

Conclusions and recommendations of the National Audit Office

Steering system of the Ministry of Education and Culture

The Ministry of Education and Culture's remit ranges from early childhood education to science and university and adult education as well as from arts and cultural policy to youth and sports policy, and it also includes church affairs and the national lottery proceeds. The audit covered the steering system of the Ministry of Education and Culture. The audit was conducted in accordance with the National Audit Office's manual for steering system audits, in which the ministries' steering system is divided into five parts. These are planning, management and reporting, accounting and evaluation systems, and internal control.

Strategic planning is interactive and on a sectoral basis

The Ministry of Education and Culture has started to develop its strategic planning system as a separate entity. This applies to all sectors of the ministry even though in education, training and science, strategic planning already has long traditions. The ministry is carrying out strategic planning in active interaction with its stakeholders. This has increased sectoral emphasis. However, this has been partially compensated by participation in strategy development work at Government level.

Although there inevitably are some tensions in the strategic governance of the ministry between the whole and the parts, in practice both approaches or levels (the general strategic planning processes and sector-specific strategies of the ministry) have worked well. The advantage of the sector-specific approach has been that the ministry's departments have been fairly successful in coordinating different areas of planning. The ministry has been actively involved in strategy development work at Government level and this has made it easier to achieve coordination between sectoral strategies.

The targets laid out in the budget proposal are not entirely sufficient

According to the audit findings, the proposed budget for the Ministry of Education and Culture and the ministry's operational and financial plan provide sufficient and correctly prioritised information about the manner in which the state spends the appropriations of the ministry's administrative branch and collects revenue. Even though the budget proposal and the operational and financial plan support the decision-making concerning the amounts of expenditure and revenue, the targets laid out for the use of the appropriations cannot be considered entirely sufficient. It was noted that there is room for improvement, particularly in the manner in which the budget proposal and the operational and financial plan support the monitoring of the budget implementation and the assessment of the achievement of the targets.

Steering based on assessment results could be used more extensively in management

As a target of the good governance of human and social capital and other intangible capital, the policy areas of the Ministry of Education

and Culture provide a challenging environment for managing operations. In the governance of the sectors of education, training and science, the ministry has made use of normative, structural and funding steering as well as steering by information, negotiation, network and evaluation in recent years. In this work, the ministry has given consideration to performance management, taken part in Government-led development projects and networks and developed foresight activities. There has been less attention to ex-post assessment of strategic management, steering practices and the workability of the practices.

The ministry has not yet made full use of the potential of steering by evaluation. Steering by information has been developed over the long term by constructing indicator frameworks. Indicator and assessment frameworks for the societal impacts of research, development and innovation activities should be tested in pilot projects and other similar environments. Based on this experience, they should be carefully integrated into the steering and funding system of science, education and training on a case-by-case basis.

In structural and funding steering, voluntary, interactive and cooperative measures have predominated in the ministry's steering and development approach. Striving for consensus has been a valid first step and a meaningful steering approach in a situation where the political and economic environment for the steering is favourable and the actors themselves are also able to initiate important change processes. Rather than play down the need for solutions and procedures that promote consensus, the changing situation will accentuate it. At the same time, creative and well-thought-out coordination of different types of steering approaches is becoming increasingly important but also increasingly difficult.

Not enough cooperation between departments in statute drafting

The audit findings indicate that the in-depth and broad-based expertise of the civil servants responsible for statute drafting is one of the main strengths of the ministry. The process of statute drafting successfully combines the knowledge of legal experts and experts in other fields, such as pedagogists. On the other hand, problems are associated with the smooth flow of information between departments. Moreover, there is a lack of sufficient consistency in the statute-drafting practices between the ministry's departments. However, the ministry has worked to improve statute management structures across departmental boundaries in recent years.

The impact assessments carried out as part of statute drafting had provided correct estimates of the impact of the statutes on central and local government expenditure. The assessments also covered their impacts on personnel, students and equality. Alternative regulatory instruments were also discussed. On the other hand, problems were noted in the definition of the relationships between targets and methods, and in the assessment of the impacts of the legislative proposals on educational institutions, teachers, employment and students. Moreover, the ministry does not produce systematic ex-post assessments of the impacts of the laws when they are already in force.

Internal control in accounting offices is properly organised

According to the results of the financial audits, the accounts of the accounting offices in the administrative branch of the Ministry of Education and Culture as a whole are properly organised and managed.

However, it was noted that in a small number of accounting offices, there are inadequacies and needs for improvement concerning internal control. These are the result of characteristics specific to the accounting offices in question. As a whole, the view of the National Audit Office is that in most respects, the internal audit of the accounting offices is properly organised.

Information provided in financial statements mostly true and fair

According to the results of the financial audits, the audited financial information contained in the financial statements of the accounting offices is mostly true and fair. According to the 2014 financial audits of the accounting offices, the financial statements (budget outturn statement, balance sheet and statement of revenue and expenditure) and the notes to them are in most respects properly prepared.

Room for improvement in the measurement of societal effectiveness

According to the audit findings, rather than providing an adequate description of the societal effectiveness achieved through education, training, science, culture, sports and youth work, the societal effectiveness targets laid out by the Ministry of Education and Culture measure the outputs of different sectors. The ministry is also aware of this problem. All societal effectiveness targets presented in the 2014 budget were reported in the financial statements. The reporting in the final central government accounts was correct in so far as the indicators were reported numerically. However, there were targets for which no numerical indicators were presented, which means that in their case it was not possible to determine to what extent the targets had been achieved. Moreover, the Ministry of Education and Culture has not established criteria for the grades measuring the achievement of the targets.

Decentralised research and assessment activities facilitate preparatory work

The research, assessment, foresight and other information required by the ministry is produced in different parts of the research system, in different sectors and in different institutions in a decentralised manner. In such a situation, the ability to collect and interpret information created elsewhere and the capabilities for building one's own analytical expertise and information resources play a key role.

Considering the ministry's operating environment it might be better if large parts of the information management are decentralised to departments and operating units. A decentralised operating model allows flexible and targeted integration of the acquisition of research and other information into the departments' operating and steering practices. The system works and is efficient if the civil servants responsible for the preparatory processes in the departments are aware of their information management responsibilities and requirements and if these can be processed further in a flexible manner. Moreover, such a system requires awareness of the grey areas between departments and attention to the overall information needs.

Recommendations of the National Audit Office

1. The ex-post assessment of management practices and steering instruments and the use of the assessment process in the ministry and its steering chain should be developed so that they can be more closely integrated into the ministry's decision-making processes.
2. The Ministry of Education and Culture should monitor the impacts of legislation more systematically.
3. Cooperation and the flow of information between the departments of the Ministry of Education and Culture in statute drafting should be improved.
4. The Ministry of Education and Culture should develop reporting on societal effectiveness targets in such a manner that they can be measured numerically. There should also be clear criteria for the grades describing changes in the indicators.