

## Parallel audit of the SAIs of the EU on the Performance (output/effectiveness) of the Structural Funds programmes in the area of employment

A parallel audit was conducted on the Performance (output/effectiveness) of the Structural Funds programmes in the area of employment and/or environment. Fifteen Member States participated in the parallel audit of the SAIs of the EU, with 2 Member States acting as observers.

The audit for Finland, which this report concerns, was restricted to the area of employment. The audit focused on measures co-financed from the European Social Fund, i.e. Finland's Objective 1, 2 and 3 programmes for the period 2000-2006 and the ESF Operational Programme for Continental Finland for the period 2007-2013.

During the period 2000-2006 the Structural Funds' total financial framework in Finland was about 8.9 billion euros, with public funds totalling 5.2 billion euros (including 2.3 billion euros in EU funds, with Objective programmes accounting for 1.9 billion euros) and private funds 3.7 billion euros.

The Ministry of the Interior acted as the managing authority for Structural Funds programmes under Objectives 1 and 2 and as the paying authority for the European Regional Development Fund. The Ministry of Labour acted as the managing authority for Structural Funds under Objective 3 and as the paying authority for the European Social Fund.

During the period 2007-2013 Structural Funds according to the Structural Fund Act (1401/2006) are the European Regional Development Fund and the European Social Fund. The managing and certifying authority for both of these is the Ministry of Employment and the Economy, which went into operation at the beginning of 2008. Up until the end of 2007 the Ministry of the Interior and the Ministry of Labour served as managing and certifying authorities.

During the period 2007-2013 the implementation of Structural Funds programmes is expected to require about 3.5 billion in public

funds, with the EU providing 1.7 billion euros and national aid 1.8 billion euros.

The audit focused on the Objective programmes for Southern Finland, Western Finland, Eastern Finland and Northern Finland and the national part of the ESF Operational Programme for Continental Finland. Audit evidence was obtained by conducting interviews and collecting data from documents at the Ministry of Labour and the Employment and Economic Development Centres, regional councils and the State Provincial Offices. The audit examined documents and registers concerning the planning, monitoring and evaluation of the national administration of projects co-financed from the Structural Funds.

The audit questions in the parallel audit, which were examined by each SAI as far as appropriate, were divided into six key areas:

1. Planning of measures and selection of projects
2. Goal-oriented application procedures
3. Award procedures
4. Monitoring and reporting
5. Evaluation
6. Participation of the Monitoring Committees.

The audit for Finland also included three national audit questions:

1. Would projects co-financed from the Structural Funds have been conducted without EU aids?
2. How did managing authorities and the Monitoring Committees use statistical data to evaluate the effectiveness of programmes and projects?
3. How did managing authorities and implementing authorities (intermediary bodies) report (true and fair information) on the effects and effectiveness of aids?

The audit indicated that the Structural Funds' main goals for employment were the essential basis in selecting aid measures. The planning and selection of aid measures were based on criteria that allow the appropriate implementation of programmes and selection of projects. The criteria appear reasonable and proportionate to the Structural Funds' main goals for employment.

On the basis of planning documents, the planning of measures and selection procedures for the period 2007-2013 appear to be

suitable to support the implementation of the programme and appropriately reflect experience from the old period. It is too early to say how well procedures work in practice and whether they signify essential improvements compared with the previous period. The European Commission approved the ESF Single Programming Document for Continental Finland for the period 2007-2013 on 26 October 2007. National legislation was approved after this. The first application round for ESF grants did not start until December 2007. The delay in starting the period will probably hamper the successful implementation of programmes.

The audit indicated that for the period 2000-2006 national measures in invitations to apply, the formulation of invitations and the evaluation of applications were suitable to support the implementation of programmes in a sustainable way and in a manner allowing programmes to achieve good value for money. National application procedures for the new period also appear to be suitable to support the implementation of programmes and appropriately reflect experience from the old period.

Award procedures for the period 2000-2006 were suitable to support the sustainability of aided measures with appropriate conditions and requirements. National award procedures in the new period appear to be suitable to support the implementation of the programme and appropriately reflect experience from the old period. Granting authorities still cover too wide a spectrum, however.

Finland's national monitoring and reporting systems for the period 2000-2006 comply with EU legislation. Owing to problems concerning reliability, employment indicators are not sufficient to ensure to what extent aid measures have contributed to the achievement of programmes' main goals in the area of employment.

The Internet-based monitoring and financing system EURA 2007 is being developed for the period 2007-2013 and is meant to replace the systems used by the Ministry of the Interior, the Ministry of Education and the Ministry of Labour during the old period. Measures co-financed from both the ERDF and the ESF will be managed using the EURA 2007 system.

The audit indicated that national monitoring systems for the period 2007-2013 comply with EU legislation. They appear suitable to supply information that can be used to monitor and evaluate the contribution of supported measures to the achievement of pro-

grammes' primary objectives in the area of employment. They also reflect experience from the old period. Practical experience in using the EURA 2007 system is not available, however, so information on suitability in practice is lacking. The problem has been the delay in developing the EURA 2007 system, which has delayed the start of projects.

During the period 2000-2006 the national authorities included the Monitoring Committees in the evaluation of Structural Funds measures fairly well. The Monitoring Committees have also participated appropriately in planning the programme for the new period and the Monitoring Committees' experience from the previous period has been taken into consideration adequately.

Evaluations for the period 2000-2006 were conducted using appropriate methods and according to EU guidelines. The results of evaluations can be regarded as giving a fair picture of the influence of measures in achieving the primary objectives of the Structural Funds. One bad practice in evaluations is excessive reliance on programmes' monitoring data, which may lead to overly optimistic conclusions concerning the achievement of objectives. The large number of indicators and the small size of projects may make it harder to evaluate effectiveness at the programme level.

Statistical data were used to a varying extent in different evaluations. In general the use of statistical data was limited to the analysis of programmes' operating environment. In the opinion of the National Audit Office, the use of statistical data to evaluate the effectiveness of programmes and projects should be increased. Using statistical data to analyse programmes' operating environment is not sufficient. Only in one evaluation were statistical data used to check employment effects.

The Employment and Economic Development Centres, which act as granting authorities, report on Structural Funds measures in their annual reports together with other information on output and effectiveness. Reporting at the project level has taken place through monitoring systems. In the opinion of the National Audit Office, the regional councils, which act as regional development authorities, should have to provide an annual report with the same content as the State Budget Decree requires of state agencies.

At the national level managing authorities describe Structural Funds measures in the report on the final central government ac-

counts. Information on Structural Funds measures in the report on the final central government accounts appears to vary to some extent from one administrative sector and year to another.

In the opinion of the National Audit Office, a ministry acting as a managing authority should include a section on the implementation of the objectives in Structural Funds programmes in its annual report. In preparing the report on the final central government accounts ministries acting as managing authorities should include a separate section providing true and fair information on the development trend regarding the achievement of Structural Funds programmes' policy effectiveness objectives during the entire programming period. The National Audit Office does not consider it appropriate that reporting on Structural Funds activities in the report on the final central government accounts for 2007 has been reduced from the year before.

The National Audit Office considers it good that the administration of Structural Funds has been consolidated under the Ministry of Employment and the Economy and auditing activities under the auditing authority operating in connection with the Government financial controller function.