

### Legislation governing performance management

No special Acts have been passed on performance management. Instead, provisions have been included in several statutes. The most important of these are the Constitution (731/1999), the Government Rules of Procedure (262/2003) and the State Budget Act (423/1988) and Decree (1243/1992).

#### The Constitution

According to section 3 of the Constitution, legislative powers are exercised by Parliament, which also decides on central government finances. Parliament exercises authority over central government finances by deciding on the Budget for one budgetary year at a time, and by issuing legislation on central government finances, specifically by enacting laws that create government expenditure and by laying down provisions on taxation.

Parliament also controls national financial administration and adherence to the Budget. In order for Parliament to exercise its controlling function, the Government is accountable to Parliament. By virtue of section 46 of the Constitution, the Government provides Parliament with annual reports on governmental activities and on the measures undertaken in response to parliamentary decisions, as well as annual reports on central government finances and adherence to the Budget.

#### The Government Rules of Procedure

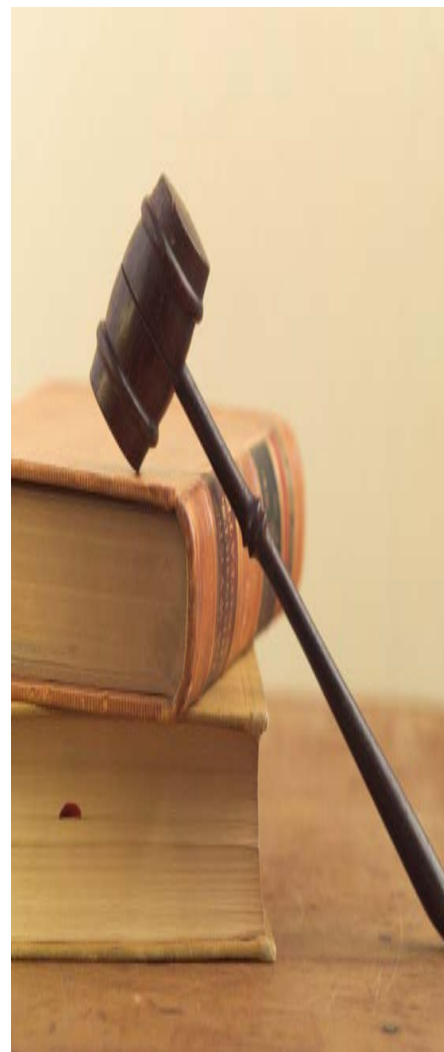
The Government Rules of Procedure lay down provisions on the mandate of the ministries with respect to performance management. According to section 11, each ministry shall consider matters concerning performance management falling within the ministry's mandate. This provision provides the ministries with a mandate to exercise authority over the performance management of their administrative branches.

#### The State Budget Act and Decree

The State Budget Act lays down provisions on the Budget, national financial administration, asset and debt management, guidance and control of financial management, and the final accounts. The Budget Act also includes provisions on the operational and financial planning of ministries and agencies.

According to section 12, ministries must plan the effectiveness of operations and operative performance within their sector several years ahead. Similarly, agencies and institutions must plan their operations and finances, and their performance, several years ahead. Such planning should provide the information required for the preparation of the Budget and other planning of central government finances led by the Government.

The State Budget Decree lays down more-specific regulations on areas such as the Budget, operational and financial planning, and financial administration. The performance prism is based on section 65 of the State Budget Decree.



For statutes on performance management in particular see sections 3 and 46 of the Constitution, section 11 of the Government Rules of Procedure, section 12 of the State Budget Act and section 65 of the State Budget Decree