

## Effectiveness reporting to Parliament in the Ministry of Finance's administrative sector

Dissatisfaction has been expressed in Parliament concerning the effectiveness of result budgeting and result management and particularly the adequacy and quality of the information which Parliament receives. Owing to inexactness and deficiencies in result objectives and monitoring information, Parliament has not been able to ascertain that funds are being used for the right purpose.

From Parliament's viewpoint key elements in the exercise of budget authority are the provision to Parliament of a financial planning and decision document based on correct and adequate information (the state budget) and an evaluation document which allows the monitoring and control of decisions. The main thing in reporting to Parliament is accountability for effectiveness in the administrative sector and the achievement of the objectives expressed in the state budget.

The present audit investigated the setting of objectives in the state budget and the adequacy and accuracy of effectiveness reporting in the Government's report on the management and status of state funds in the Ministry of Finance's administrative sector in 2002 with the help of questions based on guidelines. The audit is part of a process in which the State Audit Office intends to analyse several administrative sectors in a similar way each year.

The audit indicated that the state budget sets out agencies' basic tasks quite comprehensively. It does not describe changes in the operating environment or present result objectives by result area, however. The state budget contains a large number of result objectives.

Few objectives have been set for efficiency and economy. The large majority of objectives can be classified as effectiveness objectives. Most objectives are of such a nature that straightforward reporting can be considered quite difficult.

Separate indicators are not used for economy, efficiency and effectiveness and these are not measured over time. Decision-makers are provided practically no information on the internal economy and efficiency of administration.

The audit indicated that reporting does not follow the same order in which objectives are presented in the state budget. Locating individual objectives and corresponding reporting is often hard. Objectives are not presented in the report. Any differences between the tentative objective in the state budget and the final objective confirmed in the result agreement are not mentioned.

Negative development or the failure to achieve result objectives is not reported. Instead the report selectively draws attention to development features and measures which can be considered positive.

Credit is often claimed for positive development even if many outside factors have clearly influenced the situation. Determining the actor's own role is difficult.

Reporting contains numerous measures whose connection to effectiveness is not specified or analysed. Providing information on measures without establishing proper connections does not produce a reliable picture of the achievement of objectives. In some cases reports include measures whose effects will only become clear later on.

The functioning of the result objective system should be improved so that the achievement of result objectives can be reliably measured and evaluated. The use of indicators should be increased. The presentation of result objectives in the state budget and reporting should be clarified. The key principle is to link result objectives and reporting in a clear way. The state budget and reporting should have a similar structure. The time frame for reporting higher-level objectives should be given thought. The annual reporting interval is too short for many objectives.

The point of departure in describing effectiveness should be the results corresponding to the objectives which have been set in the state budget. In spite of deficiencies in objective setting, information on the effectiveness of main functions should always be provided in the Government's report on the management and status of state funds.