

# Conclusions of the National Audit Office

## Compensations

### Compliance of the compensation process with statutes

The first aim of the compliance audit was to determine whether the compensation processes involving criminal damage, legal aid and occupational accidents and the compensation processes involving the establishment of nature conservation areas have been conducted in accordance with statutes and instructions in force at the time.

The view of the National Audit Office is that, in essential parts, the processes involving compensation for criminal damage, legal aid, occupational accidents and the establishment of nature conservation areas have been in compliance with statutes and instructions, except for the cases in which the decision on a claim for compensation for an occupational accident was not made within the time laid down in section 41 b of the Employment Accidents Act. The State Treasury should ensure that the time limits laid down in the act are observed.

Under section 41 b of the Employment Accidents Act, the insurance institution must issue a decision on a claim promptly and at the latest within three months from receiving the necessary documents specified in the act. Not all of the audited decisions on occupational accident claims had been issued within the three-month time limit laid down in the act.

There is a huge backlog of decisions concerning occupational accident insurance claims in the State Treasury. In 2012, as a result of the introduction of a new claims processing system, the State Treasury had to use the old and new systems side by side, which has led to a growing backlog of unprocessed claims. It is estimated in the State Treasury that there are currently between 250 and 300 claims that have not been processed within the time laid down in the law. The State Treasury has already taken measures to reduce the backlog of unprocessed claims. According to the information supplied by the State Treasury, the aim is to eliminate the backlog by the end of 2015. The processing times laid down in the new act on occupational accidents and diseases, which will probably enter into force at the start of 2016, are even shorter, which will make the reduction of the backlogs more difficult. Under the new act, the claims must be processed within 30 days.

It was noted that there are substantial delays in the transfer of information on compensations for criminal damage from the State Treasury to the Legal Register Centre, the agency responsible for the recovery of state claims based on the right of recourse. The delays slow down the initiation of the recovery process within the time specified in the Enforcement Code and may even prevent the recovery of the claims. The State Treasury has already taken measures to rectify the situation.

In order to ensure non-discriminatory treatment of recipients of compensation paid for the establishment of nature conservation areas, the Ministry of the Environment and Centres for Economic Development, Transport and the Environment (ELY Centres) should issue more specific instructions concerning the manner in which the compensations are calculated. ELY Centres should also ensure that the compensations are paid in accordance with section 31 of the Administrative Judicial Procedure Act (586/1996). Under this provision,

There are a total of 250 - 300 claims for occupational accident compensations that have not been processed on time

In the recovery of claims involving criminal damage, measures have already been taken to reduce the delays that may prevent the recovery process

Decisions on the compensations paid for the establishment of nature conservation areas must be made in a non-discriminatory manner

the compensations may only be paid after the decision to establish the conservation area has become final.

### Proper organisation of internal control in the compensation process

The second aim of the audit was to determine whether the internal control of the compensation process is properly organised.

Based on the audit findings, the National Audit Office concludes that the internal control of compensations for criminal damage and legal aid is properly organised. The internal control of the compensations paid for occupational accidents and the establishment of nature conservation areas is not adequate.

Based on the audit of the compensations for occupational accidents, the National Audit Office concludes that in the organisation of internal control there are inadequacies pertaining to the controls during the granting of the compensations, documentation of the compensation matters and payment controls and that the State Treasury should take measures as a result of these inadequacies.

Based on the audit of compensations paid for the establishment of nature conservation areas, the National Audit Office concludes that the practices followed by ELY Centres are not fully harmonised and the instructions have not always been observed. Based on the audit, the National Audit Office concludes that the calculation of the compensations is largely on the basis of the experience of the assessors and that the calculation of the compensations is only briefly covered in the relevant instructions.

Under section 10, subsection 3 of the Legal Aid Act, the piece of legislation applied to legal aid, a legal aid office may, on the conditions referred to in section 10, subsection 2 of the act, access, by way of a technical interface, secret personal data in the personal data files of the tax authorities and the Social Insurance Institution, so as to verify the information supplied by the applicant on his or her economic situation. However, this type of technical interface is not yet available to legal aid offices. The conclusion reached in the audit is that a technical interface could reduce the number of documents required of the applicants.

There are considerable inadequacies in internal control

### Recommendations of the National Audit Office

1. The State Treasury should ensure that the time limits laid down in the Employment Accidents Act are observed in the processing of occupational accident claims. Based on the audit, the National Audit Office considers it important that in order to ensure non-discriminatory processing of the claims, section 116 of the new act on occupational accidents and diseases, which will enter into force on 1 January 2016, will be applied in a uniform manner in both public-sector and private-sector compensation practices.
2. The State Treasury should ensure that hospital districts return the excess amounts of the compensations covering all costs. It is recommended that additional information on invoices concerning compensations for occupational accidents should always be requested when the medical expert considers it advisable or there are other reasons to doubt the accuracy of the invoices.
3. The State Treasury should organise the ex-ante control of the processing of occupational accident claims and the examination of the matters influencing the decisions in a better manner. The reports required by the medical experts should be prepared, documented and archived in a systematic manner. Making the

jointly used procedures into guidelines for claims processors could help to harmonise the practices.

4. In order to ensure non-discriminatory treatment of the recipients of compensations paid for the establishment of nature conservation areas, the Ministry of the Environment and ELY Centres should prepare more detailed instructions concerning the calculation of the compensations.
5. ELY Centres should ensure that the compensations are paid in accordance with section 31 of the Administrative Judicial Procedure Act (586/1996). Under this provision, the compensations may only be paid after the decision to establish the conservation area has become final.
6. ELY Centres should ensure that the instructions concerning the compensations paid for the establishment of nature conservation areas are observed in all ELY Centres in a uniform manner.
7. The State Treasury and the Legal Register Centre should jointly work to ensure efficient recovery of state claims by expediting the start of the recovery of criminal damage compensations that the state can claim on the basis of its right of recourse.
8. The Ministry of Justice should examine whether the system of spot checking the information on the economic situation of the legal aid applicants is workable.
9. The Ministry of Justice should examine whether a technical interface should be purchased for the use of legal aid offices so that they can access the personal data files of the Social Insurance Institution and the Finnish Tax Administration and the information obtained from the data files could help to reduce the number of documents required of the applicants.