
THE STATE AUDIT OFFICE'S POSITIONS

This audit concerned the effectiveness of research and development in the Ministry of Transport and Communications. Effectiveness refers to the benefits of R&D in the ministry's activities, i.e. preparing legislation and other steering work.

The ministry sets objectives in its operational and financial planning and prepares strategies in order to carry out the tasks assigned to it in the Government Decree on the Ministry of Transport and Communications (405/2003) and other legislation. The ministry also prepares separate strategies to guide and implement specific parts of policies. An example of this kind of strategy is intelligent transport systems in the transport policy field. Within the framework of this strategy R&D has been conducted to implement its different stages. This is established procedure in the ministry. The audit indicated that the ministry bases its vision, objective setting and the implementation of strategies on information obtained in R&D activities. R&D is an integral part of the ministry's result management and steering processes.

In the ministry R&D is decentralized, with the ministry's Research Unit coordinating it at the ministry level. The ministry outsources R&D, generally on the basis of tenders, with the ministry usually being represented as the coordinating party in projects.

The ministry's R&D projects can be characterized as stimulating ideas and guiding activities in the form of a knowledge basis during different stages of the decision-making process. The results of projects can be the answer to a specific question, such as information on the use of studded tyres, or can be basic information for a more general vision when a strategy is being developed. The common denominator in R&D projects is information based on special expertise and research findings. The ministry employs a strategy-based and forward-looking management style, which requires R&D information. The ministry has decided to outsource R&D in order to obtain the best expertise for the ministry and society. R&D projects are also a valuable learning process in the ministry. The ministry pays special attention to knowledge management and is investing more in this area.

R&D as a rule includes a follow-up evaluation, which is based quite often on criteria or indicators that have been selected in advance. According to the audit materials, the evaluation of the achievement of the objectives set by the ministry in its strategies is based mostly on evaluations obtained in the R&D process. This was visible in the evaluation of the Finnish R&D Programme on ITS Infrastructures and Services, which received attention in the audit. The ministry's vision, objective setting, implementation and evaluation are intertwined with R&D activities.

The ministry's annual appropriations for R&D in the state budget are about 7-8 million euros. Other R&D expenditure in the ministry's administrative sector totals over 20 million euros a year. Money spent on R&D is an investment in intangible assets.

Efforts have been made to measure the effectiveness of R&D from different viewpoints using the concept of benefits. On the basis of a survey conducted during the audit, the benefits of R&D in the ministry's activities were considered either essential or crucially important. None of the respondents considered R&D information unimportant or useless. In evaluating the reliability of responses, it should be noted that only half of the ministry's units answered the questionnaire. There is a risk that the units that did not respond may have different views from those that did. Responses were received from every department, however. Interviews supported the reliability of the answers obtained in the survey.

R&D information is used in preparing legislation and in the ministry's other activities. This information is used in all of the ministry's task areas. In recent years attention has successfully been focused on obtaining international expertise.

The responses in the survey showed that R&D publications were used quite broadly as a knowledge basis in the ministry's activities. The application value of R&D activities in the ministry is high.

Judging from the audit, the ministry's R&D activities can be considered to produce benefits in that the intangible assets in which the ministry invests are mostly essential and crucially important in the ministry's activities.

One aim of the audit was to focus attention on measuring effectiveness using cost-benefit analysis. Can the ministry's R&D activities, with the benefits described above, be considered effective? This question must be approached by evaluating the ministry's annual investment in R&D information and comparing it to the benefits of R&D information perceived in the audit.

During the audit the ministry emphasized that in addition to the benefit obtained from R&D information, each R&D project is a learning process for the ministry. R&D activities promote networking and closer cooperation between the public and private sectors. The investment in intangible assets can hardly be evaluated on the basis of the cost of a single performance (the research report).

According to the ministry, R&D projects are outsourced on the basis of tenders as a rule. The State Audit Office draws attention to the ministry's high threshold values in arranging tenders. There is a danger of infringing the principle of non-discrimination, even if the ministry is familiar with producers of R&D activities in different fields. The ministry should arrange tenders for all outsourced R&D activities. In addition to projects this includes the surveying of available ideas and proposals as well. This type of activity naturally requires confidentiality among those involved.