

The steering system in the administrative sector of the Ministry of Social Affairs and Health

Provisions concerning the administrative sector of the Ministry of Social Affairs and Health are contained in the Government Rules of Procedure (2003/262) on the basis of the Government Act (2003/175). The administrative sector's core is the social security system, which includes social welfare and health services and income security. The significance of the administrative sector is reflected by the fact that social expenditure in 2008 totalled about 48 billion euros or about 25 per cent of gross domestic product. The central government financed about 25 per cent of social expenditure. Other sources of financing were employers and employees, local authorities and social security funds' returns on investments.

The audit focused on the steering system in the administrative sector of the Ministry of Social Affairs and Health. The term steering system refers to the procedures and systems with the help of which the administrative sector's management strives to achieve and ensure performance in the administrative sector. Performance on the other hand refers to the optimal relation between the achievement of objectives and the required financial and human resources.

The audit is based on the National Audit Office's strategy according to which the steering systems in two administrative sectors will be audited each year and the findings will be presented in the National Audit Office's report to Parliament on the audit of the Report on the Final Central Government Accounts as well as separate performance audit reports. The objective of the audit is to produce new information on the steering system in the administrative sector of the Ministry of Social Affairs and Health, particularly the system as a whole and development needs.

The main audit question was whether the steering system in the administrative sector of the Ministry of Social Affairs and Health is adequate to produce and ensure performance in the administrative sector. The audit question was divided into five parts, which con-

cerned planning, management, reporting, accounting and evaluations systems, and internal control. The audit did not evaluate performance in the administrative sector as such but focused on the arranging of steering and steering methods in the administrative sector.

The main finding was that the steering system in the administrative sector of the Ministry of Social Affairs and Health is adequate and functions well in most respects. The budget proposal for the administrative sector gives a fairly good picture of the allocation of funds in the main division. Reporting to Parliament in the Report on the Final Central Government Accounts is also adequate in most respects. Information is provided on the achievement of most objectives, but objective levels are not presented clearly. Reporting presents the achievement of objectives, measures and resources separately, but there is not a clear connection among these three.

Strengths of the steering system appear to be particularly strategic long-term planning, the clarity and management of the performance management process, information production structures and management's commitment to developing the steering system. The ministry has a strong tradition of strategic planning and the strategy is systematically updated. The financing of social welfare spending can be evaluated over the long term with a transparent calculation model. Strategic lines have been included in the performance agreement and clear reporting and feedback channels have been created for performance management. The administrative sector has strong expertise in producing information, and information structures in the administrative sector have been developed.

Another strength is the way the ministry's management is committed to developing the steering system. In the present decade among the functions included in the steering system the structure and information content of the Budget, the organisational structure in the administrative sector, the content of performance management and procedures, the information steering of local authorities, the structures of information production in the administrative sector, the measuring of productivity, the division of the ministry into departments and the calculation and evaluation of social welfare spending have been developed. With regard to the structure of social welfare and health services, the implementation of the restructuring of municipalities and services is very significant. The signifi-

cance of all these changes for the functioning of the steering system in the administrative sector and thus performance cannot be evaluated at this point.

Key challenges for the steering system in the administrative sector are the distance of the steering system from the implementation of social security, the management of the preparation of legislation by the ministry, the management of the merging of organisations and the coordinating of reporting to Parliament. A special feature of the implementation of social security is the independence of the implementing organisations, which is partly based on the Constitution. The steering relation vis-à-vis local authorities is largely set procedurally and information steering is still being developed. There is no steering relation vis-à-vis the Social Insurance Institution, although social security benefit legislation is quite detailed. The significance of managing the preparation of legislation in economic planning is underlined by the legal basis of appropriations in the administrative sector. The ministry has in fact strived to develop the preparation of legislation, but resources for this purpose are relatively small. Numerous programmes that deal with the same themes are under way in the administrative sector. As independent information steering tools these programmes appear on the outside to be overlapping, although their contents were not conflicting. In reporting to Parliament the Report on the Final Central Government Accounts and the Government's annual report are overlapping in some respects. The Report on Social Affairs and Health would offer a broader possibility to provide an evaluation of social welfare and health policy over the longer term.

On the basis of the audit the National Audit Office has presented a number of recommendations to the Ministry of Social Affairs and Health concerning the development of the steering system.