

STATUTES OF FINLAND

No. 676

Act on the National Audit Office

Issued in Helsinki on 14 July 2000

Paragraph 2

Auditing authority

The National Audit Office shall have the right to audit:

- 1) state authorities, agencies, business enterprises, business groups and state funds;
- 2) companies in which the state has a controlling authority and other companies mentioned in Paragraph 19 especially to determine how the state's ownership control and shareholder power have been used;
- 3) municipalities, municipal federations, foundations and other organizations and legal entities and private persons who have received funds or other economic support or benefits from the state to determine whether information provided in order to receive funds or other economic support or benefits is correct, whether conditions stipulated in granting decisions have been met and whether funds or other economic support or benefits have been used for the purpose for which they were granted;
- 4) organizations and other legal entities which have received permission from the state to procure funds for a specific purpose for state authorities to use or distribute;
- 5) credit institutions and other organizations which take care of the state's payments in order to determine the management of the state's payments as well as other organizations and legal entities which have been entrusted with other tasks involving the use of state funds, the management of property or accounting to determine the management of tasks; and
- 6) other funds under the control of state authorities for which the state is responsible.

By decision of Parliament the following shall be enacted:

Chapter 1

Position, tasks and auditing rights

Paragraph 1

Position and tasks

There shall be an independent National Audit Office in connection with Parliament.

The task of the National Audit Office shall be to ensure the legality and effectiveness of the state's financial management and compliance with the budget. The National Audit Office's tasks shall not include auditing the financial management of Parliament, funds for which Parliament is responsible, the Bank of Finland or the Social Insurance Institution.

The National Audit Office's right to audit the transfer of funds between Finland and the European Union shall be covered by separate legislation.

The stipulations in paragraph 1 point 3 concerning recipients of state support and other financing are also applicable to intermediaries and parties to whom recipients have transferred funds.

Auditing rights shall not apply insofar as a private person has received funds or other economic support or benefits for personal or family needs or for the direct support of his household.

Paragraph 3

Conducting of audits

The conducting of audits shall be based on an audit plan approved by the State Audit Office.

The National Audit Office shall have the right to conduct audits in the premises of the auditees mentioned in Paragraph 2 and the auditees shall be obliged to assist in the conduct of audits if necessary. An audit may be conducted in a dwelling only if it is indispensable to determine matters referred to in Paragraph 2 paragraph 1 point 3 and if there are reasonable grounds to suspect that regulations concerning the use of funds have been broken.

The National Audit Office may use experts to assist in audits.

The National Audit Office may cooperate with the Parliamentary State Auditors.

Paragraph 4

Obtaining information

The National Audit Office shall have the right to obtain from authorities and other parties as referred to in Paragraph 2 without delay documents, reports and other information necessary for the National Audit Office to perform its prescribed task.

Auditees shall not have the right to charge the National Audit Office for copying documents or providing information in printed form or with the help of a technical link or otherwise in electronic form or in a similar manner.

The National Audit Office shall have the right to receive without delay from the auditee's auditor

all copies and recordings necessary for the audit and any other documents and information which the auditor has in his possession concerning the auditee, as well as copies of memorandums, minutes and other documents prepared by the auditor concerning the auditee's activities.

The National Audit Office shall also have the right to obtain reports and other information which it needs in its activities from the Bank of Finland and the Social Insurance Institution.

Paragraph 5

Audit report

The National Audit Office shall send an audit report for information and necessary measures to the auditee and the ministry in whose sector the auditee is included and for information to the Parliamentary State Auditors and the Ministry of Finance. The auditee and the ministry in whose sector the auditee is included must inform the National Audit Office regarding what measures have been taken as a result of the remarks presented in the audit report.

Regulations concerning secrecy shall not prevent the submitting of an audit report to the audited authority and other authorities as referred to in paragraph 1. Confidential information may be supplied to an auditee which is not an authority insofar as the auditee has the right to obtain information contained in the report on the basis of the Act on the Publicity of Official Activities (621/1999) or other legislation. The National Audit Office may also supply confidential documents and other information obtained in the course of an audit to these authorities and the appropriate parliamentary committee if this is necessary to carry out the measures required by audit observations or otherwise justified for the management of their task.

Paragraph 6

Reports to Parliament

The National Audit Office shall submit a report on its activities to Parliament each year by

the end of September and separate reports as necessary.

The appropriate parliamentary committee shall have the right to obtain from the National Audit Office information on audit activities which it needs to deal with reports.

Chapter 2

Administration

Paragraph 7

Auditor General

The activities of the National Audit Office shall be directed by the Auditor General, who shall be responsible for deciding all matters except for those that are the responsibility of the conditional fine board mentioned in Paragraph 15 below or, matters in which the National Audit Office's working order otherwise stipulates. Decision-making authority regarding a report to Parliament or the National Audit Office's budget proposal or some other matter which is significant for the National Audit Office's activities may not be transferred to another authority.

The Auditor General may reserve for himself decision-making authority in a matter for which an official is responsible according to the working order.

The Auditor General shall decide how to present matters for which he or she is responsible..

Paragraph 8

Advisory board

The National Audit Office shall have an advisory board whose tasks shall be to maintain and develop the National Audit Office's connections with cooperation partners, present initiatives to develop auditing and monitor the focusing of audits, their effectiveness and ability to serve different cooperation partners. The advisory board shall elect a chairman from among its members.

The National Audit Office shall appoint representatives of key cooperation partners as well as experts from financial administration and the public economy to the advisory board for a maximum term of three years. The National Audit Office's personnel shall elect from among themselves one member of the advisory board for a maximum term of three years.

Chapter 3

Officials and posts

Paragraph 9

Officials' position

The National Audit Office's officials and posts shall be subject to the provisions in the Act on Parliamentary Officials (1373/1994) with the exceptions mentioned below in this Act.

The National Audit Office shall conclude agreements with officials concerning conditions of employment as referred to in Paragraph 42 of the Act on Parliamentary Officials (1373/1994). The Chancellery Commission shall conclude an agreement with the Auditor General.

Paragraph 10

Auditor General's election, term and qualifications

Parliament shall elect the Auditor General. Further provisions concerning the election are included in the Procedure of Parliament (40/2000). The Auditor General's term shall be six years. The Auditor General's term shall continue until the term of the next Auditor General begins. A person elected Auditor General shall be relieved from another state post for as long as he is Auditor General.

With regard to qualifications the Auditor General must have a higher university degree suitable for the post, a good understanding of the public economy and state administration, practically displayed management skills and leadership experience.

The person elected to the post of Auditor General must provide to Parliament the information mentioned in Paragraph 8a paragraph 1 of the Act on State Officials (750/1994) and must notify Parliament immediately of changes and deficiencies in this information.

Paragraph 11

Establishment, abolition and changing of posts

Other posts besides that of Auditor General shall be established, abolished and changed by decision of the National Audit Office.

Paragraph 12

Appointment of officials and certain personnel administrative matters

With the exception of the Auditor General the National Audit Office shall appoint officials, grant them leave, give notice or discharge them, suspend them, caution them or temporarily dismiss them.

Chapter 4

Procedure

Paragraph 13

Administrative procedure

The handling of administrative matters in the National Audit Office shall be subject to the provisions in the Administrative Procedure Act (598/1982). Paragraphs 10 and 11 of the Act shall also apply to the recusing of an official in audit activities.

Paragraph 14

Official assistance

The National Audit Office shall have the right to receive official assistance from other authorities in the conduct of its tasks.

Paragraph 15

Conditional fine

The National Audit Office may impose a conditional fine to back up the obligations stipulated in Paragraph 4 and to get accounts in the form required for auditing. Payment of a conditional fine may be ordered by the conditional fine board.

The conditional fine board shall be chaired by the Auditor General and shall include as members three officials with a master of laws degree selected by the Auditor General for a term of three years.

The imposing of a conditional fine and the ordering of payment may be appealed to the Supreme Administrative Court according to the procedure described in the Administrative Judicial Procedure Act (586/1996).

Paragraph 16

Reporting abuses

A state authority, agency, business enterprise or state fund must immediately report any abuse of funds or property which it manages or for which it is responsible to the National Audit Office, regardless of confidentiality regulations.

Paragraph 17

Reporting an offence and providing confidential information

A state authority, agency, business enterprise or state fund must report any offence involving funds or property which it manages or for which it is responsible. A report does not have to be made if the offence can be regarded as negligible considering the circumstances.

The National Audit Office must report any offence which it observes in its activities involving funds or property which a state authority, agency, business enterprise or state fund manages or for which it is responsible, unless the auditee has made a report. A report does not have to be made by the National Audit Office if the offence can be regarded as negligible considering the circumstances.

In order to investigate an offence involving funds or property which a state authority, agency, business enterprise or state fund manages or for which it is responsible, information obtained by the state authority, agency, business enterprise or state fund and the National Audit Office in conducting its task may be turned over to pre-trial investigation, police and other investigative authorities as well as prosecuting authorities, regardless of confidentiality regulations.

Chapter 5

Miscellaneous provisions

Paragraph 18

Appeals

A decision made by the National Audit Office in an administrative matter may be appealed to an administrative court in the manner prescribed in the Administrative Judicial Procedure Act.

Paragraph 19

State-controlled companies

The term state-controlled companies here refers to joint-stock companies in which the state:

- 1) controls more than half of votes and the majority of votes is based on ownership, articles of association or some other agreement or
- 2) has the right to appoint a majority of members to the company's board of directors and this right is based on the same factors as mentioned in point 1.

In calculating the state's share of votes as referred to in paragraph 1 above, shares owned by the Bank of Finland or the Social Insurance

Institution shall not be taken into account. In calculating the state's share of votes, neither shall voting restrictions included in legislation or articles of association be taken into account. In calculating the total number of votes in a company, votes related to shares belonging to the company or its subsidiary or a Finnish or foreign foundation under the control of the company or its subsidiary in the manner described in this paragraph shall not be taken into account.

The provisions in this Act concerning state-controlled companies shall also apply to:

- 1) a subsidiary of a state-controlled company as referred to in chapter 1 Paragraph 3 of the Companies Act (734/1978); and
- 2) a company which is controlled by state-controlled companies or by such companies together with the state.

Paragraph 20

Working order and other regulations

More detailed regulations concerning the procedure for decision-making, the handling of administrative matters, other matters related to internal administration and if necessary officials' tasks shall be provided in the working order approved by the National Audit Office. The working order may also stipulate degree and other special qualifications for posts besides that of Auditor General if this is justified for the management of tasks.

The National Audit Office shall be responsible for its own payments and accounting and shall approve its own financial regulations.

The National Audit Office shall issue more detailed regulations regarding its audit activities and related planning and good practice.

Paragraph 21

Coming into force

This Act shall come into force on 1 January 2001.

This Act shall repeal the National Audit Act which was issued on 23 December 1947 (967/1947), the Act on the Auditing of the

Operations of State-Owned Companies which was issued on 23 December 1947 (968/1947) and the State Audit Decree which was issued on 19 March 1993 (267/1993), with all subsequent amendments.

Before this Act comes into force, measures necessary to implement the Act may be taken.

Paragraph 22

Transfer provisions

When this Act comes into force, the National Audit Office's posts, with the exception of the post of Auditor General, and officials shall be transferred to the National Audit Office operating in connection with Parliament. An official's consent is not necessary for the transfer of a post. Officials' terms of employment may not be weakened as a result of the transfer.

Deviating from the provisions in Paragraph 4 paragraph 2 of the Act on State Officials, the present post of Auditor General shall be abolished when this Act comes into force.

In order to carry out arrangements according to paragraph 1, the necessary number of other posts shall also be established at the National Audit Office operating in connection with Parliament. When these posts are filled for the first time, they may be filled with persons employed by the present National Audit Office without inviting applications.

The National Audit Office operating in connection with Parliament shall take care of accounting tasks related to the activities of the National Audit Office in 2000 and shall be responsible for taking care of matters being handled by the National Audit Office when the Act comes into force. State budget funds granted to the National Audit Office which are carried over to 2001 as well as rights and obligations of the National Audit Office based on agreements shall be transferred to the National Audit Office operating in connection with Parliament when this Act comes into force.

The National Audit Office shall submit its first annual report to Parliament by the end of September 2002.

Regulations regarding the National Audit Office in other legislation which is in force when this Act comes into force shall apply to the National Audit Office operating in connection with Parliament after this Act comes into force.

Helsinki, 14 July 2000

**President of the Republic
TARJA HALONEN**