



**Audit and oversight plan 2023–2026 of the  
National Audit Office**

## **Audit and oversight plan of the National Audit Office**

Reg. No. D/840/00.01.02.01/2022

According to section 3 of the Act on the National Audit Office (676/2000), audit activities shall be based on an audit plan adopted by the National Audit Office. The National Audit Office has today adopted an audit and oversight plan for 2023–2026. The plan includes a description of the basic premises of the activities as well as of the audits and key monitoring and oversight activities to be carried out during the planning period.

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## Contents

<b>1</b>	<b>Description of the operating environment.....</b>	<b>4</b>
1.1	Basic premises of the activities and planning of audit work .....	4
1.2	Legal basis for the activities.....	4
1.3	Key risks to central government finances and the state's financial management .....	5
<b>2</b>	<b>Reporting on activities .....</b>	<b>6</b>
2.1	Statutory reports .....	6
2.2	Reports to Parliament .....	6
<b>3</b>	<b>Audit topics .....</b>	<b>6</b>
3.1	Audit activities of continuous nature .....	6
3.2	Varying audits .....	7
<b>4</b>	<b>Follow-up of audit activities in 2023–2024 .....</b>	<b>8</b>
<b>5</b>	<b>Monitoring and oversight activities .....</b>	<b>9</b>
5.1	Fiscal policy monitoring and audit.....	9
5.2	Oversight of political party and election campaign funding .....	9
5.3	Maintenance and oversight of a transparency register .....	10
5.4	Processing of complaints and reports on irregularities .....	11
	<b>Appendix 1: Fiscal policy monitoring and audit plan.....</b>	<b>12</b>

## 1 Description of the operating environment

### 1.1 Basic premises of the activities and planning of audit work

The audit, monitoring and oversight activities of the National Audit Office of Finland (NAOF) are based on the social impact targets set for them in the NAOF's strategy:

- Improved cost-effectiveness of the state's financial management
- Improved confidence in the knowledge base of decision-making
- Improved trust in Finnish central government acting openly, effectively and sustainably.

The operational and financial plan of the National Audit Office defines performance targets for the activities. Success in achieving them creates the prerequisites and lays the foundation for the societal impact of the activities. The planning of audit topics is based on the assessment of the risks identified in central government finances and their management and on monitoring changes in the operating environment. The key principle of targeting audit work is *the significance of the subject matter to central government finances*. Other factors influencing the selection of audit topics include *the significance of the subject matter to Parliament and decision-makers, the topicality and timeliness of the issue, and the auditability of the topic*.

The planning of audit work is steered by the focus areas of the planning period and the materiality criteria specific to the different audit types. In this planning period, the focus areas in auditing are *reforms and changes in public administration, and measures to promote a sustainable economy and balanced central government finances*.

The operational and financial plan of the National Audit Office presents the general objectives of audit activities, descriptions of audit types, descriptions of audit quality management and development, as well as the resourcing plans and competence development related to auditing.

*A follow-up of an audit* examines what measures the audited entity has taken on the basis of the conclusions and recommendations presented in the audit and whether the NAOF finds these measures adequate to correct the shortcomings detected in the audit. With the exception of financial audits, a follow-up is conducted on all audits on which an audit report has been issued. Follow-up activities related to financial audits are carried out as part of the annual financial audits. Follow-up is no longer continued if the shortcomings have been corrected adequately. If the shortcomings have not been addressed adequately, the follow-up may lead to a proposal to re-audit the subject matter. Follow-ups also provide information for the planning of audit activities. The results of follow-ups are also used to assess the effectiveness of audit activities.

### 1.2 Legal basis for the activities

Under the Act on the National Audit Office (676/2000, sections 1 and 2), the National Audit Office has the *right to audit*:

- the legality and appropriateness of the state's financial management, compliance with the state budget, and transfers of funds between Finland and the European Communities
- central government authorities and institutes, unincorporated state enterprises, groups of unincorporated state enterprises, and state funds
- state-controlled companies and other companies referred to in section 19 of the Act on the National Audit Office, particularly from the perspective of state ownership steering
- entities and legal persons that have received funding or other financial support or benefits from the state to determine whether the information provided in order to receive the funding or other financial support or benefits is correct, whether the terms and conditions laid out in the grant decision have been observed, and whether the funding or other financial support or benefit has been used for the purpose for which it was granted. A corresponding audit right also applies to
  - o entities and other legal persons that have been authorized by the state to obtain funding for a specific purpose to be used or distributed further by central government authorities
  - o credit institutions managing central government's payment traffic and other entities and legal persons in order to examine the central government's payment traffic or the management of state funds and assets
  - o funds that belong to others but are held by central government authorities and for which the state is responsible.

Under the Act on the National Audit Office (676/2000, sections 1 and 2), the Act on Wellbeing Services Counties (611/2021, sections 4 and 128), and the Act on Organising Healthcare and Social Welfare Services and Rescue Services in Uusimaa (615/2021, section 23), the National Audit Office has, as from 1 January 2023, the *right to audit*:

- the legality and appropriateness of the financial management of wellbeing services counties and the entities and foundations belonging to a wellbeing services county group. A corresponding audit right extends, as regards state funding, to other entities, foundations and institutions where a wellbeing services county exercises control together with one or more wellbeing services counties, one or more municipalities or the state.
- the legality, appropriateness and cost-effectiveness of the activities and financial management, as regards the state funding, of the City of Helsinki health and social services and rescue services, and the entities that have been established to perform these tasks and are controlled by the City of Helsinki.

The National Audit Office *monitors compliance with the 'Fiscal Policy Act' and the provisions issued under it* (Act on the implementation of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, the implementation of Treaty provisions of a legislative nature as well as requirements concerning multi-annual budgetary frameworks 869/2012, section 7):

- the setting of and compliance with the rules steering fiscal policy
- the drafting and implementation of the General Government Fiscal Plan
- compliance with the EU's Stability and Growth Pact and the applicability of EU rules to Finland
- compliance with the medium-term objective set for general government finances and the related correction mechanism
- the realism of the macroeconomic forecasts on which fiscal policy is based and the reliability of macroeconomic and budgetary forecasts.

To *oversee election campaign and political party funding* under the Act on Political Parties (10/1969, sections 9e, 9f and 11) and the Act on a Candidate's Election Funding (273/2009, section 10), the National Audit Office:

- receives and publishes documents laid down in the Act on Political Parties and the Act on a Candidate's Election Funding, and
- verifies that those subject to the disclosure obligation disclose the funding they have received to the NAO. The disclosure obligation applies, for example, to the registered political parties, their district and women's organizations, and the elected candidates and appointed alternate members.

### 1.3 Key risks to central government finances and the state's financial management

[The risk analysis 2020–2023 of the National Audit Office](#) presents such key risks to central government finances and the state's financial management that can be influenced by auditing and that are relevant to the targeting of audits and the selection of audit topics.

*The key risks to central government finances include needs to adjust taxation, decision-making capability, and competence development and maintenance.* These risks are relevant to society's capacity to operate efficiently even in the future. Taxation adjustments and decision-making capability are needed to implement reforms. Competence and its development are important for safeguarding the welfare society even in the future.

*The key risks to the state's financial management include the automation of financial processes, the outsourcing of functions, and the operation of the performance management system.* These risks relate to the organization of service-oriented and efficient public administration and to ensuring sound financial management. It is basically a question of achieving balance between service ability and other requirements set for the activities. From the audit perspective, other important requirements include particularly economic efficiency, flawless processes, and the provision of high-quality financial information.

In addition, *risks related to economic growth, competitiveness and investment planning, funding and maintenance* may include elements related to both central government finances and the state's financial management.

## 2 Reporting on activities

### 2.1 Statutory reports

The statutory reports of the National Audit Office include the *audit report*, which is submitted for information and necessary action to the audited entity and the ministry responsible for the sector in question. In addition, the report is submitted for information to the Parliamentary Audit Committee and the Ministry of Finance. (Act 676/2000, section 5) The audit report may also be submitted for information to other parliamentary committees within whose mandate the audit topic falls.

On the financial audit of an accounting office, the National Audit Office submits at least a *financial audit report* and an *annual summary* to the accounting office. The NAOF also issues a financial audit report and an annual summary on the final central government accounts.

Audit reporting implements the interaction between an external auditor and the supreme decision-making body as laid down in the international audit standards.

### 2.2 Reports to Parliament

The National Audit Office also submits the following *separate reports* to Parliament:

- the National Audit Office’s annual report (Act on the National Audit Office 676/2000, section 6)
- report on the audit of the final central government accounts and the Government's annual report for the previous year (Act on the National Audit Office 676/2000, section 6)
- fiscal policy monitoring report ('Fiscal Policy Act' 869/2012, section 7)
- report on the oversight of political party funding (Act on Political Parties 10/1969, section 9e)
- report on the oversight of election campaign campaign funding (Act on a Candidate's Election Funding 273/2009, section 10).

The purpose of the reports to Parliament is to serve the needs of Parliament as well as possible in its duties laid down in the Constitution. The reports to Parliament highlight those findings and conclusions of the audit, monitoring and oversight activities that are the most relevant for parliamentary work.

## 3 Audit topics

The audit activities of the National Audit Office consist of *annually recurring audits of continuous nature* and *annually varying audits*. The audits of continuous nature are financial audits and any compliance audits conducted in connection with them. The varying audits are performance audits, fiscal policy audits, compliance audits, or combinations thereof, i.e. so-called multi-type audits.

### 3.1 Audit activities of continuous nature

The annual financial audits carried out by the National Audit Office cover all ministries and accounting offices, which are obligated by law to prepare final accounts. It also covers three off-budget central government funds and the final central government accounts.

The purpose of a financial audit conducted by the National Audit Office is to ensure that the state budget and the key regulations on the state's financial management are complied with and that the reports provide true and fair information on the revenue, expenditure and financial position of the central government and its agencies and institutions. In connection with the audit of the final central government accounts, the National Audit Office assesses whether the Government reports on the state of central and general government finances and on the operational performance in its annual report in accordance with legislation.

A significant part of the financial audit of budgetary compliance and shared financial management processes is carried out in a centralized manner. Therefore, centralized financial audit constitutes a significant part of the auditing of the final accounts of accounting offices.

The objective of accounting-office-specific audit is to verify the accuracy of such items and the internal control of such central government financial management processes that cannot be audited in a centralized manner. In the audit, it is also possible to take into account various operational and financial special characteristics of the accounting offices.

In addition, the National Audit Office conducts financial audits of international organizations (ESO, CERN, HELCOM, institutions of the Nordic Council of Ministers) and audits of EU funds.

During the planning period, the NAOF will issue financial audit reports on the audits of the final central government accounts and the accounting offices' final accounts. The financial audit reports on each accounting office and the final central government accounts present the NAOF's opinions on the following issues:

- compliance with the budget (reasonable assurance),
- financial statements and notes (reasonable assurance),
- information on the operational efficiency (limited assurance),
- internal control (limited assurance).

Audits are resourced, planned and implemented in such a manner that the above opinions can be provided.

### 3.2 Varying audits

The varying audits include compliance audits, performance audits, fiscal policy audits, and multi-type audits combining these. Compliance audits examine whether laws, other provisions, and principles of good governance have been complied with, and whether regulation has produced the desired results. Performance audits examine the appropriateness of the state's financial management, i.e. whether state funds are used in an economic, efficient and effective manner. Fiscal policy audits examine the reliability of the information used in decision-making as well as the functioning and effectiveness of fiscal policy steering instruments.

The topics of the annually varying audits are selected in audit planning, which is described in section 1.1.

#### New audit topics for the planning period 2023–2026

- State funding of universities of applied sciences
- Knowledge base of climate and energy policy
- Planning and monitoring of investments and the knowledge base used in investment solutions
- Forecast for general government debt
- Coordination of national and EU-level RDI funding and national support for obtaining RDI funding from the EU
- Agency reform of 2019 in the administrative sector of the Ministry of Transport and Communications
- Information system projects in the police and the judicial administration
- Prevention of money laundering
- Performance management in the developing public administration
- Appropriateness of services and benefits for young people outside employment and education
- Preparation extending beyond parliamentary terms
- Funding of energy solutions for the green transition

#### Topics of ongoing audits previously incorporated in the audit plan

The following audits are expected to be completed in the first half of 2023:

- Activities of the Housing Finance and Development Centre of Finland (ARA) in the implementation of housing policy development measures
- Implementation of the Recovery and Resilience Plan
- Finnfund's investment activities and related risk management
- Taxation procedures for self-assessed taxes
- Rescue services reform and capacity project
- Risk management and safeguarding business continuity in state-controlled companies of strategic interest
- Funding, steering and risk management of the digitalization of healthcare and social welfare
- Long-term operating models in central government's service procurement
- Central government related party transactions and reporting on them
- Legacy information systems

- General housing allowance
- Effectiveness of the business service system.

The following audits are expected to be completed in the second half of 2023:

- Reform of continuous learning and its funding
- Promoting the employment of those with poor employment prospects
- Organization and effectiveness of water resources and marine environment management
- Private forestry subsidies and forest biodiversity

The following audits are expected to be completed either in the second half of 2023 or in 2024:

- Battery value chain, the national battery strategy, and the Finnish Minerals Group
- Municipalities in a particularly difficult financial position ('procedure for municipalities in crisis')
- Special purpose entities in the planning of rail investments
- Subsidies for productive investments in agriculture
- Centralization of central government functions: Economic efficiency, quality and steering of Palkeet's service portfolio (in 2024 at the earliest)
- Targeting of government agencies' activities at their statutory duties.

#### 4 Follow-up of audit activities in 2023–2024

A follow-up of an audit examines what measures the audited entity has taken on the basis of the conclusions and recommendations presented in the audit and whether the NAOF finds these measures adequate to correct the shortcomings detected in the audit. If the shortcomings have not been addressed adequately, the follow-up may lead to a proposal to re-audit the subject matter. A more detailed description of follow-ups of audits can be found in section 1.1.

The following table presents the follow-ups of audits to be carried out in 2023–2024.

Name, number and audit type of the audit report	Completion date
Support for the building of broadband network 8/2016 (performance audit)	31 January 2023
Reform of vocational education 2/2021 (multi-type audit)	31 January 2023
Risk management and continuity of operations in central government 20/2018	31 January 2023
Lifecycle management of central government building assets 14/2020 (performance audit)	1 February 2023
Financial liabilities of the government in international organisations 8/2018	13 February 2023
Effectiveness of youth workshops, and resources and efficiency of outreach youth work 2/2020 (performance audit)	20 February 2023
Clarity of tax legislation – Amendments of Income Tax Act 2006–2017, 18/2018 (compliance audit)	31 March 2023
Implementation of joint procurements 10/2020 (compliance audit) (multi-type audit)	31 March 2023
Lifecycle management of the transport network 12/2020 (performance audit)	30 April 2023
Transferring basic social assistance to the Social Insurance Institution of Finland: The significance of assessing the effects of implementation in the law-drafting process 1/2020 (performance audit)	31 May 2023
Funding process, allocation of funds and follow-up of ESF projects during the 2014–2020 programming period 6/2020 (performance audit)	31 May 2023
Direct business subsidies granted in response to the Covid-19 epidemic – Allocation and management of the subsidies in the early stages of the epidemic 13/2021 (compliance audit)	15 June 2023
Finland's international climate finance – Steering and effectiveness 6/2021 (performance audit)	30 June 2023



Introduction and impacts of the Incomes Register 3/2021 (performance audit)	30 June 2023
Future workforce 2030 – Taking future competence needs into account in the steering system of basic education 5/2021 (performance audit)	1 September 2023
Central government debt management 12/2021 (multi-type audit)	30 September 2023
Limited company as an organization form of central government functions 13/2020 (performance audit) (multi-type audit)	30 November 2023
Security of supply and safeguarding it during the Covid-19 pandemic 10/2021 (multi-type audit)	30 November 2023
Impacts of the TE Office reform in 2013 4/2020 (performance audit)	31 December 2023
Provision and reforms of employment services in 2015–2019 7/2020 (performance audit)	31 December 2023
Implementation of the Competition Act 4/2021 (compliance audit)	31 December 2023
Reconciliation of fiscal policy and employment policy 9/2020 (fiscal policy audit)	31 December 2023
Functioning of the central government spending limits system – Expenditure can be limited by the system, but other fiscal policy rules are also needed 8/2021 (fiscal policy audit)	31 December 2023
Internal co-financing of on-budget entities as a source of funding for their activities 15/2021 (compliance audit)	31 December 2023
Renovation of the Olympic Stadium 1/2021 (compliance audit)	15 January 2024
Local government's financial data and cost-effectiveness indicators in the steering of health and social services 9/2021 (performance audit)	31 May 2024
Steering and monitoring of patient and client safety 7/2021 (performance audit)	31 May 2024

## 5 Monitoring and oversight activities

### 5.1 Fiscal policy monitoring and audit

The National Audit Office monitors and assesses fiscal policy in its role as a national independent fiscal institution as referred to in the European Union's Stability Pact (Fiscal Compact) and the European Union law. Provisions on the monitoring task are laid down in the Act on the National Audit Office (676/2000) and the Fiscal Policy Act (869/2012).

The fiscal policy monitoring plan is presented in Appendix 1. Because decision-making in the monitoring function is required to be independent, the plan is decided on and signed by the director responsible for fiscal policy monitoring. The same plan also deals with the implementation of fiscal policy audit, which supports the objectives of the monitoring and is also organized in the same unit as the monitoring. The new topics of fiscal policy audit are also presented in section 3.2 as part of the audit plan.

### 5.2 Oversight of political party and election campaign funding

The National Audit Office oversees political party and election campaign funding under the Act on Political Parties (10/1969) and the Act on a Candidate's Election Funding (273/2009). The legislation on the oversight of political party and election campaign funding aims to increase the transparency of election campaign funding and to raise awareness of the candidates' ties to third parties. Oversight activities can prevent and detect procedures that are in violation of the two above-mentioned acts and thus influence the transparency and legality of political party and election campaign funding.

The tasks of the National Audit Office include receipt and publication of funding disclosures, communication with the disclosers, verifying the correctness of the received documents, and actions to verify 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 Ministry of Justice set up a parliamentary election working group to examine the need to amend the legislation on elections and political parties. Based on the final report of the working group, several amendments and clarifications are proposed to both the Act on a Candidate's Election Funding and the Act on Political Parties. The acts amended according to the proposal are expected to enter into force on 1 July 2023. Significant amendments are proposed to the legislation: e.g. the publication of the names of those who have given a loan to candidates or parties, the extension of the rights of the National Audit Office to carry out oversight activities and to access information, and the use of a mandatory campaign account in parliamentary, European Parliament and presidential elections.

Because of the legislative amendments and other development needs, the National Audit Office started to update its information system used for the oversight of election campaign and political party funding in 2022, and the work will continue in 2023. The regional and municipal elections that will take place at the same time in 2025 also make it necessary to update the information system and to draw up additional instructions for the disclosers.

The content and schedule of the reports on the oversight of political party and election campaign funding are governed in material respects by the Act on Political Parties and the Act on a Candidate's Election Funding. The reports highlight the oversight findings related to compliance with the law or any shortcomings. The reports also point out any needs to amend the legislation.

The results of the oversight of legality under the Act on Political Parties are reported to Parliament on an annual basis. The 2022 report on the oversight of political party funding will be submitted to Parliament in March 2023. The following year's oversight activities related to political party funding will be carried out in autumn 2023.

In 2023, the National Audit Office will oversee the election campaign funding in the parliamentary elections. During the planning period 2023–2026, the National Audit Office will submit the following reports to Parliament under the Act on a Candidate's Election Funding:

- a report of the 2023 parliamentary elections in December 2023
- a report on the 2024 presidential elections in September 2024
- a report on the 2024 European Parliament elections in February 2025
- a report on the 2025 county and municipal elections in December 2025.
- There will be no regular elections in 2026.

### 5.3 Maintenance and oversight of a transparency register

The National Audit Office will be assigned a new task and become the controller responsible for maintaining and overseeing the transparency register when the Government's proposal for a Transparency Register Act (HE 98/2022 vp) is passed by Parliament and approved by the President of the Republic. The purpose of the new act is to improve the transparency of decision-making and combat inappropriate influencing. The transparency register will contain information on activities aiming to influence decision-making and its preparation, i.e. lobbying. The purpose of the act is to supplement Finland's legislation on public access to information and to strengthen the principles of open administration, to which Finland is committed.

According to the Transparency Register Act, legal persons and private entrepreneurs are obliged to submit a disclosure to the register on any lobbying activities directed at Parliament and the ministries and on related professional consulting. Legal persons or private entrepreneurs shall register when they start professional and long-term influencing activities. After registration, they shall report every six months on their lobbying activities or related consulting. From the beginning of 2026, they shall also report once a year on the financial resources they have used for lobbying activities.

According to the legislative proposal, the NAOF will be responsible for maintaining the transparency register and, in the future, also for overseeing compliance with the related disclosure obligations. The NAOF will also set up an Advisory Board for the transparency register, tasked with monitoring the operations of the transparency register, taking initiatives to develop the activities, and acting as an official cooperation body for the stakeholders. The Advisory Board will also be responsible for drawing up recommendations on good lobbying practice. The main task of the Advisory Board is to commit the stakeholders to the implementation and monitoring of the act and to develop a good lobbying culture. The role of the Advisory Board is advisory. It has no decision-making power, and it does not exercise public authority. The Advisory Board will start its work before the other sections of the act enter into force. The entry into force of the section on the Advisory Board will be specified later by Parliament, but it is expected to take place in spring 2023.

The Transparency Register Act is otherwise intended to enter into force on 1 January 2024, after which the actors professionally engaged in lobbying or related consulting can start to register with the transparency register. For the purposes of the disclosure procedure, the National Audit Office will acquire an electronic register through which the

disclosers can fulfil the obligations laid down in the Act. The transparency register is a public register, and all information reported to it will be published in the [www.avoimuusrekisteri.fi](http://www.avoimuusrekisteri.fi) service to be established and maintained by the NAOF.

The information system to be used for the transparency register will be built and tested during 2023 before the entry into force of the act. In addition, the NAOF will prepare guidelines for those subject to the disclosure obligation and organize training for the stakeholders. Due to the objectives of the transparency register and its wide scope of application, the focus of the National Audit Office as a controller will be on providing guidance and advice. By providing extensive guidance and advice, the NAOF will strive to ensure for its part that those subject to the disclosure obligation fulfil their obligations and to prevent defaults related to misunderstanding, negligence or non-intention. The act also provides the National Audit Office with adequate rights to intervene in various suspected defaults. In this respect, the task is a very natural part of the NAOF's oversight tasks.

The NAOF will report on the operation of the transparency register to Parliament annually. The first report will be submitted in 2025, and it will deal with findings related to the activities of the register in 2024.

#### 5.4 Processing of complaints and reports on irregularities

The National Audit Office processes complaints submitted to it concerning compliance with the state budget, the lawfulness of the state's financial management, or election campaign and political party funding. It also processes reports of irregularities submitted by the authorities under the Act on the National Audit Office of Finland (676/2000, section 16).

The number of contacts related to issues other than election campaign and political party funding has increased sharply in recent years. The National Audit Office is prepared to process annually about a hundred complaints and other contacts and about 30 reports on irregularities, as well as to consult citizens, entities and authorities in relation to them. In the IMS information system, the NAOF also monitors abuses and other irregularities reported to the European Anti-Fraud Office (OLAF).

In 2023, the NAOF will introduce an internal whistleblowing channel to implement the provisions on the protection of persons reporting an infringement of EU and national law. The channel enables the NAOF's current and former employees to report any abuses and irregularities they have detected in the NAOF's activities without revealing the identity of the reporting person. Persons separately assigned to the task process the reports received through the internal whistleblowing channel and decide on further measures.

The function responsible for complaints and reports on irregularities will continue to be developed. The aim of the development work is, for example, to streamline the processing and to promote the use of information obtained through the function in the monitoring of the operating environment and in audit planning. Measures will also be taken to report on the function on a regular basis.

## Appendix 1: Fiscal policy monitoring and audit plan

### Fiscal policy monitoring

The ultimate goal of fiscal policy monitoring is to ensure that the Government's fiscal policy promotes sustainable public finances and that the fiscal policy-making provides good prerequisites for this. The monitoring aims to verify the setting of fiscal policy targets and to assess compliance with the rules and achievement of the targets. It also aims to verify the reliability of the forecasts on which fiscal policy is based. Another goal is to promote transparent rules that are easy to understand. The independent fiscal policy monitoring task is governed by the Fiscal Policy Act (869/2012), the Government Decree on the General Government Fiscal Plan (120/2014), the Stability Pact of the European Union and the 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.

The monitoring focuses primarily on statutory duties. The fiscal policy monitoring function issues public assessments of and opinions on the achievement of fiscal policy targets, compliance with the rules, impacts of the measures taken, and reliability of the forecasts of the Ministry of Finance. The main findings of the monitoring activities are reported twice a year: in spring or early summer and at the end of the year. The report published at the end of the year is submitted to Parliament for consideration.

In addition to the regular reports, the fiscal policy monitoring function prepares statements to Parliament according to an established practice when Parliament is discussing the General Government Fiscal Plan and the budget proposal for the coming year. The fiscal policy monitoring function also participates in expert discussion on fiscal policy, for example through blog posts and research publications and by organizing seminars.

In 2023, the fiscal policy monitoring function is planning to publish two separate reports. One of them will present an ex-post assessment of the reliability of the budgetary forecasts of the Ministry of Finance. The other one will discuss the importance and effectiveness of automatic fiscal stabilizers in Finland.

In the planning period 2023–2026, the fiscal policy monitoring function will develop both the organization and contents of its activities. The development work utilizes the OECD's external assessment completed in 2021 and its recommendations. The work will be carried out in interaction with national expert bodies, and external research contracts will also be used, if necessary.

The themes of the content development work are closely linked to the development of the EU and national fiscal rules and steering. In view of the current initiatives to amend the fiscal framework, a key focus area in fiscal policy monitoring will probably be public debt projections and other budgetary projections. The links between fiscal policy and the fight against climate change may continue to be reflected in the work of the fiscal policy monitoring function during the planning period 2023–2026.

In 2023, the fiscal policy monitoring function will continue to utilize in its regular reporting the alternative way it has developed to describe the business cycle, i.e. the business cycle heat map and the composite indicator derived from it. The development of the heat map and composite indicator will continue as necessary. The heat map indicator data is updated monthly on the website of fiscal policy monitoring in the VTV.fi service.

The fiscal policy monitoring function will also continue to engage actively in expert cooperation in international networks of independent fiscal institutions (IFIs). At present, the active cooperation networks are the Network of EU IFIs, the Commission-led EU Network of IFIs (EUNIFI), the OECD-led Working Party of PBO and IFIs, and the IFI network of the Baltic and Nordic countries. International cooperation also takes place at the initiative of the European System of Central Banks and the European Fiscal Board.

The escape clause that allows Member States to deviate from the achievement of the fiscal policy objectives based on the EU framework continues to be in force in 2023. For this reason, the NAOF will continue to adapt the assessment of compliance with the preventive arm of the Stability and Growth Pact to the current situation. At the same time, the monitoring function prepares for the deactivation of the escape clause after 2023 and the fact that the revised EU fiscal framework may be in force starting from 2024.

### Fiscal policy audit

Fiscal policy audit is part of the statutory basic task of the National Audit Office, and the international ISSAI audit standards are applied in it. Each year, fiscal policy audits are typically targeted at the knowledge base and steering instruments of fiscal policy.

The targets and themes of fiscal policy audit and fiscal policy monitoring may be similar, but in its nature, fiscal policy audit differs from the monitoring. The themes of fiscal policy audits are, in principle, non-recurring, whereas fiscal policy monitoring involves continuous monitoring and reporting on largely established themes. Fiscal policy audit supports fiscal policy monitoring: audit findings may highlight issues that will then be monitored as part of the fiscal policy monitoring.

The National Audit Office chairs the Network on Fiscal Policy Audit, operating under the Contact Committee of the Supreme Audit Institutions of the European Union. Those who work with fiscal policy audit participate actively in the Network's operations even otherwise. The objective is to publish 1–2 fiscal policy audits annually.

In 2022, an audit was launched on the assessment procedure for municipalities in particularly difficult financial position, and its results will be published at the end of 2023. New topics of fiscal policy audit include:

- Methods of forecasting general government debt
- Knowledge base of climate and energy policy.

Follow-ups on the following audits will be carried out in 2023:

- Reconciliation of fiscal policy and employment policy 9/2020
- Functioning of the central government spending limits system – Expenditure can be limited by the system, but other fiscal policy rules are also needed 8/2021.

Helsinki, 3 January 2023

Matti Okko  
Director