

Budget authorities: budgeting, monitoring and reporting

The audit targeted budgeting, monitoring and reporting practices related to budget authorities granted in connection with the budgetary procedure or on statutory grounds. A budget authority means an authority granted during the budgetary procedure or on statutory grounds to commit to expenditure where the corresponding appropriations are either totally or to the extent there is any shortfall included in later budgets. In 2012, the sum of budget authorities totalled EUR 17.1 billion.

The audit covered all branches of administration. It was supported by observations made in connection with financial audits in 2011 and 2012 as well as observations made in the context of a compliance audit of budget authorities for fairway projects in 2011 and 2012. In addition, the audit drew on observations made in connection with the financial audits of earlier years. However, the National Audit Office's comments are based on observations from 2011 and 2012.

The National Audit Office states as its opinion that as a whole, key provisions and regulations applicable to the budgeting and monitoring of budget authorities had not been complied with extensively enough. The information on budget authorities and their use provided in the year-end accounts of accounting units are materially correct and adequate.

The audit indicated that the clauses on budget authorities in the budgets are not sufficiently clear in all respects, for example regarding the renewal of budget authorities and their intended uses, or the amounts of the budget authorities in situations where the amount is associated with an index. Based on financial audits and the present compliance audit, it can be noted that providing clear definitions of the budget authorities as consistently as possible during budget preparation and in the budget would contribute to supporting budget implementation, and as part of it, arranging the monitoring of budget authorities as required in the State Budget Act and Decree.

Examined as a whole, the budget authorities had been monitored appropriately, or relatively appropriately, in most accounting units. However, there were substantial shortcomings in the monitoring of budget authorities in two key accounting units, or the Defence Forces and the Finnish Transport Agency, and in addition, there were some shortcomings in the monitoring of budget authorities of other key accounting units in individual cases.

Based on the audit, the importance of arranging the monitoring of budget authorities in compliance with Section 15 of the State Budget Act and the regulation on keeping accounts of budget authorities issued by the State Treasury must be highlighted. Under Section 69 of the State Budget Decree, the management of an agency or an institute shall ensure that the agency or the institute carries out procedures that are appropriate considering the scale and content of its finances and operations and the associated risks (internal control).

Based on financial audits and the present compliance audit, the National Audit Office notes that as a whole, the information contained in the year-end accounts for 2011 and 2012 is materially correct and adequate. However, information on the budget authorities and the expenditure incurred when using them in the year-end accounts of the Finnish Transport Agency and the Ministry of Employment and the Economy for 2011 and 2012 is not materially correct and adequate. In connection with the financial audit of the Defence Forces in 2012, it was also noted that it was not possible to verify the correctness of the data in the monitoring system for budget authorities. In the financial audits of agencies and institutes, attention was additionally focused on the risks of error and errors in the monitoring of budget authorities and the budget authority notifications submitted to the State Treasury.