

The steering system in the administrative sector of the Ministry of the Environment

The audit examined the steering system in the administrative sector of the Ministry of the Environment. The term refers to procedures and system that are used by management to achieve and ensure effectiveness in the administrative sector. The steering system also includes communicating information to actors overseeing the administrative sector and particularly Parliament.

Appropriations in the administrative sector of the Ministry of the Environment totalled about 340 million euros in the 2009 budget.

The audit was conducted according to the National Audit Office's guidelines on the audit of the steering system model. The main question in the audit was: What kind of preconditions does the steering system provide for verifying effectiveness and accountability in the administrative sector?

The steering system has many strengths. The Ministry of the Environment has a proper strategy that is regularly updated. The operational and financial plan in the administrative sector is based on the Government Programme and the ministry's strategy. The ministry has issued comprehensive guidelines on operational and financial planning. The application of appropriations in the administrative sector is quite close to the budget at the main title level and spending limits have not been exceeded. The Ministry of the Environment's personnel planning has been successful and the administrative sector is on course in implementing the government productivity programme.

The ministry has updated its management organisation and procedures and has developed the monitoring of appropriations. Satisfaction with management has improved and in 2010 was above the average for all ministries. Problems have been observed in the general organisation of work, however.

The Ministry of the Environment has developed the organisation of the drafting of legislation and related guidelines. The manage-

ment of international matters has also been organised in an appropriate way: the ministry has prepared an EU strategy that also serves as a concrete operational plan.

Performance management in the administrative sector has been arranged so that the ministry and subordinate agencies have adequate possibilities to interact and exchange feedback. Guidelines on performance agreements are thorough. The steering of transfers by the ministry functions quite well.

Supporting functions in the administrative sector have been arranged in an appropriate manner. The steering of procurement has been properly arranged as well. A strategy has been prepared for IT management and this strategy is implemented through a procurement and action programme that is revised each year. With regard to the management of premises, a good picture exists of the ministry's and subordinate agencies' facilities and changes in them. Research activities are likewise well organised and procedures are appropriate.

Although the Ministry of the Environment does not have a formal quality system or quality document, the administrative sector shows a proper commitment to the development of quality management and quality control. The ministry has appointed a steering group to develop quality work in the administrative sector, for example. Environmental management is on a sound footing and the ministry has developed an environmental management system with the aim of obtaining ISO 14001 certification.

The Ministry of the Environment, the Finnish Environment Institute and the Housing Finance and Development Centre of Finland have arranged accounting in an appropriate manner. The audit did not find significant gaps in internal control or internal audit in the administrative sector. The Ministry of the Environment's evaluations have been quite comprehensive.

On the basis of the audit, the steering system could be improved in some respects. The structure of the budget proposal in the administrative sector should be developed by separating appropriations for the Department of the Natural Environment and Environmental Protection Department in the budget proposal. It should also be possible to obtain an overall picture of international activities more easily, including objectives, actual working time in the performance area and operational expenditure in money terms. The operational

expenditure of the Housing Finance and Development Centre of Finland could be placed in the same chapter as operational expenditure for environmental administration.

With regard to transferable appropriations, features of over-budgeting were observed. The Ministry of the Environment should ensure that the trend in appropriations carried forward is downward. A clear analysis should also be made to determine the amount of restricted and unrestricted transferable appropriations, together with justifications. In view of the rise in appropriations carried forward, a change in budgeting should be considered so that relevant items include authorisations and the budget contains an estimated appropriation reserved to cover funds granted on the basis of authorisations.

Targets and indicators should be presented for the main title Social policy objectives. The chapters concerning the environmental administration's operational expenditure and environmental and nature protection should present more objectives and indicators regarding effectiveness. Performance indicators should also be developed. Some of the budget items containing transferable appropriations could be combined into a separate chapter.

The Ministry of the Environment should develop objective setting and indicators as well as performance agreements and reporting so that performance in the administrative sector can also be verified in the Report on the Final Central Government Accounts. The ministry's international activities should also be more visible in the report. The Ministry of the Environment has conducted quite comprehensive evaluations. These should be presented in the Report on the Final Central Government Accounts along with key results.

The management of the Baltic Sea Action Plan has not been a success. Gaps were observed in systematic planning and a proper planning document has not been drafted. The effective protection of the Baltic can only succeed over the longer term if it has been mainstreamed and integrated into actors' everyday activities. An adequate foundation was not created for the successful management of the action plan. In general, sufficient resources should be reserved for the management of important cross-sectoral programmes, management should be given a clear mandate and chain of responsibility, and programme management capabilities should be improved.

Off-budget funds signify a deviation from the budget principle of completeness and restrict Parliament's budgetary power. The organisation and administration of off-budget funds in the administrative sector of the Ministry of the Environment (the Housing Fund of Finland and the Oil Pollution Fund) should be developed in a coherent way. Clear and measurable performance objectives should also be set for off-budget funds. The Ministry of the Environment should evaluate whether there are essential grounds, as required in section 87 of the Constitution, to arrange permanent tasks through off-budget funds. If such grounds do not exist, funds should be made part of the budget economy.

The Ministry of the Environment should likewise evaluate the effectiveness of its research activities on social decision-making. A strategy or a clear programme of priorities should be created for cyclical energy appropriations (if they are to continue) and the comparison methods of projects should be developed to support decision-making. The ministry should also evaluate the effectiveness of transfers.