

Steering system in the administrative branch of the Ministry for Foreign Affairs

The audit covered the steering system in the administrative branch of the Ministry for Foreign Affairs. Steering system refers to the procedures allowing the management to ensure adequate performance of its administrative branch and report on it to the oversight bodies, particularly the Parliament. Performance refers to the optimal ratio between the costs and impacts of the operations.

The main question posed in the audit was: How well does the steering system in the administrative branch ensure adequate performance and accountability. The main question was divided into five sections that concerned planning, management, accounting and evaluation systems, internal control and reporting. The main purpose of the audit was to provide information on the prerequisites for the functioning of the steering system and not so much on performance itself.

In its response to the main question, the National Audit Office concluded that the steering system is on a good basis but that there is still room for improvement in the functioning of the system. The National Audit Office is of the view that target setting poses a particularly difficult challenge in the planning, management and reporting as it does not allow proper monitoring of the implementation of the targets. The main conclusions and recommendations of the audit are as follows:

The Ministry's planning and performance steering system form an entity in which most of the subsectors are clearly linked. Strategic priorities are derived from the Government Programme and other government-level documents. However, the large number of targets set out in the planning documents makes it more difficult to prioritise operations and monitor the implementation of the targets. The fact that there are no indicators for evaluating the achievement of the targets is a serious weakness. This arises from the nature of the operations of the foreign affairs administration and there is no simple solution to this problem. In the opinion of the National Audit Office it is a positive development that the Ministry aims to have

clear and measurable targets for the whole sector of development cooperation.

The proportion of the development cooperation appropriation contained in the Ministry for Foreign Affairs budget that is carried over has grown substantially in recent years. In 2013, this sum totalled EUR 365 million or 41% of the amount allocated for the purpose in the Ministry's budget. At the same time, an average of 15% of all development cooperation authorisations has remained unused each year. In 2012, unused authorisations totalled as much as 26% of the total or EUR 130 million. In the planning of annual appropriations and budgeting, better consideration should be given to the actual use of the authorisations and appropriations.

Legislative drafting in the Ministry is mostly properly organised. The Ministry's Legal Service plays a key role as an advisory unit in the legislative drafting process and in the coordination of activities. Because of the high turnover of the public servants involved in the drafting process, it is important that the Legal Service has an adequate number of permanent public servants specialising in the issues concerned. It should be considered whether the management of the Ministry could be more closely involved in the design and monitoring of the legislative drafting process. The Ministry for Foreign Affairs should also provide more information about current and future legislative reforms.

The Ministry's performance organisation is in most respects clearly structured, geared towards accountability and well-balanced. Even though the existing development cooperation organisation is not ideal in terms of performance steering, it emerged during the audit that there are also factors supporting the present organisational approach.

One aim of the performance steering reform was to clarify the steering of Finland's representations in international organisations. According to the audit, the deficiencies in the steering of global issues and matters concerning the UN may jeopardise the implementation of the effectiveness objectives that Finland has laid out for its foreign and security policy. The deficiencies mainly concern the Permanent Missions in Geneva and to the UN.

The processes and practices concerning the performance steering should be as uniform and commensurate as possible throughout the organisation. Comparability of the information would be easier if there were uniform criteria for assessing the implementation of the

performance targets and if the same assessment scale were used in both internal and external performance reporting. This would also support the consolidated steering by the state.

Strengthening of the performance-based approach in development cooperation would also require a more target-oriented management and planning, supported by IT systems, and monitoring of the results.

By centralising its research activities, the Ministry could harmonise research procurement and put the use of human resources on a more efficient basis. If the Ministry continues to rely on the existing decentralised model, the Unit for Policy Planning and Research should have a more active steering role and cooperation and coordination between the units engaged in research activities should be improved.

The Ministry has used the direct award procedure when procuring research. The method is flexible but is characterised by a lack of openness. By improving its procurement practices, the Ministry could put its process of directly awarding contracts on a more open basis and promote the development of research markets.

The Ministry does not have any reliable information on the long-term use of the results of the research that it has commissioned. The bilateral development cooperation projects and programmes coming under the Ministry's regional departments are assessed on a regular basis. Most of the recommendations set out in the evaluations are usually followed.

The changes in the qualification requirements of the inspector-general of the foreign affairs administration provide the Ministry with more options when selecting a person for the post. The change in the relevant decree also makes it easier to take into consideration the independence and objectivity of the internal audit.

Because of the deficiencies in the accounting concerning the performance of the Ministry for Foreign Affairs, the information on the efficiency of its operations cannot be considered correct or adequate. The deficiencies are largely due to the fact that Ministry does not yet have any comprehensive or continuous system for monitoring working hours or other proper arrangements for internal accounting.

The Ministry for Foreign Affairs submits a performance report and a foreign and security policy review to the Parliament. Both are part of the Government's annual report to the Parliament and the

information contained in them is partially overlapping. Even though the performance reports now give a more realistic assessment of the results than before, vague target setting and the lack of clear evaluation criteria make it more difficult to assess the achievement of targets in a high quality and transparent manner. The fact that the reports do not contain any information on how the appropriations are spent by the Ministry or how much revenue is collected can also be considered as a deficiency.

The report on development policy and development cooperation for 2012 submitted by the Government as a supplement to its annual report contains more extensive information on the results of the development cooperation, which is a positive development. However, this report, too, partially overlaps with the annual report of the Government. There are plans to end the practice of preparing and submitting a development cooperation report in conjunction with the annual report, which will also make it possible to reduce the amount of reporting overlap. The separation of the development cooperation report and the annual report will help to put the information submitted to the Parliament in a more compact form and it also underlines the importance of reporting on performance and societal impact.