



THE STATE AUDIT OFFICE OF FINLAND

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

1 January - 31 December 2002

178th year of operation

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# REVIEW BY THE AUDITOR GENERAL

In shifting the State Audit Office to its present position in connection with Parliament, above all Parliament focused expectations on being kept better informed of audit results. The Office has accordingly paid greater attention to Parliament's information needs in its activities. This has been visible in the planning and focusing of audit activities as well as reporting on audits. Every audit report has been brought to the notice of the appropriate committee and individual MPs. Audit results have also been explained in committees and subcommittees as necessary.

When the Office's annual report to Parliament was discussed, Parliament deemed that the evaluation period was still too short to draw farther-reaching conclusions on the effects of the shift. It noted that the basic solution has already proved correct, however. Parliament's access to information on the results of audits and its ability to take advantage of these results have improved. In this respect we can say that we have done a good job in meeting the challenges of the shift. At the same time we have also made sure that administration can take advantage of our expertise and the results of audits.

Last year the Office submitted its first reports to Parliament for discussion. These reports present a considerable amount of remarks concerning the legality and effectiveness of the state's financial management and compliance with the budget. The most

significant deficiencies regarding correct and adequate information in agencies' year-end accounts regard effectiveness information and particularly information concerning economy. With regard to the effectiveness of result management, it was noted that there is still a lot of room for improvement. In an exceptional number of agencies audits revealed improper procedures which individually or as a whole constituted non-compliance with the budget. Taking into consideration the principle of essentialness, however, the observed deficiencies, errors or risks were not considered an obstacle to approving the state's year-end accounts.

In 2002 the Office completed more audits than in any of the past ten years. The average completion date for financial audits was also moved up for the ninth time in the past ten years. Financial audits were completed over three months earlier than they were a decade ago. With regard to financial audits, separate costs per audit day fell for the second year in a row. Compared with 1999 separate costs per audit day have fallen by over 5% in absolute terms. In this same period separate costs per audit have fallen by over 8%.

Last year was good in terms of the Office's effectiveness, for which I would like to thank our entire personnel. This annual report describes how well the Office carried out its task in 2002.

Tapio Leskinen

# REVIEW OF OPERATIONS

## 1.1 Position and missions

Section 90 paragraph 2 of the Finnish Constitution calls for an independent State Audit Office in connection with Parliament to audit the state's financial management and compliance with the state budget.

According to section 1 of the Act on the State Audit Office, the Office's task is to ensure the legality and effectiveness of the state's financial management and compliance with the budget.

The Office's audit mandate covers:

- the Government and ministries
- state agencies
- funds outside the state budget
- state business enterprises and state-owned companies
- state aids
- state credit institutions taking care of payment traffic
- the transfer of funds between Finland and the European Union.

The Office also performs certain international auditing tasks, takes care of certain expert and negotiating tasks and participates in national and international cooperation in its field.

## 1.2 Goals

The Office's goal is to produce useful and reliable information on the state's financial management, compliance with the budget and administrative activities for Parliament, the Government and other levels of administration.

Through its audit activities and key expert activities the Office strives to

- ensure compliance with the state budget and regulations concerning financial management
- promote economy, efficiency and effectiveness in state administration
- promote good governance and the implementation of general principles regarding financial management in administration.

The State Audit Office's activities include financial audits and performance audits. The successful management of the tasks entrusted to the expert agency responsible for the external audit of the state economy is built on these two basic elements, which are complementary and mutually interacting.

Financial audits are performed annually and cover all state agencies and enterprises. The goal is to produce audits and related expert activities in key areas of competence which

ensure

- compliance with the state budget and key legislation regarding its application
- the provision of correct and adequate annual accounts by state administration and agencies

and promote

- the exercise of Parliament's budgetary power
- the proper arrangement of internal auditing
- the application of good financial management principles
- the effectiveness of administration.

Performance audits are of a one-time nature and cover task areas applying to more than one unit, functions occurring throughout administration, tasks entrusted to a specific administrative sector, authority or recipient of state aids, funds outside the state budget, state business enterprises or state-owned companies.

A key goal of performance audits is to draw attention to significant deficiencies and problems in the effectiveness of administration and their basic causes and to supply the relevant decision-makers with information necessary for financial management in a usable form.

Both financial and performance audits involve the external auditing of ministries and subordinate agencies and enterprises, which is aimed primarily at ensuring the owner's financial interests. Financial audits serve Parliament as well as the Government and administration under it particularly by ensuring the legality of financial management and compliance with the budget. Performance audits serve them especially by producing objective information on the economy, efficiency, effectiveness and unexpected results of the management of the state's tasks. Both types of audit ensure the correctness and adequacy of the information supplied to Parliament and other units responsible for controlling the state economy. Reporting to ministries, agencies and enterprises produces direct value added for financial control and monitoring.

### 1.3 Vision and values

The Office's vision is to audit the state economy with top expertise.

This requires

- qualitatively and quantitatively sufficient competence and expertise for audit and expert tasks
- the focusing of audits based on approved criteria and key focuses

- effective planning, implementation and monitoring processes
- clear and timely reporting

The content of the Office's vision for different interest groups has been given concrete form in the updating of the Office's strategy. For Parliament the vision means that the Office's activities support Parliament's budgetary and legislative power by producing objective and useful audit information on the implementation of the budget, the management of statutory tasks assigned to administration and the achievement of objectives, and the reliability and adequacy of the planning and monitoring information supplied to Parliament by administration.

For the Government and subordinate administration, the vision means that the Office as an outside auditor produces objective audit information which is needed in directing administration concerning matters which are essential and subject to risk, compliance with the budget, regulations and other decisions in the state's financial management, and the correctness of the state's and agencies' annual accounts. It also means that the Office presents initiatives on the basis of its expertise.

For citizens the vision means that the Office publishes its audit results openly. This helps citizens to perceive the Office as an independent and reliable audit institution and regard its activities as important.

For the Office's personnel the vision means that the Office offers employees challenging tasks, opportunities to develop professionally and as members of the community, fair and motivating pay, and up-to-date tools and support systems.

Management and other activities are guided by the Office's common values, which are expertise, objectivity, cooperation, courage and effectiveness.

## 1.4 Planning and strategic lines

The Office's operating strategy is made up of policy lines according to which the Office's activities are directed, carried out and developed taking into consideration changes in the Office's operating environment. The basis of this strategy is the task assigned to the Office in legislation.

The Office's activities are based on long-term planning and annual operational planning. Plans define strategic lines and focuses for activities and confirm individual audit topics. During the year the Office began updating its strategy, as a result of which the proper focusing of audit activities and ensuring the Office's expertise were defined as success factors.

The Office carries out its task through financial audits and performance audits, which are conducted along similar lines to achieve the Office's purpose.

The Office annually audits every state agency as well as the state's year-end accounts. On the basis of risk analysis, performance audits focus on areas which have considerable direct or indirect financial significance for the state economy. Financial audits and performance audits together provide a comprehensive picture of the management of the state budget economy.

The Office monitors the activities of state-owned companies, state business enterprises and funds outside the state budget. It publishes an annual report concerning the activities of the state-owned companies at the group level. Decisions concerning audits of state-owned companies and state enterprises as well as funds outside the state budget are made separately.

The Office has approved the following criteria in focusing audit activities:

- the economic significance of the matter
- the risk for the state economy
- the production of new information
- ensuring the legality and effectiveness of

agencies' financial management and compliance with the state budget

- the significance of the matter for Parliament.

Performance audit topics are selected each year on the basis of special focuses. Systematic risk analysis is used in selecting topics. In 2002 focuses included financial management systems, state aids and other supports, state revenues and financing systems, and procurements.

According to the principle of equal protection, the auditing of EU funds is given the same weight as the auditing of national funds. The Office audits transfers of funds between Finland and the European Union in the same scope and according to the same principles and procedures which apply to national funds.

## 1.5 Organization

The State Audit Office is directed by the Auditor General, who is elected by Parliament for a term of six years. The Office comprises the Financial Audit unit, two Performance Audit units, the Internal Services unit and the Special unit (see organization chart, Appendix 1). The Office has its headquarters in Helsinki, with branches in Turku and Oulu.

The Office has an Advisory Board prescribed by law whose task is to maintain and develop the Office's connections with cooperation partners, to present initiatives to develop auditing and to monitor the focusing of audits, their effectiveness and ability to serve different cooperation partners. The Advisory Board is chaired by Maria Kaisa Aula, MP, with Under-Secretary of State Juhani Turunen serving as vice chairman and Special Researcher Leena Juvonen and Senior Auditor Lassi Perkinen as secretary.

Composition of the Advisory Board in 2001-2003  
 Maria Kaisa Aula, MP  
 Reino Hjerppe, Director General, Government Institute for Economic Research  
 Markku Lehto, Permanent Secretary, Ministry of Social Affairs and Health  
 Tapio Leskinen, Auditor General, State Audit Office  
 Christel von Martens, Head of Development, Association of Finnish Local and Regional Authorities  
 Anita Niemi-Iilahti, Professor, University of Vaasa  
 Risto Palo, Senior Auditor, State Audit Office  
 Vappu Taipale, Director General, National Research and Development Centre for Welfare and Health  
 Juhani Turunen, Under-Secretary of State, Ministry of Finance  
 Kari Urpilainen, MP

During the year the Advisory Board met five times. The members of the Advisory

Board were provided presentations on timely performance audits and the Office's audit and operational plan for 2003. The Advisory Board also discussed the Office's annual report to Parliament. It also presented an initiative to the Ministry of Education concerning an audit of the University of Tampere and an evaluation of the distribution of course financing.

## 1.6 Personnel

### Number and structure of personnel

At the end of the year the Office had 146 posts in 2002 (2001 145, 2000 141). The Office had 138 employees at the end of the year. This was nine more than the year before. The number of person-years for the year as a whole rose from 132 to 137 (an increase of 3.8%). Unpaid leaves of absence<sup>1</sup> have risen in recent years but declined last year.

Women comprised 34.8% of the Office's personnel and men 65.2%. Women's share of audit personnel was 30.4% (2001 31.4%, 2000 34.6%) and women's share of other personnel

Personnel at 31 December			
Year	Employees in permanent posts No.	Employees in temporary posts No.	Employees on leave No.
1999	103	26	15
2000	109	22	16
2001	119	10	18
2002	124	14	14

Year	Number of person-year	%-change	Number of posts
1999	125	4,2	138
2000	129	3,1	141
2001	132	2,3	145
2002	137	3,8	146

<sup>1</sup> Unpaid leaves of absence include maternity and parental leave, paternity leave, child-care leave, pension/rehabilitation support, study leave, work elsewhere, public task, unpaid private matter, job-rotation leave and part-time pension.

Year	Unpaid leaves of absence (person-years)	%-change
1999	13,3	
2000	13,8	3,8
2001	15,3	10,9
2002	13,6	-11,1

Information on personnel at 31 December				
	1999	2000	2001	2002
Average age in years	44,4	44,0	45,0	44,9
Average length of service in years	10,1	10,2	11,2	11,3
Women´s share of personnel, %	38,0	40,5	38,0	34,8
Personnel with a university degree, %	85,2	84,0	83,7	86,2

Information on audit personnel at 31 December				
	1999	2000	2001	2002
Women´s share of personnel, %	32,7	34,6	31,4	30,4
Personnel with a university degree, %	99,1	99,1	99,1	99,1

Information on other personnel at 31 December				
	1999	2000	2001	2002
Women´s share of personnel, %	63,6	66,7	65,2	56,5
Personnel with a university degree, %	22,7	20,8	21,7	21,7

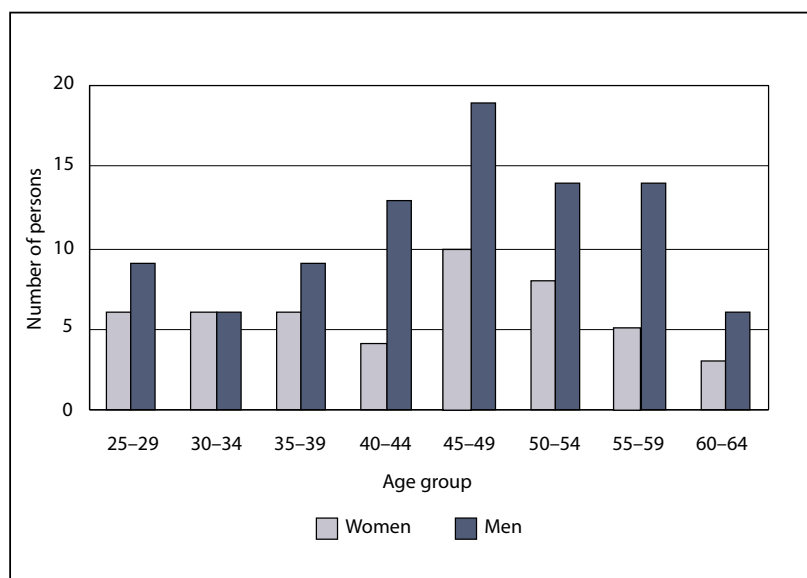


FIGURE 1: AGE DISTRUBUTION 2002



was 56.5% (2001 65.2%, 2000 66.7%).

The average age of employees at the end of the year was 44.9 years (2001 45.0, 2000 44.0). The largest age groups were 50-54 years (21.7%) and 45-49 years (21%). Employees at least 45 years of age accounted for 57.2% of personnel (58.9% of men and 54.2% of women).

In 2001 the average age of all state employees was 42.4 years (2000 42.4 years) and employees at least 45 years of age accounted for 45.3% of the total (2000 45.1%).

Employees' average length of service was 11.3 years (2001 11.2 years, 2000 10.2 years). The figure for both audit personnel and other personnel was 11.3 years. Employees' level of education remained high. 99.1% of audit personnel had a university degree

### Training

The number of training days, including voluntary development, declined compared with the previous year. Training days totalled 1,130 in 2002, or 8 days per person-year. In the Financial Audit result area training averaged 11 person-days per person-year (2001 15, 2000 16). In the Performance Audit result area training averaged 8 person-days per

person-year (2001 8, 2000 10).

Training costs, including working time costs, amounted to 362.5 thousand euros (2001 358.2 thousand euros) or 4% of the Office's total costs. This was €2,646 per person-year (2001 €2,709).

### Sick leave

The number of days of sick leave per person-year declined. In 2002 employees took 823 days of sick leave on 293 occasions. The number of days of sick leave per person-year was 6 (2001 8, 2000 8), down 23.9% compared with the previous year. On most occasions (85%) sick leave lasted 1-3 days.

### Personnel turnover

The Office has experienced an increase in personnel turnover in recent years, along with state administration in general. Last year 10 employees, or 7.2% of the Office's personnel, left to take other jobs.

## 1.7 Development of activities

The development of audit activities is discussed in sections 2.3.4 and 2.4.3.

Year	Days of sick leave (working days)		
	No.	% change from the year before	Days/person-year
1999	789	-15,3	6,3
2000	1 021	29,4	7,9
2001	1 082	3,8	8,2
2002	823	-23,9	6,0

Year	Personnel turnover		
	Temporary	Permanent	% of personnel
1999	0	5	3,9
2000	2	6	6,1
2001	5	4	7,0
2002	0	10	7,2

During the year the Office continued developing internal communications and began work to develop online services. The goal in developing online services is to survey services which are provided for outside interest groups and to plan possible projects to improve service. Communications will be developed with the revision of the Office's communications plan which began last year.

The development of the Office's pay system continued. A working group which was appointed in 2001 studied job requirements and proposed a job evaluation system and a consultant for this purpose. The consultant started work in spring 2002.

The Office planned and adopted an internal electronic text archive which includes all the Office's key documents.

The Office's technical capacity was improved by updating computers and beginning to plan a new network cabling system, a new operating system and office software. The last two of these will be done in close cooperation with Parliament. In 2002 new telecom connections which allow auditors to perform audit tasks from the Office were placed in use.

## 1.8 International activities

The State Audit Office serves as the national cooperation body of the supreme audit institutions of the European Union and the European Court of Auditors. During the year the Office took part in meetings of the auditors general and liaison officers of the supreme audit institutions of the European Union and in working groups appointed by meetings of the auditors general. An employee of the Office also held a temporary position at the Court of Auditors according to agreed practice between the Court of Auditors and the member states. The Office participated as an observer in all four audit visits of the European Court of Auditors in Finland and answered queries and requests for information from the Court of Auditors.

The Office is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and the European Organization of Supreme Audit Institutions (EUROSAI). As in past years, the Office participated in meetings organized by INTOSAI and EUROSAI as well as the preparation of meeting materials and answered enquiries from the organizations and their working groups. A key goal of international activity is to promote the exchange of information regarding auditing procedures. INTOSAI and EUROSAI are also involved in developing auditing methods and standards.

During the year the Office's representatives attended the V EUROSAI Congress which was held in Moscow in May. A total of 43 countries were represented at the congress. The main theme was the SAI and the state budget execution audit. The Office's representative participated in a seminar which was arranged by the European Commission in Brussels in November.

In 2002 the Office participated in an EU working group which coordinates the audit of the EU's structural funds. The working group's first report was presented in November at a meeting of the auditors general in Luxembourg.

The year the Office also participated in an EU working group which is considering donor states' possibilities to harmonize reporting on the application of development cooperation funds from the viewpoint of audit institutions. The Office hosted the working group's fourth meeting, which took place in the Netherlands in October.

Two of the Office's auditors served as auditors for the Wassenaar Arrangement and in this connection they made three audit trips to Vienna.

Cooperation and the exchange of information among the state audit institutions in the Nordic countries and the Baltic countries continued as in the past. During the year forms of cooperation included meetings of the Nordic and Baltic auditors general and liaison officers as well as reciprocal visits.

The Nordic auditors general met at the end of June in the Faroe Islands and the Nordic and Baltic auditor generals met at the beginning of September in Riga. The Office's Internal Services unit visited its counterpart in Estonia. Estonian colleagues paid a visit to the Office and were mainly provided information on tasks associated with EU membership.

During the year the Office received 10 international visits and its representatives took part in 21 conferences and seminars abroad. The Office hosted two Nordic seminars. Its representatives also made three audit trips abroad and took part in two other international expert tasks.

## DESCRIPTION OF RESULTS

### 2.1 The Office's results

The Office produced 115 financial audits during the year (2001 116, 2000 101) plus a report on the state's year-end accounts. A total of 115 audits concerning fiscal year 2002 were started during the year. Financial audits and special audits accounted for 49% of the working time spent on external performance production (Figure 2). This was one point less than the year before.

The Office completed 32 performance audits during the year (2001 26, 2000 22). These led to 22 audit reports, 2 accounts, 3 studies, 2 preliminary studies and 2 letters. In addition 39 audits or preliminary studies were still under way at the end of the year (2001 40, 2000 34). Performance audits accounted for 48% of the working time spent on external performance production (Figure 2). This was three percentage points less than the year before.

The breakdown of the financial audits, special audits and performance audits which were completed in 2002 by administrative field is shown in Figure 3. In interpreting this figure it should be pointed out that results with regard to financial audits are influenced by the division of agencies into administrative fields. With regard to financial audits calculations only included audit days for audits completed during the year. The most significant changes were increases for the Ministry of Education, the Ministry of Transport and Communications and the Ministry of the Interior and decreases for the Ministry of Justice and the Ministry of Labour. These changes were due mainly to the breakdown of completed performance audits by administrative field.

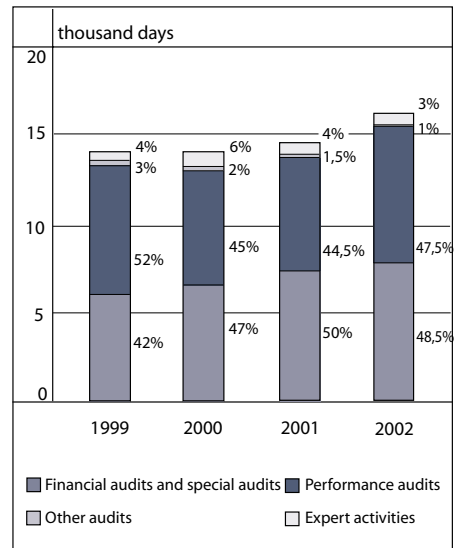


FIGURE 2: TIME USE IN 1999 – 2002

International audits accounted for 1% of the time spent on external performance production (Figure 2).

A list of the audits which were completed in 2002 is appended to this report.

In connection with its expert tasks the Office presented initiatives, issued statements, provided advice and training, participated in outside working groups, gave testimony and handled complaints regarding the state's financial management. Expert activities accounted for only 3% of the time spent on external performance production (Figure 2).

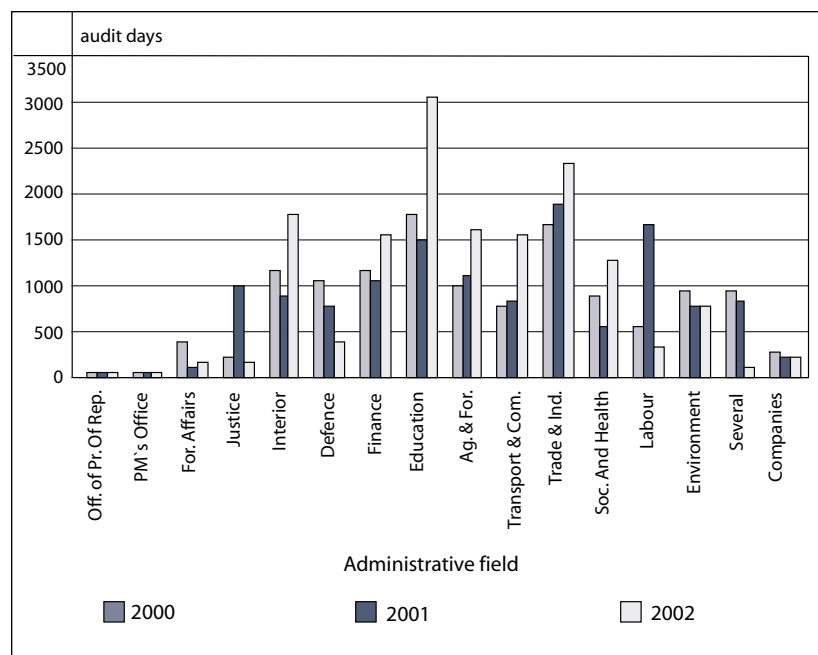


FIGURE 3: BREAKDOWN OF COMPLETED AUDITS BY ADMINISTRATIVE FIELD IN 2000 – 2002

## 2.2 Costs and time use

The Office's costs (Figure 4) amounted to €8.92 million (2001 FIM 48.8 million, 2000 FIM 46.0 million). Performance Audit accounted for €4.45 million of this total (2001 FIM 24.1 million, 2000 FIM 23.9 million), Financial Audit €4.40 million (2001 FIM 24.1 million, 2000 FIM 21.6 million) and the Special unit €74.75 thousand (2001 FIM 0.5 million, 2000 FIM 0.5 million). In the calculation the Office's real estate costs (€0.92 million), internal service costs (€0.87 million) and other joint costs (€1.44 million) have been apportioned between different result areas.

External performances, i.e. audits and expert tasks, accounted for 70% of effective working time (excluding paid absences) in the Performance Audit result area (planned 74%, actual 2001 66%, 2000 65%) (Figure 5). In the Financial Audit result area the share was also 70% (planned 69%, actual 2001 68%, 2000 66%). Training accounted for about 4% of effective working time.

The average costs of the Office's external performance production amounted to €551 per day, down 2% from the previous year (Figure 5). In the Financial Audit result area

the average costs of external performance production amounted to €543 per day, up 0.2% (Figure 7). In the Performance Audit result area the average costs of external performance production amounted to €560 per day, down 2% (Figure 7).

Total pay excluding side costs amounted to €5.35 million (2001 FIM 29.9 million, 2000 FIM 27.6 million).

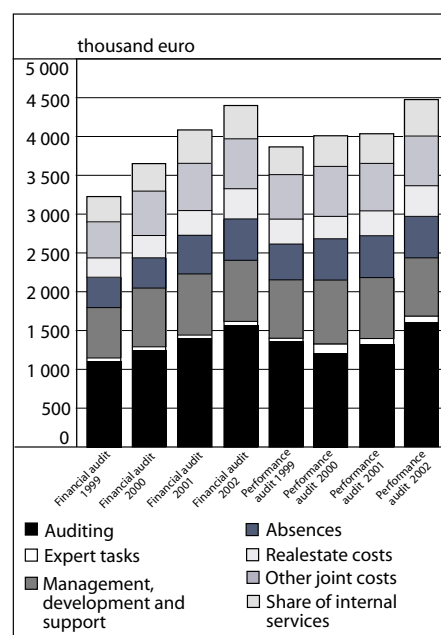


FIGURE 4: THE STATE AUDIT OFFICE'S COSTS IN 1999–2002

<b>Working time in person-days and person-years</b>			
	<b>2000</b>	<b>2001</b>	<b>2002</b>
Person-days	32 411	33 214	34 323
Person-years	129	132	137
<b>Breakdown of working time, %</b>			
	<b>2000</b>	<b>2001</b>	<b>2002</b>
Effective working time	82	81	83
Annual leave	13	14	12,5
Holiday pay leave	1,5	1	1,5
Sick leave	3	3	2
Other paid leave	0,5	1	1
Total	100	100	100

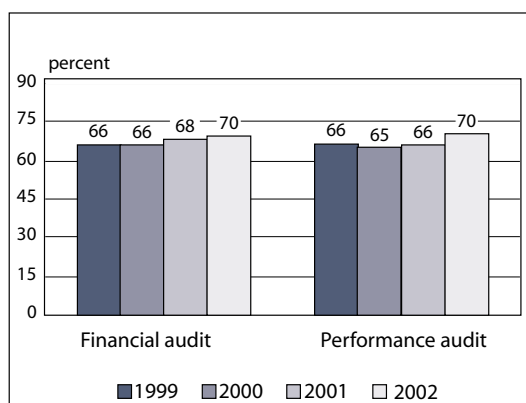


FIGURE 5 : TIME SPENT ON EXTERNAL PERFORMANCE PRODUCTION

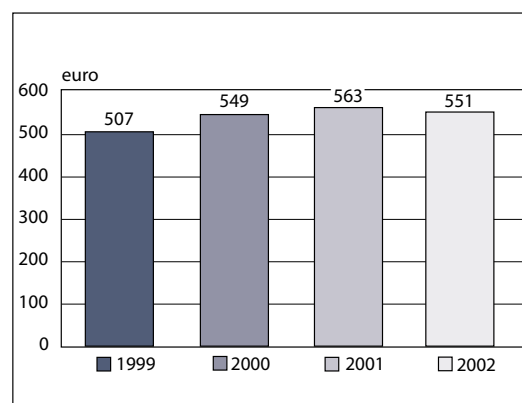


FIGURE 6: AVERAGE COSTS PER DAY OF EXTERNAL PERFORMANCE PRODUCTION (€)

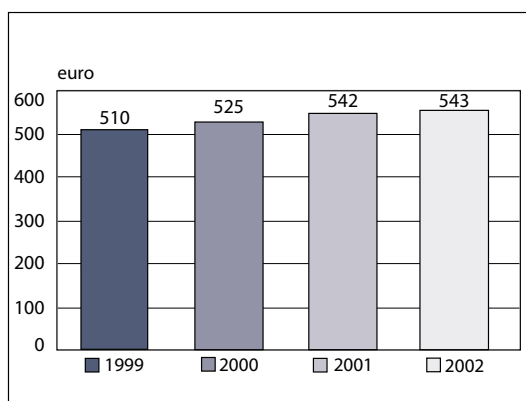


FIGURE 7: AVERAGE COSTS PER DAY IN THE FINANCIAL AUDIT RESULT AREA (€)

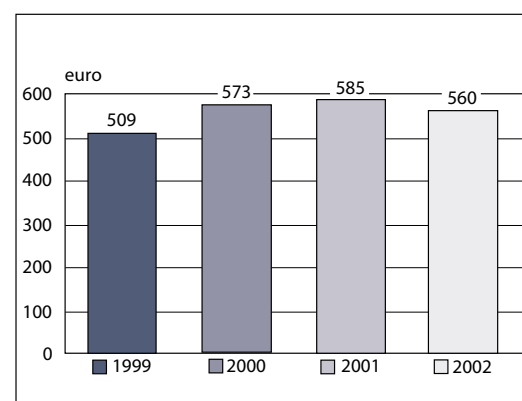


FIGURE 8: AVERAGE COSTS PER DAY IN THE PERFORMANCE AUDIT RESULT AREA (€)

## 2.3 Effectiveness in the Financial Audit result area

### 2.3.1 Objectives

The key objective was to perform annual audits of all 115 ministries and agencies as well as the state's year-end accounts

- according to the quality requirements in the audit guidelines
- clarifying and harmonizing the content of audit reports
- submitting audit reports to ministries by 10 June 2002 and to agencies by 31 May 2002 and moving up the average date of audit reports
- using an average of 65 audit days per agency for annual audits.
- utilizing audit results in the first annual report to Parliament in September 2002.

### 2.3.2 Effectiveness and achievement of objectives

All the audits in the objective were completed according to the audit guidelines. Audit reporting was condensed, clarified and harmonized. The need to develop and harmonize interim reporting was noted and guidelines in this area were revised in autumn 2002 with regard to audits for 2002.

The average completion date for financial audits was again moved up, to 4 June for ministries (2001 5 June, 2000 6 June) and 9 May for agencies (2001 14 May, 2000 20 May). Audit reports were submitted by the end of May for 101 out of 102 agencies (2001 86%, 2000 76%).

Audit reports were published on the Office's website after completion. All the audit reports were distributed earlier to interest

groups in printed form.

The 115 financial audits which were completed required an average of 61 days per audit (objective 65, actual 2001 60, 2000 61, 1999 58). These figures also include 316 days spent on audits of information systems used in financial management (2001 253, 2000 217). They also include 148 days spent on the audit of EU funds (2001 187).

Auditing performed in 2001 accounted for 44% of audits reported in 2002 (2001 42%, 2000 42%, 1999 43%). This figure reflects the share of audit work performed during the fiscal year, which the Office is striving to increase.

Summaries of financial audits were included for the first time in the Office's annual report to Parliament.

Year	Date ministries	Other agencies	Number of reports
1999	7 June	21 May	98
2000	6 June	20 May	101
2001	5 June	14 May	116
2002	4 June	9 May	115

Breakdown of working time used for external performances, %				
	1999	2000	2001	2002
Annual audits	93	95	97	96
Special audits	1	1	0	1
Other audits	3	2	2	1
Expert activities	3	2	1	2
	100	100	100	100

Personnel in the unit totalled 60 at the beginning of the year and 59 at the end of the year. Plans called for 59.5 person-years and the actual amount was 58

### 2.3.3. Costs

The following tables present key cost information for financial audits concerning the previous year which were completed in 1999, 2000, 2001 and 2002, namely costs per person-day and average costs per audit. Both figures are calculated on the basis of the unit's separate costs. Direct costs consist mainly of pay for actual work-days together with welfare and pension payments, plus direct travel expenses. The second cost component covers management, development and supporting activities. The cost of absences is mainly for annual leave. Separate costs per audit day rose by 2.0% during the year and by 9.8% over a three-year period. Average costs per audit rose by 4.5% during the year and by 15.4% in 1999-2002.

### 2.3.3. Development

A broad training programme for the unit's

entire personnel which started in September 2001 was completed in March 2002. The programme included 27 half-day sessions and the average number of participants was 32. Training was provided by 36 outside instructors. Training averaged 11 person-days per person-year in the unit (2001 15, 2000 16).

A total of 331 person-days was spent on development activities. This corresponded to 2.8% of effective working time (2001 3.3%, 2000 5.1%).

Audit guidelines were supplemented and the development and strengthening of computer-aided auditing continued.

The objectives which were set in 2000 with regard to increasing computer-aided auditing have been achieved, but there are still challenges mainly as a result of the shift to paper-free accounting in administration. The development plan was updated on the basis of the vision for computer-aided auditing in 2005

The increase in computer-aided auditing is reflected in the greater use of auditing software. In 1999 auditing software was used

	1999	2000	2001	2002
Result area's costs per person-day (€)				
Direct costs	175	183	188	196
Management, development, support	95	103	104	100
Absences	60	60	64	67
Separate costs	331	341	356	363
Change 01-02, %				2,0 %
Change 99-02, %				9,8 %
	1999	2000	2001	2002
Result area's average costs per audit (€)				
Direct costs	10 168	11 085	11 207	11 962
Management, development, support	5 531	6 241	6 197	6 088
Absences	3 498	3 636	3 788	4 103
Separate costs	19 197	20 963	21 192	22 153
Change 01-02, %				4,5 %
Change 99-02, %				15,4 %



extensively by about 30% of auditors and not at all by about 17%. In 2002 auditing software was used by all auditors and was used extensively by about 85%.

The auditing of information systems used in financial management was further developed, with data security being given a more significant position along with the effectiveness of internal monitoring.

The content of the annual report to Parliament will be developed on the basis of experience. This is a key report for the entire Office.

On the basis of the work of a parliamentary working group on reporting procedures and the report which was submitted in early 2003 by a Ministry of Finance working group on year-end accounts, changes which emphasize the significance of financial audit and essentially influence the development of audit activities can be expected in standards.

In 2002 financial audit activities were hampered by exceptionally large turnover, with seven auditors or senior auditors leaving the Office. (Turnover in this key group was 13%). This underlines the need to improve the Office's pay competitiveness and the urgency of reforming its pay system.

## 2.4 Achievement of objectives and effectiveness in the performance audit result area

### 2.4.1. Achievement of objectives

The objective was to complete 35 perfor-

mance audits during the year. The actual number of completed audits was 32, falling slightly short of the target.

The 32 audits which were completed during the year led to 22 audit reports, 2 accounts, 3 studies and 3 preliminary studies. Two audits led to a letter and a memorandum. The number of completed audits was 26 in 2001 and 22 in 2000.

At the beginning of the year 33 audits and 7 preliminary studies were still under way. Of these 40 audit topics 26 were completed during the year. In addition to ongoing audits, 29 new audit topics were included in the operational plan at the beginning of 2002 and further topics were added in the course of the year to bring the total to 40 new audit topics. Preliminary studies or actual audits got under way for 30 of these. Of this number 16 preliminary studies and 6 audits were completed during the year.

Actual performance audits required 7,704 person-days (2001 6,491, 2000 6,363, 1999 7,287). Completed audits required 8,198 6,151 person-days or an average of 256 person-days per audit (2001 256, 2000 289, 1999 236). Other audits required a total of 30 person-days.

In addition to actual performance audits the Office spent 346 person-days on various expert tasks.

External performances accounted for 70% of effective working time (2001 66%, 2000 65%, 1999 66%).

Audit reports were published in printed form and copies were distributed to the appropriate bodies, MPs, the parliamentary

<b>Breakdown of working time used for external performances, %</b>				
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Performance audits	96	91	94	97
Other audits	2	1	1,5	0
Expert activities	2	8	4,5	3
	100	100	100	100

Finance Committee and special committees, the Office of the Parliamentary State Auditors and the Ministry of Finance. Reports have also been available to the public and have been publicized in press releases. Press releases concerning performance audits and summaries of audit reports are posted on the Office's website. Links are provided so that users can order publications and send feedback online.

In addition to the normal distribution of audit reports, Parliament is informed of the results of audits in the Office's annual report to Parliament. The opportunity this provides Parliament to discuss matters which receive attention in audits tends to strengthen the effectiveness of audit work. The Office conducts follow-ups of all performance audits and monitors the effects of recommended changes. Information concerning follow-ups is also included in the annual report to Parliament.

#### 2.4.2. Costs

Key cost indicators for performance audits

which were completed in 2002 (costs per person-day, average costs per audit) are presented in the accompanying tables. Both figures are calculated on the basis of the unit's separate costs. Direct costs consist mainly of pay for actual work-days together with welfare and pension payments, plus direct travel expenses. The second cost component covers management, development, training and supporting activities.

Average costs per audit declined by 15.2% compared with audits completed the previous year. Average costs per person-day also declined by 15.2%.

#### 2.4.3. Development

A total of 398 person-days or 3.3% of effective working time was devoted to development activities in the result area (2001 461 or 4.1%, 2000 668 or 5.8%, 1999 591 or 5%).

During the year a strategy for 2003-2006 was prepared. The intention is to select 2-3 administrative fields each year in which financial audit and performance audit will cooperate to audit result management, an-

	1999	2000	2001	2002
Result area's costs per person-day (€)				
Direct costs	173	185	190	171
Management, development, support	99	106	108	85
Absences	64	70	76	61
Separate costs	336	362	373	317
Change 01-02, %				-15,2 %
Change 99-02, %				-5,8 %
	1999	2000	2001	2002
Result area's average costs per audit (€)				
Direct costs	45 588	56 054	48 608	43 680
Management, development, support	26 167	32 063	27 609	21 753
Absences	16 776	21 188	19 443	15 681
Separate costs	88 532	109 305	95 660	81 114
Change 01-02, %				-15,2 %
Change 99-02, %				- 8,4 %

Annual changes in average costs per person-day depend on the composition of personnel in the audits which are completed each year.

nual reports and the appropriate sections of the Government's report to Parliament on the management and status of state funds. In addition 1-3 special themes which are included in the Government's report to Parliament will be selected for audits each year. Last year a trial project concerning effectiveness reporting focused on three administrative fields (Ministry of Finance, Ministry of Education and Ministry of Trade and Industry). The goal is to supplement effectiveness reporting.

During the year the Office approved audit guidelines for its internal use, thereby harmonizing procedures in the Performance Audit units. These guidelines cover the audit process as well as the preparation of preliminary studies and audit reports. The goal is for all audit projects to follow similar methods and meet common quality criteria.

An average of 7 person-days/person-year was spent on training performance auditors. The amount of time spent on training was slightly lower than the year before (2001 7.5, 2000 9.5).

The focus in personnel development remained on in-service training for auditors. Personnel mainly received training arranged by state agencies and enterprises as well as other outside training in their special fields of expertise. Performance auditors have also been able to participate in training arranged by the Financial Audit unit.

In 2002 the Office continued a series of

lectures begun the previous year concerning interaction between administration and citizens, with MPs from different political parties serving as speakers. Lectures and training were also arranged concerning transparency and procurement legislation, means to direct basic services, applications of the Balanced Score Card approach in public administration and the correct use of language. A new form of training involved a series of visits. A seminar on planning performance audit topics was arranged. Training cooperation with the audit offices in the other Nordic countries continued and the Office also took advantage of other experience gained by personnel in international work.

## **2.5 Abuses in administration**

A total of 53 complaints regarding the state's financial management were received by the Special unit (2001 43, 2000 34), and 37 of these were dealt with during the year (2001 51, 2000 17).

Complaints were submitted by private citizens and organizations. State officials and agencies submitted 18 reports concerning abuses under section 16 of the Act on the State Audit Office (2001 16). Ministries administering EC aids also submitted copies of their reports on the monitoring of subsidies under Commission Decree No. 1681/94 to the Office.

## FINANCIAL STATEMENTS WITH NOTES AND EXAMINATION OF THE FINANCIAL STATEMENTS

### 3.1 Year-end accounts

#### STATEMENT OF INCOME AND EXPENSES

	1.1.2002-31.12.2002		1.1.2001-31.12.2001	
<b>Operational income</b>				
Other operational income	<u>7 958,53</u>	7 958,53	<u>83,74</u>	83,74
<b>Operational expenses</b>				
Materials, supplies and goods:				
Purchases during the year	100 608,23		105 880,49	
Personnel expenses	6 779 235,64		6 345 708,44	
Rents	946 059,76		757 998,22	
Purchased services	713 116,42		668 591,95	
Other expenses	238 196,67		261 273,49	
Depreciation	<u>139 690,54</u>	<u>8 916 907,26</u>	<u>146 456,36</u>	<u>8 285 908,95</u>
<b>Deficit I</b>		-8 908 948,73		-8 285 825,22
<b>Financial income and expenses</b>				
Financial income	<u>307,12</u>	307,12	<u>0,00</u>	0,00
Extraordinary income and expenses				
Extraordinary expenses	-2 011,36	-2 011,36	0,00	0,00
<b>Deficit II</b>		-8 910 625,97		-8 285 825,22
<b>Income from taxes and compulsory charges</b>				
VAT paid	<u>-339 349,77</u>	<u>-339 349,77</u>	<u>-323 011,39</u>	<u>-323 011,39</u>
<b>Deficit for the year</b>		<u><u>-9 250 002,74</u></u>		<u><u>-8 608 836,60</u></u>

BALANCE SHEET

<b>ASSETS</b>	<b>31.12.2002</b>		<b>31.12.2001</b>	
<b>FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS</b>				
<b>Intangible assets</b>				
Intangible rights	40 637,21		49 230,84	
Other long-term expenditure	18 080,74		0,00	
Advance payments and work in progress	11 029,48	69 747,43	1 278,82	50 509,67
<b>Tangible assets</b>				
Machinery and equipment	184 564,66		236 673,99	
Furnishings	13 141,99	197 706,65	20 488,36	257 162,35
<b>Securities and other long-term investments</b>				
Securities	0,00	0,00	672,75	672,75
<b>Total fixed assets and other long-term investments</b>		267 454,08		308 344,77
<b>INVENTORIES AND FINANCIAL ASSETS</b>				
<b>Current receivables</b>				
Other current receivables	1 649,46		1 492,73	
Advance payments	0,00	1 649,46	1 524,54	3 017,26
<b>Cash, bank receivables and other financial assets</b>				
Cash accounts	807,60		451,87	
Office's expenditure accounts	-1,35	806,25	0,00	451,87
<b>Total inventories and financial assets</b>		2 455,71		3 469,13
<b>TOTAL ASSETS</b>		<u>269 909,79</u>		<u>311 813,90</u>

**EQUITY AND LIABILITIES**

**EQUITY**

<b>State's equity</b>				
State's equity 1.1.1998	-819 653,02		-819 653,02	
Change in previous years	-196 256,74		-189 150,19	
Equity transfers	9 185 883,02		8 601 730,06	
Deficit for the year	-9 250 002,74	-1 080 029,48	-8 608 836,60	-1 015 909,76

**LIABILITIES**

<b>Current liabilities</b>				
Accounts payable	87 009,09		96 033,80	
Inter-agency transfers	181 213,40		156 887,82	
Payable items	117 161,66		108 188,39	
Accrued expenses	964 555,12	1 349 939,27	966 613,64	1 327 723,66
<b>Total liabilities</b>		1 349 939,27		1 327 723,66
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>269 909,79</u>		<u>311 813,90</u>

## COMPLIANCE WITH THE BUDGET 1.1. - 31.12.2002

	Accounts 2001	Budget 2002	Accounts 2002	Comparison Budget/ Accounts
<b>Budget income account</b>				
12.39.10 Other miscellaneous income	0,00	307,12	307,12	0,00
12.39.50 Net income from sale of shares	0,00	7 232,08	7 232,08	0,00
<b>Total budget income accounts</b>	<u>0,00</u>	<u>7 539,20</u>	<u>7 539,20</u>	<u>0,00</u>
<b>Expences</b>				
22.40.21 Operation costs (2-yr. trans.)	8 591 880,22	8 876 000,00	8 876 000,00	0,00
28.80.24 State pension and early rehabilitation	0,00	8 683,50	8 683,50	0,00
28.81.23 VAT (open)	322 810,01	0,00	0,00	0,00
28.81.23.02 VAT (open)	0,00	339 349,77	339 349,77	0,00
28.81.24 VAT/Operating with neighbouring regions (open)	201,37	0,00	0,00	0,00
34.06.02 Employment support	9 117,92	0,00	0,00	0,00
<b>Total expences</b>	<u>8 924 009,53</u>	<u>9 224 033,27</u>	<u>9 224 033,27</u>	<u>0,00</u>
<b>Deficit for the year</b>	<u>8 924 009,53</u>		<u>9 216 494,07</u>	

### 3.2 Notes

#### Note 1: Principles used in calculating depreciation according to plan and changes

Depreciation according to plan has been calculated on a straight-line basis according to the economic life of assets. The office does not own national property.

Depreciation principles did not change during the year

Depreciation periods are:

Fixed assets	Period
<b>Intangible assets</b>	
Intangible rights	3 years
Advance payments and work in progress	No depreciation period
<b>Tangible assets</b>	
Machinery and equipment	3 - 7 years
Furnishing	5 years

Minor purchases costing less than 1,000 € have been included with annual costs

**Note 2: Personnel expenses and fringe benefits and holiday pay liabilities, €**

<b>Personnel expenses and fringe benefits</b>	1.1.-31.12.2002	1.1.-31.12.2001
- Salaries and fees *)	5 348 105,43	5 028 117,47
- Fringe benefits	119 918,70	114 208,01
- Pension expenses	1 049 466,39	942 013,46
- Other personnel expenses	381 663,82	375 577,51
<b>Total</b>	<b>6 899 154,34</b>	<b>6 459 916,45</b>

\*)Salaries and fees in 2002 include € 15 074.70 in fees.

\*)Salaries and fees in 2001 include € 12 126,35 in fees.

<b>Holiday pay liabilities</b>	1.1.2002	31.12.2002	Change €
- Holiday pay liabilities	767 127,63	765 714,40	-1 413,23
- Side cost liabilities	197 888,24	198 840,72	952,48
Total holiday pay liabilities	965 015,87	964 555,12	-460,75

**Note 3: Changes in the acquisition cost of national property and fixed assets and long-term expenditure, €**

The acquisition cost includes all fixed assets whose economic lives had not ended at the beginning of the year, even if their acquisition cost had been completely written off.

The Office does not own national property.

<b>FIXED ASSETS</b>			
	<b>Intangible assets</b>		
	Intangible rights	Other long-term expenditure	Total
Acquisition cost 1.1.2002	228 455,07	0,00	228 455,07
Increases	21 360,36	18 597,33	39 957,69
Decreases			
<b>Acquisition cost 31.12.2002</b>	<b>249 815,43</b>	<b>18 597,33</b>	<b>268 412,76</b>
Accumulated depreciation 1.1.2002	179 223,94		179 223,94
Accumulated depreciation difference			
Depreciation according to plan during the year	29 954,28	516,59	30 470,87
Depreciation not according to plan during the year			
<b>Accumulated depreciation 31.12.2002</b>	<b>209 178,22</b>	<b>516,59</b>	<b>209 694,81</b>
Appreciations			
<b>Book value 31.12.2002</b>	<b>40 637,21</b>	<b>18 080,74</b>	<b>58 717,95</b>

In addition € 11 029,48 has been booked as work in progress under intangible assets.

FIXED ASSETS	Aineelliset hyödykkeet		
	Machinery and equipment	Furnishings	Total
Acquisition cost 1.1.2002	796 463,65	56 991,16	853 454,81
Increases	52 405,40	0,00	52 405,40
Decreases	102 674,16	843,63	103 517,79
<b>Acquisition cost 31.12.2002</b>	<b>746 194,89</b>	<b>56 147,53</b>	<b>802 342,42</b>
Accumulated depreciation 1.1.2002	559 789,29	36 502,85	596 292,14
Accumulated depreciation difference	100 032,41		100 032,41
Depreciation according to plan during the year	101 873,35	7 346,32	109 219,67
Depreciation not according to plan during the year			
<b>Accumulated depreciation 31.12.2002</b>	<b>561 630,23</b>	<b>43 849,17</b>	<b>605 479,40</b>
Appreciations			
<b>Book value 31.12.2002</b>	<b>184 564,66</b>	<b>13 141,99</b>	<b>197 706,65</b>

FIXED ASSETS	Securities	
	Securities	Total
Acquisition cost 1.1.2002	672,75	672,75
increases		
Decreases	672,75	672,75
<b>Acquisition cost 31.12.2002</b>	<b>0,00</b>	<b>0,00</b>
Accumulated depreciation 1.1.2002		
Accumulated depreciation difference		
Depreciations during the year		
<b>Accumulated depreciation 31.12.2002</b>		
Appreciations		
<b>Book value 31.12.2002</b>	<b>0,00</b>	<b>0,00</b>

**Note 4: Appreciation**

The Office did not book any appreciation on national property or fixed assets.

**Note 5: Granted loans outstanding at the end of the year**

The Office did not have any granted loans outstanding at the end of the year

**Note 6: Granted state securities, state guarantees and other commitments in effect at the end of the year**

The Office does not have any granted state securities, state guarantees or other commitments which were in effect at the end of the year.



**Note 7: Principles for translating foreign-currency liabilities, receivables or other commitments**

The Office does not have any foreign-currency liabilities, receivables or other commitments .

**Note 8: Shares and participations in companies and other securities comparable to shares**

The Office does not have any shares or participations in companies or other securities comparable to shares.

**Note 9: National property not included in the balance sheet**

The Office does not own national property.

**Note 10: Provision of information in accordance with section 42 f paragraph 2 of the State Budget Decree**

Expenses from acquisition of production factors and income from the sale of performances have been booked on a performance basis. The Office does not have other expenses or income.

**Note 11: Itemization of appropriations carried forward to the next fiscal year, €**

	Starting balance 1.1.2002	Accumulation during the year	Final balance 31.12.2002
Appropriations carried forward			
4.01.22.40.21 Operating costs (2-year trans.)	-473565,38	473 565,38	0,00
4.02.22.40.21 Operating costs (2-year trans.)	0,00	-480 074,07	-480 074,07
4.02.28.80.24 State pension and early rehabilitation (2-year trans.)	0,00	-412,57	-412,57
Total appropriations carried forward	-473 565,38	-6 921,26	-480 486,64

**Note 12: Budget authorizations, their use and resulting expenses**

The Office does not have any budget authorizations.

**Note 13: Year-end balancing account**

	<b>Euro</b>
<b>1. Deficit</b>	<b>-9 250 002,74</b>
<b>2. Entries which are included in the income/expense deficit but not in the compliance with the budget surplus/deficit.</b>	
Business accounting income and expenses not booked in budget accounting	141 870,93
Business accounting income and expenses booked as items waiting to be booked in a budget account or as appropriations carried forward	0,00
Business accounting income, expenses and technical items booked as appropriations carried forward	-6 921,26
Balance sheet account entries which are booked as budget income or expenses	0,00
<b>3. Entries which are not included in the income/expense deficit but are included in the compliance with the budget surplus/deficit</b>	
Business accounting income and expenses booked as off-budget financing	-101 441,00
<b>4. Total</b>	<b>-9 216 494,07</b>
<b>5. Budget deficit</b>	<b>9 216 494,07</b>
<b>6. Difference</b>	<b>0,00</b>

**Note 14: Changes in equity, €**

<b>EQUITY</b>	<b>2002</b>	<b>2001</b>
<b>States equity 1.1.1998</b>	-819 653,02	-819 653,02
<b>Change in equity in previous years 1.1</b>	<b>-189 150,19</b>	<b>-36 860,55</b>
Opening transfer (Deficit for the year)	-8 608 836,60	-8 057 146,06
Opening transfer (Equity transfers)	8 601 730,06	7 904 856,42
<b>Change in equity in previous years 31.12</b>	<b>-196 256,74</b>	<b>-189 150,19</b>
<b>Equity transfers 1.1.</b>	<b>8 601 730,06</b>	<b>7 904 856,42</b>
Opening transfer	-8 601 730,06	-7 904 856,42
Transfers from state's general payment traffic expense account	9 266 251,36	8 669 734,95
Transfers to state's general payment traffic income account	-80 368,34	-68 004,89
Inter-agency transfers	0,00	0,00
Transfers from remittance account	0,00	0,00
Transfers resulting from joint purchases	0,00	0,00
<b>Equity transfers 31.12</b>	<b>9 185 883,02</b>	<b>8 601 730,06</b>
<b>Deficit for the year 1.1</b>	<b>-8 608 836,60</b>	<b>-8 057 146,06</b>
Opening transfer	8 608 836,60	8 057 146,06
Transfer to balance sheet	-9 250 002,74	-8 608 836,60
<b>Deficit for the year 31.12</b>	<b>-9 250 002,74</b>	<b>-8 608 836,60</b>
<b>State's equity 31.12</b>	<b>-1 080 029,48</b>	<b>-1 015 909,76</b>

The Office does not have asset or liability items booked as income or expenses after the approval of the starting balance sheet.

**Note 15: Off-budget financing which should be included in the Statement of Income and Expenses**

The Office does not have off-budget financing which should be included in the Statement of Income and Expenses

**Note 16: Reserve funds in the balance sheet**

The Office does not have reserve funds in the balance sheet.

**Note 17: Reserve funds, foundations and associations outside the balance sheet**

The office does not administer reserve funds, foundations and associations outside the balance sheet

**Note 18: Overspending of estimated appropriations and reasons**

The Office was not been granted estimated appropriations in the state budget.

**Note 19: Accounting principles**

The year-end accounts have been prepared in the manner prescribed in section 51 of the State Audit Office's accounting regulations and in accordance with the State Treasury's accounting guidelines for 2002.

Depreciation according to plan has been calculated on a straight-line basis according to the economic life of assets. The depreciation period is three years for computer software and hardware, seven years for vehicles and five years for all other machinery, equipment and office furnishings. The Office does not own national property.

Under operational income, other operational income includes income from the sale of property no longer in use.

Under operational expenses, personnel expenses include salaries, holiday pay, overtime, expert fees, training fees, other fees, the change in holiday pay liabilities and side costs. Other expenses include travel costs, domestic and international membership fees, user fees (licence fees for software when these are not booked as assets), vehicle insurance premiums, vehicle tax and other compulsory charges which are not taxes (such as the TV licence fee).

Under current liabilities in the balance sheet accrued expenses include holiday pay liabilities.

The Office's accounting is on an accrual basis. The year-end accounts have been corrected on a payment basis.

An auditors' report has been issued separately. The auditors are Matti Saarinen (chairman), Petri Salo, Aulis Ranta-Muotio and Eero Suomela, Authorized Public Accountant. The Auditors' Report to Parliament is in Appendix 3.

### 3.3 Examination of the financial statements

#### COMPLIANCE WITH THE BUDGET, 31.12.2002

Budget Account	Appropriation		Available €	Used or accumulated €	Carried forward to 2003 €	Compari- son with the budget €
	For 2002 €	Previous years €				
22.40.21						
Operating cost (trans.)	8 876 000,00	473 565,38	9 349 565,38	8 869 491,31	480 074,07	0,00
28.80.24						
State pension and early rehabilitation (trans.)	8 683,50	0,00	8 683,50	8 270,93	412,57	0,00
<b>TOTAL</b>	<b>8 884 683,50</b>	<b>473 565,38</b>	<b>9 358 248,88</b>	<b>8 877 762,24</b>	<b>480 486,64</b>	<b>0,00</b>
12.39.10 Other miscellaneous income				307,12		307,12
12.39.50 Net income from sale of shares				7 232,08		7 232,08
28.81.23.02 VAT expenses (open)				339 349,77		339 349,77

## INTERNAL CONTROL

Internal control involves influencing the Office's auditing environment through accounting systems and procedures built into operating processes. The comprehensiveness and effectiveness of control have been evaluated and developed in connection with the revision of the Office's accounting regulations. The accounting regulations call for all personnel to ensure proper internal control in their job and responsibility areas. In order to promote internal control, activities are also audited according to regulations and the audit plan. In 2002 the audit included material analyses and covered financial administration services and pay. The audit was performed by a special auditor answering directly to the Auditor General.

The year-end accounts were approved in Helsinki on 18 March 2003



Tapio Leskinen  
Auditor General



Esa Tammelin  
Head of Planning

An auditor's report has been issued today.  
Helsinki, 2 April 2003



Matti Saarinen



Petri Salo



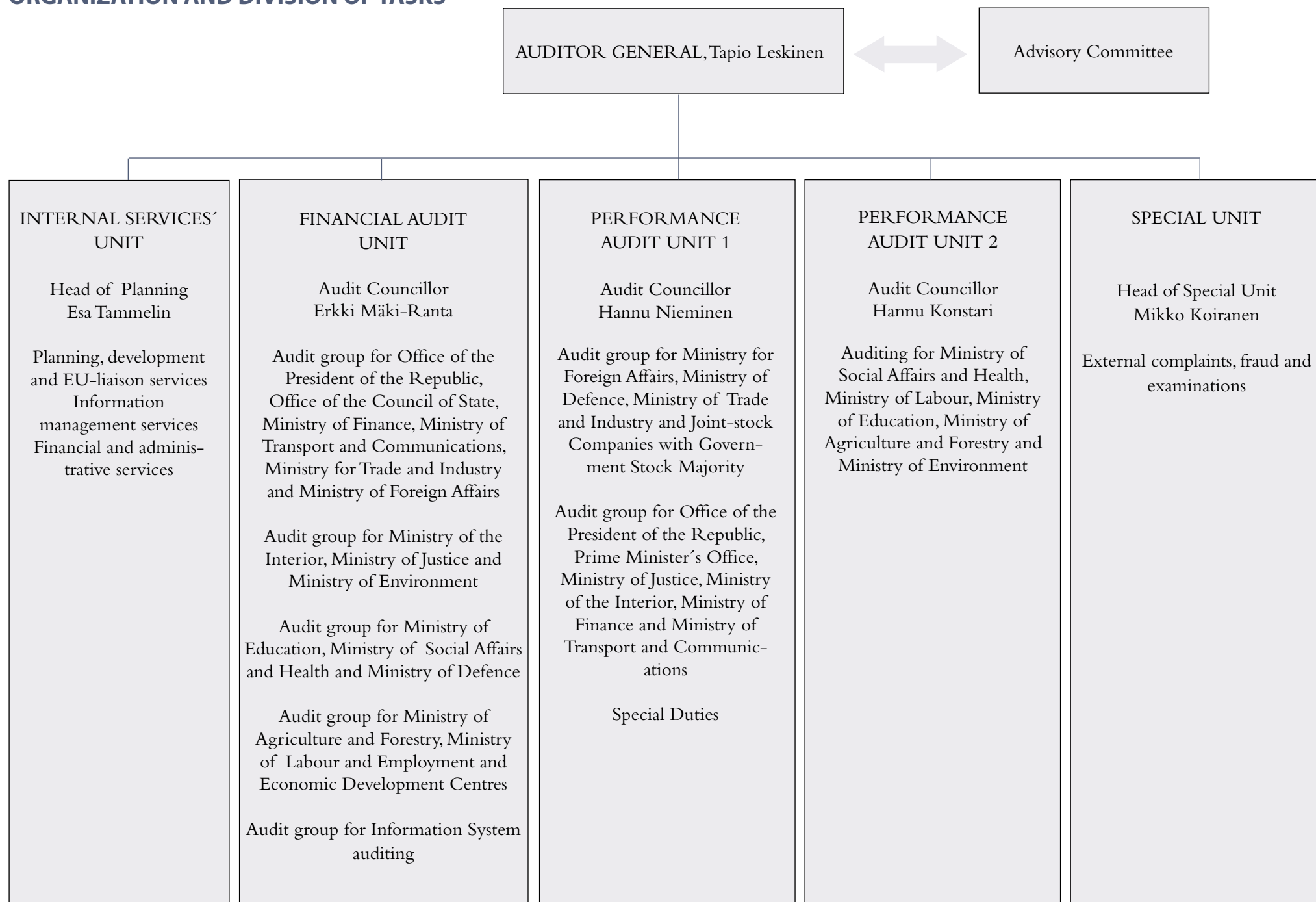
Aulis Ranta-Muotio



Eero Suomela, C.P.A.



## ORGANIZATION AND DIVISION OF TASKS



## COMPLETED PERFORMANCES IN 2002

### Financial auditing

OFFICE OF THE PRESIDENT OF THE REPUBLIC Office of the President of Republic	070/53/02	Customs Service Central Statistical Office	100/53/01 101/53/01
PRIME MINISTER'S OFFICE Prime Minister's Office	071/53/01	MINISTRY OF EDUCATION'S ADMINISTRATIVE FIELD Ministry of Education National Board of Education University of Helsinki University of Joensuu University of Jyväskylä University of Kuopio University of Lapland University of Oulu University of Tampere University of Turku University of Vaasa Åbo Akademi University Helsinki University of Technology Lappeenranta University of Technology Tampere University of Technology Helsinki School of Economics and Business Administration Swedish School of Economics and Business Administration Turku School of Economics and Business Administration Art Academy Sibelius Academy University of Industrial Art and Design Theatre Academy National Archives Academy of Finland National Art Gallery National Board of Antiquities Suomenlinna Administrative Board	102/53/01 103/53/01 104/53/01 105/53/01 106/53/01 107/53/01 108/53/01 109/53/01 110/53/01 111/53/01 112/53/01 113/53/01 114/53/01 115/53/02 116/53/02 117/53/02 118/53/02 119/53/02 120/53/02 121/53/02 122/53/02 123/53/02 124/53/02 125/53/02 126/53/02 127/53/02 128/53/02
MINISTRY FOR FOREIGN AFFAIRS' ADMINISTRATIVE FIELD Ministry for Foreign Affairs	072/53/01		
MINISTRY OF JUSTICE'S ADMINISTRATIVE FIELD Ministry of Justice The Criminal Sanction Agency	073/53/01 074/53/01		
MINISTRY OF THE INTERIOR'S ADMINISTRATIVE FIELD Ministry of the Interior Directorate of Immigration Åland Provincial Board Etelä-Suomi Provincial Board Itä-Suomi Provincial Board Lapland Provincial Board Länsi-Suomi Provincial Board Oulu Provincial Board Population Register Centre The Police Department of Helsinki Local District Central Criminal Investigation Police Mobile Police Security Police Police Technology Centre Police School The Police College of Finland Emergency Services Institute Border Guard	075/53/01 076/53/01 077/53/01 078/53/01 079/53/01 080/53/01 081/53/01 082/53/01 083/53/01 084/53/01 085/53/01 086/53/01 087/53/01 088/53/01 089/53/01 090/53/01 091/53/01 092/53/01		
MINISTRY OF DEFENCE'S ADMINISTRATIVE FIELD Ministry of Defence Defence Forces Defence Administration Building Department	093/53/01 094/53/01 095/53/01	MINISTRY OF AGRICULTURE AND FORESTRY'S ADMINISTRATIVE FIELD Ministry of Agriculture and Forestry Information Centre of the Ministry of Agriculture and Forestry Finnish National Centre for Agricultural Research Plant Production Inspection Centre The Seed Potato Centre Finnish Forest Research Institution Finnish Game and Fisheries Research Institution	129/53/02 130/53/02 131/53/02 132/53/02 133/53/02 134/53/02 135/53/02
MINISTRY OF FINANCE'S ADMINISTRATIVE FIELD Ministry of Finance The Government Institute for Economic Research State Treasury National Board of Taxation	096/53/01 097/53/01 098/53/01 099/53/01		



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National Veterinary and Food		Employment and Economic	
Research Institute	138/53/02	Development Centre for Pirkanmaa	166/53/02
		Employment and Economic	
		Development Centre for	
MINISTRY OF TRANSPORT AND		Ostrobothnia	167/53/02
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ADMINISTRATIVE FIELD		Development Centre for	
Ministry of Transport and		North Karelia	168/53/02
Communications	139/53/02	Employment and Economic	
Motor Vehicle Administration	140/53/02	Development Centre for	
Finnish National Road		Northern Ostrobothnia	169/53/02
Administration	141/53/02	Employment and Economic	
National Board of Navigation	142/53/02	Development Centre for North Savo	170/53/02
Finnish Rail Administration	143/53/02	Employment and Economic	
Finnish Communications		Development Centre for Satakunta	171/53/02
Regulatory Authority	144/53/02	Employment and Economic	
Finnish Meteorological Institution	145/53/02	Development Centre for Uusimaa	172/53/02
Institution of Marine Research	146/53/02	Employment and Economic	
		Development Centre for	
		Varsinais-Suomi	173/53/02
MINISTRY OF TRADE AND INDUSTRY'S			
ADMINISTRATIVE FIELD			
Ministry of Trade and Industry	147/53/02	MINISTRY OF SOCIAL AFFAIRS AND	
National Board of Patents		HEALTH'S ADMINISTRATIVE FIELD	
and Registration	148/53/02	Ministry of Social Affairs	
Geological Survey of Finland	149/53/02	and Health	174/53/02
Technical Research		National Research and Development	
Centre of Finland	150/53/02	Centre for Welfare and Health	175 /53/02
Safety Technology Authority	151/53/02	Insurance Supervision Authority	176/53/02
Centre for Metrology and		National Public Health Institute	177/53/02
Accreditation	152/53/02	National Product Control Agency	
Technology Development Centre	153/53/02	for Welfare and Health	178/53/02
National Consumer Administration	154/53/02	Finnish Centre for Radiation	
National Consumer Research		and Nuclear Safety	179/53/02
Centre	155/53/02	National Agency for Medicines	180/53/02
The Consumer Complaint Board	156/53/02		
Office of Free Competition	157/53/02		
Finnish Tourist Board	158/53/02	MINISTRY OF LABOUR'S	
Employment and Economic		ADMINISTRATIVE FIELD	
Development Centre for South		Ministry of Labour	181/53/02
Ostrobothnia	159/53/02		
Employment and Economic			
Development Centre for		MINISTRY OF THE ENVIRONMENT'S	
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Employment and Economic		year-end accounts	185/53/02
Development Centre for Kainuu	163/53/02		
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Development Centre for			
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26/2002 The establishment of Kapiteeli Ltd - part of the state's real estate strategy	42/54/01
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28/2002 The implementation of EU financing in structural fund projects during the programme period 1995-1999	254/54/01
29/2002 The regional arts councils	272/54/01
30/2002 The control of environmental permits <i>particularly with regard to air protection</i>	240/54/02
31/2002 The Ministry of Agriculture and Forestry's natural resource strategy and reindeer herding	269/54/01
32/2002 Universities' procurement activities	251/54/01
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## AUDITORS' REPORT TO PARLIAMENT

In the manner prescribed by section 19 paragraph 1 of Parliament's accounting regulations we have audited the financial statements, accounts and administration of Parliament during the financial period 1 January - 31 December 2001. The financial statements include the year-end accounts, the annual review of activities and the appendices stipulated in section 51 of the State Audit Office's accounting regulations. On the basis of our audit we issue our opinion on the financial statements and administration.

The audit has been conducted in accordance with Finnish auditing standards. The accounts, accounting principles and the content and presentation of the financial statements have been examined to the extent required to determine that the financial statements do not contain essential mistakes or deficiencies.

In our opinion the financial statements have been prepared in accordance with the State Audit Office's rules and regulations regarding the preparation of Parliament's accounts. The financial statements give a true and adequate view of Parliament's finances and their development during the financial period as prescribed in these rules and regulations. We do not have any comments on Parliament's financial statements, accounts or administration for the year 2001.

Helsinki, 2 April 2003



Matti Saarinen



Aulis Ranta-Muotio



Petri Salo



Eero Suomela, C.P.A.

