



Final accounts 2019

PHOTOS
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Final accounts 2019 of the National Audit Office of Finland

195th year of operation



Review by the Auditor General

Together – Towards the future

To implement the National Audit Office's vision and new strategic goals, we changed our organization and management model in 2019. This was a huge and comprehensive reform. We identified four impact areas in our operations to better focus on timely and material audit and monitoring work that has an impact on society. As we also want to support our personnel's competence development and new kind of working, we set up four competence centres. Shared management and the development of shared processes already drove us forward during the first year, but we expect to see wider impacts of the changes in the next few years.

Through our audit and expert work, we contribute to ensuring that taxpayers and international parties operating with the Finnish society can trust the ability of the Finnish central government to act openly, cost-effectively, and in an economically sustainable manner. We audit the final central government accounts and the Government's annual report every year, monitor fiscal policy, and oversee political party and election campaign funding. We have a unique opportunity to get an overall view of central government finances and the state's financial management across all ministries. We work together in our audits and reviews, and provide the Members of Parliament and the public officials of both Parliament and public administration with information to support their decision-making.

We develop our internal operating models and processes boldly to be able to continue to provide decision-makers with independent information in the rapidly changing operating environment. It is important for us to have a continuous dialogue with our stakeholders and to be active in different networks. It has been a pleasure to notice that our stakeholders value our work. At the end of 2019, we conducted a stakeholder survey, which gave us important information and feedback to help us develop our operations. We want to thank our stakeholders for the valuable feedback, and we intend to intensify our continuous dialogue with them.

Together we make changes possible, and we need all of our employees to promote the new ways of working. When developing our operations, we must inevitably also tolerate insecurity and strive to adopt new procedures, which may sometimes feel difficult. I want to thank the personnel of the National Audit Office for their positive attitude during the year. We are building a sustainable future – together.

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1 Review of operations

The National Audit Office (NAOF) is an independent audit and monitoring authority, whose tasks are laid down in the Constitution of Finland. The NAOF is responsible for auditing the management of central government finances and compliance with the state budget, and for monitoring fiscal policy rules. The NAOF is also responsible for overseeing election campaign and political party funding. Under the Constitution of Finland, the NAOF's task is to audit the appropriateness and legality of the state's financial management and compliance with the state budget. The NAOF performs its task by conducting performance audits, financial audits, compliance audits, and fiscal policy audits.

Under the Treaty on the Functioning of the European Union, the NAOF is a national Supreme Audit Institution (SAI), which acts in cooperation with the European Court of Auditors (ECA) in the external control of the Union funds. Under the Act on a Candidate's Election Funding (273/2009), the NAOF is responsible for overseeing compliance with the obligation to disclose information about election campaign funding, making the funding disclosures available to the public, and checking the disclosures. Under the Act on Political Parties (10/1969, amended by act 683/2010), the NAOF is responsible for overseeing that the activities of a political party, an entity affiliated to a party, and an association referred to in the party subsidy decision comply with the provisions concerning the support received by political parties, the disclosure of election campaign costs and funding, and the preparation and submission of related documents and information.

There are provisions on fiscal policy monitoring in the Act on the Implementation of the Treaty on Stability, Coordination Compact and Governance in the Economic and Monetary Union (869/2012) and the Act on the National Audit Office (amended by Act 870/2012). Under the European Union law, the fiscal policy monitoring task is based on the Stability and Growth Pact and the European Union legislation (Budgetary Frameworks Directive 2011/85/EU and the Regulation on Monitoring Draft Budgetary Plans [EU] 473/2013).

1.1 Impact and performance targets

The National Audit Office supports Parliament in the exercise of Parliament's legislative, monitoring, and fiscal power. The National Audit Office's strategy for 2019–2023 emphasizes the agency's impact on society. The NAOF targets its audit work in a timely manner at topics that are significant to central government finances. By operating in this manner, the NAOF contributes to improvement of the cost-effectiveness of the state's financial management and to enhancement of trust in the knowledge-base of decision-making and in open, cost-effective, and sustainable operations of the Finnish central government.

The NAOF carries out its impact and audit work in four impact areas. In the impact area Sustainable General Government Finances, audits are focused on ensuring the reliability of the knowledge base of fiscal policy, assessing the effectiveness and efficiency of fiscal policy steering instruments, the management of risks related to central government debt management, and the management of central government tangible assets, with particular focus on the planning of lifecycle costs. The functioning of the ownership steering of state-owned companies is assessed particularly from the perspective of asset management and the organization of operations. The impact area is also responsible for monitoring and regulating the financing sector, which is relevant to the risks to central government finances. Fiscal policy monitoring promotes responsible management of general government finances, ensures the functioning of rules-based fiscal policy, and contributes to the appropriateness of legislation.

The focus areas of the impact area Sustainable Governance and Public Administration are a unified Government, the implementation of the sustainable development goals, the central government employer policy, and the quality of legislation. The perspectives include steering systems,

implementation of the Government Programme, central government reforms, structural reforms, experiments and reorganization of functions in public administration, and implementation of the goals of the UN's 2030 Agenda as well as the national sustainable development goals.

In the impact area A Safe, Healthy and Affluent Society, the audit work centres around the social security benefit systems, the social and health care service system, employment and entrepreneurship, continuous learning, research, development and innovation, and comprehensive security, which form the foundation of a welfare state. The focus in the audits is on the social security benefits that are significant to general and central government finances and on the organization, economic efficiency, and impacts of the services and innovation related to these benefits.

In the impact area Information Governance, the audit work aims at ensuring that the state budget is complied with, and that the state's financial management has effective internal control. The audits are directed at common information flows in the state's financial management, the reliability of central government data, the development of the cost-effectiveness of production, the improvement of the State Group information, the central government risk management and internal control, and compliance with the budget. The National Audit Office has launched an audit of the legality of the state's financial management and compliance with the budget. The impact area is currently also making changes to financial audit work.

In addition to its statutory audit and oversight operations, the NAOF also monitors the operating environment of general and central government finances. The monitoring helps to identify risks that are significant to general and central government finances as well as potential audit topics. The NAOF's impact work also includes expert opinions, articles on good governance, and blog posts to support the decision-making of Parliament and central government. In 2019, the National Audit Office organized three stakeholder events together with its partners: Building Trust – the Role of Supreme Audit Institutions in Ensuring the Reliability of Fiscal Data, VTVNyt! State as the parent company in a group of companies, and VTVNyt! Public administration to become a change generator. The NAOF can also utilize stakeholder events to promote the implementation of the conclusions and recommendations presented in its audit reports. In 2019, the National Audit Office published the first report on the views of its stakeholders. The topic of the report was digitalization of teaching and learning environments in general education.

In 2019, the NAOF also introduced a new series of publications: NAOF Briefing Papers. The briefing papers compile topical information produced by different audits and other actors in a concise form. The first briefing papers dealt with immigration and employment services. The main target group of the briefing papers are the Members of Parliament, their personal assistants, and the public officials of Parliament. The NAOF has traditionally had close links with the Parliamentary Audit Committee. The agency has also increased its interaction with the other parliamentary committees for instance by providing them regularly with information on its future activities.

The National Audit Office offers Parliament and decision-makers customer-centred products and services produced by the NAOF's competent, healthy, and happy personnel. Shared processes and ways of working contribute to the societal impact of audit work. The National Audit Office strives to be an active builder of the future. This means that the agency experiments boldly with new technology and new ways of working, and focuses on continuous learning. The NAOF has tight cooperation with the international community of Supreme Audit Institutions, where it strives to take into account its employees' diverse learning needs and opportunities.

1.1.1 Strategic impact and performance targets, and their assessment

The service capacity of the National Audit Office was assessed in 2019 by a stakeholder survey as well as feedback questionnaires systematically sent after audits. Most responders are quite satisfied with the NAOF's ability to serve them. The stakeholders are most satisfied with the agency's ethical and responsible operations, societal impact, service quality, and cooperation and interaction.

The stakeholders would like the NAOF to point out shortcomings more boldly in the future and to participate in social discussion. According to the stakeholders' view, the NAOF has revamped its operations, and expanded and diversified its role in auditing, while retaining its independence and impartiality. The stakeholders would like the NAOF to engage in closer partnerships and to communicate more actively. In addition, they wish that the NAOF would adopt a consultative approach and serve as a trendsetter in its core activities. This would help central government to change its operations.

The National Audit Office's performance targets for 2019 are laid out in its audit plan 2019–2023.

1 We produce timely and material audit and monitoring information that decision-makers can use in the development of operations

Indicator: Stakeholder survey and feedback system

Assessment: The target has been achieved.

One of the things that appears as a particularly positive issue in the stakeholder survey is that the NAOF is more strongly future-oriented and applies a more consultative approach. According to the results of the survey, it is important that audit reports point out development areas in the operating environment and offer interpretations on the strengths and weaknesses of central government.

According to the results of the audit feedback questionnaires, 62% of the responders were of the opinion that they had received timely and material information to support their decision-making (73% in 2018), 88% were satisfied with communications on the audit content, process, and schedule (73% in 2018), and 82% were satisfied with the cooperation during the audit (83% in 2018).

2 We have an impact on compliance with the legislation, the state budget, and the principles of good governance in the state's financial management.

Indicator: Stakeholder survey

Assessment: The target has been achieved.

According to the results, the audits had preventive and verifying impacts in addition to increasing accountability. The recommendations were also considered to have a positive impact on the development of operations. According to the responders, they utilize information produced by the NAOF mainly regularly or occasionally.

The financial and compliance audits conducted by the National Audit Office promote compliance of the state's financial management with the law and Parliament decisions. The legality of the financial management also covers verifying that the financial statements are true and fair.

Fiscal policy monitoring also includes assessing the management of general government finances from the perspective of compliance with legislation and other norms. As a rule, performance audits and fiscal policy audits focus on appropriateness. When preparing the audit design, the National Audit Office takes into account the principles of good governance and the norms applied to financial management. The NAOF also takes into account Parliament decisions, especially when targeting audits.

3 We contribute to sustainable renewal of general government finances and public administration

Indicator: Stakeholder survey

Assessment: The target has been mostly achieved.

According to the results of the stakeholder survey, the National Audit Office's reports succeed in highlighting any needs to change the operating environment, as well as the strengths and weaknesses of central government. The proactive approach in reporting has a positive impact on the sustainable renewal of general government finances and public administration. According to the survey, stakeholders would like the NAOF to provide more information on the planning and management of general and central government finances.

By targeting its performance and fiscal policy audits and giving recommendations in its audits, the National Audit Office has an impact on the sustainable development and renewal of central and general government finances, public administration, and the affluent society. An essential factor in the selection of audit topics has been supporting the sustainable renewal of general government finances and public administration. This has been ensured by, for instance, targeting audits at the strategic goals set out in the Government Programme and at the preparatory phase of reforms.

Through fiscal policy monitoring, the NAOF contributes to making fiscal policy rules more transparent and comprehensible, as well as to safeguarding the stability and sustainability of general government finances. The focus areas of fiscal policy audits include the knowledge base of fiscal policy decision-making and the effectiveness of fiscal policy management instruments.

The purpose of financial audits and compliance audits is to ensure that central government finances comply with the law and the state budget. Financial audits verify, for example, that the information in the final central government accounts and in the final statements and reviews of operations of the accounting offices is true and fair.

4 Our interaction supports the societal impact of the NAOF

Indicator: The audited entities give positive feedback on interaction during audits

Assessment: The target has been fully achieved.

The NAOF's stakeholders value interaction and tight cooperation during the audit. The stakeholders have found it positive that the auditors have a multi-functional role and that they discuss and communicate actively on different forums. Those who have participated in the audit at the audited organization feel that communication during the audit and monitoring process is generally good and cooperation with the auditors works well.

According to the audit feedback survey, 88% of the responders were satisfied with the communication on the content, process, and schedule of the audit (73% in 2018). A total of 82% were satisfied with the cooperation during the audit (83% in 2018).

5 We influence the implementation of the Sustainable Development Goals

Indicator: Stakeholder survey

Assessment: The target has been mostly achieved.

Starting from 2019, the National Audit Office has taken the Sustainable Development Goals (SDGs) and their implementation into account as one perspective in audit planning and thereby also in audits. The responders to the stakeholder survey consider it important that the NAOF takes the SDGs into account in its audit and monitoring work and aims at promoting their implementation. The NAOF's most important stakeholders assessed that the agency has a reasonable or good impact in this respect.

6 Audit topics are examined from the perspective of central government finances

Indicator: Cross-assessment and assessment by the Scientific Council

Assessment: The target has been achieved.

According to the assessments by the Scientific Council, the audit topics are relevant and they are examined comprehensively from the perspective of central government finances. In 2019, the Scientific Council assessed four performance audits in total.

Based on an ex-post quality review, performance and fiscal policy audits can be considered to have succeeded well in examining the audit topics from the perspective of central government finances. In individual audits, this perspective appears in that the audit assesses issues and risks that are essential to central government finances. These also include the indirect financial effects that the audited issue has.

In financial and compliance audits, the target has been achieved: the perspective of central government finances is an essential part of each financial and compliance audit. The National Audit Office has adopted an audit plan which defines the key focus areas and audit topics. When audits are targeted and audit topics are selected, focus is put on the significance of the issue to the final central government accounts and on the assessment of risks to the on-budget entities and accounting offices.

7 Conclusions and opinions are based on systematically applied qualitative and quantitative methods of knowledge formation

Indicator: Cross-assessment and assessment by the Scientific Council

Assessment: The target has been achieved.

The assessments by the Scientific Council detected that audit conclusions and opinions are based on expert findings resulting from reliable knowledge formation and analysis methods. In 2019, the Scientific Council assessed four performance audits in total.

The findings of the ex-post quality review are in line with those of the Scientific Council. In performance and fiscal policy audits, the selections of evidence collection and analysis methods have been mainly well justified. Recommendations can be deduced from opinions deduced from observations.

The method support function, set up in the agency in 2016, has increased the use of quantitative data and analyses in audits. In 2018, quality assurance of preliminary reviews (audit plans) was added to the tasks of the method support function.

Audits comply with the NAOF's general audit guidelines, which are based on the ISSAI standards, and audit-type-specific guidelines. Audits are supervised, and their quality is controlled at certain milestones. This is to ensure that the conclusions and opinions meet the requirements that the NAOF's guidelines and the good auditing practice set for audit methods and evidence.

8 The key figures of the personnel survey are at least at the level of the reference group

Indicator: Personnel survey

No actual personnel survey was conducted in 2019. Hence, there is no result-based assessment for the year.

9 Sickness absenteeism is at the general central government level

Indicator: Number of all sick absences per person-year

Assessment: The target has been achieved.

The number of sick absences (7.5 days/person-year) was down from the previous year (8.1 days/person-year in 2018) and below the general central government level (8.6 days/person-year).

10 An average of ten person-days per person-year are spent on competence development

Indicator: Working time control, working days used for competence development

Assessment: The target has been achieved.

The time spent on competence development is above the target level. In 2019, 7.4 person-days per person-year were spent on training and 5.8 person-days per person-year were spent on job rotation. The total number of person-days spent on competence development per person-year was 13.2.

11 The competence level index specified in the competence survey (competence level) shows a positive trend

Indicator: Competence level index survey

The NAOF did not conduct a competence survey in 2019 because of the changes made to the organization and competence areas. At the end of 2018, the overall competence index average was 7.85 (on a scale of 1-10). In 2017-2018, the competence level index was at the same level.

12 Audits are completed by the planned deadlines, and the actual number of person-days spent on them do not exceed the number of person-days specified in the audit plan

Indicator: Plans and monitoring data

Assessment: The target has been achieved.

The schedule targets of financial audit reports were fully achieved. The NAOF issued one compliance audit report, and it was completed within the planned schedule. The number of working hours and days spent on performance audits is about one fifth more than planned, which does not comply with the target. However, the trend has been in the right direction, and audits have adhered to plans better in the past few years. Fiscal policy audits have met the schedule and working day targets specified in plans.

13 The change in the operating model has increased the employees' feeling that the NAOF's operations have societal impact

Indicator: Personnel survey

Assessment: The target has been partly achieved.

The National Audit Office paid special attention to its external impact in the strategy for 2019-2023 and its preparation, and in the targets and implementation of the reform of its management model. According to the feedback on the situational picture forums and other personnel events, and other feedback received, this has increased the personnel's awareness and experience of the impact of the NAOF's operations. The NAOF did not conduct a personnel survey in 2019, as the management reform is in a transition phase, and the NAOF is switching over to the new operating model step by step.

1.1.2 Impact work supports Parliament's budget and legislative work

The NAOF monitors how the parliamentary positions based on the Parliamentary Audit Committee's reports have been implemented if the positions have required that the Government should report on the matter or if the NAOF's audit work has been targeted at issues related to the position. The matters highlighted in the Audit Committee's reports are mainly based on the key findings and opinions presented in the NAOF's reports. Parliamentary positions relate to important issues where it is slow to achieve changes. For this reason, these issues are also monitored over a longer period. The NAOF reports on its findings related to the implementation of parliamentary positions in its annual report issued to Parliament.

1.1.3 Impact work promotes good practices and prevents errors and abuse in public administration.

The NAOF monitors the implementation of the conclusions and recommendations it has presented in its audit reports, and the measures taken on the basis of the recommendations and other opinions contained in the reports. The impacts of individual audits have been assessed by follow-ups conducted at the audited entities usually about three years after the report has been issued.

The implementation of the NAOF's recommendations depends, for example, on the concreteness and feasibility of the recommendations, the resources required for the implementation, the administrative environment, and the ongoing development work. Recommendations that support ongoing development work in public administration are usually more likely to be implemented and to be implemented more quickly than cross-administrative recommendations that require more radical and extensive changes to public administration. Section 1.2.1 includes further information on the follow-ups the NAOF has carried out.

1.1.4 International activities support the NAOF's societal impact

The international activities of the National Audit Office support the agency's societal impact either directly through supporting the planning of audit and monitoring or indirectly through competence development. International cooperation has an important role in the development of external audit and monitoring. Standards are developed in INTOSAI's (International Organization of Supreme Audit Institutions) working groups, in which the NAOF also participates for the purpose of developing audit operations. The NAOF's basic duties include statutory international audit and monitoring cooperation within external audit of the EU's financial management and fiscal policy monitoring. The National Audit Office acts as the national liaison authority of the European Court of Auditors.

The NAOF is a member of the Governing Board of EUROSAI (European Organization of Supreme Audit Institutions) until 2020. In 2019, the NAOF prepared for its presidency of the INTOSAI Working Group on Environmental Auditing (WGEA), starting from 2020, and participated in the INTOSAI 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. In addition, the NAOF participated 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 acted as the chair of the EU Network on Fiscal Policy Audit and participated actively in EU cooperation through the VAT working group, the Banking Union Working Group, and the Europe 2020 Strategy Audit Network. The preparations for a parallel fiscal policy audit were launched in 2019 under the leadership of the NAOF, and during the year the NAOF also participated in two other parallel audits. In addition, the National Audit Office participated actively in Nordic cooperation and in foresight and data analytics networks.

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

1.2 Products and quality management

1.2.1 Performance volumes and public goods produced

Reports to Parliament

The National Audit Office reports regularly to Parliament on its activities. In its annual report submitted to Parliament in September 2019, the NAOF presented its key observations regarding compliance with law and appropriateness of the state's financial management, as well as compliance with the budget. The annual report presented observations made in several audits, grouping them under four themes: management of central government assets, management of central government finances, digitalization of government services, and cleantech procurement, the promotion of which was one of the focus areas of Juha Sipilä's Government.

In May 2019, the National Audit Office published a separate report on the audit of the final central government accounts for 2018 and the Government's annual report.

In December 2019, the NAOF published a fiscal policy monitoring report, which contains an assessment of the targets set for general government finances and the compliance of fiscal policy with the EU rules and the national fiscal policy legislation. In addition to the report, the NAOF published an assessment already in November 2019, according to which Finland risks violating the rules of the preventive arm of the EU Stability and Growth Pact. The report was part of the National Audit Office's statutory fiscal policy monitoring task.

The NAOF issued two fiscal policy monitoring assessments: one in the spring and another one in the autumn. In the spring report, the NAOF assessed compliance with the central government spending limits and the EU Stability and Growth Pact in 2018. In the report, the NAOF also assessed the contents of the General Government Fiscal Plan and the Stability Programme published in spring 2019, and whether the forecasts of the Ministry of Finance were realistic. In the autumn report, the NAOF gave an ex-ante assessment of the development of general government finances in 2019 and 2020.

Under section 10(3) of the Act on a Candidate's Election Funding, the National Audit Office shall submit to Parliament a report on the oversight of election campaign funding, i.e. an election-specific report on the election funding disclosures it has received and on its work as the body overseeing compliance with the disclosure obligation. The National Audit Office oversaw compliance with the obligation to disclose election funding and election campaign costs in the 2019 parliamentary elections as prescribed by law (273/2009). The NAOF submitted its report to Parliament in December 2019.

The NAOF reported to Parliament on the implementation of the duties and audits laid down in the Act on Political Parties (10/1969, amended with Act 683/2010) in a report referred to in section 9 e of the Act on Political Parties in February 2019. The report is public, and thus the public can also assess the funding of the core activities of parties and associations, as recommended by GRECO, the Council of Europe's anti-corruption monitoring body.

Audit reports

In accordance with its audit plan, the National Audit Office issued financial audit reports on 63 accounting offices and three off-budget state funds, and reported on the financial audit of the final central government accounts for the budget year 2018. In 2019, the NAOF issued 13 performance audit reports (11 in 2018), two fiscal policy audit reports, one compliance audit report, and two reviews.

The NAOF also issued 14 reports on the follow-ups to earlier performance audits.

Briefing papers

In addition to the reports to Parliament and the audit reports, the NAOF also published two briefing papers in 2019. The briefing papers deal with social issues that are outlined in the Government Programme or otherwise topical in the light of information produced by the NAOF and other actors. The papers emphasize the perspective of and risks to central government finances. The briefing paper published in September examined the direct and indirect financial impacts of immigration. The briefing paper published in October described the development of the services and operating expenses of TE Offices (public employment and business services) in the 2010s and especially the assessment of the impact of labour market training.

Monitoring and oversight operations:

Fiscal policy monitoring

In 2019, within the scope of its regular monitoring of fiscal policy, the National Audit Office assessed mainly entities whose monitoring is part of its statutory duties. The NAOF assessed the first General Government Fiscal Plan of the new government term 2019–2022. It assessed whether the Plan complies with the decree issued on it and whether the Plan presents measures for achieving the targets set for the general government fiscal position. The NAOF also assesses regularly whether the macroeconomic and fiscal forecasts on which the fiscal policy is based are realistic. In addition, the NAOF assessed compliance with the spending limits of central government finances and with the EU Stability and Growth Pact. In October 2019, the NAOF published a description of the methods and materials used in its regular assessments.

Parliament discussed the report the NAOF submitted to Parliament in December 2018 on fiscal policy monitoring and audit during the parliamentary term of 2015–2018, and the Audit Committee completed its report in February 2019. The report sparked a lot of discussion in Parliament. In May 2019, the NAOF published a final assessment of compliance with the Stability and Growth Pact and the spending limits in 2018. In the assessment, the NAOF also examined whether the forecasts of the Ministry of Finance were realistic. In December 2019, the National Audit Office submitted a separate report to Parliament on fiscal policy monitoring. In this report, the NAOF assessed the programme of Rinne's Government and the Government's first General Government Fiscal Plan based on the targets they set for general government finances and the measures they proposed to achieve these targets. In addition, the report contained an assessment of the fiscal policy stance and an ex-ante assessment of compliance with the Stability and Growth Pact. The report also assessed the budget for 2020 based on its compliance with the national fiscal policy rules and objectives. The NAOF published the main contents of the assessments in November and submitted a statement based on them to the Parliamentary Finance Committee when the General Government Fiscal Plan and Budget were discussed.

During the year, the NAOF launched a project to develop the methods and tools used for assessing the impacts of fiscal policy measures. The aim is to improve the readiness of fiscal policy monitoring for independent analysis. As regards the objectives of the new parliamentary term, it will be essential to assess the sufficiency of the Government's employment measures. The development projects focused on the usability of macro-modelling and micro-simulation. In its stakeholder work, the agency focused in 2019 on cooperation with the Ministry of Finance, other ministries, the Committee Secretariat, and the NAOF's Scientific Council. The National Audit Office also participated actively in international networks of Independent Fiscal Institutions.

Oversight of election campaign and political party funding

Under section 10(3) of the Act on a Candidate's Election Funding, the National Audit Office shall submit to Parliament an election campaign funding report, i.e. an election-specific report on the election funding disclosures it has received and on its work as the body overseeing compliance with the disclosure obligation. The National Audit Office oversaw compliance with the obligation to disclose election funding and election campaign costs in the 2019 Parliamentary elections and the 2019 European Parliament elections as laid down in the Act on a Candidate's Election Funding (273/2009). The NAOF issued a report on the oversight of election campaign funding in the 2019 Parliamentary elections (R 19/2019) in December 2019, and a report on the oversight of election campaign funding in the 2019 European Parliament elections (R 21/2019) in January 2020.

In 2019, the National Audit Office performed its duties laid down in the Act on Political Parties (10/1969, amended under 683/2010). In February 2019, the NAOF issued a report to Parliament on the monitoring of political party funding in 2018 (R8/2019). In February 2020, the NAOF will report to Parliament on the audits conducted in 2019 in a report referred to under section 9e of the Act on Political Parties.

Follow-ups

In the follow-ups of audits, the NAOF examines what measures the public administration has taken on the basis of the conclusions and especially the recommendations given in audit reports. In 2019, the NAOF published 14 follow-up reports, mainly on audits completed in 2016 (Table 1). No follow-up was carried out on a performance audit related to the division of labour in social welfare and health care. The reason for this was that the recommendations given in the audit were no longer considered relevant because of the changes taken place in these areas.

Table 1: Follow-up reports published in 2019

Name and publication number of the audit report	Audit type
State's financing contribution to earnings-related daily allowance 16/2016	Compliance audit
Steering system of the Ministry of Education and Culture 4/2016	Performance audit
Cost-effectiveness of the processing of business subsidy decisions at ELY Centres 19/2016*	Performance audit
Preparation and coordination of EU affairs in the Government 2/2016	Performance audit
Immigrant students and the effectiveness of basic education 12/2015*	Performance audit
Tax revenue – Summary of the compliance audits covering tax revenue 17/2016	Compliance audit
Drafting of the amendments to the decree on dimensions and weights of heavy lorries 9/2016*	Performance audit
Effectiveness of structural fund programmes 21/2016	Performance audit
Steering of the Government Security Network 14/2016*	Performance audit
Consideration of the health and cost impacts of fine particles in the preparation of strategies 17/2015*	Performance audit
Review Fiscal risks – international recommendations 2/2017	Review
Total central government balance sheet 19/2015	Fiscal policy audit
Export financing 1/2015	Performance audit
Private equity investment operations of the state 15/2016	Performance audit

The follow-up reports assessed the implementation of a total of 54 recommendations. Slightly more than half (52%) of the recommendations had been implemented to some extent and 24% in full or almost in full, while 24% had not been implemented. In five audits out of 14, all recommendations had been implemented to some extent or in full. These audits are marked with an asterisk (*) in the table. The follow-ups did not detect any audit where none of the recommendations given had been implemented.

Complaints and reports on abuse

In 2019, the National Audit Office received 24 complaints or letters from private persons and organizations concerning a perceived flaw in the legality of central government finances (16 in 2018).

In 2019, the NAOF received 12 reports from central government authorities concerning abuse of state funds or assets in the activities of a central government authority (8 in 2018). In addition, the NAOF provided advice and guidance related to complaints and reports on abuse based on other citizen contacts in altogether 45 cases, mostly by phone or email.

1.2.2 Audit quality management

The purpose of audit quality management is to ensure that all audit operations meet the requirements set by the NAOF's audit guidelines and support the NAOF's impact targets. The National Audit Office goes through the results of the quality management regularly during the accounting period.

In the autumn of 2019, the National Audit Office introduced new guidelines on audit quality control and quality review. The guidelines apply to all audits and provide the agency with a single shared quality management system that suits the needs of the revamped organization. The changeover to the quality management system complying with the new guidelines started at the end of accounting year 2019 and will be completed during accounting year 2020.

Quality assurance of audits is an essential part of the audit process. The project team leader organizes quality control during the project in such a manner that the quality of all audit work is controlled by another person, and the quality control is documented. The impact team is responsible for organizing the quality control of the project team leader's work.

Some audit projects are assessed in quality reviews after they have been completed. The aim of quality reviews is to assess the effectiveness of the quality control system and to learn from the audits completed.

The quality level of audits can be considered to have met the requirements set in all essential respects. The assessment of audit quality, the quality targets, and the assessment criteria are developed continuously.

1.3 Operational efficiency

The National Audit Office has continued the implementation of its stability and efficiency programme launched in 2010. The aim of the programme is to implement the changes required by the general state of central government finances and the development of operations in a financially and operationally sustainable manner in the agency. As a result of new duties, the NAOF's tasks and the requirements set for it have increased, which has required competence development and other investments.

The implementation of the reorganization and management change, launched in 2019, has impacted the allocation of the NAOF's employees working hours to some extent. However, the impact has been less pronounced in the core activities.

The NAOF's core activities include audit and monitoring, and other core activities. In the year under review, the share of core activities in the effective working hours (69.6%) was down from the previous year (70.7% in 2018). The number of person-days spent on core activities (21,004) out of the effective working time remained unchanged from the previous year (21,004 in 2018). The allocation of person-days to different functions is shown in Table 2.

According to the target set for operational efficiency, performance audits, fiscal policy audits, and compliance audits should be completed within the schedule planned, and the actual person-days used for audits should not exceed the number of days specified in the audit plans. The operational target set for financial audits is that they should be completed within the planned schedule. An assessment of operational efficiency is presented in Section 1.1, Performance targets.

1.3.1 Operational productivity

The number of working hours spent on audit and monitoring, and on other core activities, 21,004 person-days, remained at the same level as in the previous year (21,004 person-days in 2018). Because of the reorganization carried out during the year, more effective working hours than in the previous year were allocated to the development of core activities and other core activities.

Key figures of productivity of operations

Table 2: Allocation of effective working hours by function (working days)

	2018	2019
Financial audit	5,734 ¹	4,902 ²
Compliance audit	792	403
Performance audit	4,292	3,932
Fiscal policy audit	269	405
Fiscal policy monitoring	624	530
Oversight of election campaign and political party funding	339	605
Reports to Parliament	133	203
Management of core activities	3,599	3,712
Development of core activities	865	1,124
Other core activities	4,358	5,188
Core activities, total	21,004	21,004
Indirect activities (support services, administration)	8,723	9,187
Holidays and other paid absences in person-days, total	7,478	7,014
Working hours, total	37,205	37,205

¹ Includes 1,141 working days of compliance audits carried out in connection with financial audits

² Includes 593 working days of compliance audits carried out in connection with financial audits

1.3.2 Operational economy

The cost of the National Audit Office’s external performance per person-day increased from EUR 719 in 2018 to EUR 732. This means an increase of 2% in the price per external performance day. There was a 2% increase in the NAOF’s operational expenditure from the previous year.

Key figures of economic efficiency of operations

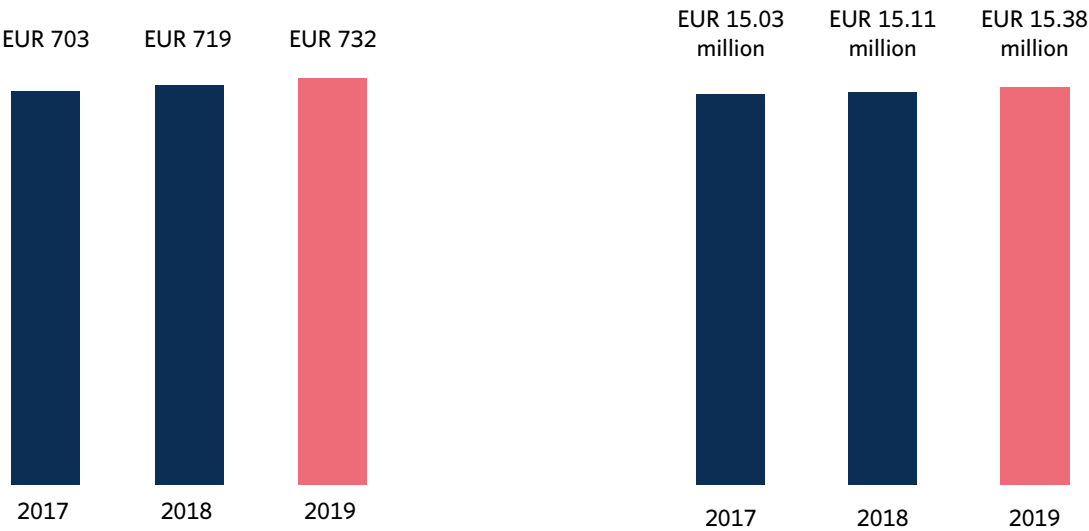


Figure 1: Price of the NAOF’s performance day

Figure 2: Overall trend in expenditure

The trend in the division of expenditure has been impacted by longer paid absences and especially long holidays. Unlike before, the costs allocated to support functions include the costs resulting from job rotation. The ongoing change has increased the share of the costs of the support functions.

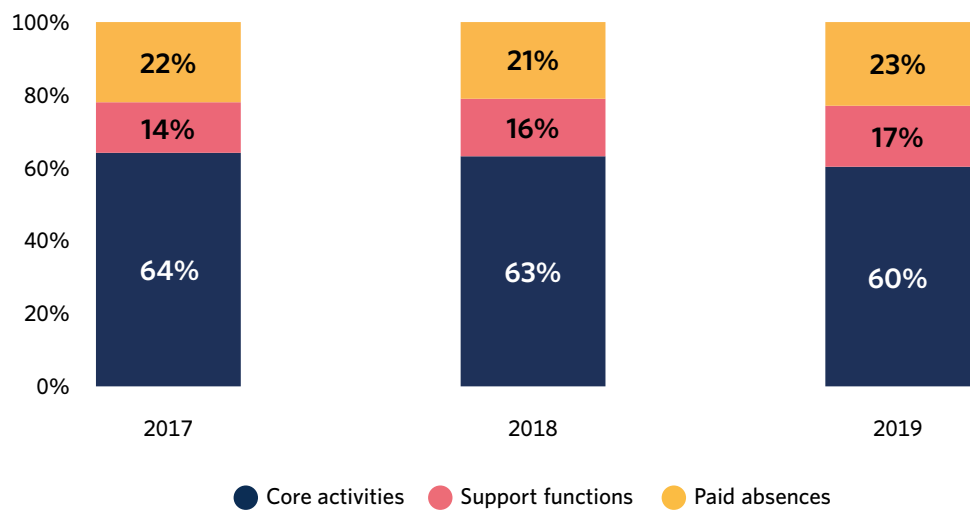


Figure 3: Division of costs per function

1.4 Management and development of human resources

The HR policy of the National Audit Office provides a foundation for systematic and long-term human resource management, and it also steers and supports the implementation of the NAOF's strategy. The HR policy is based on the NAOF's values, and it sets out the principles for managing personnel matters at the agency. The HR policy ensures that uniform practices are applied in leadership and provides a foundation for the operations of the entire agency. In addition to the HR policy, the NAOF has drawn up an HR action plan to highlight concrete HR measures and their implementation.

In 2019, the NAOF implemented a change in its organization and management model. HR work focuses on supporting this change and on creating conditions for the development of the ways of working and operating. The key targets have included further development of competence management, project and team work, and supervisory and management work. The key elements of the new operating model include extensive utilization of the personnel's competence, sharing of knowledge, creation of individual development paths, and competence development through project work. In order for the agency to achieve the targets even in longer term, it is important to anticipate competence needs, to develop the personnel's competence systematically, and to also acquire new competence. At the end of 2019, the NAOF launched a project for the development of strategic competences. The aim of the project is to identify critical competences, describe the targets, and create an operating model for competence management. At the turn of 2019 and 2020, to improve the ways of working and increase satisfaction with the office premises, the NAOF conducted a personnel survey about telework practices and the functionality of office premises. The aim was to find out how the rules of play work and collect ideas about telework and how to increase satisfaction with the premises. The results will be processed and any measures will be taken in 2020. In 2019, the NAOF offered quite extensive telework opportunities compared with the central government in general.

In the year under review, competence was developed by different methods and operating models. In addition to traditional training, the NAOF arranged tailored training programmes and individual trainings. In addition to supervisor and leadership training, an example of these was the NAOF's second Askel programme, which ended during the year under review. The participants in the Askel programme were NAOF employees who had expert roles and were interested in leadership. The young professionals' programme, which had been launched previously and was implemented as a trainee-type coaching programme, ended in the year under review.

During the year, the NAOF also organized a training course in civil service ethics in the eOppiva learning environment. The training was targeted at the entire central government and included a separate section for the NAOF's own personnel. In addition, the NAOF provided team coaching to support project work. Job rotation was used as a means for competence development in 2019 even more often than in the previous year. The NAOF promotes the mobility of its personnel in order to broaden and deepen their competence. At the same time, this provides the entire agency with new competence. The NAOF's employees have also been offered an opportunity to participate in job shadowing, where an employee follows their colleague's work to learn something new that helps them to achieve their own targets.

1.4.1 Key figures of human resource management and development

Number of employees, personnel structure, and personnel expenses

At the end of 2019, the National Audit Office's number of personnel was 0.7% lower than the year before. The number of person-years was down by 1.3% from the previous year. The share of women in the personnel increased from 52% to 55% by the end of the year.

Table 3: Number of employees and person-years

	2017	2018	2019	Annual change, %
Number of employees, 31 December	143	147	146	-0.7
Women	73	76	81	6.6
Men	70	71	65	-8.5
Person-years	143.1	144.4	142.5	-1.3

The average age of employees in 2019 was 47.2 years. The average age was up by 0.2% from the previous year. At the end of the year, employees aged 45 and over accounted for 57.5% of the personnel, which is 0.3 percentage points less than the year before. The largest age group in the National Audit Office are those aged between 55 and 64, who accounted for 30.1% of the personnel. The largest age group in 2018 were those aged between 45 and 54, who accounted for 29.3% of the personnel. In 2019, 27.4% of the employees were aged between 45 and 54 years.

Table 4: Average age of women and men, personnel age structure on 31 December

	2017	2018	2019	Annual change, %
Total personnel	49.0	47.1	47.2	0.2
Women	46.4	45.3	45.8	1.1
Men	51.7	49.1	48.9	-0.4

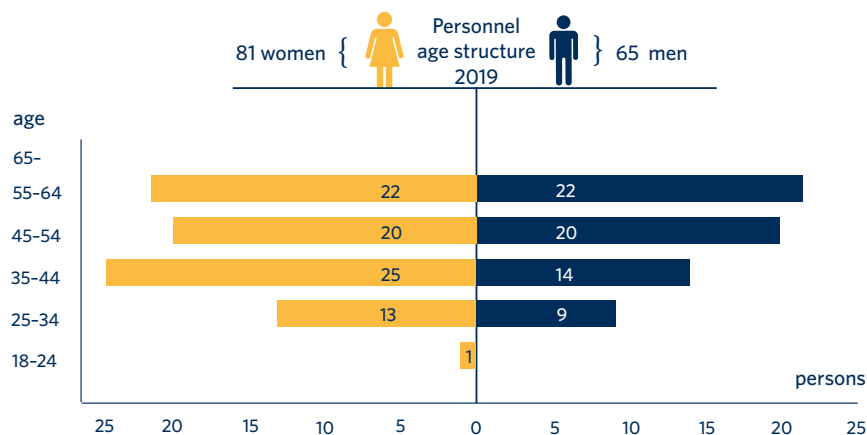


Figure 4: Personnel age structure

The personnel education level index is 6.7. At the end of the year, 79.5% of the personnel had a master's degree or higher, which is 0.6 percentage points more than in the previous year. The share of employees with a research-level degree was 13%, which is 1.4 percentage points more than in 2018.

Table 5: Education level index on 31 December

	2017	2018	2019	Annual change, %
Total personnel	6.7	6.6	6.7	1.5
Women	6.6	6.5	6.5	0.0
Men	6.8	6.7	6.8	1.5

Most employees have permanent posts. The share of fixed-term personnel increased from 12.9% in 2018 to 16.4%.

Table 6: Permanent and fixed-term employees on 31 December

	2017	2018	2019	Annual change, %
Permanent	128	128	122	-4.7
Women	62	67	68	1.5
Men	66	61	54	-11.5
Fixed-term	15	19	24	26.3
Women	11	9	13	44.4
Men	4	10	11	10.0

The share of part-time employees in the NAOF's personnel continues to be small, although the number of part-time employees doubled from the previous year. At the end of 2019, part-time employees accounted for 4.1% of the NAOF's personnel.

Table 7: Full-time and part-time employees on 31 December

	2017	2018	2019	Annual change, %
Full-time	139	144	140	-2.8
Part-time	4	3	6	100.0

Table 8: Personnel expenses

	2017	2018	2019	Annual change, %
Total labour costs, EUR/year	11,789,172	11,958,190	12,559,861	5.0
Pay for actual working hours,% of total pay	75.5%	74.3%	77.3%	4.0
Indirect labour costs	4,392,708	4,540,641	4,634,224	2.1
Share of indirect labour costs of pay for actual working hours	59.4%	61.2%	58.5%	-4.4

Source: Tahti system

Wellbeing at work

In 2019, the focus in the promotion of wellbeing at work was on improving the conditions for the personnel's work capacity and productivity. In connection with the change in the organization and management model, the NAOF organized various common events, where the personnel were able to share information and discuss topical issues. The competence centres also organized events where their members had the opportunity to get to know each other and discuss with each other. In late 2019, the NAOF conducted a statutory workplace survey together with the occupational health care. Medical check-ups were also carried out in this connection. According to the results of the 'Healthy at work' survey, the ongoing changes in the management and organization model have caused uncertainty and thereby had an effect on the work atmosphere and motivation. In addition, the employees are not fully satisfied with the work environment. As regards the personnel's wellbeing at work and also the smoothness of work, the results are slightly better than in the reference group.

The results of the workplace survey were discussed with the management, the occupational health and safety personnel, the personnel organizations, and the personnel. Based on the results of the workplace survey, the NAOF – together with the occupational health care and the committee for cooperation and occupational health and safety – drew up a new occupational health care action plan for the next three-year period. During the year, the NAOF also conducted an employee pulse survey. The results of the survey were discussed with the entire personnel in the autumn at the situational picture forum, where the focus was on practical development actions. The NAOF has also promoted wellbeing at work and conditions for it by its active support model, renewed in the previous year.

The National Audit Office supports its personnel's opportunity to maintain their physical conditions: the employees have an opportunity to use a gym and a group exercise room in the office building and to participate in instructor-led kettlebell exercises. In addition, the personnel have an opportunity to use part of their personnel benefits for exercise and culture services. After the situational picture forum held in spring, the personnel were offered an opportunity to test various physical activities at the Salmisaari Sports Center. The NAOF's recreational day was held in the autumn in Verla, which is a UNESCO World Heritage site. We had a museum tour, during which we visited the former Verla groundwood and board mill. We also took a walk outside, following a history trail.

Absences due to sickness reduced by 7.4% from the previous year. In 2019, sickness absences accounted for 7.5 working days per person-year, which was less than the average in central government (8.6 days per person-year). The personnel's departure and incoming turnover reduced as a whole from the previous year. A total of 3.4% of the personnel retired in 2019, which was 1.5 percentage points less than in the previous year. Of the employees who had been in the NAOF's employ at the end of 2018, 3.4% transferred to the employ of another employer in 2019. This was 0.6 percentage points more than in the previous year.

Table 9: Personnel turnover and wellbeing at work

	2017	2018	2019	Annual change, %
Departure turnover (% of personnel)	17.1%	16.0%	11.6%	-27.5
Incoming turnover (% of personnel)	9.6%	17.0%	12.2%	-28.2
Absences due to sickness (days/person-year)	6.6	8.1	7.5	-7.4
Net occupational healthcare costs (EUR/person-year)	EUR 873	EUR 712	EUR 990	39.0

There was a slight increase from 2018 in the time spent on competence development. Compared with 2018, the time spent on training reduced by 1.2 person-days per person-year, whereas the time spent on job rotation increased by 1.6 person-days per person-year. The time spent on competence development in 2019 totalled 13.2 person-days per person-year, when the corresponding figure in 2018 was 12.8.

Table 10: Training and development

	2017	2018	2019	Annual change, %
Participation in training (EUR/person-year) ¹	EUR 1,638	EUR 1,939	EUR 2,735	41.1
Participation in training (working days/person-year) ¹	6.3	8.6	7.4	-14.0
Job rotation (working days/person-year)	1.6	4.2	5.8	38.1

¹ Does not include pay costs for lost working hours or self-directed development of professional skills

1.5 Analysis of the final accounts

1.5.1 Financing structure

Compared with the 2018 final accounts, the National Audit Office's financing structure remained unchanged in 2019. The NAOF's operational expenditure was covered in item 21.40.01 and VAT expenditure in item 21.40.29.

1.5.2 Compliance with the budget

Parliament allocated a total of EUR 15,669,000 to the National Audit Office for operational expenditure in 2019 (EUR 14,937,000 in 2018). A total of EUR 2,539,197 was carried forward from the operational expenditure item to the following year, which was up EUR 287,661 from the amount carried forward in the previous year. The sum allocated to the NAOF for VAT expenditure in 2019 was EUR 650,000, of which the NAOF spent EUR 523,330.

1.5.3 Statement of revenue and expenditure

The NAOF's operational expenditure amounted to EUR 15,671,386, which was 6.3% more than in the previous year (EUR 14,746,463 in 2018). The operational expenditure in 2019 consisted mainly of personnel expenses, which accounted for 77.6% of the operational expenditure (77.4% in 2018). The next largest expenditure item was service purchases, whose share was 12.9% (12.3% in 2018).

1.5.4 Balance sheet

There were no significant changes in the National Audit Office's balance sheet compared with 2018.

1.6 Internal control declaration of assessment and assurance

The National Audit Office has assessed the state of its internal control and risk management. The assessment applied an internal control assessment framework, which includes assessments per responsibility area and a NAOF-level summary. The self-assessment was conducted on the basis of the COSO 13 assessment framework, recommended by the Government Financial Controller's Function. The assessment also utilized the summaries from previous years. In the statement, consideration was given to the observations of internal audit on the state of internal control and risk management.

Because of the change of the organization and management model implemented in 2019, the NAOF updated its Rules of Procedure, Financial Rules, and other key regulations and guidelines. During the year, the personnel's commitment to working together was strengthened by unifying processes and ways of working, and by organizing events for the entire personnel. In 2019, the NAOF completed its risk management policy in compliance with the recommendation of the Government Financial Controller's Function and prepared a peer review on fiscal policy monitoring to be carried out in 2020.

The management has assessed that the NAOF's internal control and risk management meet the requirements set for them. According to the assessment, the internal control and risk management are adequate and appropriately organized.

The most important development targets in internal control and risk management in 2020 are:

- Further strengthening the commitment to working together and developing an open discussion atmosphere. Developing interaction and internal communications on the basis of unified practices and processes.
- Ensuring that the NAOF has a competent personnel that keeps on developing themselves. Investing in training, learning new practices and methods, and job rotation.
- Developing wellbeing at work by setting clear targets, clarifying responsibilities, following common rules of play, and providing support consistently. Improving the quality and accuracy of surveys related to wellbeing at work.
- Developing common practices for the overall planning of the NAOF's operations and reporting on the implementation of the plans.
- As regards information security, the focus areas are compliance with the requirements of the GDPR and the new Data Protection Act, and with the guidelines on the use of cloud services in public administration.

Helsinki 13 February 2020

Tytti Yli-Viikari
Auditor General

Jenni Leppälahti
Planning Director

1.7 Summary of abuses detected

No abuses detected.



Strategy forum

The strategy forum is a cooperation and preparatory body for the Auditor General and the NAOF's senior public officials. It aims at supporting the Auditor General in managing the agency and in strategic decision-making. The strategy forum plans, develops, and assesses the agency's operations and steers the implementation of decisions. It aims at agreeing on a common interpretation of the NAOF's mandate and of the targets, principles, and resources of its operations. In addition, the strategy forum coordinates actions that have extensive or material significance for the operations and management of the NAOF.

Members of the strategy forum

Tytti Yli-Viikari, Auditor General
Mikko Koiranen, Director
Matti Okko, Director of the impact area Sustainable General Government Finances
Jaakko Eskola, Director of the impact area Information Governance
Anna-Liisa Pasanen, Director of the impact area A Safe, Healthy and Affluent Society
Heli Mikkilä, Director of the impact area Sustainable Governance and Public Administration
Riitta-Liisa Heikkilä, Director of Competence Centre
Leena Juvonen, Director of Competence Centre
Pirkko Lahdelma, Director of Competence Centre
Heli Nikander, Director of Competence Centre
Pia Palviainen, HR Director
Juhani Heimsch, ICT Director
Jaana Beversdorf, Communications Director
Jenni Leppälahti, Planning Director
Pauliina Taavitsainen, Deputy Planning Director
Pentti Mykkänen, Deputy Director
Väinö Viherkoski, Deputy Director (not in the picture)
Vivi Niemenmaa, Deputy Director (not in the picture)
Vesa Koivunen, Deputy Director
Mika Sainio, Team Manager, Fiscal Policy Monitoring
Pontus Londen, Team Manager, Oversight of Political Party and Election Campaign Funding

Budget outturn statement

Number and name of department, item, and account	Annual Report 2018	Budget 2019 (incl. supplementary budgets)	Final accounts 2019	Comparison Final accounts - Budget	Actual, %
12. Miscellaneous revenue	5,555.00				
12.39.10. Other miscellaneous revenue	5,555.00				
Budget accounts total	5,555.00				

Number, name and type of appropriation of the main division, item and account		Annual Report 2018	Budget 2019 (incl. supplementary budgets)	Appropriations in the budget 2019	
				used in 2019	carried forward to the following year
21. Parliament		15,447,517.38	16,192,330	13,653,133.79	2,539,196.62
21.40.01.	National Audit Office's operational expenditure (2-year deferrable appropriation)	14,937,000.00	15,669,000	13,129,803.38	2,539,196.62
21.40.29.	VAT expenditure (variable appropriation)	510,517.38	523,330	523,330.41	
Appropriation accounts, total		15,447,517.38	16,192,330	13,653,133.79	2,539,196.62

Details of authorisations and their use in the budget outturn statement, at the accuracy of an item

The NAOF has nothing to report.

Final accounts 2019	Comparison Budget - Final accounts	Supplementary information concerning deferrable appropriations			
		Carried forward from previous years	Available for use in 2019	Use in 2019 (excl. cancellations)	Carried forward to the following year
16,192,330.41	0.00	2,251,536.47	17,920,536.47	15,381,339.85	2,539,196.62
15,669,000.00	0.00	2,251,536.47	17,920,536.47	15,381,339.85	2,539,196.62
523,330.41	0.00				
16,192,330.41	0.00	2,251,536.47	17,920,536.47	15,381,339.85	2,539,196.62

3 Statement of income and expenses

	1 Jan 2019 to 31 Dec 2019		1 Jan 2018 to 31 Dec 2018	
Operational income				
Other operational income	<u>1,000.00</u>	1,000.00	<u>5,550.00</u>	5,550.00
Operational expenditure				
Materials, supplies and goods				
Purchases during the year	153,318.88		291,497.72	
Personnel expenditure	12,158,776.49		11,419,448.00	
Rents	662,605.58		638,750.94	
Purchased services	2,024,214.90		1,811,358.99	
Other expenses	672,469.81	<u>-15,671,385.66</u>	585,407.04	<u>-14,746,462.69</u>
Deficit I		-15,670,385.66		-14,740,912.69
Financial income and expenses				
Financial income	5.00		5.01	
Financing expenses	<u>-87.77</u>	-82.77	<u>-80.16</u>	-75.15
Deficit II		-15,670,468.43		-14,740,987.84
Deficit III		-15,670,468.43		-14,740,987.84
Income from taxes and compulsory charges				
VAT paid	<u>523,330.41</u>	<u>-523,330.41</u>	<u>510,517.38</u>	<u>-510,517.38</u>
Surplus/deficit for the year		<u>-16,193,798.84</u>		<u>-15,251,505.22</u>

4 Balance sheet

	1 Jan 2019 to 31 Dec 2019		1 Jan 2018 to 31 Dec 2018	
ASSETS				
Inventories and financial assets				
Current receivables				
Sales receivables	0.00		1,830.00	
Other current receivables	<u>24.22</u>	<u>24.22</u>	<u>332.22</u>	<u>2,162.22</u>
Total inventories and financial assets		24.22		2,162.22
Total assets		<u>24.22</u>		<u>2,162.22</u>
EQUITY AND LIABILITIES				
Equity				
State's equity				
State's equity, 1 Jan 1998	-819,653.02		-819,653.02	
Change from previous years	-2,245,798.84		-2,276,802.66	
Equity transfers	15,914,281.02		15,282,509.04	
Surplus/deficit for the year	<u>-16,193,798.84</u>	-3,344,969.68	<u>-15,251,505.22</u>	-3,065,451.86
Liabilities				
Current liabilities				
Accounts payable	172,531.01		228,717.44	
Transfers between accounting offices	280,412.99		246,672.04	
Payable items	254,192.31		238,614.87	
Accrued expenses	2,637,857.59		2,353,409.73	
Other current liabilities	<u>0.00</u>	<u>3,344,993.90</u>	<u>200.00</u>	<u>3,067,614.08</u>
Total liabilities		3,344,993.90		3,067,614.08
Total equity and liabilities		<u>24.22</u>		<u>2,162.22</u>

5 Notes to the final accounts

Note 1 Accounting principles and comparability

- 1) Changes related to budgeting and their key impacts on the budget outturn statement, statement of income and expenses, balance sheet, and their comparability

Section 6 of the Parliament collective bargaining contract for the period 2018–2020 (9 May 2018) states that a public official and an employee whose employment started at the latest on 3 September 2018 and continued without interruptions until 18 November 2018 will receive a separate one-time payment in connection with the salary for January 2019. The one-time payment is 9.2% of the employee's monthly salary. The one-time payment was not recorded for the fiscal year 2018 but was recorded in full as expenditure for the fiscal year 2019.

The National Audit Office was reorganized and its old unit structure was dissolved on 1 April 2019. Starting from 1 April 2019, the NAOF has been operating as a project organization.

- 2) Exchange rate used for converting foreign currency assets and liabilities, and other commitments into the Finnish currency

Nothing to report.

- 3) Valuation and accrual principles and methods applied in the preparation of the final accounts, and especially the impacts of changes in them on the formation of surplus and deficit for the year, and the items reported on the balance sheet

The final accounts of the National Audit Office have been prepared in accordance with the State Budget Act and the State Budget Decree as well as the regulations and guidelines issued by the Ministry of Finance and the State Treasury.

- 4) Income and expenses for earlier years, budget revenue and expenditure, and correction of non-negligible errors

Nothing to report.

- 5) Account of the information on the previous year if it is not comparable with the information on the fiscal year

Nothing to report.

- 6) Account of the most significant events after the fiscal year to the extent they are not reported in the review of operations

Nothing to report.

Note 2 Net budgeted income and expenditure

The National Audit Office does not have anything to report on Note 2.

Note 3 Overspending of estimated appropriations

The National Audit Office does not have anything to report on Note 3.

Note 4 Cancelled appropriations carried over

The National Audit Office does not have anything to report on Note 4.

Note 5 Itemization of personnel expenses

	2019	2018
Personnel expenses	10,251,531.70	9,722,422.64
Salaries and bonuses	10,023,767.54	9,723,688.82
Performance-based items	0.00	0.00
Change in holiday pay liabilities	227,764.16	-1,266.18
Social security costs	1,907,244.79	1,697,025.36
Pension expenses	1,739,826.72	1,584,927.39
Other personnel expenses	167,418.07	112,097.97
Total	12,158,776.49	11,419,448.00
Management salaries and bonuses *) incl.	921,504.63	477,273.11
- performance-based items	29,757.12	0.00
Fringe benefits and other financial benefits	194,893.49	189,015.75
Management	11,773.65	5,042.00
Other personnel	183,119.84	183,973.75

*) Does not include social security costs

Note 6 Principles applied in calculating depreciation according to plan and changes to it

The National Audit Office does not have anything to report on Note 6.

Note 7 Changes in the acquisition cost of national property and fixed assets and other long-term expenditure

The National Audit Office does not have anything to report on Note 7.

Note 8 Financial income and expenses

The National Audit Office does not have anything to report on Note 8.

Note 9 Loans granted from the budget

The National Audit Office does not have anything to report on Note 9.

Note 10 Securities and equity holdings

The National Audit Office does not have anything to report on Note 10.

Note 11 Financial assets and liabilities in the balance sheet

The National Audit Office does not have anything to report on Note 11.

Note 12 Granted state securities and guarantees, and other multi-annual commitments

Valid securities and their available maximum

The National Audit Office does not have any securities.

Other multi-annual commitments

Ordinary agreements and commitments made under "Operational expenditure" in general provisions section of the Budget Statement						
€	Budget expenditure 2019	Appropriation requirement 2020	Appropriation requirement 2021	Appropriation requirement 2022	Appropriation requirement in subsequent years	Appropriation requirement, total
Ordinary agreements and commitments, total	625,192.00	642,438	642,438	642,438		1,927,313

Note 13 Reserve funds in the balance sheet

The National Audit Office does not have anything to report on Note 13.

Note 14 Reserve funds outside the balance sheet

The National Audit Office does not have anything to report on Note 14.

Note 15 Changes in liabilities

The National Audit Office does not have anything to report on Note 15.

Note 16 Maturity breakdown and duration of liabilities

The National Audit Office does not have anything to report on Note 16.

Note 17 Other supplementary information needed to give true and fair information

The National Audit Office has provided true and fair information in its final accounts and notes as well as in its review of operations.

No abuses or criminal offences were detected in the National Audit Office.

6 Signatures

The final accounts were approved in Helsinki on 18 February 2020.

Helsinki, 18 February 2020

Tytti Yli-Viikari
Auditor General

Jenni Leppälahti
Planning Director

Appendix 1: Allocation of working hours in 2019

Core activity by audit type and function	2017	%	2018	%	2019	%
Financial audit	5 905	19,9 %	5 734	19,3 %	4 902	16,2 %
Compliance audit	701	2,4 %	792	2,7 %	403	1,3 %
Performance audit	4 470	15,1 %	4 292	14,4 %	3 932	13,0 %
Fiscal policy audit	625	2,1 %	269	0,9 %	405	1,3 %
Fiscal policy monitoring	599	2,0 %	624	2,1 %	530	1,8 %
Oversight of election campaign and political party funding	472	1,6 %	339	1,1 %	605	2,0 %
Reports to Parliament	178	0,6 %	133	0,4 %	203	0,7 %
Management of core activities	3 117	10,5 %	3 599	12,1 %	3 712	12,3 %
Development of core activities	433	1,5 %	865	2,9 %	1 124	3,7 %
Other core activities	4 883	16,4 %	4 358	14,7 %	5 188	17,2 %
Core activities, total	21 383	72 %	21 004	71 %	21 004	70 %

Share of core activities in effective working hours	21 383	72 %	21 004	71 %	21 004	70 %
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Support functions	2017	%	2018	%	2019	%
General administration and management	3 164	10,7 %	3 141	10,6 %	3 673	12,2 %
Support for planning, steering and monitoring	82	0,3 %	79	0,3 %	71	0,2 %
Personnel administration	1 033	3,5 %	852	2,9 %	732	2,4 %
Training	887	3,0 %	1 233	4,1 %	1 049	3,5 %
Job rotation	234	0,8 %	604	2,0 %	824	2,7 %
Financial administration	226	0,8 %	123	0,4 %	151	0,5 %
Travel	109	0,4 %	30	0,1 %	9	0,0 %
Internal audit, risk management, and security	645	2,2 %	596	2,0 %	574	1,9 %
Information management	811	2,7 %	830	2,8 %	943	3,1 %
Knowledge management	271	0,9 %	204	0,7 %	165	0,5 %
Communications	712	2,4 %	975	3,3 %	944	3,1 %
Real estate management	6	0,0 %	1	0,0 %	0	0,0 %
Office services	119	0,4 %	16	0,1 %	15	0,1 %
Other support functions	6	0,0 %	39	0,1 %	38	0,1 %
Support functions, total	8 307	28 %	8 723	29 %	9 187	30 %

Share of core activities in effective working hours	8 307	28 %	8 723	29 %	9 187	30 %
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Effective working hours, total	29 690	100 %	29 727	100 %	30 191	100 %
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Absences	2017	%	2018	%	2019	%
Paid absences	5 020	70 %	5 204	70 %	5 125	73 %
Absences due to sickness	1 042	14 %	1 322	18 %	1 218	17 %
Other paid absences	828	12 %	640	9 %	377	5 %
Holiday bonus leave	307	4 %	313	4 %	294	4 %
Absences, total	7 197	100 %	7 478	100 %	7 014	100 %

Working hours, total	36 887	100 %	37 205	100 %	37 205	100 %
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Appendix 2: End products in 2019

National Audit Office's reports to Parliament

R 13/2019 vp	Separate report of the National Audit Office to Parliament on the audit of the final central government accounts for 2018 and the Government's annual report
R 18/2019 vp	National Audit Office's Annual Report to Parliament 2019
R 8/2019 vp	National Audit Office's report to Parliament on the monitoring of the funding of political parties in 2018
R 19/2019 vp	National Audit Office's report to Parliament on the oversight of election campaign funding in the 2019 Parliamentary Elections
R 20/2019 vp	Separate report of the National Audit Office to Parliament: Fiscal policy monitoring report 2019

Audit reports

Financial audit

Office of the President of the Republic of Finland

Office of the President of the Republic	10/53/2018
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Prime Minister's Office

Prime Minister's Office	11/53/2018
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Administrative branch of the Ministry for Foreign Affairs

Ministry for Foreign Affairs	12/53/2018
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Administrative branch of the Ministry of Justice

Ministry of Justice	13/53/2018
Legal Register Centre	14/53/2018
Criminal Sanctions Agency	15/53/2018
Finnish Prosecution Service	16/53/2018
National Administrative Office for Enforcement	17/53/2018

Administrative branch of the Ministry of the Interior

Ministry of the Interior	18/53/2018	
Emergency Response Centre Administration	19/53/2018	
Finnish Immigration Service		20/53/2018

Emergency Services College	21/53/2018
National Police Board	22/53/2018
Finnish Border Guard	23/53/2018
Finnish Security Intelligence Service	24/53/2018

Administrative branch of the Ministry of Defence

Ministry of Defence	25/53/2018
Construction Establishment of Defence Administration	26/53/2018
Finnish Defence Forces	27/53/2018

Administrative branch of the Ministry of Finance

Ministry of Finance	28/53/2018
State Department of Åland	29/53/2018
Regional State Administrative Agency for Southern Finland	30/53/2018
Financial Stability Authority	31/53/2018
Statistics Finland	32/53/2018
Finnish Customs	33/53/2018
State Treasury	34/53/2018
VATT Institute for Economic Research	35/53/2018
Government Shared Services Centre for Finance and HR	36/53/2018
Government ICT Centre Valtori	37/53/2018
Finnish Tax Administration	38/53/2018
Population Register Centre	39/53/2018

Administrative branch of the Ministry of Education and Culture

Ministry of Education and Culture	40/53/2018
National Archives	41/53/2018
Finnish Heritage Agency	42/53/2018
Finnish National Agency for Education	43/53/2018
Academy of Finland	44/53/2018
Governing Body of Suomenlinna	45/53/2018

Administrative branch of the Ministry of Agriculture and Forestry

Ministry of Agriculture and Forestry	46/53/2018
Finnish Food Safety Authority Evira	47/53/2018
Natural Resources Institute Finland	48/53/2018
National Land Survey of Finland	49/53/2018
Agency for Rural Affairs	50/53/2018

Administrative branch of the Ministry of Transport and Communications

Ministry of Transport and Communications	51/53/2018
Finnish Meteorological Institute	52/53/2018
Finnish Transport Agency	53/53/2018
Finnish Transport Safety Agency Trafi	54/53/2018
Finnish Communications Regulatory Authority	55/53/2018

Administrative branch of the Ministry of Economic Affairs and Employment

Ministry of Economic Affairs and Employment	56/53/2018
Development and Administration Centre for the ELY Centres and TE Offices	57/53/2018
Energy Authority	53/53/2018
Geological Survey of Finland	59/53/2018
Business Finland – the Finnish Funding Agency for Technology and Innovation	60/53/2018
Finnish Competition and Consumer Authority	61/53/2018
Finnish Patent and Registration Office	62/53/2018
Finnish Safety and Chemicals Agency	63/53/2018

Administrative branch of the Ministry of Social Affairs and Health

Ministry of Social Affairs and Health	64/53/2018
Finnish Medicines Agency	65/53/2018
National Supervisory Authority for Welfare and Health	66/53/2018
Social Security Appeal Board	67/53/2018
Radiation and Nuclear Safety Authority	68/53/2018
National Institute for Health and Welfare	69/53/2018

Administrative branch of the Ministry of the Environment

Ministry of the Environment	70/53/2018
Housing Finance and Development Centre of Finland	71/53/2018
Finnish Environment Institute	72/53/2018

Final central government accounts

Final central government accounts	73/53/2018
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Off-budget funds

Fire Protection Fund	74/53/2018
State Television and Radio Fund	75/53/2018
Finnish Oil Pollution Compensation Fund	76/53/2018

Compliance audit

11/2019	Supporting non-profit organizations and certain ad hoc procedures
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Fiscal policy monitoring

Fiscal policy monitoring assessment on the management of central government finances, spring 2019
Fiscal policy monitoring assessment on the management of central government finances, autumn 2019

Fiscal policy audit

16/2019	Sustainability assessments of general government finances in the knowledge base of economic policy
17/2019	Medium-term projections in the planning of general government finances

Performance audit

1/2019	Bioeconomy as a key Government project – additional funding for the Development Fund of Agriculture and Forestry (Makera)
2/2019	State as a promoter of cleantech acquisitions – Implementation of cleantech procurements
3/2019	State as a promoter of cleantech acquisitions – Implementation of cleantech procurements in public administration
4/2019	Centralised ICT services and procurement
5/2019	Police traffic control
6/2019	Using digitalisation in the public sector processes required for starting business activities
7/2019	Digitalisation of teaching and learning environments in general education
9/2019	Impact of steering on the functioning of emergency medical services
10/2019	Cooperation between authorities in security services in sparsely populated areas
12/2019	Open information and utilisation of government information
13/2019	Bioeconomy as a key Government project – overall key project funding
14/2019	Promoting sustainable development
15/2019	Good practices in development projects – Meta-assessment of projects within the Effectiveness and Performance Programme

Reviews

- 1/2019 Guidelines for asset lifecycle management
- 2/2019 Assisted voluntary return

Follow-up reports

- Fiscal risks – international recommendations (2/2017)
- Total central government balance sheet (19/2015)
- Export financing (1/2015)
- Private equity investment operations of the state (15/2016)
- Consideration of the health and cost impacts of fine particles in the preparation of strategies (17/2015)
- Steering of the Government Security Network (14/2016)
- Drafting of the amendments to the decree on dimensions and weights of heavy lorries (9/2016)
- Effectiveness of structural fund programmes (21/2016)
- Tax revenue – Summary of the compliance audits covering tax revenue (17/2016)
- Preparation and coordination of EU affairs in the Government (2/2016)
- Immigrant students and the effectiveness of basic education (12/2015)
- Cost-effectiveness of the processing of business subsidy decisions at ELY Centres (19/2016)
- Steering system of the Ministry of Education and Culture (4/2016)
- State's financing contribution to earnings-related daily allowance (16/2016)

Statements and parliamentary committee hearings

Parliamentary committees have invited experts of the National Audit Office to be heard 18 times in total. In connection with hearings, the committees were provided with a written statement and proposal. In addition, the National Audit Office issued seven statements in total.



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