

Conclusions and recommendations of the National Audit Office

Cost-effectiveness of administrative complaint processing (Regional State Administrative Agencies)

The audit focused on key figures that describe the productivity and economic efficiency of processing administrative complaints filed with the Regional State Administrative Agencies and the use of these key figures in management, as well as on actions recently taken to improve the efficiency of administrative complaint processing.

The audit results indicate that while the key figures describing the productivity and economic efficiency of processing administrative complaints are rather reliable and comparable, these figures are used little as management tools. Legislative amendments made in 2014 and 2015 created preconditions for significantly improving the efficiency of activities. However, the transition to electronic processing of administrative complaints has not progressed as planned.

Some of the problem areas observed in the audit had also been tackled by the Regional State Administrative Agencies, and the implementation of development activities associated with the National Audit Office's recommendations had partly already been initiated.

Key figures describing productivity and economic efficiency are mainly produced for the needs of external reporting

The audit results indicate that the key figures describing productivity and economic efficiency are mainly produced for the needs of external reporting. In the Regional State Administrative Agencies' performance agreements, indicators for the productivity and economic efficiency of administrative complaint processing are in use, and they thus are a tool for strategic management. However, the key figures are used little either in strategic or operative management.

Information on productivity and economic efficiency could be useful for the top management of the Agencies. From the perspective of operative management, the key figures for productivity and economic efficiency are not accurate enough. A faster reporting cycle would also be required in order for the figures to be useful for operative management.

Key figures for economic efficiency are not comparable in all respects

The comparability of key figures for productivity and economic efficiency between the Regional State Administrative Agencies depends to a great extent on whether the codes for administrative complaints or support services are used by the experts on substance matter and support services officials who process administrative complaints when recording support services related to administrative complaints in the working time monitoring.

Due to the calculation method used to obtain the key figure for economic efficiency, the employee who actually carries out the office and support service tasks associated with administrative complaints is unimportant. As the key figure is calculated based on the total costs of the area of responsibility, only the working time allocated to administrative complaints matters.

Some of the agency-specific calculations for years preceding 2014 do not include national support activities. Each Agency has prepared its own calculations, and they do not include the allocations of national support services at the level of the agency. According to the financial administration unit of the Regional State Administrative Agencies, the costs of national support services would be approximately four euros per working hour.

Cost accounting data does not describe the actual costs of processing administrative complaints

A combination of job costing and activity-based costing is used for calculating the key figure for economic efficiency of administrative complaint processing. In practice, cost differences are based on working time expenditure per performance. This calculation method is problematic in the sense that the same hourly price is used for all performances of an area of responsibility when calculating the key figure for economic efficiency. Consequently, the key figures for economic efficiency do not necessarily reflect the actual pay level of the employees participating in producing the performances. According to information provided by the financial administration unit of the State Regional Administrative Agencies' area of responsibility for administration and development services, the objective is to introduce a divided pay model where the basic premise of cost calculation is that the working time and wages are already matched at the level of the individual.

Recent legislative amendments have improved the efficiency of administrative complaint processing

An amendment to the Administrative Procedure Act that entered into force on 1 September 2014 and amendments to the Act on the Status and Rights of Patients and the Act on the Status and Rights of Social Welfare Clients that entered into force on 1 January 2015 improved the efficiency of administrative complaint processing as measured by the indicator for service capacity and quality, or the processing time of an administrative complaint. While the processing times have become shorter, based on the audit results it is not possible to determine whether the amendments have had direct impacts on cost-effectiveness.

Impacts of process development on improvements in administrative complaint processing are difficult to verify

As efforts to develop the processes coincided with the period during which the legislative amendments entered into force, their impacts on improving efficiency are difficult to distinguish. Additionally, the Regional State Administrative Agencies' possibilities of influencing the processing times of administrative complaints by improving the efficiency of their own internal processes are rather limited. According to the financial statement of the accounting unit, the average processing times of administrative complaints concerning social and health care, for example, were 8.3 months in 2015. Calculations produced during the audit indicate that processing an administrative complaint took an average of 3.7 working days in the Regional State Administrative Agencies. In order to make decisions on these cases, it is

often necessary to obtain extensive reports and assess their significance for the final outcome of the matter from various perspectives.

Based on audit findings, the arrangements for the administrative complaint process were quite consistent in different Regional State Administrative Agencies. Recent legislative amendments have, however, resulted in a situation where different processes are being developed simultaneously. Forming an overall image of the impacts that process development has had on improving the efficiency of administrative complaint processing is thus rather difficult.

Transition to electronic processing of administrative complaints has not progressed as planned

According to information received during the audit, a project aiming to develop an electronic working environment for administrative complaint processing is finished as far as process descriptions and specification of requirements is concerned, but the development project aiming to build an electronic workspace for administrative complaint processing has stalled. A higher level information security solution used exclusively by the Regional State Administrative Agencies would not have been cost-effective. The work completed should, however, be taken into account in the project seeking to develop the customer orientation of the Agencies' activities (ATOMI project), which addresses the digitalisation of activities among other things.

In keeping with the ownership model of the Regional State Administrative Agencies' processes, the owner of the core processes is the meeting of Directors-General, which also bears the responsibility for strategic policies and decisions. The meeting of Directors-General should arrive at a decision that would allow the development project to go ahead.

Recommendations of the National Audit Office

1. Solutions that enable the electronic processing of administrative complaints should be completed as part of the digitalisation of services and activities. As a first step, an electronic workspace will need to be deployed to achieve this. The owner of the Regional State Administrative Agencies' core processes (meeting of Directors-General) should ensure that the development project progresses and that the required information security level can be achieved.
2. The accounting unit's financial statement analysis should include examinations of the key figures for both productivity and economic efficiency, and the usability of the analysis in the Agencies' performance management should be improved.
3. The Ministry of Finance and the area of responsibility for administration and development services at the Regional State Administrative Agencies should improve the usability of data on productivity and economic efficiency for operative management.
4. The Regional State Administrative Agencies should create uniform national guidelines for the practices of recording the initiation of administrative complaint and monitoring matters in each sector.
5. By means of induction and other training, the Regional State Administrative Agencies should ensure that the front-line supervisors have a coherent idea of the principles of working time allocation.

6. The Regional State Administrative Agencies should make a more active effort to provide information on how support services related to substance activities are allocated in the working time monitoring.