

Conclusions and recommendations of the National Audit Office

Renovation of the Olympic Stadium

The audit was targeted at the renovation project of the Olympic Stadium, especially from the perspective of the granting, use and supervision of discretionary government transfers. The audit focused on the Ministry of Education and Culture as the state aid authority and the Stadium Foundation (Stadion-säätiö) as the state aid recipient.

In order for the principles of good governance and cost-effectiveness to be implemented, it is important to ensure that projects financed by the state either in full or in part have complied with the state budget and related provisions and regulations and that the projects have been duly managed.

The aim was to examine whether the discretionary government transfers had been used according to their purpose and whether the state aid process from the decision-making to the granting and payment had been appropriate. In addition, the aim was to examine whether internal control has been appropriate.

The discretionary government transfer has mainly been used according to its purpose

The audit did not reveal any indications that the funded entity would not, in general, be in accordance with the decisions on discretionary government transfers. However, the costs have risen considerably from the needs analysis and project study.

The costs charged to the project by the City of Helsinki, which served as the developer and a funding partner in the project, have not been fully transparent. The developer's hourly charge price-list includes overhead costs whose connection with the project could not be transparently verified.

Based on the audit, the court-imposed compensation that the Stadium Foundation included in the costs of the project does not constitute a project cost eligible for state aid.

The cost-sharing model has not been prepared sufficiently accurately to ensure that costs are distributed as agreed.

The state aid process from decision-making to granting has not been appropriate in all respects

Information on the development of the project cost estimates and on the uncertainties related to costs was not fully provided in a timely manner and to a sufficient extent to serve as a basis for funding decisions.

In its policy lines, the state has defined the maximum amount it will contribute to the project costs. On the other hand, no fixed price ceiling has been defined for the key contract in the project: the price ceiling changes when additional works and modifications are approved. The payment basis of the contract model selected for the project is therefore contrary to the state's funding principles. However, the contradiction between the model and the basis of the funding decisions was not disclosed in a sufficiently transparent manner in the processing of the project funding after the contract model had been approved.

The state aid decisions did not fully comply with the Act on Discretionary Government Transfers. The decisions did not always disclose the information referred to in section 11 of the Act.

Shortcomings in the supervision by the state aid authority

The supervision carried out by the state aid authority did not meet the requirements of the complex and long-term project. The task of the steering group appointed for the project was to ensure that the costs of the project are kept under control and that the project remains on schedule. Based on the audit, the steering group failed to manage the costs of the project appropriately. The audit also revealed that the steering group had no real opportunities to ensure that the project was implemented cost-effectively and in the target schedule.

Recommendations of the National Audit Office

1. In view of the significant increase in costs, it is recommended that the state aid authority ensure that the ex-post reports on the use of discretionary government transfers submitted to it under legislation include a sufficiently accurate and transparent calculation of the reasons for the increase in costs.
2. The Stadium Foundation as the state aid recipient and the Ministry of Education and Culture as the state aid authority should ensure that the costs allocated to the project comply with the grant decision and the grant conditions.
3. The compensation imposed on the Stadium Foundation by the Supreme Administrative Court, as well as the legal costs, should be deducted from the project costs eligible for state aid.
4. In projects co-funded by the state, the cost-sharing model of all funding partners should be documented at a sufficiently accurate level to ensure that the model leads to the agreed distribution of costs.
5. In similar future projects, the state aid authority should ensure that the funding decisions are based on sufficiently transparent information on costs and uncertainties related to cost estimates.
6. In projects co-funded by the state, it should be ensured that the project's contract model and funding decision are consistent.
7. The state aid authority should ensure that the documents related to the state aid project are duly prepared and archived in a uniform and comprehensive manner. The documents should be archived in such a manner that the marks indicating their approval are clearly verifiable afterwards.
8. In order for the use of public funds to be transparent and cost-effective, the state should supervise large, complex and long-term projects appropriately and adequately.
9. If the state appoints a steering group for state-funded projects with significant costs and implementation, it should ensure that the group has sufficient power of decision to steer the project and sufficient expertise available to it. The steering group should also have an effective connection with decision-making.