

## The Shared Service Centre of the Ministry of the Interior

This audit examined how estimates of cost savings behind the establishment of the Shared Service Centre of the Ministry of the Interior were prepared and how well the establishment of the Shared Service Centre and the steering of activities as a whole have succeeded. The audit also evaluated the adequacy and functioning of steering at the state group level towards a single service centre operating in several locations. At the same time the National Audit Office conducted an audit of changes in financial administration in ministries, agencies and units (186/2009), which examined the effects of the reform on ministries, agencies and units.

### *Specifying the starting situation and objective in financial and personnel administration*

In 2004 the state's financial and personnel administration tasks required a total of 6,200 person-years at a cost of 270 million euros. The objective was set that in 2012 the state's financial and personnel administration tasks will require 3,700 person-years at a cost of 160 million euros. In 2003 in the administrative sector of the Ministry of the Interior it was estimated that by consolidating and automating financial and personnel administration tasks in a service centre it would be possible to take care of tasks with 35–40% less work input and that this would free 4.6 million euros in resources compared to the 2005 budget by 2012.

### *Establishment of the Shared Service Centre of the Ministry of the Interior*

In 2005, within the framework of the State Treasury' Kieku programme, a cost-benefit analysis was conducted for financial administration services in the administrative sector of the Ministry of the Interior and the service centre project was judged to be cost-effective. Information was based on studies that had previously been conducted in the administrative sector, which had searched for more efficient ways to produce financial and personnel administration services. Evaluations were hampered partly by the fact that tasks have been spread among many employees in agencies and

the amount of working time spent on services had not been monitored before.

On the basis of the audit, the establishment of the Shared Service Centre of the Ministry of the Interior succeeded reasonably well from the viewpoint of the Shared Service Centre. The Shared Service Centre was set up on a relatively fast timetable, considering the requirements of relocation policy. The Shared Service Centre has managed to improve the efficiency of the financial and personnel administration services it produces by increasing productivity in the handling of bills and payroll accounting, among other things, and has produced services economically. According to customer satisfaction surveys conducted by the Shared Service Centre, customers have also been reasonably satisfied with the service they receive. Job satisfaction among employees at the Shared Service Centre has also been reasonably good. The Shared Service Centre has thus met the objectives that were set for it reasonably well.

*Financial and personnel administration in the administrative sector of the Ministry of the Interior in 2008*

In autumn 2008 the Kieku programme studied the number of person-years devoted to financial and personnel administration services in agencies and service centres. On the basis of the answers that were supplied to the Kieku programme by the Ministry of the Interior, the number of person-years devoted to financial and personnel administration has been reduced by 84 in the administrative sector of the Ministry of the Interior. On the basis of other calculations prepared by the Ministry of the Interior, productivity benefits in customer agencies have not been achieved, however. Instead the number of person-years devoted to tasks has increased by 45. On the basis of the audit many processes are still in the transition stage, since work measured in terms of person-years appears to have been shifted in agencies from the substance unit to the financial unit but to a lesser extent to the service centre.

*Developing the state's financial and personnel administration*

According to a study that was conducted by the Kieku programme's project office in autumn 2008, person-years in the state's financial administration as a whole have been reduced by 390 and in personnel administration by about 129 with regard to payroll accounting. Person-years devoted to the handling of bills have fallen only by a small amount, however, and in

the case of travel expense accounting the number of person-years has increased.

On the basis of the audit, further measures in development should be aimed at large-volume processes and parts of processes. Processes can be simplified by planning and reorganising them, so that better results can be achieved from automating processes compared with automating existing processes as they are.

In the opinion of the National Audit Office, in order to achieve the productivity objectives that have been set for financial and personnel administration and to take full advantage of service centre activities, it is essential that customer agencies' financial and personnel administration tasks, job descriptions and roles are defined according to the new operating model (service centre activities). The National Audit Office emphasises that ministries, agencies and units are responsible for reforming financial and personnel administration, monitoring the cost and productivity benefits of service centre activities and completing reforms.