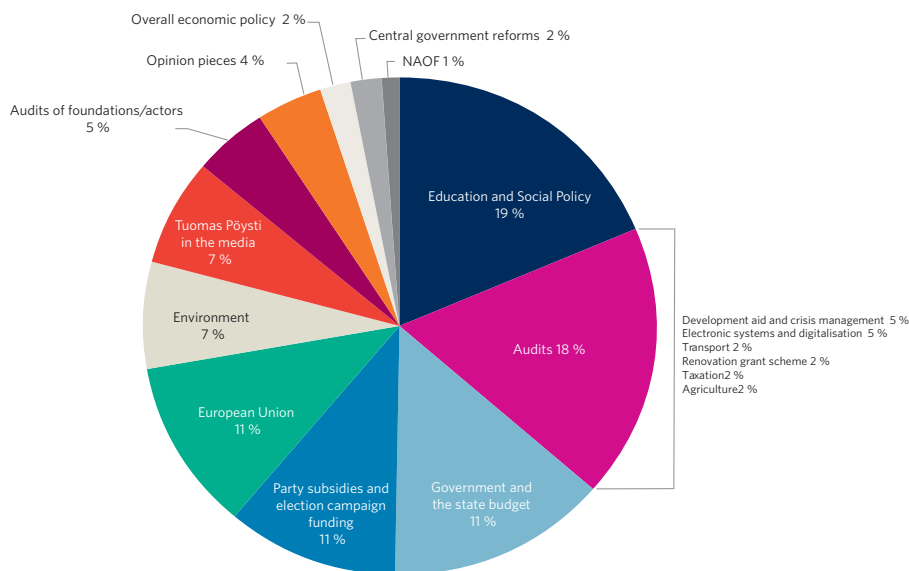


Figure 1: Publicity by topic

Based on media monitoring, NAOF seems to have strengthened its reputation as an expert organisation. In most stories, the agency appears as a neutral source of information or a critical watchdog of the powers that be and public servants. NAOF and the auditing that it performs were also often discussed in editorials, in which the agency appeared as a party supporting opinions or observations. The reactions of the audited entities appearing in the media were usually fact-based and constructive and characterised by positive attitudes towards NAOF's recommendations. The communications policy of the National Audit Office is based on the principle of public access laid down in section 12 of the Constitution of Finland, the Act on the Openness of Government Activities (621/1999) and the Decree on the Openness of Government Activities and on Good Practice in Information Management (1030/1999). In its communications, NAOF also takes into account the ISSAI standards relating to the quality of audit communications and the Central Government Communications Guidelines (2010). Communications on fiscal policy monitoring are also guided by the requirements laid out in the common European principles concerning the implementation of the Stability and Growth Pact and fiscal policy correction mechanisms and the requirements concerning open communications and participation in the public debate laid down in the Union legislation.

In 2014, the National Audit Office drew special attention to the effectiveness, accessibility and legibility of the audit findings. The way in which the contents are presented was revised in both the reports to Parliament and audit reports, the reports were made more legible and there is now more use of visual elements and data visualisation.

The National Audit Office also developed its public and stakeholder communications by taking its first steps in the social media. Twitter accounts were simultaneously established for the agency and the Auditor General in autumn 2014.



Figure 2: The National Audit Office revamped its visual image in 2014 and invested in direct communications with citizens.

### 1.1.5 Impact of the National Audit Office on international developments in the audit sector and international cooperation

Under the act 869/2012, which entered into force at the beginning of 2013, the National Audit Office was given the status of an Independent Fiscal Institution (IFI), under which it monitors compliance with the rules laid down in the Stability and Growth Pact and the Budgetary Frameworks Directive. During the year in review, the National Audit Office took part in the work of the following international cooperation networks of independent fiscal supervisors: OECD Parliamentary Budget Officials and Independent Fiscal Institutions, and the EU Network of Independent Fiscal Institutions (EUNIFI), which is coordinated by the European Commission. As part of its fiscal policy monitoring task, the National Audit Office is engaged in extensive exchange of information and cooperation with the European Commission and it also takes part in cooperation between experts organised by the International Monetary Fund (IMF).

In the congress of the European Organisation of Supreme Audit Institutions (EUROSAI) held in The Hague in June 2014, the National Audit Office was elected to the organisation's Governing Board for a term expiring in 2020 and as the organisation's Second Vice-President for a term expiring 2017. The task of the Second Vice-President is to support the EUROSAI's President in the management and development of the organisation.

The National Audit Office is an active member of two working groups of the International Organization of Supreme Audit Institutions (INTOSAI): the working group on key national indicators and the working group on public debt. The first working group is preparing a professional INTOSAI standard on the development and use of key indicators. The second working group is continuing the overhaul of the international standards concerning the auditing of the management of public debt.

The National Audit Office chairs the Network of Fiscal Policy Audit, which comes under the Contact Committee of the Heads of Supreme Audit Institutions of the European Union. The network brings together experts and provides them with an opportunity to exchange information and engage in peer learning concerning fiscal policy audit methods. In 2014, the most important areas of monitoring were the development of the banking union and coordination of the European economic policy.

Cooperation between Nordic audit offices is on a needs basis. In the 2014 meeting of the Auditors General it was decided to establish four workshops, which will discuss the relaying of audit information, state ownership steering, audit of state-owned companies, risk analysis and digitalisation of information.

In 2013, the Lithuanian audit office invited the European Court of Auditors and the Finnish and Norwegian audit offices to carry out a peer review of the Lithuanian agency. The review was conducted between January and November 2014.

## 1.2 Outputs and quality management

### 1.2.1 Number of performances and achieved public goods

A total of five fiscal policy audit and monitoring reports were issued in 2014. Performances by experts account for a large proportion of fiscal policy audit and monitoring work. Most of the expert work involves hearings arranged by parliamentary committees and preparations of the hearings (15). A large number of expert presentations have also been given as part of domestic and international expert assignments in fiscal policy audits and monitoring.

#### *Reports to Parliament*

Separate report of the National Audit Office to Parliament: Fiscal policy audit and monitoring report 2014, K 15/2014 vp.

Fiscal policy audit and monitoring report of the National Audit Office on the 2011–2014 parliamentary term K 20/2014 vp.

#### *Fiscal policy audits:*

4/2014 Economic effects of changes in taxation – indirect taxation.

13/2014 Economic effects of changes in taxation – corporate and capital taxation.

15/2014 Economic effects of changes in taxation – overall audit of the tax system.

Section 10 of the Act on a Candidate's Election Funding (273/2009) lays down provisions on the National Audit Office's duty to supervise compliance with the election financing disclosure obligation and to give Parliament a report on its performance of this duty for every election.

The National Audit Office supervised compliance with the above provisions in the 2014 European Parliamentary Elections. The report on the supervision of election financing in the 2014 European Parliamentary Elections was submitted to the Parliament on 28 January 2015 (K21/2014 vp).

In 2014, the National Audit Office also performed its duties laid down in the Act on Political Parties (10/1969, amended under 683/2010). Up-to-date disclosures as required under the act regarding support received by parties, party associations and affiliated entities were received pursuant to the act. The National Audit Office also ensured that the organisations and foundations supervised by it submitted their final accounts and auditors' reports to the disclosures register. The National Audit Office also carried out a total of 32 audits of party organisations under the Act on Political Parties. A report on the audits as referred to in section 9 e of the act will be submitted to Parliament in spring 2015.

In accordance with the National Audit Office's audit plan, in 2014 Financial Audit reported on the audit of the final central government accounts for 2013 and the Report on the Final Central Government Accounts as well as issued financial audit reports concerning 69 accounting agencies and off-budget funds. Two compliance audit reports were issued in 2014. Financial Audit accounted for 16.6 per cent of the National Audit Office's external expert activities (17.6% in 2013).

A total of 11 performance audits were produced in 2014. Ten of the audits were in the form of audit reports and one was included in a separate report produced by the agency. One audit was submitted as a memorandum. Two reviews were also prepared. Performance Audit accounted for 47 per cent of the National Audit Office's external expert activities (53.9% in 2013).

The number of follow-up reports prepared by Performance Audit during the year in review totalled 18. The number of performances was slightly below the target. The aim was to complete 13 audit reports and 20 follow-up reports.

During the year, the National Audit Office issued a total of 16 expert opinions concerning law-drafting and other projects in different ministries. A total of 19 opinions were submitted to Parliament, mostly in connection with parliamentary committee hearings.

The year in review was the first year of the new strategy period (2014–2020). During the year in review, priority in the development of audit work was on ensuring a sharper audit focus on central government finances and on overhauling audit reporting.

In 2014 the National Audit Office received three reports from state authorities concerning abuses of state funds or assets in their activities (9 in 2013 and 16 in 2012).

Moreover, a total of three cases involving suspected abuses by recipients of government aid (9 in 2013 and 9 in 2012) were also reported by central government agencies to the National Audit Office. The National Audit Office also received copies of reports on the monitoring of aid from agencies administering EU aid. During the year in review, the National Audit Office received 31 complaints from private persons and organisations regarding central government finances (51 in 2013 and 55 in 2012). The number of complaints addressed during the year totalled 40 (52 in 2013 and 67 in 2012).

### 1.2.2 Delivery and the quality of performances and public goods

#### Fiscal policy audit

A total of five fiscal policy audit and monitoring reports were produced during the year in review. Two of them were submitted to Parliament as separate reports. In its 2014 fiscal policy audit and monitoring report to Parliament, published in May 2014, the National Audit Office focused on compliance with the Stability and Growth Pact and highlighted the risks concerning the growth of GDP and potential output. Achievement of the fiscal policy targets and the success of the Government in stabilising general government finances were extensively assessed in the fiscal policy audit and monitoring report on the 2011–2014 parliamentary term, which was published in December 2014. In its report on the 2011–2014 parliamentary term, the National Audit Office underlined the importance of structural reforms and reforms increasing the output potential of the economy as Finland tries to meet the sustainability challenge facing its general government finances and comply with the Stability and Growth Pact. In the opinion of the National Audit Office, implementing the reforms at the start of the new parliamentary term is important as increasing the output potential of the economy and productivity will take time. As a result of the

ageing of its population and structural changes in its economy, Finland is in a situation where general government expenditure is in danger of exceeding revenue in the long term. The current weakness of the Finnish economy, in which substantial additional adjustment may slow down economic growth, highlights the role of the structural policy programme. In a period of slow growth, correct measurement of expenditure in relation to the revenue is also important. Spending reviews covering all areas of the public sector would make it easier to adjust expenditure to slow economic growth.

The National Audit Office issued three fiscal policy audit reports on the evaluation of the economic effects of tax changes and a synthesis of them was incorporated in the report on the 2011–2014 parliamentary term. According to the audits, it has been difficult to anticipate tax policy decisions during the 2011–2014 parliamentary term. Moreover, the Finnish tax system remains complex and is characterised by lack of transparency. The tax system should be simplified and especially the number of tax subsidies should be reduced. In the report on the 2011–2014 parliamentary term, the National Audit Office also drew attention to the prolonged weakness of local government finances and the differences in the financial position between municipalities, which are accentuated by demographic differences. As part of its expert activities, the National Audit Office has also highlighted the sustainability gap in general government finances and long-term structural sustainability problems facing local government finances.

The National Audit Office has received a great deal of feedback on fiscal policy audit and monitoring reports during the parliamentary consideration of the documents from the administration and academic researchers. According to external evaluations, the reports are of high quality and authoritative and make an important contribution to public evaluation of fiscal policy. Editorials referring to NAOF's opinions have mentioned the need for a sustainable fiscal policy. The fiscal policy audit and monitoring report on the 2011–2014 parliamentary term, published in December 2014, was particularly extensively discussed in editorials and assessed by external parties. Both Parliament and the Government have provided positive feedback on NAOF's work. The reports have made Parliament and the public more aware of the implementation of fiscal policy objectives and compliance with the rules. The fact that the reports have also provided a great deal of information about the new rules and their meaning for Finland's national fiscal policy has also been important.

## Management and development of human resources

### *Performance audit*

Under the quality target set for Performance Audit, all performance audits should be prepared in accordance with the Performance Audit Manual or lower-level instructions supplementing it and the Performance Audit and Fiscal Policy Audit Department should evaluate the quality of all completed audits so that evaluations are carried out by heads of department who did not participate in the audit process. This target was achieved. The level of quality can, on the basis of monitoring and ex-post assessments taking place in conjunction with supervision and guidance provided during auditing, be regarded on the whole as having met the requirements set in the manual. Based on forms-based assessment, the quality of the audits was higher than in the previous year and the average quality was fairly high.



The Performance Audit and Fiscal Policy Audit Department used self-evaluation to assess the achievement of the strategic quality targets and service capacity targets set out in the agency's audit plan. The service capacity targets concerned interaction during the audit, the perspective of central government finances in the audits and the usability of the reported information. Based on the self-evaluation, most of the quality targets have been achieved. Based on the evaluation, the perspective of central government finances has been an important consideration in the selection of audit topics. However, it has not been given full consideration in audit reporting as the focus has been on issues concerning the achievement of societal policy objectives and service capacity in the public administration.

Under its service capacity target, the National Audit Office is expected to complete external performances on schedule. As regards the 11 audits and 2 reviews completed during the year, the target was mostly achieved. The completion of the three audits planned for the year in review was postponed until 2015. This was partially due to absences of the key persons, other expert work and efforts to ensure full use of the reports.

Under its service capacity target, the National Audit Office is expected to send an expert in response to all audit-related hearing requests made by parliamentary committees. The aim is also to respond to corresponding audit-related requests and requests for statements made by public administration. These targets were achieved.

### *Financial Audit and Compliance Audit*

The quality management objective for Financial Audit and Compliance Audit is to conduct all audits according to the requirements specified in the audit manuals. The financial audit director evaluates compliance with the audit manual as part of their supervision task. In addition to control during audits, the department carried out internal quality checks where heads of the audit groups were given the task of conducting quality checks of audits conducted in other audit groups.

The timetable objective set for financial audit reports was to complete the 2013 financial audits for ministries by 16 May 2014, those for accounting agencies besides ministries and for other agencies by 10 May 2014 and the audit of the final central government accounts by 19 May 2014.

All financial audit reports were completed on schedule. The level of achievement of timetable objectives can be considered very good.

The financial audit reports were published on the National Audit Office's website, and printed compilations were distributed to key stakeholders.

Two compliance audit reports were issued, with their quality assurance taking place largely along the same principles as those applied to financial audit reports.

### 1.2.3 Functioning of National Audit Office's quality management system

The departments and functions of the National Audit Office have been responsible for the quality of their work and they have maintained a quality management system required by their operations, which is based on the international ISSAI 40 standard. The quality management systems of the audit departments are based on up-to-date audit manuals and operational guidelines, a standardised audit process, guidance and control to ensure quality during the audit process as well as ex-post quality checks.

In a peer review project carried out in 2013, the functioning of the National Audit Office's quality management system and its compliance with international standards and guidelines was evaluated, good practices and areas for development identified and recommendations aimed at improving the system issued. The general assessment of the quality group was that nearly all development ideas have resulted in practical development measures.

In an evaluation covering the year 2014, which it carried out during the year review, the quality group stated that in the strategic management and steering of the agency consideration has been given to methods that help to ensure the quality and added value of the audits. The audit plan contains specific quality objectives that are connected with interaction during audits, extent of the perspective of central government finances in the audits performed by the National Audit Office and the usability of the information contained in the reports. In their audit self-evaluations, audit departments have expressed the view that most of the quality objectives have been met and that they manifest themselves as better usability of the audit findings and better interaction between audited entities and the National Audit Office. It was also stated that the agency's planning system has been developed so that the risk analysis of central government finances and the national economy prepared by the agency, which is used as a basis for planning the priorities of the agency's activities, is now better integrated into the planning processes of the audit departments. The aim has been to ensure that the risk analysis of central government finances and the national economy can be fully used in the preparation of the agency's audit plan and in the focusing of the audits.

The quality group's report can be summarised as the National Audit Office on the whole having sufficient tools for quality risk management. However, in the National Audit Office's activities as a whole, the personnel risk also poses an indirect quality risk. From this perspective, quality risk management is a matter of competence, motivation, project management and balanced use of resources. Audit departments have made efforts to prevent and restrict the impacts of personnel risks on the quality of audit work through active measures including competence development, project management tools, promotion of teamwork and better documentation practices. There should, however, be continuous attention on personnel risk management.

## 1.3 Operational efficiency

The National Audit Office has continued the implementation of its stability and efficiency programme launched in 2010. The aim of the programme is to achieve the savings required in a situation characterised by tight central government finances and, accordingly, to reduce the National Audit Office's person-years and implement the changes in the structure of public servants in a sustainable manner against the background of increasing workload. Cuts in the number of personnel may increase the audit risk referred to in international external audit standards. During the year in review, external performances as proportion of effective working hours increased by 1.3 percentage points. Person-days allocated to external performances as proportion of effective working hours increased by 0.6 per cent from 2013. The allocation of person-days by performance type is presented in Table 1.

The National Audit Office's economy and productivity objectives are for the overall development of costs in accordance with the final accounts and the cost per performance day not to exceed cost development in accordance with the consumer price index over the four-year planning period. The National Audit Office's development measures and information system projects are investment-like in nature, i.e. they will pay themselves back as improved economy or effectiveness within a clearly presented payback period/useful life. In practice reaching these objectives requires the sustained development of the personnel structure towards increased cost efficiency and successful implementation of development measures and information system projects. At the same time the aim is to ensure employees' wellbeing at work and coping and improve the prerequisites for these.

### 1.3.1 Operational productivity

The number of working hours allocated to external performances increased by 0.6 per cent, from 20,623 in 2013 to 21,881 in 2014. The increase is a result of more careful planning of personnel resources. External performances as proportion of the agency's person-years increased from 58.5 per cent in 2013 to 60.8 per cent in the year in review.

### Productivity indicators

Table 1: Effective working hours by type of performance (working days)

	2012	2013	2014
Financial Audit	7,482	6,823	6,063
Compliance Audit	548	662	1,554
Performance Audit	4,567	5,018	5,587
Fiscal Policy Audit	287	326	361
Reports to Parliament	184	327	710
External management	3,490	3,638	3,619
External expert activities	3,037	3,406	3,607
Oversight of election campaign and political party financing	460	424	380
External performances, total	20,056	20,623	21,881
Internal performances, total	6,533	7,142	7,062
Holidays and other absences, total	7,557	7,495	7,052
Total working hours	34,145	35,260	35,995

### 1.3.2 Operational economy

The cost of the National Audit Office's external performances per person-day decreased from 743 euros in 2013 to 714 euros in the year in review. This means a decrease of 3.9 per cent in the cost per external performance day. There was a 1.9 per cent increase in the National Audit Office's operational costs, compared with 2013.

#### Operational economy indicators

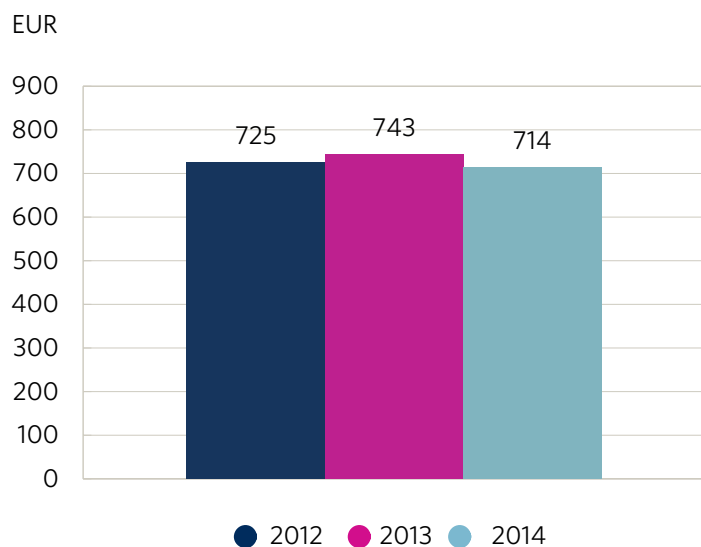


Figure 3: Price of NAOF's performance day

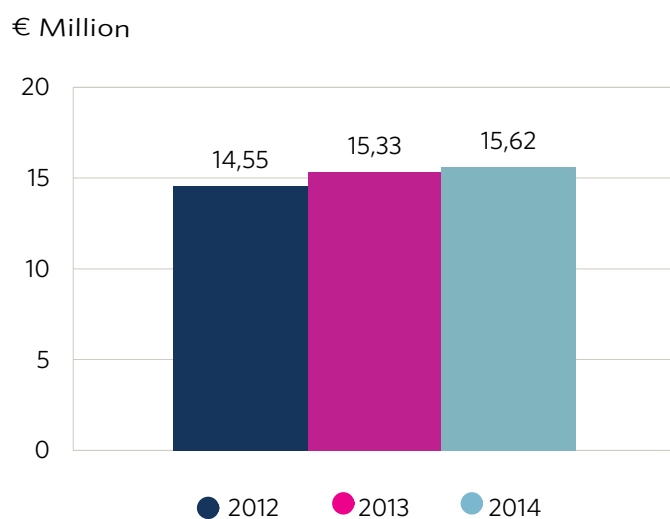


Figure 4: Overall trends in expenditure

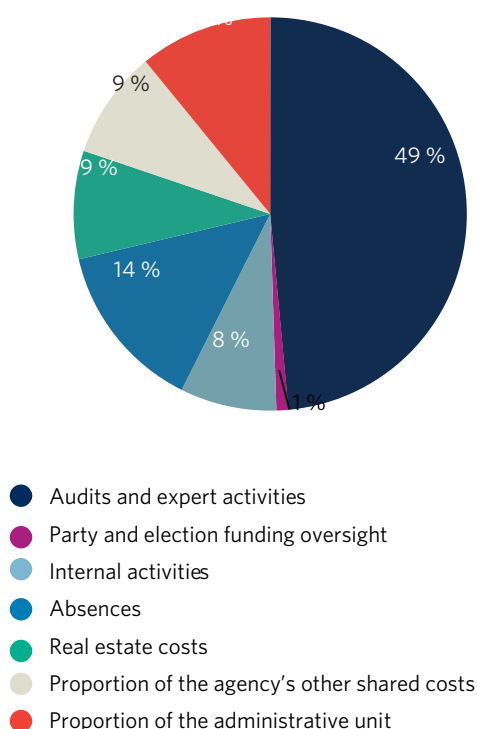


Figure 5: Total costs per type of performance

## 1.4 Management and development of human resources

The National Audit Office's personnel policy was prepared in the year in review in cooperation with the staff as part of the VTV2020 strategy. The personnel policy covers the years 2013–2020 and it will provide a basis for successful operations and a good working environment. The personnel policy is founded on the National Audit Office's vision and values. The main objective is to ensure that

- the National Audit Office is a good, inspiring and competitive employer,
- it operates in a reliable, professional and open manner,
- it supports leadership and prerequisites for leadership at all levels,
- it provides opportunities for competence development and that
- it provides its personnel with a good working environment, which they perceive as fair.

In 2014, the priority in the development of staff competence was, in addition to staff training, on long-term training programmes, personal development plans and a familiarisation programme for new personnel.

In its competence management, the National Audit Office has focused on the start of 13 competence development programmes. The programmes cover audit methods, international audit standards and applying them in audit guidelines, ICT issues and audit management from the perspective of performance.

During the year in review, the National Audit Office prepared comprehensive personal development plans (HEKS) for staff members in connection with development discussions. The agency's competence areas were used as a basis for the HEKS plans. The purpose of the long-term personal development plans is to ensure that staff members have an opportunity to improve their competence over a period of several years, to help them to maintain their skills and to allow them to engage in professional development during their working careers. In HEKS plans, the National Audit Office is able to make comprehensive use of its competence management.

The familiarisation of new staff members has been put on a more systematic basis, while at the same time feedback and the lessons learned over the years have helped to make the process better established.

The level of well-being at work is examined on a regular basis. During the year in review, a workplace atmosphere survey was carried out, while the agency-wide health checks for each personnel group launched in 2013 were concluded.

The purpose of the workplace atmosphere survey is to determine the level of well-being at work and the functioning of the workplace community. Parempi Työyhteisö (ParTy®) –questionnaire developed by the Finnish Institute of Occupational Health was used as the method in the survey, which was carried out in cooperation with occupational health care services. The results were discussed in management teams and presented to all staff members. The areas for development identified on the basis of the results were also examined in more detail in the departments on the basis of their own results.

The aim of the agency-wide health checks is to chart staff members' working capacity, to find out how well they cope with their work and to determine the functioning of the workplace community and the working environment. As part of the agency-wide health checks, the National Audit Office continued workplace surveys and arranged health checks for individual staff members and a UKK walking test. The occupational health care services prepared a summary of the health checks for different personnel groups and presented the results to heads of departments. Each personnel group discussed its own results during the process.

The results of the workplace atmosphere survey are mainly used in the development of management practices, in supervisory work and in other activities aimed at maintaining working capacity and developing cooperation, in daily management and development discussions. The feedback and development proposals collected as part of the agency-wide health checks will be used in the planning of measures for supporting the culture of cooperation and a positive and interactive workplace atmosphere.

Activities helping staff members to maintain their working capacity were organised in cooperation with occupational health care services as "Rytinäryhmä" group activity the aim of which was to provide advice and find ways of improving the staff members' own well-being at work. The group met a total of six times at the agency's gym.

Staff work ergonomics are being improved on the basis of the health and needs of individual staff members. During the year in review, an occupational physiotherapist carried out ergonomics checks at workstations as necessary and provided staff



members with advice on managing the ergonomics of their workstations and on the use of electrically adjusted desks.

The agency has encouraged staff members to maintain their physical condition by providing them with access to a gym and by providing them with opportunities to acquaint themselves with different types of sports. Guided kettlebell training and familiarisation with the use of gym equipment is available at the gym. Guidelines and new equipment have been provided to support exercise breaks.

The National Audit Office aims to achieve good work management by engaging in regular human resources planning. The agency has achieved performance improvements and helped staff members to cope with their work through anticipation of work tasks and division of labour and by introducing new tools.

## Human resource management and development indicators

### *Number of personnel, personnel structure and personnel costs*

The number of persons employed by NAOF at the end of 2014 was 2.7 per cent lower than a year earlier. The number of person-years was 1.4 per cent higher than in 2013. The proportion of women of all staff members decreased from 48.7 to 46.5 per cent by the end of the year.

Table 2: Number of employees and person-years				
	2012	2013	2014	Annual change %
<b>Number of employees 31 December</b>	<b>140</b>	<b>148</b>	<b>144</b>	<b>-2.7</b>
Women	59	72	67	-6.9
Men	81	76	77	1.3
<b>Person-years</b>	<b>137</b>	<b>141</b>	<b>143</b>	<b>1.4</b>

The average age of employees was up 2.0 per cent from the year before. At the end of the year employees aged 45 and over accounted for 60.4 per cent of the personnel, which is 2.3 percentage points more than a year before. The largest age group of the National Audit Office are those aged between 55 and 64, accounting for 34.0 per cent of the personnel. In the previous year, those aged between 35 and 44 were the largest group.

Table 3: Average age of women and men, personnel age structure 31 December				
	2012	2013	2014	Annual change %
<b>Total personnel</b>	<b>49.7</b>	<b>48.3</b>	<b>49.2</b>	<b>2.0</b>
Women	47.6	45.5	46.6	2.3
Men	51.2	50.9	51.6	1.3

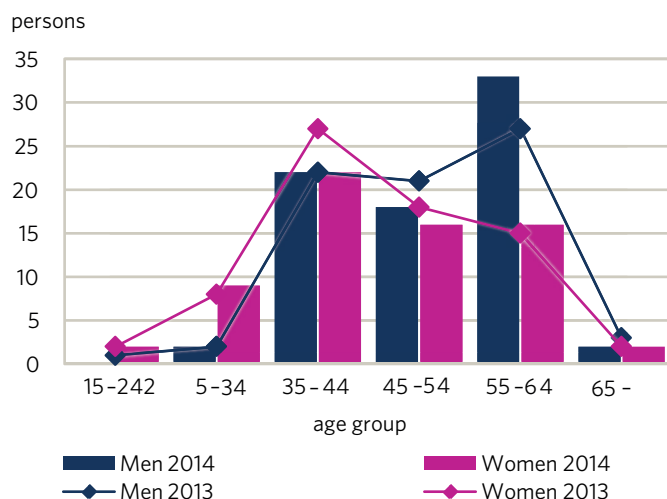


Figure 6: Personnel age structure 31 December

The personnel education level index is 6.7. At the end of the year, 75.7 per cent of the personnel had a master's degree, which was 0.7 percentage points less than in the previous year. Those with a licentiate or doctor's degree accounted for 14.6 per cent of personnel, up 2.2 percentage points from the year before.

	2012	2013	2014	Annual change %
<b>Total personnel</b>	<b>6.7</b>	<b>6.6</b>	<b>6.7</b>	<b>0.6</b>
Women	6.5	6.4	6.5	1.9
Men	6.9	6.8	6.8	-0.6

Most employees have permanent posts. Fixed-term employees accounted for nine per cent of the personnel.

	2012	2013	2014	Annual change %
<b>Permanent</b>	<b>135</b>	<b>134</b>	<b>131</b>	<b>-2.2</b>
Women	56	62	57	-8.1
Men	79	72	74	2.8
<b>Fixed-term</b>	<b>5</b>	<b>14</b>	<b>13</b>	<b>-7.1</b>
Women	3	10	10	0.0
Men	2	4	3	-25.0

The number of part-time employees is low. They accounted for 4.2 per cent of the personnel.

Table 6: Full-time and part-time employees 31 December

	2012	2013	2014	Annual change %
Full-time	136	142	138	-2.8
Part-time	4	6	6	0.0

Table 7: Labour costs

	2012	2013	2014	Annual change %
Total labour costs EUR/year	11,888,083	12,304,611	12,644,336	2.8
Pay for actual working hours, % of total pay	73.3%	74.2%	79.9%	7.8
Indirect labour costs	4,722,589	4,874,712	4,489,934	-7.9
Share of indirect labour costs of pay for actual working hours	65.9%	65.6%	55.1%	-16.1

Source: Tahti system

## Well-being at work

As expected, the personnel turnover rate decreased from the previous year. A total of 4.1 per cent of those employed at the end of 2013 transferred to another employer. This was 3.5 percentage points less than in 2013. In addition, 0.7 per cent retired in 2014, which was 2.8 percentage points less than in the previous year. Sickness absenteeism decreased by 16.6 per cent from 2013. Occupational health care services were used 4.9 times per person-year. The number of visits to occupational health care increased by 2.1 per cent per person-year from the previous year. Net costs of occupational health care services increased by 9.2 per cent.

Table 8: Personnel turnover rate and well-being at work

	2012	2013	2014	Annual change %
Departure turnover (% of personnel)	3.5%	7.6%	4.1%	-46.1
Incoming turnover (% of personnel)	3.5%	15.3%	3.4%	-77.8
Sick leaves (days/person-year)	9.5	7.0	5.8	-16.6
Net occupational health care costs (EUR/person-year)	EUR 620	EUR 781	EUR 853	9.2

Parempi Työyhteisö (ParTy®) –questionnaire developed by the Finnish Institute of Occupational Health was used as the method in the workplace atmosphere survey, which was carried out in cooperation with occupational health care services. The overall results of the survey were good and better than the results of the previous surveys.

Table 9: Results of the workplace atmosphere survey		
Result average <sup>1</sup>	NAOF 2014 (n=116)	Reference material (n=18498) <sup>2</sup>
Staff well-being	3.5	3.6
Work fundamentals	3.5	3.4
Functioning of workplace community	3.4	3.5
Basis for workplace community development	3.3	3.4
Functioning at departmental level	3.4	3.6
Openness to development at departmental level	3.4	3.7
Interdepartmental cooperation	2.8	3.2
Supervisory work	3.9	3.7
Managerial work	3.1	3.0
Workload factors <sup>1</sup>	3.1	3.2
Coping with work	3.5	3.4
Familiarity with tasks and objectives	4.0	4.0
Work-related stress <sup>1</sup>	3.1	3.3
Job satisfaction	3.6	3.7
<sup>1</sup> Higher the value, better the results (except for "Stress" and "Workload factors" in which a lower value is better).		
<sup>2</sup> The well-being at work survey was conducted in February 2014. Response rate was 82%. The reference material collected by the Finnish Institute of Occupational Health from different sectors in Finland between 2009 and 2012 was used as external reference material.		

## Competence development

Participation in training was down 6.7 per cent per person-year from the previous year. Training costs excluding pay costs and independent development of professional skills decreased by 14.4 per cent per person-year.

Table 10: Training and development				
	2012	2013	2014	Annual change %
Participation in training (EUR/person-year) <sup>1</sup>	EUR 985	EUR 1,087	EUR 931	-14.4.
Participation in training (working days/person-year) <sup>1</sup>	10.5	11.9	11.1	-6.7
<sup>1</sup> Does not include pay costs for lost working hours or independent development of professional skills.				

## 1.5 Analysis of the final accounts

### 1.5.1 Structure of financing

Compared with the 2013 final accounts, the financing structure remained unchanged. The National Audit Office's operating costs were covered in item 21.40.01 and VAT expenses in item 21.40.29.

### 1.5.2 Compliance with the budget

Under the budget, the National Audit Office was allocated a total of 15,307,000 euros for operating expenses for 2014 (15,307,000 euros for 2013). A total of 13,258,000 euros was spent on operating expenses in 2014 (12,945,000 euros in 2013). A total of 2,049,000 euros was carried forward from the operating costs item to the following year, down 313,000 euros on the previous year's amount carried forward. The National Audit Office was allocated a total of 582,000 euros for VAT expenses for 2013 and a total of 575,300 euros of this amount was spent.

### 1.5.3 Statement of income and expenses

The National Audit Office's operational expenses increased by 0.6 per cent compared with 2013. Personnel expenses accounted for 77.8 per cent of the National Audit Office's expenses in 2014 (77.7% in 2013). Personnel expenses increased by 0.6 per cent (3.8% in 2013). The next two largest expense items after personnel costs were purchases of services at 7.4 per cent and rents at 8.0 per cent, respectively. Purchases of services and rents increased by 13.0 and 1.1 per cent, respectively.

### 1.5.4 Balance sheet

During the year in review, the value of the National Audit Office's fixed assets and other long-term investments decreased to 7,900.29 euros from the 59,455.03 euros in the year before.

## 1.6 Statement of internal control and approval

The National Audit Office's management is responsible for ensuring that the National Audit Office applies appropriate procedures in view of the scope and content of its finances and activities and the risks involved (internal control) to verify the legality and effectiveness of the National Audit Office's finances and activities, to protect the funds and assets that are under the National Audit Office's control and to provide true and fair information on the National Audit Office's finances and activities.

The state of the internal control and risk management was evaluated by comparing it with the Government Controller-General's recommendation on good practices and the evaluation of internal control and risk management in state agencies and by making use of the evaluation framework in the recommendation. The following sectors were evaluated: internal operating environment, operating structures, target-setting, identification, assessment and management of risks, control measures, flow of information and usability and monitoring of information. The evaluation prepared by the National Audit Office's management was supported by self-evaluations carried out by departments and functions and the summary analysis based on them, the quality report on the agency's audit and monitoring activities produced by the agency's quality group, the information security report produced for the management as well as observations made in the course of internal audit. Based on the evaluation, the internal control and risk management of the National Audit Office meet the requirements set out for them and the internal control of the financial process and other resource processes is adequate.

In the development of audit guidelines during 2014 the focus was on the agency's general audit guidelines, quality work and measures supporting well-being at work. The well-being at work survey was carried out at the beginning of 2014.

The agency has continued the work aimed at improving its information security by updating the information security regulation and the information security guideline for electronic data material and by introducing a new information security policy and guidelines for the safe use of terminal equipment. These have been reviewed in accordance with the co-determination procedure. In some of the systems, the reviews have covered the updatedness of the user accounts and user rights. The agency's electronic information security training package was updated after which all staff members were provided with the training contained in the package. The quality group has continued to monitor the implementation of the development objectives highlighted in connection with the international peer review and to prepare reports on it. According to an assessment of the quality group, the agency's quality management system meets the requirements laid down in the international standard ISSAI 40. Management measures relating to audit quality management and quality risk are covered in section 1.2.3 of this report.

The National Audit Office has continued the implementation of its stability and efficiency programme. In the planning of its activities, the National Audit Office has continued the strategic resource planning based on appropriations budgeted for personnel expenses and forecasts. The requirements placed on the existing personnel resources as a result of new tasks and their effects on staff members are seen as the

most serious risk facing NAOF. Preparations for this risk have been made by taking into account the timetables and prioritisation of tasks and by reconciling objectives with the resources in a better manner. The aim is also to meet the challenge by providing the management and immediate supervisors with clearer responsibilities.

In 2015, the National Audit Office will continue to pay attention to the promotion of processes and good practices crossing departmental boundaries, promotion of interaction and more effective integration of the risk analysis of central government finances and the national economy into the steering and prioritising of audit activities. The National Audit Office's management is responsible for ensuring that the National Audit Office applies appropriate procedures in view of the scope and content of its finances and activities and the risks involved (internal control) to verify the legality and effectiveness of the National Audit Office's finances and activities, to protect the funds and assets that are under the National Audit Office's control and to provide true and fair information on the National Audit Office's finances and activities.

Helsinki 12 March 2015

Auditor General Tuomas Pöysti

Assistant Auditor General Esa Tammelin



## 1.7 Summary of observed abuses

There is nothing to report for the year.

## 2 Compliance with the budget

Main division, item, account number, name and type of appropriation	Final accounts 2013	Budget 2014 (Budget + suppl. budgets)	Appropriations in the b use in 2014	carri to
<b>21 Parliament</b>	<b>15,895,829.37</b>	<b>15,889,000</b>	<b>13,833,291.05</b>	
21.40.01 National Audit Office's operating costs (2-year trans.)	15,307,000.00	15,307,000	13,258,017.53	
21.40.29 National Audit Office's VAT expenses (est.)	588,829.37	582,000	575,273.52	

Budget 2014	Final accounts 2014		Comparison	Supplementary information concerning appropriations carried forward			
Carried forward to following year	Budget - Final accounts			Carried forward from previous years	Available for use in 2014	Use in 2014 (excl. cancellations)	Carried forward to following year
2,048,982.47	15,882,273.52		6,726.48	2,361,745.67	17,668,745.67	15,619,763.20	2,048,982.47
2,048,982.47	15,307,000.00		0.00	2,361,745.67	17,668,745.67	15,619,763.20	2,048,982.47
	575,273.52		6,726.48				

### 3 Statement of income and expenses

	1 Jan 2014 - 31 Dec 2014		1 Jan 2013 - 31 Dec 2013	
<b>Operational income</b>				
Other operational income	1,540.00	1,540.00	20.00	20.00
<b>Operational expenses</b>				
Materials, supplies and goods:				
Purchases during the year	-202,223.01		-373,325.53	
Personnel expenses	-12,181,458.98		-12,105,164.79	
Rents	-1,256,527.11		-1,241,738.14	
Purchased services	-1,732,273.14		-1,527,527.08	
Other expenses	-252,100.73		-275,714.03	
Depreciation	-51,554.74	-15,676,137.71	-63,323.79	-15,586,793.36
		-15,674,597.71		-15,586,773.36
<b>Deficit I</b>				
<b>Financial income and expenses</b>				
Financial income	113.60	113.60	0.00	0.00
<b>Deficit II</b>		-15,674,484.11		-15,586,773.36
<b>Deficit III</b>		-15,674,484.11		-15,586,773.36
<b>Income from taxes and compulsory charges</b>				
VAT paid	-575,273.52	-575,273.52	-588,829.37	-588,829.37
<b>Surplus/deficit for the year</b>		-16,249,757.63		-16,175,602.73

## 4 Balance sheet

	31 Dec 2014		31 Dec 2013	
<b>Assets</b>				
<b>Fixed assets and other long-term investments</b>				
<b>Intangible assets</b>				
Other long-term expenditure	0.00	0.00	30,457.18	30,457.18
<b>Tangible assets</b>				
Machinery and equipment	7,900.29	7,900.29	28,997.85	28,997.85
<b>Total fixed assets and other long-term investments</b>		7,900.29		59,455.03
<b>Inventories and financial assets</b>				
<b>Current receivables</b>				
Other current receivables	3,092.94	3,092.94	0.00	0.00
<b>Total inventories and financial assets</b>		3,092.94		0.00
<b>Total assets</b>		10,993.23		59,455.03
<b>Equity and liabilities</b>				
<b>Equity</b>				
<b>State's equity</b>				
State's equity 1 Jan 1998	-819,653.02		-819,653.02	
Change in previous years	-2,672,692.87		-2,065,617.19	
Equity transfers	16,384,868.40		15,568,527.05	
Surplus/deficit for the year	-16,249,757.63	-3,357,235.12	-16,175,602.73	-3,492,345.89
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	249,685.37		441,451.13	
Inter-agency transfers	284,615.88		284,901.50	
Payable items	219,463.48		214,150.84	
Accrued expenses	2,614,463.62		2,611,297.45	
Other current receivables	0.00	3,368,228.35	0.00	3,551,800.92
<b>Total liabilities</b>		3,368,228.35		3,551,800.92
<b>Total equity and liabilities</b>		10,993.23		59,455.03

## 5 Notes to the final accounts

### Note 1 Accounting principles and comparability

The final accounts of the National Audit Office have been prepared in accordance with the State Budget Act and the State Budget Decree as well as orders and guidelines issued by the Ministry of Finance and the State Treasury. Sections 61-66 h of the State Budget Decree contain provisions on the preparation of final accounts.

The depreciations that are in accordance with the fixed assets plan have been determined in accordance with a depreciations plan drawn up in advance. 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 software and hardware, seven years for vehicles and five years for all other machinery, equipment and office furnishings. The National Audit 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 of holiday pay liabilities and side costs. Other expenses include travel costs, domestic and international membership fees, user fees, vehicle insurance premiums and other compulsory charges which are not taxes.

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

The cash-basis principle is applied in the National Audit Office's commercial accounting. The final accounts have been corrected on an accrual basis.

### Note 2 Net budgeted income and expenses

The National Audit Office does not have any net budgeted items for which net income or net expenses was marked in the budget in its accounts for the past fiscal year.

### Note 3 Overspending of estimated appropriations

The National Audit Office does not have anything to report on Note 3.

### Note 4 Cancelled transferred funds

The National Audit Office does not have anything to report on Note 4.

Note 5 Itemisation of personnel expenses

	2014	2013
<b>Personnel expenses</b>	<b>9,994,318.19</b>	<b>9,984,850.87</b>
Salaries and fees	9,978,172.37	9,803,796.24
Performance-based items	0.00	0.00
Change in holiday pay liabilities	16,145.82	181,054.63
<b>Side costs</b>	<b>2,187,140.79</b>	<b>2,120,313.92</b>
Pension expenses	1,952,099.71	1,829,135.93
Other personnel expenses	235,041.08	291,177.99
<b>Total</b>	<b>12,181,458.98</b>	<b>12,105,164.79</b>
Management salaries and fees <sup>*)</sup> incl.	868,378.23	753,198.87
- performance-based items	0.00	8,550.10
Fringe benefits and other financial benefits	173,495.64	164,660.94
Management	10,926.95	8,558.89
Other personnel	162,568.69	156,102.05
<sup>*)</sup> Excl other personnel expenses		

Note 6 Principles used in calculating depreciation according to plan and changes to it

The National Audit Office does not have anything to report on Note 6.

Note 7 Changes in the acquisition cost of national property and fixed assets and other long-term expenditure

The National Audit Office does not have anything to report on Note 7.

Note 8 Financial income and expenses

The National Audit Office does not have anything to report on Note 8.

Note 9 Loans granted from the budget

The National Audit Office does not have anything to report on Note 9.

Note 10 Shares and participations in companies and other securities comparable to shares

The National Audit Office does not have anything to report on Note 10.

Note 11 Financial assets and liabilities in the balance sheet

The National Audit Office does not have anything to report on Note 11.

Note 12 Granted state securities, state guarantees and other commitments

The National Audit Office does not have any granted state securities or state guarantees that were outstanding at the end of the year.

Other multiannual commitments

Note 13 Reserve funds in the balance sheet

The National Audit Office does not have anything to report on Note 13.

Note 14 Reserve funds outside the balance sheet

The National Audit Office does not have anything to report on Note 14.



**Note 15**      **Changes in liabilities**

The National Audit Office does not have anything to report on Note 15.

**Note 16**      **Maturity breakdown and duration of liabilities**

	Budget expenditure	Appropriation required	Appropriation required	Appropriation required	Appropriation required	Appropriation required
	2014	2015	2016	2017	later	total
Lease agreement	1,458,416.93	1,458,416.93	1,458,416.93	1,458,416.93	1,458,416.93	5,833,667.72
Total	1,458,416.93	1,458,416.93	1,458,416.93	1,458,416.93	1,458,416.93	5,833,667.72

The National Audit Office does not have anything to report on Note 16.

**Note 17**      **Other supplementary information needed to give true and fair information**

The National Audit Office has provided true and fair information in its final accounts and notes as well as in its review of operations.

No abuses or criminal offences were detected in the National Audit Office.

A person formerly employed by the National Audit Office has submitted a claim to the Helsinki District Court in which the person in question demands damages from the National Audit Office totalling about 460,000 euros for economic losses the person in question has allegedly incurred. It is unlikely that the National Audit Office will be ordered to pay the damages demanded by the person in question.

## 6 Signatures

The final accounts were approved in Helsinki on 12 March 2015.

Auditor General Tuomas Pöysti

Chief Administrative Officer Mikko Koiranen

## National Audit Office Management Team in 2014



*Auditor General Tuomas Pöysti, Deputy Auditor General Tytti Yli-Viikari, Deputy Auditor General Marjatta Kimmonen, Deputy Auditor General Marko Männikkö, Chief Administrative Officer Mikko Koiranen, Assistant Auditor General Esa Tammelin, Executive Director of Fiscal Policy Evaluation Heidi Silvennoinen*

*Personnel representatives*

*Principal Financial Auditor Klaus Krokfors, Principal Performance Auditor Eeva Miettinen, Principal Financial Auditor Risto Palo*

National Audit Office Management Team in 2014: Auditor General Tuomas Pöysti, Deputy Auditor General Marko Männikkö, Deputy Auditor General Marjatta Kimmonen, Deputy Auditor General Tytti Yli-Viikari, Chief Administrative Officer Mikko Koiranen. Executive Director of Fiscal Policy Evaluation Heidi Silvennoinen, who also acts as the economics advisor of the NAOF Management Team, and Assistant Auditor General Esa Tammelin who has been assigned the tasks of Coordinator of International Affairs and Quality Management take part in the work and meetings of the NAOF Management Team when matters coming under their field of responsibility are discussed. Principal Financial Auditor Klaus Krokfors, Principal Performance Auditor Eeva Miettinen and Principal Financial Auditor Risto Palo served as personnel representatives in the Management Team.

## National Audit Office Employer Management Team in 2014



*Auditor General Tuomas Pöysti, Deputy Auditor General Tytti Yli-Viikari, Deputy Auditor General Marjatta Kimmonen, Deputy Auditor General Marko Männikkö, Chief Administrative Officer Mikko Koiranen and, as expert member, Executive Director of Fiscal Policy Evaluation Heidi Silvennoinen.*

# Appendices

Appendix 1	Allocation of working hours by department 1 Jan –31 Dec 2014
Appendix 2	End products in 2014
Appendix 3	Organisation and division of tasks

# Appendix 1 Allocation of working hours by department 1

## 1.1 ALLOCATION OF WORKING HOURS BY DEPARTMENT 1 JAN - 31 DEC 2014

(by project location)

By audit type and function	AG and CoS	%	FA	
Financial Audit	0	0.0	6,063	
Compliance Audit	0	0.0	1,554	
Performance Audit	0	0.0	0	
Fiscal Policy Audit	0	0.0	0	
Reports to Parliament	0	0.0	0	
External management	423	100.0	1,552	
External expert activities	0	0.0	562	
- Complaints and abuses	0	0.0	0	
<b>Audit and expert activities, total</b>	<b>423</b>	<b>100.0</b>	<b>9,731</b>	<b>8</b>
Oversight of election campaign and political party financing	0	0.0	380	
<b>External performances, total</b>	<b>423</b>	<b>100.0</b>	<b>10,110</b>	<b>8</b>
<b>External performances as percentage of effective working hours</b>	<b>423</b>	<b>1.5</b>	<b>10,110</b>	<b>3</b>
Internal operations	AG and CoS	%	FA	
Internal management	0	0.0	199	
Competence development	0	0.0	549	
Development projects	0	0.0	530	
Joint agency activities	0	0.0	0	
- international cooperation	0	0.0	0	
- recreational and other similar events	0	0.0	0	
- shop stewards	0	0.0	0	
- occupation safety and health	0	0.0	0	
- internal audit	0	0.0	0	
Accounting agency tasks and financial administration AS	0	0.0	0	
Cost accounting and working hours monitoring AS	0	0.0	0	
Personnel administration and HR tasks AS	0	0.0	0	
Agency services AS	0	0.0	0	
Library and information services AS	0	0.0	0	
Registry and archives services AS	0	0.0	0	
Development and maintenance of audit information technology AS	0	0.0	0	
Development and maintenance of administrative information systems and technology AS	0	0.0	0	
Development and maintenance of basic information technology AS	0	0.0	0	
Local support AS	0	0.0	0	
International benchmarking services LKP	0	0.0	0	
<b>Internal performances, total</b>	<b>0</b>	<b>0.0</b>	<b>1,279</b>	
<b>Internal performances as percentage of effective working hours</b>	<b>0</b>	<b>0.0</b>	<b>1,279</b>	
<b>Effective working hours, total</b>	<b>423</b>	<b>1.5</b>	<b>11,389</b>	<b>3</b>
Absences	AG and CoS	%	FA	
Other paid leave of absence	1	0.4	104	
Annual holiday	175	77.6	2,002	
Holiday bonus leave	21	9.3	231	
Illness	29	12.7	436	
Child's illness	0	0.0	41	
<b>Absences, total</b>	<b>226</b>	<b>100.0</b>	<b>2,814</b>	<b>10</b>
<b>Total working hours</b>	<b>649</b>	<b>1.8</b>	<b>14,203</b>	<b>3</b>

[illegible]

Jan –31 Dec 2014

## Appendix Appendix 2 End products in 2014

### National Audit Office's reports to Parliament

National Audit Office's report on its activities to the 2014 parliamentary session, K 18/2014 vp

Separate report of the National Audit Office to Parliament on the audit of the final central government accounts for 2013 and the report on the final central government accounts, K 16/2014 vp

Separate report of the National Audit Office to Parliament: Fiscal policy audit and monitoring report 2014, K 15/2014 vp

Fiscal policy audit and monitoring report on the 2011-2014 parliamentary term, K 20/2014 vp

National Audit Office's report to Parliament on the oversight of election campaign financing in the 2014 European Parliamentary Elections, K 21/2014 vp

National Audit Office's report to Parliament on the oversight of political party financing in 2013, K 4/2014 vp

### Audit reports

#### *Financial Audit*

##### OFFICE OF THE PRESIDENT OF THE REPUBLIC

Office of the President of the Republic 58/53/13

##### PRIME MINISTER'S OFFICE

Prime Minister's Office 59/53/13

##### ADMINISTRATIVE BRANCH OF THE MINISTRY FOR FOREIGN AFFAIRS

Ministry for Foreign Affairs 60/53/13

##### ADMINISTRATIVE BRANCH OF THE MINISTRY OF JUSTICE

Ministry of Justice 61/53/13

Criminal Sanctions Agency 62/53/13

##### ADMINISTRATIVE BRANCH OF THE MINISTRY OF THE INTERIOR

Ministry of the Interior 63/53/13

ICT Agency HALTIK 64/53/13

Emergency Response Centre Administration 65/53/13

Finnish Immigration Service 66/53/13

Emergency Services College 67/53/13

National Police Board 68/53/13

Finnish Border Guard 69/53/13

##### ADMINISTRATIVE BRANCH OF THE MINISTRY OF DEFENCE

Ministry of Defence 70/53/13

Construction Establishment of Defence Administration 71/53/13

Finnish Defence Forces 72/53/13



#### ADMINISTRATIVE BRANCH OF THE MINISTRY OF FINANCE

Ministry of Finance	73/53/13
State Department of Åland	74/53/13
Regional State Administrative Agency for Southern Finland	75/53/13
Statistics Finland	76/53/13
Finnish Customs	77/53/13
State Treasury	78/53/13
VATT Institute for Economic Research	79/53/13
Finnish Government Shared Services Centre for Finance and HR	80/53/13
Finnish Tax Administration	81/53/13
Population Register Centre	82/53/13

#### ADMINISTRATIVE BRANCH OF THE MINISTRY OF EDUCATION AND CULTURE

Ministry of Education and Culture	84/53/13
Centre for International Mobility CIMO	85/53/13
National Archives	86/53/13
National Board of Antiquities	87/53/13
National Board of Education	88/53/13
Academy of Finland	89/53/13
Governing Body of Suomenlinna	90/53/13
Finnish National Gallery	94/53/13

#### ADMINISTRATIVE BRANCH OF THE MINISTRY OF AGRICULTURE AND FORESTRY

Ministry of Agriculture and Forestry	95/53/13
Finnish Food Safety Authority Evira	96/53/13
Finnish Geodetic Institute	97/53/13
MTT Agrifood Research Finland	98/53/13
Tike, Information Centre of the Ministry of Agriculture and Forestry	99/53/13
National Land Survey of Finland	100/53/13
Agency for Rural Affairs	101/53/13
Finnish Forest Research Institute	102/53/13
Finnish Game and Fisheries Research Institute	103/53/13

#### ADMINISTRATIVE BRANCH OF THE MINISTRY OF TRANSPORT AND COMMUNICATIONS

Ministry of Transport and Communications	104/53/13
Finnish Meteorological Institute	105/53/13
Finnish Transport Agency	106/53/13
Finnish Transport Safety Agency Trafi	107/53/13
Finnish Communications Regulatory Authority	108/53/13

#### ADMINISTRATIVE BRANCH OF THE MINISTRY OF EMPLOYMENT AND THE ECONOMY

Ministry of Employment and the Economy	109/53/13
Energy Market Authority	110/53/13
Centre for Economic Development, Transport and the Environment for South Savo	111/53/13
Geological Survey of Finland	112/53/13
Finnish Competition and Consumer Authority	113/53/13
National Consumer Research Centre	114/53/13
Finnish Tourist Board	115/53/13
Centre for Metrology and Accreditation	116/53/13
Finnish Patent and Registration Office	118/53/13
Tekes – the Finnish Funding Agency for Technology and Innovation	119/53/13

VTT Technical Research Centre of Finland	120/53/13
Finnish Safety and Chemicals Agency	121/53/13
ADMINISTRATIVE BRANCH OF THE MINISTRY OF SOCIAL AFFAIRS AND HEALTH	
Ministry of Social Affairs and Health	122/53/13
Finnish Medicines Agency	123/53/13
National Supervisory Authority for Welfare and Health	124/53/13
Radiation and Nuclear Safety Authority	125/53/13
National Institute for Health and Welfare	126/53/13
ADMINISTRATIVE BRANCH OF THE MINISTRY OF THE ENVIRONMENT	
Ministry of the Environment	127/53/13
Housing Finance and Development Centre of Finland	128/53/13
Finnish Environment Institute	129/53/13
<i>Final central government accounts</i>	<i>130/53/13</i>
<i>Off-budget funds</i>	
Fire Protection Fund	131/53/13
Finnish Oil Pollution Compensation Fund	132/53/13
<i>Fiscal Policy Audit</i>	
4/2014 Economic effects of changes in taxation - indirect taxation	
13/2014 Economic effects of changes in taxation - corporate and capital taxation	
15/2014 Economic effects of changes in taxation - overall audit of the tax system	
<i>Compliance Audit</i>	
10/2014 Energy subsidies	
12/2014 Central government transfers to local government for expenditure on basic social assistance	

### *Performance Audit*

- 1/2014 Implementing parliamentary resolutions
- 2/2014 Management of and responsibilities for oil spills from vessels in the Gulf of Finland
- 3/2014 Integration of immigrants in social and health care
- 5/2014 Public legal aid
- 6/2014 Cyclical renovation grant scheme
- 7/2014 Environmental health care
- 8/2014 Dealing with youth unemployment
- 9/2014 Steering system in the administrative branch of the Ministry of Finance
- 11/2014 Promotion of electronic archiving
- 14/2014 Steering system in the administrative branch of the Ministry of Transport and Communications

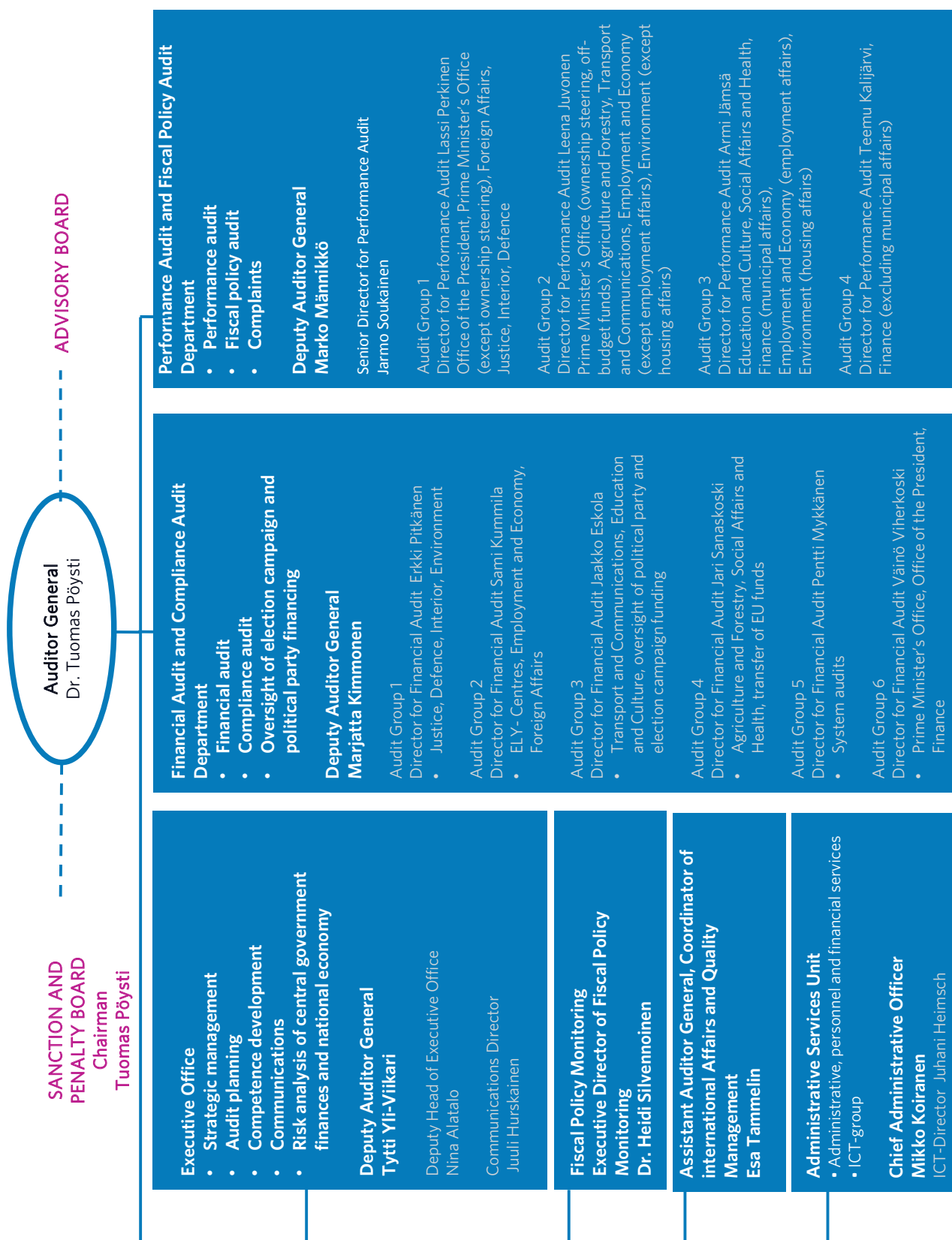
### *Audits concluded with a letter*

- Cultural exports
- Making use of universities' human resources

### *Reviews*

- 1/2014 Strategy work in ministerial administration
- 2/2014 Action programme aimed at reducing the administrative burden in enterprises

## Appendix3 Organisation and division of tasks



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