

THE NATIONAL AUDIT OFFICE'S POSITIONS

The National Audit Office audited reporting to Parliament on the setting and achievement of performance objectives for 2006 in the Ministry of Transport and Communications' administrative sector. The main audit materials were the 2006 state budget and the section of the report on the final central government accounts concerning the administrative sector as well as related provisions and guidelines. The audit evaluated the setting of objectives and the adequacy, correctness and regularity of performance reporting. The following conclusions are presented on the basis of the audit.

In the Ministry of Transport and Communications' administrative sector funds appropriated by Parliament are not linked sufficiently to performance. Consequently, in the setting of objectives and performance reporting, accountability has not been properly ensured.

In recent years positive development has taken place with the inclusion of indicators and time series regarding agencies in the transport sectors in objectives and reporting.

In developing performance reporting attention should be paid to the observations made in the audit and shortcomings as well as the following tentative recommendations.

Recommendation 1:

Both the presentation of performance objectives in the state budget and reporting should be made clearer. Objectives and reporting in the administrative sector as a whole should be presented according to the performance management approach, for example by policy fields. The report on the final central government accounts and the state budget should have a similar structure. Performance management should also be taken into account in developing the organizational structure in the administrative sector.

Recommendation 2:

The hierarchical structure of objectives should be clearly visible in the setting of objectives, using indicators. Social performance objectives in the main division of the state budget should be clearly linked to activities and appropriations at the agency and enterprise level. The link between agencies' and enterprises' operational performance objectives and broader social performance objectives should be clearly visible in the report on the final central government accounts. On the basis of the report on the final central government accounts it should be possible to evaluate clearly the relation between the development of social performance and agencies' and enterprises' operational performance and the funds appropriated to the administrative sector. It would also be important to give a clearer picture of the connection between the service level in the transport network and the costs of infrastructure investments and infrastructure management and the achievement of broader social objectives in the commentary to the main division.

Recommendation 3:

Performance objectives should be improved so that the achievement of objectives can be reliably measured and evaluated. The use of time series describing development should be increased.

Recommendation 4:

The time frame for reporting on higher-level objectives should be reconsidered. The annual reporting interval is too short for many performance objectives. Interim objectives should be formulated for long-term objectives and visions. A reporting timetable should be presented for long-term objectives.

Recommendation 5:

Evaluating the social effectiveness of activities in the administrative sector should be given a greater role in objective setting and reporting in the future.

Recommendation 6:

In describing performance, reporting should be clearly linked to individual objectives. The description of general administrative activities and the operating environment should be clearly separated from these.

Recommendation 7:

The state budget and the report on the final central government accounts should indicate the resources provided for each key objective regarding social effectiveness. This would be a natural structure in developing performance management.

Recommendation 8:

The performance objectives for agencies in the transport sector should also include objectives linked to the success of tendering and the achievement of efficient markets.

Recommendation 9:

The concreteness and measurability of the service and other objectives that are presented in the state budget and set by the ministry for enterprises in the sector should be improved so that performance management and accountability are properly ensured.

The National Audit Office emphasizes that the proper setting of objectives and reporting on performance are indispensable to meet Parliament's information needs. They are also very necessary in performance management in the administrative sector.