

The development and use of identification services in public administration

The audit examined the implementation and coordination of projects aimed at developing identification services in public administration, cooperation among authorities in this area and compliance with legislation in procuring services. The audit also examined development, control and monitoring structures regarding identification services. The audit focused on electronic identification services that are used in public administration's electronic transactions, i.e. transactions between units, companies or organizations and authorities using electronic data transfer methods.

The costs of developing and using the identification services covered by the audit totalled about 40 million euros in 1999-2007.

On the basis of the audit, identification service infrastructure has been developed strongly in public administration. The need for the use of identification services in electronic transactions has not been studied adequately, however. In an audit report that was issued in March 2006, the National Audit Office noted that services requiring electronic identification and the position and significance of different forms of identification should be surveyed in public administration.

Identification services have been developed in public administration according to each actor's own needs and conditions, which has resulted in overlapping and uneconomical solutions. The reason for this has been the lack of overall coordination in developing IT activities in the public sector.

A key task of the Information Society Programme that was adopted by Prime Minister Matti Vanhanen's first Cabinet was to coordinate the state administration's own measures horizontally so as to ensure that the measures that are implemented support each other and are not overlapping or conflicting. According to the picture that was obtained in the audit, the Information Society Programme has not entirely succeeded in this task.

The National Audit Office considers that cooperation among authorities based on different strategies and other information steering and the guiding of this cooperation have not been effective. The present procedures only increase competition among different authorities or groups formed by them, which is not reasonable for the state's financial management as a whole. In the opinion of the National Audit Office, the development of the information society has been guided by creating a reporting system in which matters are reported to different actors in an overlapping way and by implementing different kinds of strategies simultaneously. On the basis of the audit, the development of the control and steering of identification and certification services has also been decentralized. The audit observed shortcomings in the activities of the Data Protection Ombudsman. The payment principles applied by the Finnish Communications Regulatory Authority in controlling certification services were inappropriate. In the opinion of the National Audit Office, harmonizing and rationalizing activities, improving control, procedures concerning data security, the functioning of the free identification data market and especially individuals' legal security and data protection require the enactment of legislation on identification services and identification.

During the audit irregularities or omissions in complying with public procurement legislation were observed in several projects. Procurements have been arranged in an irregular manner particularly in projects conducted by the National Board of Taxes and the National Board of Medicolegal Affairs. Furthermore the procedures followed by the Ministry of Finance in joint procurements and framework arrangements have not complied with the provisions in the Public Procurement Act in all respects.

The National Audit Office emphasizes that system requirement specifications should be prepared in such a way that they do not favour a particular supplier. In the opinion of the National Audit Office, when information system services are procured in future, more attention should be paid to studying different procurement options. A single authority should not make large information system procurements without good reason. This can only regard a system supporting the authority's core activities, whose functionalities cannot be produced together with other authorities.

The National Audit Office draws attention to the fact that true competition does not exist in the present identification service market. Instead identification mainly depends on the use of online bank identifiers. This may involve financial risks over the longer term. On the other hand the state administration's own measures have had an influence on the situation.

On the basis of the audit, the Population Register Centre's activities have not been arranged properly. The Population Register Centre's official activities and commercial activities have been intermixed especially with regard to certificates. Problems concerning the Population Register Centre's activities have been investigated and have been noted in several reports and studies, which have drawn attention to the need to separate commercial activities and official activities clearly from each other. Studies have not led to real problem-based organizational reforms, however. The National Audit Office considers that the Ministry of Finance should take immediate and concrete steps to put the Population Register Centre's activities on a proper footing. The Population Register Centre's certificate business has always operated at a loss and various functional problems have been apparent in the use of certificates. In the opinion of the National Audit Office, the Population Register Centre's certificate business should be reevaluated on the basis of needs. In their present form there is little use for the quality certificates offered by the Population Register Centre in public administration.

The audit observed irregularities and omissions in procurements made by the National Board of Medicolegal Affairs. Procurements were made as direct procurements without written procurement decisions and explanations. The audit found that the National Board of Medicolegal Affairs' certificate project was poorly organized and resourced. There was no clear project plan outlining the timetable for the project and procurements, resources, a total cost estimate and different parties' responsibilities. The National Board of Medicolegal Affairs' certificate activities present considerable financial and functional risks.

The audit observed similar omissions in direct procurements that were made by the National Board of Taxes. The fact that the National Board of Taxes has hired consultants without clear commissions and deadlines can also be considered a significant risk. The audit found inconsistencies in the billing principles applied by con-

sulting firms and IT suppliers working for the National Board of Taxes. The reports appended to invoices were brief or did not state what tasks the consultant had performed or what the bill covered. The audit also observed omissions on the part of the National Board of Taxes with regard to project monitoring, accounting and filing.

On the basis of the audit the development of the National Board of Taxes' Katso identification service was not managed properly. The National Board of Taxes took it on itself to perform a task that was not prescribed in legislation. The procedure for granting Katso organization identifiers failed to comply with provisions in the Administrative Procedure Act and the Act on Electronic Services and Communication in the Public Sector. The procurement of the Katso identification service did not comply with procurement legislation. Furthermore, the National Audit Office considers that the provision of information on Katso identifiers by the National Board of Taxes was not in accord with good administration. The Katso organization identification service is problematic in many respects in light of the objectives and policies contained in the national IT strategy.