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Central government authorities, agencies, unincorporated state enterprises and state funds

## Reporting irregularities to the National Audit Office of Finland

Central government authorities, agencies, unincorporated state enterprises and state funds must, without delay, report to the National Audit Office (NAOF) any irregularities related to their activities or the assets or property managed by them. These instructions disclose how and why irregularities must be reported and what measures there are related to them.

### 1 Legislative basis

Under section 16 of the Act on the National Audit Office (676/2000), a central government authority, agency, unincorporated state enterprise or a state fund must, without delay and notwithstanding secrecy provisions, report to the NAOF any irregularities related to its activities or the assets or property that are managed by it or for which it is responsible.

Pursuant to section 69b of the State Budget Decree (1243/1992), accounting offices shall have financial rules, and under a regulation (Preparation and updating of financial rules, Registry No. VK/483/00.00.00.01/2019/27.5.2019) issued by the State Treasury, the financial rules of the accounting offices shall include a section entitled "Procedures upon discovery of any errors or irregularities in the financial management".

The aim of the statutes is to safeguard and implement the NAOF's continuous and direct right to obtain information, which is laid down in section 90(3) of the Constitution of Finland (731/1999). The NAOF needs information not only for assessing the audit need and targeting its audit work but also for ensuring that the internal control of the public administration is adequate and appropriately organized. When the authorities report any irregularities without delay, those responsible for the operations can launch measures for preventing and combating similar activities in the future. In addition, reporting irregularities enables those who are obliged to report offences under section 17 of the Act on the National Audit Office to act in compliance with the law.

Under section 20(3) of the Act on the National Audit Office, the NAOF issues the following instructions on the application of the provisions.

### 2 How to report irregularities?

Those subject to the reporting obligation must report any irregularity to the NAOF without delay after the irregularity has been brought to their attention. The free-form report is filed in either Finnish or Swedish. The report must be filed when the suspected irregularity is first observed as part of administrative or legal procedures. 'As part of administrative or legal procedures' means the first written assessment in which it is determined, on the basis of concrete information, that irregularity has probably occurred. The report must be filed by the time when the authority has heard the party suspected of the irregularity under the Administrative Procedure Act (434/2003) or another applicable law.

The suspected irregularity must be reported to the NAOF regardless of whether a report of a suspected offence is filed with the police. When filing the report, the party concerned should not wait for the results of the police investigation,

the prosecutor's decision or a court judgement. If necessary, it is also possible to inform the NAOF later on the progress of the case.

The report should contain a short description of the event (e.g. details of any direct or indirect damage that has arisen or may arise), and a description of the measures that the party obliged to file the report has taken or is planning to take as a result of the irregularity. Documents providing clarification to the case can be appended to the report on irregularities.

The reports filed with the NAOF must not unnecessarily include personal data belonging to the special categories of personal data or data on the basis of which the suspected perpetrator can be identified. The Data Protection Act (1050/2018) lays down provisions on the processing of personal data and specifies and supplements the national application of the General Data Protection Regulation (GDPR) (2016/679) of the European Union.

The person filing the report must take any secrecy provisions into consideration. The report should be submitted to the NAOF primarily in electronic format. It is also possible to submit a paper-format report on irregularities by post or personally to the NAOF from 9.00 to 15.00 on business days. The address is Porkkalankatu 1, 00180 Helsinki. The documents can be left at the reception on the ground floor.

If necessary, it is also possible to contact the NAOF public official who processes reports on irregularities in advance by phone to discuss how to report irregularities. Another option is to enquire by email how to report irregularities. The up-to-date contact information can be found on the NAOF's website (<https://www.vtv.fi/en/naof/complaints-and-abuses/>).

The national authorities responsible for the use of the European Union (EU) funds are themselves responsible for reporting any abuse and other irregularities related to their funds (revenue and expenditure). They file the reports to the European Anti-Fraud Office (OLAF) and other competent EU authorities directly in the relevant EU information systems. The National Audit Office monitors cases of abuse and other irregularities reported to the EU in the relevant information systems.

### **3 Measures resulting from reported irregularities at the NAOF**

The NAOF aims to ensure that all irregularities are reported to it and that the authority filing the report takes all appropriate measures. For this reason, the public official processing the case at the NAOF will monitor its progress in central government and, if necessary, obtain additional information on the case. At the same time, the NAOF will also pay attention to ensuring that a compensation is demanded for the damage caused to central government.

Irregularities in central government may be a sign of inadequacies in the internal control of the authority in question. In its audit work, the NAOF pays attention to ensuring that the public authorities and agencies have effective internal control.

Based on the reports and other information revealed in the audits, the NAOF monitors and examines irregularities in central government and their impacts on central government finances. The NAOF also monitors and examines measures taken by the public administration to combat irregularities.

### **4 Reporting a suspected offence to the police**

Under section 17(1) of the Act on the National Audit Office, a central government authority, agency, unincorporated state enterprise or a state fund shall report to the police any suspected offences related to its activities or the assets or property that are managed by it or for which it is responsible. It is not necessary to report an offence if, considering the circumstances, the act can be considered minor.

Under section 17(2) of the Act on the National Audit Office, the NAOF must report to the police any suspected offence referred to above that it has detected when carrying out its audit activities, unless the audited entity has already done

so. It is not necessary for the NAOF to report the offence if, considering the circumstances, the act can be considered minor.

Reporting a suspected offence is primarily the responsibility of the central government authority or agency in question. The NAOF reports suspected offences to the police only in exceptional cases.

## **5 General principles applied when reports on irregularities are processed**

### **Data protection**

The Data Protection Act (1050/2018) applies to personal data and specifies and supplements the national application of the EU's General Data Protection Regulation (GDPR) (2016/679). The Act on the Openness of Government Activities (621/1999), in turn, governs the public access to documents.

Under the GDPR, the data subject is entitled to access their data under the conditions laid down in the GDPR and the Data Protection Act. The data subject is also entitled to require the controller to rectify any inaccurate or incorrect personal data on the data subject without undue delay. The NAOF has provided information on the possibility of submitting a request for checking or rectifying data in its privacy statement for the register for complaints and reports on irregularities (<https://www.vtv.fi/kayttoehdot-jä-tietoa-palvelusta/>, in Finnish only).

### **Documents**

Under section 12 of the Constitution of Finland (731/1999), documents and records in the possession of government authorities are public, unless their publication has for compelling reasons been specifically restricted by law. Public access to documents is restricted by the secrecy grounds specified in the law, such as the right to privacy safeguarded by the Constitution of Finland (section 10(1)).

The Act on the Openness of Government Activities contains more detailed provisions on the public access to and secrecy of documents. The aim of the act is to increase the openness of the government activities.

The most important restrictions on the publication of the reports on irregularities processed at the National Audit Office are laid down in the Act on the Openness of Government Activities. For example, reports of suspected offences made to the police and documents obtained or prepared for purposes of preliminary investigations or the consideration of charges must be kept secret (section 24(1)(3) of the Act on the Openness of Government Activities). The secrecy may also be based on other provisions contained in the Act on the Openness of Government Activities or a special enactment.

### **Register entries**

When the NAOF receives a report on irregularities in electronic format, by post or delivered personally to the NAOF, the document received is entered in the NAOF's register. The register also contains the details of the officials processing, steering and supervising the case.

More specific details on the information entered in the register, public access to the information, disclosure of the information, and the rights of the data subject can be found in the privacy statement, which is available from the NAOF's registry (tel. +358 (0)9 432 5809 or [kirjaamo@vtv.fi](mailto:kirjaamo@vtv.fi)) and the NAOF's website (<https://www.vtv.fi/>).

## **6 Entry into force**

These instructions will enter into force on 1 September 2020 and supersede the previous instructions, Registry No. 28/01/11/29.09.2011.

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