

Appendix 1: Fiscal policy monitoring and audit plan 2025–2028

Fiscal policy monitoring

The ultimate goal of fiscal policy monitoring is to ensure that fiscal policy promotes sustainable public finances and that its preparation provides good prerequisites for decision-making. The monitoring focuses on the setting of fiscal policy targets and on assessing compliance with fiscal rules and achievement of the targets set. It also aims to verify the reliability of the forecasts used in fiscal policy-making. Another goal is to promote rules that are transparent and easy to understand. The independent fiscal policy monitoring task is governed by the Fiscal Policy Act (869/2012), the Government Decree on the General Government Fiscal Plan (120/2014), Regulation (EU) 2024/1263 of the European Parliament and of the Council, the European Union Budgetary Framework Directive (2011/85/EU), and Regulation (EU) 473/2013 of the European Parliament and of the Council.

The monitoring focuses primarily on statutory duties. As part of its monitoring duties, the National Audit Office issues public assessments of and opinions on the achievement of fiscal policy targets, compliance with fiscal rules, impacts of the measures taken, and reliability of the forecasts of the Ministry of Finance. The main findings of the fiscal policy monitoring are reported twice a year: in spring / early summer and at the end of the year. The report published at the end of the year is submitted to Parliament as a separate report. In 2026, a combined fiscal policy monitoring and audit report will be submitted to Parliament on the observations concerning the entire parliamentary term.

In addition, the fiscal policy monitoring function conducts analyses of different topics and reports on their results in separate monitoring reports or working papers. In 2025, the function will continue the study launched in 2024 to analyse the fiscal measures taken in 2020–2022 due to the COVID-19 pandemic to support the economy. The analysis will focus on the allocation and timing of the measures and the appropriateness of their size.

From 2024 onwards, the implementation of regular monitoring will be significantly influenced by the reformed EU fiscal framework. The fiscal policy monitoring function will assess compliance with the net expenditure path, which is part of the framework and based on the debt sustainability analysis. In a manner to be later specified in national legislation, the monitoring will also be targeted at the assumptions on which Finland's medium-term plan is based. In 2025, the function will assess the Finland-related assumptions and projections included in the Commission's debt sustainability analysis in essential respects.

In addition to the regular reports, the fiscal policy monitoring function prepares statements to Parliament according to an established practice when Parliament is discussing the General Government Fiscal Plan and the budget proposal for the coming year. The fiscal policy monitoring function also participates in the expert discussion on fiscal policy, for example by organising seminars and through blog posts and research publications. In early 2025, the function will organise a seminar for its stakeholders on the theme of the new EU fiscal framework.

Expert networks are utilised in the activities. The key stakeholders include the Economic Policy Council, the Ministry of Finance, the Bank of Finland, and Statistics Finland, which also participate in the meeting of a group of fiscal experts organised annually by the fiscal policy monitoring function.

The function will continue to develop the content of its activities and strengthen its analysis methods. A key development project is the construction of a comprehensive analysis framework for general government finances. The aim is to introduce the tool in 2025 to support the regular assessment tasks. The framework will serve, for example, the monitoring of compliance with fiscal rules, the assessment of the adequacy of corrective measures, and the assessment of the reliability of forecasts. Before the analysis framework is introduced, the usability and effectiveness of the process will be ensured by adequate documentation, for example. The development of the methodology and calculation process will continue after the introduction to further improve the usability of the tool.

In 2024, the function started to build a user interface for financial information and a visual figure database with an external partner (Robonomist). The user interface provides a channel for efficient utilisation and further processing of the source data needed in monitoring and reporting. The fiscal policy monitoring function will continue to publish the business cycle heatmap and the composite indicator derived from it, i.e. the alternative way it has developed to measure the business cycle, on a regular basis (monthly) and to utilise them (incl. forecast) in its regular reporting. A similar tool will also be developed for analysing the business cycle in other EU countries (EU heatmap).

In 2025, the public web pages of the fiscal policy monitoring function will be reformed, which will also contribute to the building of a separate identity for the function. At the same time, the production of interactive financial information content on the internal and external pages will be promoted within the scope of the digital development programme.

Internal training will continue to be provided to expand and deepen the competence of the staff in the assessment tasks included in fiscal policy monitoring as well as the tool proficiency essential for the tasks. A competence assessment related to the tasks of fiscal policy monitoring and audit will be carried out during the year.

The function also engages actively in expert cooperation in international networks of independent fiscal institutions (IFIs). At present, the active cooperation networks are the Network of EU IFIs, the Commission-led EU Network of IFIs (EUNIFI), the OECD-led Working Party of PBO and IFIs, and the IFI network of the Baltic and Nordic countries. International cooperation also takes place at the initiative of the European System of Central Banks and the European Fiscal Board.

Fiscal policy audit

Fiscal policy audit is part of the external audit task that is assigned to the National Audit Office by law and that is subject to the international ISSAI audit standards. The manual for fiscal policy audit will be updated in 2025 as part of the update of the NAOF's audit manuals.

Fiscal policy audits are targeted at the preparation, information base, and steering instruments of fiscal policy. The themes of fiscal policy audits are, in principle, non-recurring, whereas fiscal policy monitoring involves continuous monitoring and reporting on largely established assessment areas. Fiscal policy audit supports fiscal policy monitoring: audit findings may raise issues that will then be monitored as part of the fiscal policy monitoring. On the other hand, audits can complement the oversight function and approach the risks identified in the oversight work through audit procedures. The National Audit Office chairs the Network on Fiscal Policy Audit, operating under the Contact Committee of the Supreme Audit Institutions of the European Union (EU CC), and participates actively in the Network's operations even otherwise. The experiences of other countries and topical audit data related to fiscal policy are used in the planning of the NAOF's audit topics and audit designs.

An audit combining different audit types on the climate policy information base and a fiscal policy audit on the microsimulation models used as the basis for economic policy-making will be completed in 2025. The target is to launch and publish 1–2 fiscal policy audits annually during the planning period 2025–2028.

A new fiscal policy audit to be launched in 2025 will focus on spending, revenue and structural reviews.

The regular monitoring will focus, among other things, on the implementation of the reformed national fiscal framework, the functioning of the funding model of the wellbeing services counties, and the success of economic governance. It is possible to carry out audits related to these topics during the planning period.

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