



Audit plan 2020–2024

Audit plan of the National Audit Office

Reg. no. 269/02/2019

On the basis of section 3 of the Act on the National Audit Office (676/2000), the National Audit Office has, on this date, confirmed its audit plan for 2020–2024. The National Audit Office’s audit and monitoring operations are based on this plan. The plan includes performance targets for 2020, as well as resource calculations and a plan on the allocation of resources during the operational and financial period 2020–2024. The audit plan also serves as the operational and financial plan referred to in budget legislation.

Helsinki, 12 December 2019

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1 Operating environment and resources

The audit and monitoring work of the National Audit Office of Finland (NAOF) focuses on topics and themes that are significant for central government finances and society, and on material risks related to central government finances.

1.1 Operating environment and the risks related to it

When assessing the operating environment and the risks related to it, the National Audit Office takes into account general government calculations and verified information but also future scenarios and phenomena that will have an effect on the audit environment and the organization of audit operations.

The general government finances in Finland will probably continue to show a deficit until the end of the decade. The ageing population, the decreasing birth rate, and the high level of structural unemployment cause pressures for indebtedness to persist in the long term. Other major risks to the Finnish economy continue to include the level of state guarantees and liabilities, and the significant interest risk related to the central government debt. The management of these risks will depend on the success of the significant structural societal reforms to be launched during the government term.

From the perspective of the implementation of the UN Sustainable Development Goals (SDGs), it is important that Supreme Audit Institutions (SAIs) contribute to the national implementation through their audit work. The National Audit Office will direct its audit work at the risks it has identified in the implementation and strive to take special account of the challenges caused by political coherence.

The NAOF has assessed Prime Minister Marin's Government Programme (Prime Minister Rinne's Government Programme until 10 December 2019) from the perspective of how the NAOF can support the public administration and the decision-making capability of Parliament in the achievement of the goals. We will produce audit evidence for measures prepared during the Government term and ensure accountability for the decisions taken by Parliament on the implementation of the Government Programme. In addition, we will audit the implementation of administrative measures proposed in the Government Programme in relation to the objectives set by the Programme.

Constructive audit work can support the reform of public administration and structures, as well as innovation. The National Audit Office believes that experimental culture and networking offer important opportunities and strives to support administrative reforms with its audit work and by setting an example.

An increasing number of public services and processes have become digital and automated. Well-functioning financial administration controls and other process controls have a critical role when the operating environment is changing. By developing our audit work and concentrating our operations, we can provide our stakeholders with even more comprehensive information.

The competence of the NAOF's personnel will be developed diversely to ensure that we can manage the risks identified in the operating environment. The NAOF will develop its own operations actively in order to be able to offer its stakeholders with more up-to-date information. At the same time, we will strengthen citizens' trust in good governance.

1.2 Impact portfolio

The impact portfolio provides an overall picture of the audit types and topics and of the main risk areas identified in the risk analysis of central government finances and the national economy. The impact portfolio shows on an annual level how the NAOF will target its audit topics to the main risk areas. The impact portfolio also shows the audit type or monitoring activity the NAOF will use to conduct the audit and whether the focus of the audit will be on verification or development.

Impact portfolio

Focus on reforms and changes in public administration

VERIFICATION

DEVELOPMENT

	PERFORMANCE AUDIT	FINANCIAL AUDIT	COMPLIANCE AUDIT	FISCAL POLICY AUDIT	FISCAL POLICY MONITORING	AUDIT TOPICS
RISKS TO NATIONAL ECONOMY						
Weakening of the conditions for economic growth	13			13 14		1 Spending limits procedure
Disparity between revenue and expenditure in the public sector – sustainability gap	11 13 16 20	16		1 14	16 17 18 19	2 Budget procedures
Overall management of the public sector has become more difficult	20	5 9 6		1	1 17	3 Audit of EU funds
RISKS TO CENTRAL GOVERNMENT FINANCES						
Central government fails to maintain its revenue base and its ability to collect revenue	13		10	14		4 Financial administration systems
Central government fails to adjust transfers correctly or to allocate them correctly/ appropriately	16	3 5 9	7 15	1		5 Financial audits of accounting offices
Administrative structures and their reform fail to achieve the productivity and economy targets	11 13 15 20	6 8				6 Activities as an expert body and development of group-level solutions, in particular
The impact of legislation becomes weaker	11 13 15 20		13 15 20			7 Audit of transfers
RISKS TO THE MANAGEMENT OF CENTRAL GOVERNMENT FINANCES						
Risks of non-compliance with the state budget and laws are increasing		5 8	2 8		1	8 Internal control, risk management, and ensuring continuity
Shared central government service solutions and reliance on ICT are creating new types of risks	10	4 8 10	8			9 Audit of final central government accounts
Financial management lacks an overall perspective	11 12 13 15 20	6 11	8 11 15	13		10 Tax revenue
Development of steering and management systems is stagnating	10 11 13 15 20	5 10 11	11 15	1		11 Debt management
						12 Management of lifecycle costs
						13 Promotion of employment and growth, and prevention of social exclusion
						14 Knowledge base of fiscal policy
						15 Implementation of sustainable development
						16 Expenses of and funding for strategic performance projects of the Finnish Defence Forces
						17 Monitoring of the implementation of General Government Fiscal Plan
						18 Monitoring compliance with Stability and Growth Pact
						19 Assessing the reliability of forecasts used as the basis for fiscal policy
						20 Impact of social welfare and health care services

1.3 Spending calculation of the operating and financial plan, OFP calculation, and human resource framework

The spending calculation for 2020–2024 (Appendix 1) assesses the total value of the annual budget proposals per year. The calculation indicates how much of the budget proposal is allocated to salaries, office rents, and other operating expenses. The operating and financial plan (OFP) calculation (Appendix 2) also indicates VAT expenses and changes in expenditure in 2020–2024. Human resources are allocated by function in compliance with the 2020–2024 human resource framework (Appendix 3). The human resource framework indicates the expected trends in salary expenses and person-years during the planning period.

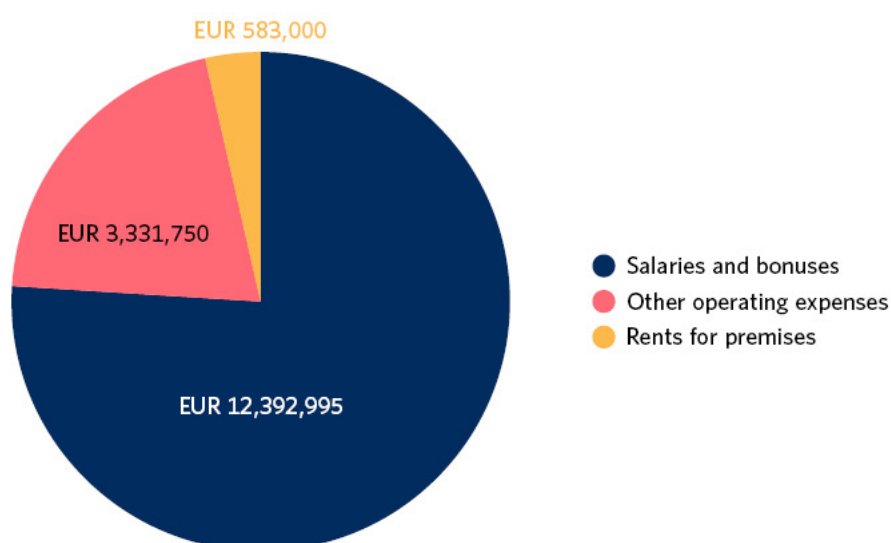


Figure 1: Planned allocation of appropriations in 2020

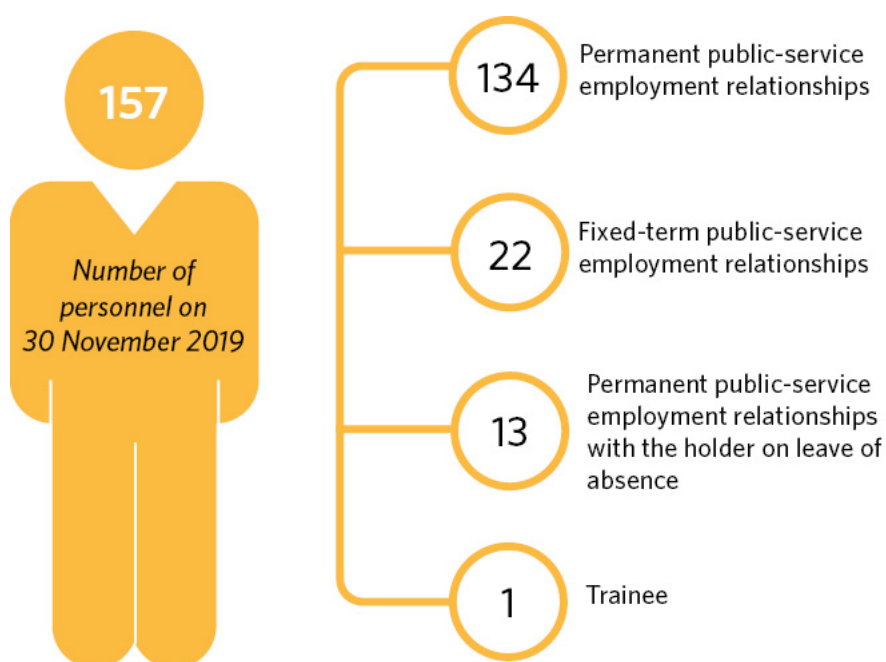


Figure 2: Personnel status on 30 November 2019

2 Audit plan 2020–2024

This chapter deals with the focus areas of audit and development work, the tasks and goals of audit work, as well as audit topics.

2.1 Audit work will focus on reforms and changes in public administration

The audit plan is a plan of implementation of the NAOF's strategy. The operations of the National Audit Office aim at

1. improved cost-effectiveness of the management of central government finances
2. improved trust in the knowledge base of decision-making
3. improved trust in open, cost-effective and sustainable operations of the central government in Finland.

By means of its audit and monitoring work, the NAOF provides Parliament, the decision-makers, and the senior public officials with significant, material and timely information. We target our audits based on the significance of the matter to central government finances.

The audit plan is based on the most significant risks identified in the risk analysis of central government finances and the national economy. In addition to the principles for targeting our audits, our planning is guided by the materiality criteria specific for each audit type and the focus areas of the planning period. Before including a topic in the audit plan, we assess its auditability.

During the planning period, our audit work will focus on reforms and changes in public administration. The aim of our audit work is to support the reform of central government and the key development actions. With our audit work, we strive to promote sustainable reform of public administration proactively.

Our audits are centred around central government finances and financial management. The NAOF forms its overall view by annually auditing the final central government accounts and the Government's annual report, and by monitoring fiscal policy. The overall view is continuously supplemented with observations and conclusions from our other audits and reviews. The NAOF actively monitors and assesses the operating environment and changes in it, as well as identifies and assesses risks related to central government finances or financial management.

2.2 Reports to Parliament

Statutory reports submitted by the National Audit Office to Parliament include the following:

1. the National Audit Office's Annual Report to Parliament, as laid down in section 6 of the Act on the National Audit Office
2. separate reports submitted to Parliament whenever necessary, as laid down in section 6 of the Act on the National Audit Office
3. reports on the oversight of election campaign funding in connection with elections, as laid down in section 10(3) of the Act on a Candidate's Election Funding
4. annual reports on the oversight of political party funding, as laid down in section 9e(5) of the Act on Political Parties.

The purpose of the reports to Parliament is to serve Parliament as well as possible in its duties laid down in the Constitution. The reporting implements the interaction between the Supreme Audit Institution and the supreme decision-making body, as laid down in international audit standards. The Parliament reports include the audit observations and conclusions that are most relevant for parliamentary work in an easy-to-read and easy-to-use format. The reports are developed in cooperation with the decision-makers.

2.3 Audit operations: Audit and monitoring topics

The audit work of the National Audit Office is centred around four subject areas. The subject areas and their key contents are presented in the figure below. Some of the audit themes or perspectives extend to several subject areas.

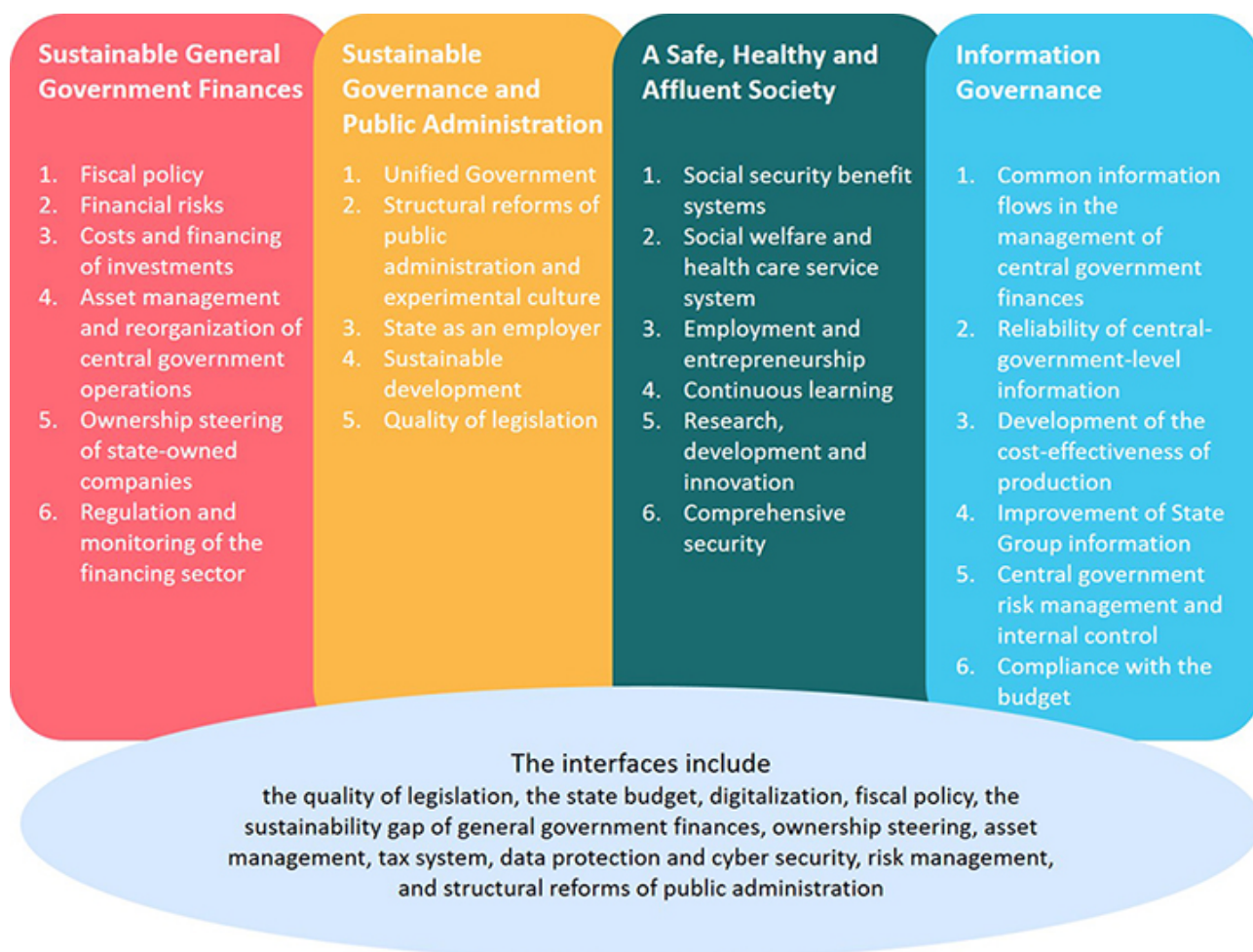


Figure 3: Areas of audit operations

By monitoring the operating environment, we identify risks that are significant for central government finances and potential audit topics, and draw up expert opinions and other statements to support Parliament and central government in decision-making.

Sustainable General Government Finances

One of the key duties of the National Audit Office is to provide information for the planning and management of general and central government finances. The audit themes include fiscal policy and its preparation, as well as the management of central government assets, liabilities, investments, and financial risks. The functioning of the ownership steering of state-owned companies is audited particularly from the perspective of asset management and the organization of operations. We also audit financial sector supervision and regulation, which are strongly linked with the development of the EU banking union and important in view of the indirect risks directed at central government finances. Audits related to this area are limited by the NAOF's audit rights. Accordingly, one of the tasks of the NAOF is to promote appropriate audit rights.

Independent fiscal policy monitoring also ensures the functioning of rules-based fiscal policy and contributes to the appropriateness of the rules. Our fiscal policy monitoring assesses the fiscal policy pursued and submits related conclusions and recommendations to the Government. The operations and targets of fiscal policy monitoring during the planning period are described in Section 2.4.

Audit and monitoring information helps to ensure that general and central government finances are managed in a sustainable, responsible and transparent manner. Audits are targeted at operations and projects that are the most important for the preparation of fiscal policy and the management of central and general government finances. The perspective of central government finances is thus always an integral part of all audits. Audits are targeted in a risk-based manner to topics that are significant to central government finances, taking into account the timeliness of the information for the decision-making in Parliament and public administration. The audits are implemented mainly as fiscal policy audits and performance audits but, if necessary, all audit types can be utilized in them.

During the planning period, the audit work will be focused on ensuring the reliability of the fiscal policy knowledge base, assessing the functioning and efficiency of fiscal policy steering instruments, the management of central government tangible assets – with particular focus on the planning of lifecycle costs – and risk management in the management of central government debt. The functioning of ownership steering will be assessed in the light of the ownership steering principles of state-owned companies.

Fiscal policy

As regards the preparation of fiscal policy and the knowledge base of decision-making, we audit the reliability and comprehensiveness of forecasts, statistics and impact assessments. In the case of the macroeconomic and fiscal forecasts by the Ministry of Finance, we will focus in the next few years on assessing the implementation of the recommendations given in our previous audit reports. Our audit work will focus on the practices of managing the quality of the macroeconomic and fiscal statistics prepared by Statistics Finland in compliance with National Accounts. At the same time, we will assess the reliability of the related key source statistics (e.g. data on local government finances) in a risk-based manner.

We will promote the impact of the audit targeted at the sustainability assessments of general government finances (16/2019) by highlighting its key observations as part of our regular reporting on fiscal policy monitoring and by having an active dialogue on its results with the parliamentary committees, the Ministry of Finance, and other ministries.

The audit of fiscal policy steering instruments will focus on the functioning of the central government spending limits. The spending limits rule is the most important national fiscal policy steering instrument for limiting the growth of budget expenditure and for long-term expenditure policy that promotes economic stability. We will assess how medium-term budget planning is implemented in the spending limits procedure and how the spending limits rule is linked with the other fiscal policy objectives and the targets set for it. In addition, we will assess the functioning of the spending limits procedure from the perspective of transparency and appropriate use of expenditure, for example. At the same time, we will participate in a parallel audit with EU countries to get reference data on the practices applied by other countries for the development of the spending limits system.

Based on our previous audit assessing the effectiveness of the steering of local government finances, we will strive to influence the measures for improving the compatibility of macroeconomic and microeconomic steering, while also monitoring the effectiveness of municipalities' assessment procedure, which is increasingly significant when local government finances are becoming tighter.

Asset management and investments

We will audit the management of central government assets within the scope of the ongoing theme of lifecycle costs. The three audits in this area will be directed at different types of tangible assets: transport infrastructure, building assets, and machinery and equipment. These audits will focus on assessing the management and use of the assets in relation to the operational targets and whether the assets have been managed in an economically sustainable manner. During the planning period, the monitoring will focus particularly on the management of the transport infrastructure assets that are significant to central government finances and on investments in transport infrastructure, including the establishment of special purpose companies and multi-channel financing models. The monitoring will take into account the perspectives of the different audit types, and the audits will be targeted in a risk-based manner, observing Parliament's information needs in a timely manner.

The strategic performance projects of the Defence Forces (purchase of HX fighters and Squadron 2020) will be audited with particular focus on the significance of their lifecycle costs in the decision-making model and in the comparison of different options. In addition, we will assess the financing from the perspectives of risk management and fiscal policy rules. The audit will provide information to support the preparation of strategic capability projects, as well as the decision-making in the Government and Parliament. The timing of the audit will be linked with the HX purchase decision, which will be made in 2021.

Financial risks

Audits related to financial risks will focus on the state's operational debt management and its steering. We will assess, for example, whether the central government debt management has prepared appropriately for increasing interest rates. In addition to the criteria for determining the risk position and other steering of debt management, we will take into account the practices of using derivative contracts in operational risk management.

We will monitor the development of the management of contingent liabilities based on the findings and recommendations of previous audits. We will pay special attention to the implementation of risk-based limitations to guarantee liabilities and the related risk management and monitoring practices.

Ownership steering of state-owned companies and organization of operations

The incorporation of central government functions has continued in recent years. With audit evidence, we aim to support the selection of appropriate forms of organization for central government operations and duties to ensure cost-effective operations. We will audit whether the incorporations have been planned and implemented appropriately and effectively. We will monitor future incorporations on the basis of the conclusions and recommendations of the audit and thus provide information for the related decision-making in Parliament.

A good governance model consists of ownership steering and good governance by state-owned companies and their bodies. This is necessary in order for the companies to be able to operate efficiently and effectively in the long term. Although the division of tasks between the companies and ownership steering is quite clear, problems may arise in the cooperation between the different actors. We will monitor how the ownership steering works in state-owned companies and, if necessary, target audits with a problem-oriented approach, focusing on issues that are relevant for the management of state assets. We will then assess which factors in the operations of the companies and the actors steering them have led to problems. On the other hand, we will also monitor the functioning of the good governance model, which consists of the companies' management and ownership steering.

Monitoring and regulation of the financial sector

We will report on the results of the audit of the Financial Stability Authority, which serves as the national resolution authority. The audit will relate to preparedness to resolve crises of 'less significant institutions'. It will be conducted within the scope of a parallel audit with other EU countries to examine the operations of national responsible authorities as part of the single resolution mechanism. We will utilize the reference data obtained in the parallel audit when reporting on the audit results. The audit will focus on the status of the preparation of resolution plans and the procedures related to the implementation of crisis preparedness and resolution, as well as decision-making.

The National Audit Office does not have the right to audit the operations of the Bank of Finland or the Financial Supervisory Authority, which have a key role in organizing the common banking supervision and resolution of the EU's banking union. We will strive to promote the expansion of our audit right.

Sustainable Governance and Public Administration

One of the focus areas defined in the strategy of the National Audit Office is provision of information to support the development of public administration, to strengthen the link between sustainable development and the management of central government finances, and to ensure the quality of legislation. Information is needed to support the ongoing reforms of public administration, the targeted more uniform and efficient public administration, as well as the increasingly popular experimental culture and structural reforms.

These subjects are horizontal and cross-sectional in nature and linked with several administrative branches and operations. The themes related to them and their role in the NAO's operations are only beginning to take shape. It is

particularly important to identify the NAOF's special role in relation to other organizations and actors working with the same themes. To be able to clarify the division of labour and the status picture, we must interact and cooperate actively with our national and international stakeholders.

The key focus areas are a uniform Government, the implementation of SDGs, the state's employer policy, and the quality of legislation. These issues will be examined from the perspectives of, for example, the steering systems, the implementation of the Government Programme, the reforms of central government, the structural reforms and experiments in public administration, and the reorganization of operations. As regards sustainable development, we will pay special attention to the implementation of the goals of the UN's 2030 Agenda and the national sustainable development goals, as well as their different dimensions of sustainability.

We will monitor the legislative projects of the government term and the reform and development of the legislative process from the perspective of the quality of legislation. We will also examine the quality of the knowledge base of legislation, the functioning of legislation in the implementation of the goals of the different policy areas, and the transparency of legislative drafting.

The themes of Sustainable Governance and Public Administration are highly topical and strongly linked with, for example, the objectives and measures included in the Government Programmes of Marin and Rinne. One of the key tasks in 2020 is to outline the focus areas of the coming years within Sustainable Governance and Public Administration, as well as available alternatives, and on the basis of them, to draw up a concrete preliminary action plan for 2020–2022 with audit topics and other measures. Another key task is to provide information on topical issues related to the area by analysing and combining previously produced audit and other information.

The issues will be approached through political coherence review and phenomenon-based review of the budget.

Implementation of sustainable development

Sustainable development perspectives, particularly those of the UN's 2030 Agenda and the national goals, will be linked to the NAOF's work. The national SDGs of Finland are specified in the Society's Commitment to Sustainable Development, issued by the Finnish National Commission on Sustainable Development. The Government will outline its measures in its report in the first half of 2020. The previous report had two focus areas: carbon neutral and resource smart Finland, and equal and competent Finland.

Sustainable development is indirectly highly significant to central government finances. The National Audit Office monitors the promotion of the SDGs in central government. Ecological, social and economic sustainability requires systematic long-term actions by society as a whole. Functional steering instruments and management of the whole picture are required to support these actions. The use of state assets as guided by the Government Programme Implementation Plan is directly included in the audit mandate of the National Audit Office. The National Audit Office will assess whether the Government's annual report provides a true and fair view of the use of assets and cost-effectiveness in the case of sustainable development actions and goals. The link with the SDGs will be assessed in the planning stage of each audit.

In the audit "Climate financing provided by the state to developing countries", we will examine the financing reported by the State of Finland to conferences of parties to climate change conventions. The aim of the audit is to support better cost-effectiveness of the climate financing Finland provides to developing countries (i.e. that the goals are promoted as much as possible with as low costs to central government as possible) and the development of its steering system. The work is closely related to the work programme of the INTOSAI Working Group on Environmental Auditing (WGEA), coordinated by Finland in 2019–2021.

In the audit "Future workforce 2030", we will analyse how the preparation, implementation and maintenance process of the curricula of grade levels 1–6 in comprehensive school take into account the competence needs of and the expectations set for future workforce. The audit will be conducted as an international parallel audit that aims to identify different countries' practices in basic education, vocational education, and continuous learning.

Otherwise the audit topics will be specified as a result of ongoing or future surveys and reviews. In addition to the sustainable development framework, the audit will be based on, for example, the targets set for the development and streamlining of Finnish public administration, and the ongoing projects related to knowledge-based management, data policy, the harmonization of the Government's steering policy, and administrative reforms. Foresight, long-term review, and the consistency of different policies have a key role for the impact of information.

A Safe, Healthy and Affluent Society

One of the focus areas of the National Audit Office is A Safe, Healthy and Affluent Society, which consists of six sub-areas:

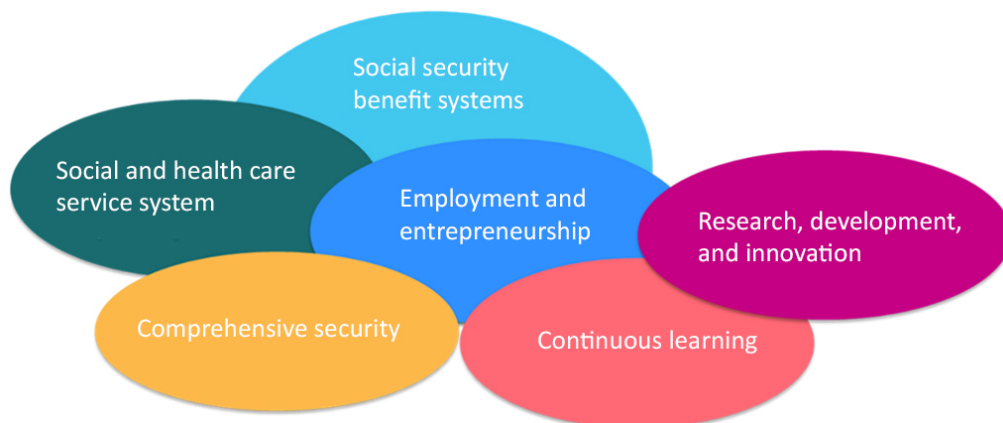


Figure 4: Sub-areas of the impact area A Safe, Healthy and Affluent Society

Multi-channel financing, where the state is one of the providers of financing, is typical of these areas. National steering plays a prominent role in the operating environment, while the results and impact are created regionally and locally. Social and health, education and training, and employment policies fall within the scope of national regulation, whereas in security, growth, and research, development and innovation policies a major role is played by EU cooperation and funding.

We provide reliable information on complex issues through our audits by focusing our resources on topical issues that are significant for society and by utilizing the characteristics of different audit types, the competence of our personnel, and external specialist services in a versatile manner.

Our audits focus on assessing the functioning, efficiency and impacts of different areas of an affluent society and their interconnections. The audits are often conducted from the perspective of indirect economic impacts. The focus in the audits is on social security benefits that are significant to general and central government finances and on the organization, economic efficiency and impacts of services related to these benefits – such as social and health care, employment, education and learning services – as well as innovation. On the basis of previously published audit reports related to comprehensive security in society, we produce briefing papers and articles to support decision-making.

Social security benefit systems

We will audit the knowledge base of central government finances and financial management on which the decisions on the social security reform are based by

- assessing the interconnections of benefits and services, their efficiency, and their impacts in relation to each other and the targets set
- identifying risks related to central government finances and financial management
- providing information on systemic interdependencies for the preparation of the social security reform
- assessing, to the extent possible, the effects of social security expenses on the development of general government finances.

We will draw up briefing papers, other articles, and expert statements on the results of the audit of the social assistance system to be completed at the beginning of 2020. In addition, we will launch an audit of the reconciliation of social security and different forms of income generation.

Social and health care service system

Based on the results of our previous audits and expert opinions, we will publish an up-to-date briefing paper on the functioning and efficiency of the social and health care service system. The briefing paper can be utilized as support when the structural reform is prepared.

In 2020, we will conduct three audits related to the social and health care system. One of the audits will assess whether the data production, metrics and assessment model of social and health care services can give a true picture of the financing needs and sufficiency of the counties' social and health care services and of the efficiency of the operations. In one of the two audits targeted at the oversight of the social and health care system, we will examine whether the administrative branch of the Ministry of Social Affairs and Health has taken consistent actions when planning, steering and overseeing the quality management and self-monitoring in social and health care. The other audit will focus in greater detail on the purchase and oversight of private social and health care services.

Employment and entrepreneurship

The audit theme "Management of employment" will be completed in the spring of 2020. The audits will deal with the employment policy, the operations of TE Offices, and the impacts of employment measures from various perspectives. The results of the audits will be reported to Parliament in the NAOF's annual report 2020 and in briefing papers, articles, and expert statements. We will also launch an audit on the measures to promote the growth and competitiveness of regional trade and industry.

Continuous learning

In 2020, we will audit the implementation of the objectives set for the reform of vocational education and the reconciliation of its implementation with savings.

In early 2020, we will complete an audit of the impact of youth workshops and outreach youth work.

Research, development, and innovation (RDI)

During the past two government terms, the RDI funding has become short-term project funding. In the current government term, one-off RDI funding constitutes 80 per cent of the additional state funding for supporting RDI. We will assess the extent to which the state's research funding supports and promotes companies' innovation and business operations.

Comprehensive security

We will publish a briefing paper on the results of the audit theme "Civil security in the changing operating environment". The audits have been targeted at collaboration between the authorities, particularly in the security sector and sparsely populated areas, police traffic control, and the functioning of the steering of emergency medical services.

Information Governance

The Information Governance area covers issues related to the common information flows in the management of central government finances, the reliability of central government data, the development of the cost-effectiveness of production, the improvement of State Group information, the management of central government risks, internal control, and compliance with the budget.

The audit work of the National Audit Office ensures, in material respects, that the state budget is complied with and that central government financial management has effective internal control. During the planning period, the NAOF will thoroughly revamp the audit – particularly financial audit – of the lawfulness and compliance with the budget of the management of central government finances.

In its financial audits, the National Audit Office verifies the reliability and usability of information on central government finances and the realization of good governance. Reliable information on central government finances and the state's financial position contribute to sustainable central government finances. The core of the NAOF's expertise and insight

is formed in connection with and on the basis of audit operations. We support reforms and changes in public administration with our expertise both during audits and in development projects, and through our opinions, articles and other interaction. Through its wide-reaching and regular contacts related to financial audits, the National Audit Office promotes the implementation of the principles of good governance and the sharing of good practices in the management of central government finances, strengthens Parliament's budgetary and legislative powers, and supports the administration operating under the Government in the management of central government finances.

Development of financial audit

In the planning period, we will centralize the audit of compliance with the budget in the case of shared issues to be audited. We will define criteria for the centralized audit of compliance with the budget for all accounting offices. We will utilize data analytics in the audit, and we will not make any limitations specific for certain accounting offices. In addition to the centralized audit of compliance with the budget, we will take into account the special characteristics of each government agency in the implementation of and compliance with the budget.

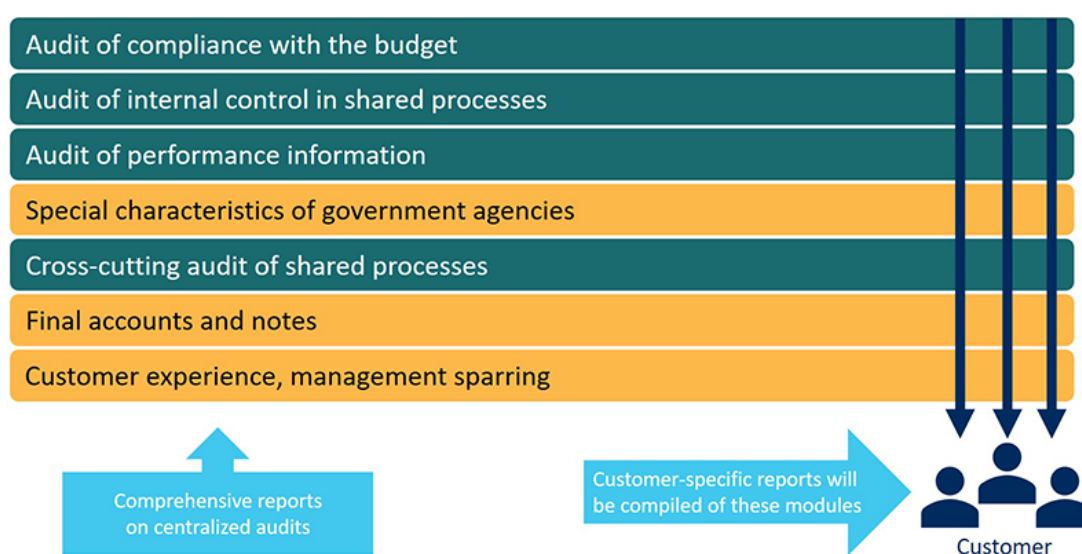


Figure 5: Audit of compliance with the budget and lawfulness of the financial management

The audit of shared information flows in the management of central government finances will be centralized in material respects. The aim of the development is to conduct the audit of these information flows in a centralized manner in material respects until the transaction audit required. The controls related to shared processes will be tested both in the audit of service centres and in government agencies. We will not make any limitations specific for certain accounting offices in the audit.

Government agencies will be audited according to teamwork principles in such a manner that the teams will be responsible for the audit of several agencies. The aim is to take the special characteristics of each agency into account already in the organization of the audit. This will make it easier to target the audit work in the planning period at the most essential transactions and operating processes from the agencies' perspective.

Financial audit reports will be prepared in the planning period on the final central government accounts and on the financial audits of ministries, accounting offices, and certain funds. The audits conducted by the National Audit Office will continue to cover ministries and accounting offices, which are obligated by law to prepare final accounts, certain off-budget funds, and the final central government accounts.

We will promote the digitalization of audits and software robotics during the planning period in all sectors of audit work so that new procedures can be introduced quickly and efficiently. The goal is to further automate data transfer and develop analytical audits utilizing data from several sources. Manual work can be reduced and centralized by utilizing data analytics and targeting audit by means of analytical assessment and automation, using a risk-based approach. The goal is to verify a significant part of the data given in final accounts and notes to them by means of automated and centralized audits.

Data analytics will be developed to meet the needs of audit work in close cooperation with the development of audit methods and the organization of audits.

Common information flows in the management of central government finances

Common information flows in the management of central government finances cover specified shared processes of the state's financial management. These processes are purchase-to-payment, order-to-collection, entry-to-final-accounts, payroll administration, and travel. The processes are mainly shared by all government agencies, and they operate in shared information systems. A key actor in the shared processes is the Finnish Government Shared Services Centre for Finance and HR. Audit work related to these processes will be centralized in material respects until the necessary transaction audit.

Reliability of central-government-level information and improvement of State Group information

The final accounts of accounting offices have been audited annually in financial audits. During the planning period, the audit work will continue to be performed without any limitations per accounting office, but the organization and implementation of the audits will be developed. The audits will be conducted to a greater extent from the perspective of the central government final accounts.

The National Audit Office has audited and will continue to audit the central government final accounts annually. The information contents of central government final accounts will continue to consist of the final accounts of the accounting offices, the reliability of which will thus determine whether the central government final accounts give a true and fair picture. Material balance sheet items are still missing from the balance sheet of the accounting offices and central government. The most significant item is defence materiel. The balance sheet also lacks part of the national heritage. The reliability and information content of central-government-level information will continue to be developed in this respect.

No consolidated accounts are prepared for the State Group. Material transactions include the internal transactions of different central government actors, such as transactions between government agencies or between central government and enterprises controlled by it. During the planning period, the National Audit Office will, in a manner appropriate to its role, support projects related to the improvement of State Group information and also prepare to audit this information. Uniform financial information on the State Group would contribute to the improvement of the overall operational management as well.

We will audit the impacts of the Act amending the Competition Act (721/2019) on the operations of government agencies in 2020–2021. The audit will focus particularly on the requirements set by the Competition Act for separate bookkeeping for operations in a competitive situation on the market.

Compliance with the state budget

Compliance with the state budget means that the budget has been prepared in accordance with relevant provisions and regulations and that public administration uses appropriations, revenue estimates, and budget expenditure and revenue in compliance with the budget, and the related provisions and regulations.

When the budget is applied, it is necessary to be aware of the budget valid at any given time and the relevant provisions related to it. During the year, it is important to monitor changes made to the budget, such as supplementary budgets approved by Parliament, permissions to exceed variable appropriations, changes to the account scheme, any letters granting unallocated appropriations for specific uses, and any changes to the most relevant provisions governing the state budget. The audit work aims at promoting knowledge of the budget as a key steering document in central government.

When auditing compliance with the budget, the National Audit Office will pay special attention to

- compliance with the key budget principles
- compliance with the legislation governing gross and net budgeting
- the use of items
- types of appropriations, and overrun and carry-over of appropriations
- categorization of expenditure

- justifications for the budget and their wording
- budgeting of authorizations
- allocation of expenditure, revenue, and authorizations to the budget year.

In 2020, the National Audit Office will conduct a separate audit of the budget procedures. The aim of the audit is to promote the uniformity of the state budget and to clarify the budget practices.

Central government risk management and internal control

The introduction and utilization of new digital technology, and the rapid changes in the ICT technology of the operating environment call for rapid solutions, clear operating models and allocation of responsibilities, as well as foresight. The challenge in public administration is to respond in a sufficiently quick and timely manner to emerging opportunities and risks, which will become more probable and material as a result of new methods and technologies. New technologies and methods will also cause new kinds of significant risks and threats to information and cyber security and data protection, for example. Their management will become even more important in the future.

The increasingly limited resources of central government will also cause many kinds of risks to digital capability. In view of the utilization of ICT technology, public administration suffers from uneven distribution of competence. Public administration has limited possibilities of competence development. If resourcing problems or any defects in present competence are fixed by outsourcing, there is the risk that outsourcing is used in wrong functions or in a wrong way.

Central government is increasingly dependent on ICT technology, and digital procedures and technologies are used in almost all central government functions. It was found in the audit that systems are rolled out into production while their development is still in progress, which results in incomplete controls, for example. Another risk is posed by central government's competence and ability to order large information system projects and supervise their implementation. This may result, for example, in a substantial delay in the introduction of an information system, in a significant overrun of the cost estimate, and in partial obsolescence of the system upon introduction.

When auditing government agencies, the National Audit Office always goes through the information systems that are important to the management of central government finances and directs its audits annually to the most essential information systems.

The significance of the operations to central government finances is also impacted by the fact that the improvement of the productivity of central government is largely based on the use of new information systems and on the new ways of working they enable. Information systems have thereby become critical for the achievement of sustainable general government finances.

Audit and monitoring topics

Topics

65 financial audit projects

Audit of shared financial management processes

Customer-specific financial audit

Audit of performance data

Cross-cutting audits of chains of operations

Statistical knowledge base of fiscal policy

Medium-term budget frameworks

Management of employment: Reconciliation of fiscal policy and employment policy

Centralized audit of compliance with the budget

Uniformity of the budget

Audit of EU funds

Implementation of the Competition Act

Climate financing provided by the state to developing countries

Benefit system incentives for accepting untypical employment

Measures for promoting growth of regional trade and industry

Incomes Register

Expenses of and funding for strategic capability projects of the Finnish Defence Forces

Lifecycle management of central government assets: Lifecycle management of central government building assets
(in the audit plan of 2019: Management of lifecycle costs in financial planning: Real estate)

Lifecycle management of central government assets: Lifecycle management of assets – machinery and equipment
(in the audit plan of 2019: Management of lifecycle costs in financial planning: Machinery and equipment)

Lifecycle management of central government assets: Management of transport infrastructure repair backlog
(in the audit plan of 2019: Management of lifecycle costs in financial planning: Transport infrastructure repair backlog)

Procurement and oversight of social and health care services

Assessment of the cost-effectiveness of social and health care services
(in the audit plan of 2019: Assessing cost-effectiveness of social welfare and health care services)

Implementation of reforms: Steering and monitoring of patient and customer safety
(in the audit plan of 2019: Implementation of reforms: Oversight of social welfare and health care services)

Implementation of reforms: Reform of vocational education
(in the audit plan of 2019: Implementation of reforms: Reform of upper secondary vocational education)

Implementation of reforms: Utilization of research data in business: funding and incentives
(in the audit plan of 2019: Implementation of reforms: Funding for commercialization of research and incentive impact of university funding)

Future workforce 2030

Operations of the Financial Stability Authority as part of the shared crisis resolution mechanism
(in the audit plan of 2019: Operations of the supreme audit institution as part of the crisis resolution mechanism (parallel audit))

Management of employment: Promotion of employment 2015–2019

Management of employment: Reform of TE offices in 2013

Management of employment: Employment and revenue impacts of the ESF programme

Strengthening the competence base in the changing labour market: Youth workshops and outreach youth work

Transferring basic social assistance to the Social Insurance Institution of Finland: the significance of assessing the effects of implementation in the law-drafting process
(in the audit plan of 2019: Impact on and impact of the income support system)

Regular reports on fiscal policy monitoring

Central government debt management

Limited company as an organizational form of central government functions
(in the audit plan of 2019: Separating government operations into new organizational forms)

Implementation of joint purchases

2.4 Monitoring and oversight operations

Fiscal policy monitoring

The ultimate goal of fiscal policy monitoring is to ensure that the fiscal policy and its preparation promote the sustainability of general government finances. The monitoring verifies the setting of fiscal policy targets and assesses compliance with rules and achievement of the targets. It also verifies the reliability of the forecasts on which the fiscal policy is built. Another goal is to promote transparent rules that are easy to understand.

The independent fiscal policy monitoring duty is governed by the Fiscal Policy Act (869/2012), the Government Decree on the General Government Fiscal Plan (120/2014), the Fiscal Stability Pact of the European Union and its common principles on national fiscal correction mechanisms (COM 2012/342), the European Union Budgetary Framework Directive (2011/85/EU) and Regulation (EU) No. 473/2013 of the European Parliament and Council.

Regular monitoring duties

The monitoring is primarily targeted at statutory duties, which include assessment of compliance with the Fiscal Policy Act and the Government Decree on the Central Government Fiscal Plan, issued thereunder, as well as an assessment of the achievement of the targets set for the general government fiscal position. The duties also include monitoring the correction mechanism included in the Fiscal Policy Act. Furthermore, the statutory monitoring duties include regular assessment of the reliability of the macroeconomic and fiscal forecasts on which the fiscal policy is based. The regular monitoring covers the preparation and implementation of the General Government Fiscal Plan and compliance with the central government spending limits. The scope of the monitoring also includes assessment of compliance with the EU Stability and Growth Pact.

As part of its monitoring duties, the NAOF issues public assessments of and opinions on the achievement of the fiscal policy targets, compliance with the rules, impact of the measures taken, and reliability of the forecasts of the Ministry of Finance.

Focus areas of operations and reporting in the planning period

The focus in the planning period will be on the development of the methods and tools used for assessing the impacts of fiscal policy measures, and the aim is to increase the capabilities for independent analysis. A key task in view of the objectives of the ongoing parliamentary term 2019–2022 will be assessing the employment-policy measures taken by the Government. The development projects will examine the usability of macro-modelling and micro-simulation. If necessary, we will also utilize external research contracts. The output gap has a key role for the rules and stance of the fiscal policy, and the NAOF will highlight the uncertainty related to its assessments and compare the results with those provided by alternative methods. Another focus area will be the sustainability of general government finances.

In 2020, an external assessment will be made of the NAOF's fiscal policy monitoring duty, and the results of the assessment will be utilized in the development of the NAOF's operations.

In May 2020, Fiscal Policy Monitoring will publish a final assessment of compliance with the Stability and Growth Pact and the spending limits in 2019, and an assessment of the contents of the General Government Fiscal Plan. In December 2020, the National Audit Office will submit a separate report to Parliament on fiscal policy monitoring. The report will focus, for example, on assessing the impacts of the employment-policy and other measures decided by the Government from the perspective of the objectives set for the parliamentary term.

The National Audit Office reports on its main observations in fiscal policy monitoring twice a year. The report to be published in the spring will focus on an ex-post examination of compliance with the Stability and Growth Pact and the spending limits, on preparation of the General Government Fiscal Plan, and on assessing the realism of the forecasts. The separate report to be submitted to Parliament towards the end of the year will assess the management of general government finances, compliance with the Stability and Growth Pact (ex-ante assessment), and achievement of the national goals and rules in the light of the budget proposal. The separate report to be issued at the end of 2022 will compile the observations made by fiscal policy monitoring and audit of the entire parliamentary term. The National Audit Office reports on the reliability of the forecasts of the Ministry of Finance regularly, approximately every two years. The next separate report focused on fiscal forecasts will be published in 2020.

Oversight of the legality of election and political party funding

As a politically independent actor, the National Audit Office is a credible and fair oversight authority in issues concerning election campaign and political party funding. The oversight operations can detect and prevent funding in violation of the Act on Political Parties or the Act on a Candidate's Election Funding, and thus influence the legality of election and political party funding. The oversight enables improper funding to be detected.

Based on legislation, the tasks include reception and publishing of funding disclosures, communication with the disclosers, verifying the correctness of the received documents, and actions for verifying compliance with the statutory limitations. The National Audit Office has a purpose-built information system for the document management and the publication of disclosures.

The oversight of election campaign and political party funding is an established part of the operations of the National Audit Office. As far as the tasks laid down in the Act on Political Parties are concerned, it is a permanent duty requiring permanent resources. The duties regulated by the Act on a Candidate's Election Funding are election-specific but constitute a recurrent process. Tasks related to post-election reports require resources even during the years when there are no elections.

Targeting of the oversight

According to the Act on Political Parties (10/1969, amended by 683/2010) and the Act on a Candidate's Election Funding (273/2009), it is a duty of the National Audit Office to receive election campaign funding disclosures and oversee their correctness. From the beginning of 2016, the National Audit Office has also overseen the state subsidies granted to political parties.

Focus areas in development

A working group set by the Ministry of Justice to develop the legislation on political party and election campaign funding started working in 2019, and its mandate will expire at the end of 2020. The National Audit Office participates in the working group as a permanent expert. Any legislative amendments will be taken into account in the development work. The information system used for the oversight will be adjusted to enable the National Audit Office to receive election campaign funding disclosures even on regional elections.

The oversight of the district organizations of political parties will be based on electronic materials to the extent possible.

Plans for the oversight of political party and election campaign funding in 2020–2024

The content and schedule of the oversight reports are governed in material respects by the Act on Political Parties and the Act on a Candidate's Election Funding. The National Audit Office will meet the statutory reporting requirements. The reports will present views on the functioning of the legislation.

The following reports will be submitted to Parliament based on the Act on a Candidate's Election Funding:

Municipal elections 2021	December 2021
Parliamentary elections 2023	December 2023

The following reports will be submitted to Parliament based on the Act on Political Parties:

Oversight operations in 2020	March 2021
Oversight operations in 2021	March 2022
Oversight operations in 2022	March 2023
Oversight operations in 2023	March 2024

2.5 Processing of complaints and reports of suspected misconduct

The National Audit Office processes complaints concerning compliance with the state budget, the lawfulness of central government finances, or election campaign and political party funding. It also processes reports of misconduct as laid down in section 16 of the Act on the National Audit Office (676/2000).

The estimated annual number of complaints concerning issues other than election campaign and political party funding is 30–40. Around half of these are processed as complaints. The goal is to resolve a complaint usually within three months of its submission. The NAOF can launch a compliance audit to resolve a complaint, in which case the goal is to resolve the complaint within six months.

2.6 General principles for the development of quality management

The National Audit Office will continue to revamp its quality management model as part of the implementation of its strategy. The key observations and development needs related to quality management in each audit type will be submitted to the NAOF's management forums for discussion. Quality management is based on the audit instructions. Quality management is reported on annually in the financial report. As part of its quality management, the National Audit Office requests external experts, such as members of the Scientific Council, to assess the quality of selected audit reports. These external assessments are submitted to the NAOF's management for information.

2.7 International operations

International cooperation has an important role in the development of external audit and monitoring. From international operations, the National Audit Office seeks inputs and tools for promoting a sustainable reform of general government finances and public administration.

The key focus areas and themes in international audit and monitoring cooperation are:

- the impact of audit work
- quality management
- methodologies
- digitalization and data analytics
- the Sustainable Development Goals of the UN 2030 Agenda.

Supreme Audit Institutions cooperate to develop standards in working groups of INTOSAI (International Organization for Supreme Audit Institutions). The National Audit Office participates in these working groups in order to develop audit work. The NAOF's basic duties include statutory international audit and monitoring cooperation within the scope of external audit of the EU financial management and independent monitoring of fiscal policy. The National Audit Office acts as the national liaison authority of the European Court of Auditors.

The NAOF aims to serve as a member of the Governing Board of EUROSAI (European Organization of Supreme Audit Institutions) until 2020. The NAOF is responsible for the portfolio of emerging issues and forward thinking. The purpose is to actively monitor and report on topical issues, such as digitalization, security issues, immigration, and implementation of the UN SDGs.

During the planning period, the National Audit Office holds the presidency of the INTOSAI Working Group on Environmental Auditing (WGEA), participates in INTOSAI's working groups on the audit of public debt, Big Data, IT audit, financial modernization and regulatory reform, the evaluation of public policies and programmes and national indicators, and in the EUROSAI working groups and task forces on environmental auditing, audit and ethics, and the societal impact of the audit of IT, local government finances and the public sector. Furthermore, the National Audit Office acts as the chair of the Fiscal Policy Audit Network and actively participates in EU cooperation through the VAT working group, the Banking Union Working Group, the Europe 2020 Strategy Audit Network. In addition, the National Audit Office participates actively in Nordic cooperation and in foresight and data analytics networks.

The National Audit Office acts as the external financial auditor in the Baltic Marine Environment Protection Commission – Helsinki Commission (HELCOM), the European Southern Observatory (ESO) until 2022, and the European Organization for Nuclear Research (CERN) until 2021. Furthermore, the National Audit Office is a member of the OECD Audit Committee in 2019–2021.

3 Performance targets, focus areas of the HR policy and focus areas in competence development

3.1 Performance targets

The target of the National Audit Office is to have societal impact. From the perspective of our operations and duties, societal impact has the following meaning:

Improved cost-effectiveness of the management of central government finances

We influence the cost-effectiveness of the management of central government finances by having a dialogue based on our audit information with the Government, other actors steering central government finances, and the public administration that implements the decisions taken.

Improved trust in the knowledge base of decision-making

Our audit operations ensure that the knowledge base of decisions on central government finances and financial management is reliable and of high quality.

Improved trust in Finnish central government acting openly, cost-effectively and sustainably

We help to ensure that taxpayers and international actors operating with the Finnish society can trust the ability of the Finnish central government to act openly, cost-effectively, and in a economically sustainable manner.

The management of general government finances is sustainable

We help to ensure that general government finances are managed in a responsible manner, taking into account long-term sustainability. Fiscal policy complies with the rules, and the measures taken are counter-cyclical.

In order for the National Audit Office to achieve its impact targets, we have identified the following **performance targets**. The achievement of the performance targets provides the conditions and foundation for the societal impact of our operations.

1. We provide timely and material information that decision-makers can utilize in the development of operations

We provide timely and material information on areas according to our societal impact targets. Our target is to have an impact during the entire audit process. We know when and what kinds of issues the NAOF should address and target its audit work at. The information and recommendations we provide are taken into account in the development of operations, and we are requested to provide diverse expert information and opinions.

2. Our opinions are observed in fiscal policy preparation and decision-making

The Government takes into account the assessment information and opinions we provide through fiscal policy monitoring when preparing and making decisions on fiscal policy, and we are requested to provide expert information on many kinds of issues related to the management of general government finances.

3. Our customers appreciate our interaction and mutual dialogue

We understand our stakeholders' operations and are able to offer them audit findings in a manner that meets their needs. The audited entities find that communication during the audit works well.

4. We diversify the methods of producing information

To strengthen our societal impact, we will use new technologies and diverse means of producing information. We conduct multi-type audits in order to provide the decision-makers with more diverse information.

5. We have competence that foresees and meets the needs of operations

We implement our strategic competence development plan efficiently. We implement development plans that conform to the NAOF's targets and support the employees' individual targets, thereby developing the skills and competence we will need in the future.

6. The NAOF is a healthy and well-functioning work community

Our personnel feel that we have a healthy and well-functioning work community. We assess this particularly from the perspectives of the personnel's cooperation, motivation, work capacity, and ability to reform, as well as supervisory work and leadership.

We report on the progress and achievement of the performance targets regularly in connection with our financial statement.

3.2 Focus areas of the HR policy

The HR policy specifies the National Audit Office's vision and ambition for human resource management and development. It provides the foundation for systematic and long-term human resource management. The personnel policy is based on the NAOF's values. It determines the principles for the management of HR issues and sets out the NAOF's operating principles for HR management. The HR policy supports and provides instructions for the implementation of the NAOF's strategy.

As a result of the strategy for 2019–2023, the needs of the NAOF's stakeholders and customers and the NAOF's goal of having a greater impact on society are also reflected in the NAOF's HR policy lines. The HR policy lines also reflect the goal of "one unified NAOF".

In line with the strategy, one of the goals of the NAOF is to make the ways of working and the operating culture more flexible and interactive, to encourage cooperation, and to build trust. The ultimate goal is to combine different types of expertise and to collaborate. As a result of the strategy, the NAOF becomes a team and project organization where all work is done in projects and teams. Project work in teams will change the operations, the way of working, and the management of the NAOF. The request for more advanced, genuine teamwork was voiced by the NAOF's employees during discussions and in surveys regarding the development of working.

Each employee has a role in the creation and development of the NAOF based on the new strategy. The employees of the National Audit Office form a community. The NAOF's societal impact is based on their expertise and professional skills. The HR policy aims at improving the NAOF's productivity in the long term.

All NAOF employees implement the HR policy in their work. Particularly the NAOF's management, HR function, and team and project managers and leads follow the principles of the HR policy in their areas of responsibility.

New management system and supervisory work

The management work will focus on shared leadership and dialogue. As for management competence, the focus areas will be leadership, change management, coaching, strategic management skills, and competence development. Management duties are divided into operational and strategic as well as internal and external ones.

We aim at a flexible and equal work community where motivation and capabilities are utilized as efficiently as possible, which is why we have shared management responsibility. The teamwork model transfers responsibility for daily management and content issues to self-directed teams. This means that more decisions can be made in the teams where the work is done, and that problems are solved and work is developed by the people affected by these issues. The NAOF team model speeds up decision-making, and we show the employees that we trust their competence and ability to solve issues and problems.

Teamwork that supports self-management and shared management simplifies the NAOF's decision-making system, distributes the management work and responsibility, and facilitates the progress of projects. Transferring the steering and decision-making responsibility to teams offers the employees new opportunities to manage their own work, make decisions regarding their work, and develop themselves and their competence. With the self-management and shared management of teams, the NAOF will, to a greater extent, adopt a coaching approach to leadership.

Competence management

Competence development is one of the key success factors for the NAOF's new operating model, and the ability to lead and manage multidimensional competence is an integral part of the management role. Competence management is based on the NAOF's strategic competence needs.

The core of the National Audit Office's strategic change is to increase societal impact by unifying operating methods and increasing interaction between the employees. For competence and development, this means that the NAOF's entire competence potential will be utilized in a better and more versatile manner. Projects will utilize the employees' competence flexibly throughout the NAOF. Teams and projects will create development paths for the employees.

The development of competence and operating methods will continue to focus on on-the-job learning, feedback, learning from others, and cooperation. Learning from others and sharing one's professional competence will support competence development. Teams consisting of people with varied competences will enable a more versatile approach to broader subjects, as expertise will benefit the entire team. The project organization will also offer employees more opportunities to develop their leadership skills as project managers.

Project work in teams will require us to strengthen new kinds of competence areas. The main themes include the management of a project organization, teamwork and team leadership skills, project competence, coaching, data analytics, and digitalization. Competence will be developed systematically in the long term based on the strategy.

The changes in the operating environment and in the requirements for the audit sector have resulted in new kinds of operating models in audit work, based on data analytics, digitalization, and robotization.

HR planning and recruitment

HR planning and recruitment at the National Audit Office will focus on strategic competence needs that aim to ensure that we have societal impact and respond to the needs of our stakeholders as providers of information in the changing social and economic operating environment.

New recruitments will focus mainly on competence needs caused by the rapid changes in the operating environment and the development of the audit sector, such as data analytics, project and interaction skills. The underlying principle is that external recruitment will be used for filling any competence gaps that cannot be filled by training the existing employees, by using internal job rotation, or by reorganizing the employees' duties. External recruitment due to retirement, a leave of absence, or other personnel changes will focus on acquiring new competence required to carry out the

NAOF's duties. We promote the mobility of our personnel by continuing public official exchange and job rotation and by offering them opportunities to participate in international audit work.

Performance appraisal, salaries and bonuses

The salaries offered by the National Audit Office aim at motivating the employees and ensuring equality. Salaries and bonuses are transparent, and the NAOF's shared goals serve as incentives. Work performance is assessed using transparent, objective criteria in an equal manner. Job descriptions are updated to support the transparency, equality and implementation of the salary criteria. Job descriptions define the main duties and other duties of each employee in a transparent manner to ensure that the assessment of the job requirements is based on the actual duties of the employee. We assess the scope and depth of an employee's competence in performing their duties. It is not a question of assessing theoretical competence or the employee's level of education; instead, the assessment focuses on how well the employee is able to perform the duties assigned to them.

The possibility of developing the National Audit Office's salary and bonus scheme will be studied as a result of the new strategy and reorganization. The aim is to ensure that the salary scheme supports the strategy, societal impact, and success factors.

Work atmosphere and performance as a work community

The National Audit Office's strategic wellbeing project (Tyhy 3.0) and the related follow-up work focus on the development of wellbeing at work mainly by improving and continuously monitoring the conditions for the personnel's productivity. According to an analysis made, the development of the conditions for and management of the NAOF's personnel productivity cover the following areas: leadership, meaningful work, customer benefit, and the ability to reform oneself. Wellbeing at work will be improved based on these four development areas. Progress will be monitored by measuring achievement of the targets set in these areas. We will measure the conditions for personnel productivity regularly by a comprehensive survey and a shorter recurrent survey. The employees will be able to attend a wellbeing-at-work forum to discuss wellbeing at work and the work atmosphere. The employees will meet at the forum without their supervisors and the management to draw up practical proposals on how to improve wellbeing at the NAOF based on previously proposed ideas.

During the planning period, the NAOF will focus especially on the work atmosphere and the functioning of the work community by supporting the personnel in putting the new organization and ways of working into practice. The employees will participate in the planning and implementation of the change. Open and timely communication about the change will be provided in information events and workshops and through strategic communication channels. All NAOF employees are responsible for promoting a good work community and work atmosphere. Key actors in the promotion of a motivating work atmosphere and a well-functioning work community are the management, supervisors, and the HR function.

Monitoring the implementation of the HR policy

Achievement of the HR policy goals is monitored regularly at quarterly meetings between the management and the personnel organizations. The monitoring practices and indicators are created in cooperation with the personnel. All of the HR policy themes are monitored and assessed.

3.3 Focus areas in competence development

The National Audit Office of Finland has overhauled its strategy and management system. The changes aim at a wider societal impact. Achieving this requires diverse competence development. Accordingly, competence development is one of the focus areas of the strategy period. Through competence development, we aim at obtaining abilities to do things in a new way and thereby create a new kind of organizational culture according to our strategy.

In the new organization, the personnel have been placed in four competence centres: Financial and Economic Governance, Digitalization, Methods, and Customer-Centric Approach. The competence centres are responsible for generating

an overall view and picture of the development targets and needs of the competence areas falling within the scope of their responsibility, as well as for planning competence development.

The heads of the competence centres are responsible for the personnel's competence development to promote the achievement of the impact targets confirmed in the strategy and to strengthen the personnel's competence, careers, and ability to reform themselves. The competence centres offer the entire personnel services related to competence development, such as training and diverse learning events. The competence centres manage the personnel's potential in a sustainable manner.

Our most important resource is the people we employ. We invest in continuous learning and in offering diverse learning opportunities. We draw up development plans to support our employees and the NAOF in achieving their targets and to develop the skills and expertise we will need in the future, such as customer insight, teamwork skills, project management skills, and ability to serve as a sparring partner. The focus in competence development continues to be on maintaining the NAOF's audit expertise and ensuring that our auditors can obtain qualifications and maintain their professional degrees.

New skills to support project work

The NAOF is becoming a project organization, where all work is done in projects. The importance of following the common rules of play and utilizing each other's strengths will be highlighted as collaboration increases. Accordingly, competence development will focus on teamwork and project management skills.

The development of the operating practices emphasizes on-the-job learning, feedback, learning from others, and cooperation. Learning from others and sharing of professional competence will also support competence development in the teamwork environment. Teams with diverse competences will enable a more efficient approach to broader subjects, as expertise will benefit the entire team. The team organization will also offer better opportunities to acquire management competence and experience.

The transfer from a hierarchical model to a project organization that gives responsibility requires the adoption of new ways of working. Dismantling hierarchies increases freedom at work and experimenting, which will open opportunities for the organization. Our competence development will focus on skills and competences that support and promote working in the new organization model. Strengthening self-management and shared management in teams promotes the transition to a genuinely learning, responsible and creative organization. Teamwork and the project organization also enable efficient utilization of the NAOF's potential and the creation of a culture where the entire organization operates according to the shared goals and is able to manage continuous change.

A new model for the development of strategic competence

The development model of strategic competence will be revamped to conform to the NAOF's new structure and strategy. Competence development will focus on supporting competence and development based on the strategy, and development investments will be targeted at strategically critical areas. Competence will be developed systematically over a long term, based on the strategy, and the personnel's potential and development will be managed and supported in a sustainable manner.

Changes in the operating environment set requirements for the development of the National Audit Office. The changing operating environment and the requirements set by the audit sector will shift the focus of competence development towards broader and more versatile competence paths. The skills, abilities and competences that are critical to the NAOF's operations will be identified based on the strategic competence development model to support broader and more versatile development paths. Individual development plans will be drawn up to contribute to the personnel's motivation and wellbeing at work.

We will continue to focus on ensuring that we have good customer insight based on interaction. We will develop our cooperation and interaction with the actors and partners that are the most important for our operations. This means that we will improve our competence through networks and communities of experts. To be able to do this, we must have the ability to have a dialogue, to listen, and to hear.

Management commitment

We commit to acting in a consistent, predictable and encouraging manner that complies with the values set out in the strategy of the National Audit Office. We aim at providing the employees with as good conditions as possible to implement the audit plan. We commit to managing and developing the audit, monitoring and expert operations for which we are responsible, and to working in cooperation to ensure that the performance targets laid down in the audit plan can be achieved as well as possible.

We will manage people and their work by setting goals and creating the prerequisites needed for achieving the goals. We will support each other and other employees in management duties to ensure that shared management will create the prerequisites for efficient high-quality work that has an impact, a good work atmosphere, and a functional work community.

We will carry our responsibility for the shared management and active development of the National Audit Office in different management forums and in our special responsibility areas specified in the Rules of Procedure.

Helsinki, 12 December 2019

Tytti Yli-Viikari
Auditor General

Mikko Koiranen
Director

Matti Okko
Director

Jaakko Eskola
Director

Heli Mikkilä
Director

Pirkko Lahdelma
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Anna-Liisa Pasanen
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Leena Juvonen
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HR Director

Riitta-Liisa Heikkilä
Director

Jaana Beversdorf
Communications Director

Juhani Heimsch
ICT Director

Jenni Leppälahti
Planning Director

Appendices

APPENDIX 1

Spending limits calculation 2020–2024

	2018	2019	2020	2021	2022	2023	2024
	Financial statements	Budget	Budget proposal	Budget proposal	Budget proposal	Budget proposal	Budget proposal
Budget/spending limits*	14,937,000	15,669,000	15,804,000	16,307,745	16,307,745	16,307,745	16,307,745
Carried forward from previous year	2,060,389	2,251,536	2,065,352	1,561,608	1,561,608	1,561,609	1,561,609
Available appropriations in total	16,997,389	17,920,536	17,869,352	17,869,353	17,869,353	17,869,354	17,869,354
Salaries and bonuses	11,419,448	12,121,845	12,392,995	12,392,995	12,392,995	12,392,995	12,392,995
Rents for premises	629,001	583,000	583,000	583,000	583,000	583,000	583,000
Other operating expenses	2,697,404	3,150,339	3,331,750	3,331,750	3,331,750	3,331,750	3,331,750
Operating expenses total	14,745,853	15,855,184	16,307,745	16,307,745	16,307,745	16,307,745	16,307,745
Carried forward to following year	2,251,536	2,065,352	1,561,608	1,561,608	1,561,609	1,561,609	1,561,609

APPENDIX 2

NAOF

Updated on 19 September 2019

Spending calculation (operational and financial plan calculation)

National Audit Office of Finland

OPERATIONAL AND FINANCIAL PLAN 2019–2023

Adjusted plan data

Responsibility area	2018	2019	2020	2020	2021	2022	2023	2024				
Salaries and operating expenditure	Financial statements	Budget	Budget proposal	Change +/-, €	Operational and financial plan 2021	Change +/-, €	Operational and financial plan 2022	Change +/-, €	Operational and financial plan 2023	Change +/-, €	Operational and financial plan 2024	Change +/-, €
Salary expenditure	11,419,448	12,121,845	12,392,995	271,150	12,392,995	0	12,392,995	0	12,392,995	0	12,392,995	0
Operating expenditure	3,327,013	3,733,339	3,914,750	181,411	3,914,750	0	3,914,750	0	3,914,750	0	3,914,750	0
Operating expenditure, section 21.40.01 final accounts	14,937,000	15,669,000	15,669,000		15,669,000		15,669,000		15,669,000		15,669,000	
Operating expenditure/year	14,746,461	15,855,184	16,307,745		16,307,745		16,307,745		16,307,745		16,307,745	
Item to be carried forward	2,060,389	2,251,536	2,065,352	-186,184	1,561,607	-503,745	1,561,607	0	1,561,607	0	1,561,607	0
Available appropriations, total	16,997,389	17,920,536	17,869,352		17,869,352		17,869,352		17,869,352		17,869,352	
VAT expenditure, total (21.40.29)	511,000	590,000	650,000	60,000	650,000	0	650,000	0	650,000	0	650,000	0
Operating expenditure and VAT expenditure, total	15,257,461	16,445,184	16,957,745		16,957,745		16,957,745		16,957,745		16,957,745	
+/- Change 2020–2024, total				326,377		0		0		0		0

Deferrable appropriation

The appropriation intended to cover the National Audit Office's operating expenditure has been budgeted as a deferrable appropriation (2 years) in the same way as the operating expenditure of other government agencies. According to the State Budget Act, a deferrable appropriation may be carried over, in part or in whole, from one fiscal year to another within the three budget years following the year during which it was added to the budget, provided that the budget does not indicate that the deferrable appropriation may only be carried over to the following budget year. On account of the nature of the deferrable appropriation, the spending limits table includes the column "Operating expenditure/year". After the end of the budget year, any unused part of the appropriation may be carried over to the following budget year. Deferrable appropriations are carried over in connection with the final accounts. It is a budget expenditure item for the fiscal year concerned, but it will not be entered into the business accounts until the year when it is actually used. Therefore, a deferrable appropriation may be used to carry out projects spanning several years.

APPENDIX 3

Personnel resource framework 2020–2024

	2019		2020		2021		2022		2023		2024	
Personnel expenditure forecast (€)	11,892,789		12,291,475		12,180,257		12,007,314		11,889,668		11,683,995	
Personnel expenditure forecast excl. holiday bonus leaves (€)	11,738,182		12,131,685		12,021,913		11,851,219		11,735,102		11,532,103	
Personnel expenditure goal (€)	12,121,845		12,392,995		12,392,995		12,392,995		12,392,995		12,392,995	
Target – Forecast excl. holiday bonus leaves	383,663		261,310		371,082		541,776		657,893		860,892	
Person-year forecast (person-year = 180 person-workdays)	139.8		142.0		137.1		134.4		132.2		128.7	
Person-year target (person-year = 180 person-workdays)	138.0		144.0		144.0		144.0		144.0		144.0	
Person-years: target–forecast	-1.8		2.0		6.9		9.6		11.8		15.3	
Working hour distribution per main function, target (% , person-years)												
Audit and monitoring	48%	67	50%	72	50%	72	50%	72	50%	72	50%	72
Other core operations	26%	36	25%	36	25%	36	25%	36	25%	36	25%	36
Support functions	26%	35	25%	36	25%	36	25%	36	25%	36	25%	36
Total	100%	138	100%	144	100%	144	100%	144	100%	144	100%	144
Personnel position structure forecast (% of euros, person-years)												
Top management	1%	1	1%	1	1%	1	1%	1	1%	1	2%	1
Management	12%	16	18%	19	19%	19	17%	16	14%	13	13%	12
Service teams	25%	35	19%	39	17%	33	17%	33	17%	32	18%	33
Audit and monitoring experts	63%	87	62%	83	63%	84	65%	84	68%	86	67%	82
Total personnel	100%	139.8	100%	142.0	100%	137.1	100%	134.4	100%	132.2	100%	128.7
Retirement (person-years)												
Actual/forecast retirement (persons)	5		2		0		0		1		5	



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