
THE STATE AUDIT OFFICE'S POSITIONS

The key questions in this audit were how well productivity in the use of resources is managed in the public sector and what steps are being taken to develop productivity in the desired direction. To clarify the content of these questions the audit focused on the Finnish Meteorological Institute.

The audit indicated that, in contrast with most agencies and units, the Meteorological Institute has an efficient cost accounting system that produces information to answer the questions in what area of responsibility, what functions and the production of what outcomes do the unit's resources belong. Based on this information it would be possible for the Meteorological Institute to bring productivity in the use of resources up to the officially targeted level. The Meteorological Institute has set itself a more modest objective, however. The purpose of internal accounting is to produce information according to existing standards for the measuring of the resources needed for the pricing of intermediate and final products and for activities. The Meteorological Institute notes, however, that when production units know from which functions costs arise, it is also easier to make changes in production processes. Thus cost accounting indirectly leads to improved productivity in the use of resources, even if it is not included in actual targets.

Productivity in the use of resources has not developed in the public sector at the same pace as it has developed in units and enterprises whose operating environment is free and effective competition. The political objective that the development of productivity in the public sector should not lag behind the development of productivity in private service production has not been achieved. The problem still exists and has apparently grown worse.

One of the key objectives in developing state administration has been to cut growth in state expenditure by developing steering systems. Since the 1960s several projects have been conducted to reform steering systems. Standards have also been used for this purpose. The success and effectiveness of measures have not met objectives, however. So far the appropriateness of the angle from which problems

have been approached and solutions have been sought has not been questioned.

In the opinion of the State Audit Office, the objective set for productivity in the use of resources can be achieved only if a productivity-driven approach with the necessary tools and deliberation is made part of decision-making where concrete decisions concerning the use of resources are taken. The first step in this direction would be to require that every agency and unit can verifiably answer the questions in what area of responsibility, what functions and the production of what final products do the unit's resources belong. Then the measuring of the amount of resources needed by the agency or unit, productivity in the use of resources and management skills could be monitored.