

Changes in financial administration in ministries, agencies and units

Fundamental reforms are under way in the organisation of the state's financial and personnel administration and data processing. The view has been taken that significantly increasing the productivity and efficiency of financial administration depends on the establishment of service centres, which also requires reforms in customer agencies. Rationalisation measures have been expected to bring value added for planning and monitoring the activities of ministries, agencies and units, among other things. Provisions regarding the state budget also place more emphasis on the connection between activities and finances as well as the significance of steering, control and monitoring.

The main question in the audit was how well financial administration reform objectives have been met in the ministries, agencies and units that were covered by the audit. The audit strove to determine whether reforms have brought value added to the management and development of administrative tasks, to what extent productivity benefits have been achieved, what have been the worst obstacles to carrying out reforms and how reforms have been steered and monitored. At the same time the National Audit Office conducted an audit of the Shared Service Centre of the Ministry of the Interior (187/2009), which examined the reform from the viewpoint of service centres.

The savings objectives set for the reform of financial and personnel administration have been written into the productivity programmes for different administrative sectors. The goal is to increase productivity by 30-40 per cent by 2011. Objectives have been specified in person-years, and no qualitative objectives have been set. As matters stand the most significant savings will only be achieved after the introduction of a shared IT system for financial and personnel administration in the 2010s. The principle has been that reforms should be carried out in accordance with good personnel pol-

icy, which must be taken into consideration in evaluating the effects of service centre projects over the short term.

So far objectives have been poorly met in the ministries, agencies and units that were covered by the audit. The audit also observed that the monitoring of achieved benefits has not been systematic. Many shortcomings related to accounting and monitoring systems have also appeared in monitoring. The materialisation of benefits has been influenced by the fact that numerous tasks related to financial administration have still been left to service centres' customer agencies, since task processes have not been shifted as a whole to service centres in many cases. Although processes have been automated, information is still transferred manually to an excessive extent in administration. Some confusion that needs to be corrected has also appeared in the division of labour between service centres and customer agencies.

Since managing basic financial and personnel administration tasks has taken a lot of time in service centres and customer agencies, at this stage of the reform it has not been possible to free personnel to the planned extent for work producing value added for actual activities. At best planning and development projects supporting strategic and operational decision-making have just been started.

The organisational reforms that have taken place in administration and the establishment of service centres have also placed new challenges and development needs on internal control. In spite of this internal control has not been sufficiently reformed, and the division of responsibility between customer agencies and service centres has partly been unclear in this respect as well. Internal audit resources have been scarce in the organisations covered by the audit, and internal audit has not been able to change its operating methods. The organisation of financial administration and internal audit and procedures need to be developed.

In accordance with the Government's decisions, the service centre project was conducted in two stages, with several separate service centres being established in the first stage. This has, however, tied administration's resources and delayed their focusing on other important development measures. If a single shared service centre had been established to begin with, without an interim stage, many of the problems caused by differences in information systems and

processes and particularly in the administrative sector of the Ministry of the Interior the execution of a service centre project on a timetable that was too tight could have been avoided. In this way the uniformity of administrative sectors' procedures could have been better ensured in information systems' early introduction stage. It would thus have been possible to prevent the establishment of different procedures in service centres and probably to achieve better cost-effectiveness in financial and personnel administration at an earlier stage.