The Control of Corruption in Finland

Abstract. The paper deals with the control of corruption in Finland. As a multi-faced phenomenon administrative corruption is seen a threat to open and transparent governance, the democratic process and incorrupt public sector personnel. Typical examples of corrupt acts are accepting bribe, extortion, fraud, embezzlement, bureaucratic manipulation, fallacious use of legislature and unfair judiciary, and receiving benefits.

The causes of corruption have been the subject of considerable scholarly study and research. Our analysis mainly deals with the factors that are associated with administrative corruption or more specifically, with low corruption in the Finnish public administration. The paper debates the potential causal linkages of low corruption relevant for the Finnish public administration.

Our presentation deals with the control system of corruption. The explanations are based on the following five issues: 1) Good administration i.e. confidence in public institutions, and citizen channels for whistleblowing; 2) Integrity of civil servants i.e. legalism and loyalty to the office, and ‘danger’ of public shame; 3) The key anti-corruption acts, i.e. administrative procedure act and penal code which promote ethical behaviour and extensive sanctions of corruption undertakings; 4) Investigations of Ombudsman and Chancellor, i.e. maintaining just and clean administrative culture; 5) Financial and performance audit i.e. decentralized monitoring and tight financial audits.

Data is gathered by desk review in a single country. Pre-existing surveys, previous research, documents, statistics and reports and of different institutions are used for describing the Finnish control system of corruption.
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Sources
1. Getting a grip on the control of corruption

The focus of our presentation is the control of corruption in Finland. Corruption is seen as a primary threat to open and transparent governance, sustainable economic development, the democratic process, and business practices. Corruption is a multi-faced phenomenon, linking multiple issues together such as abuse of entrusted power for private gains, low integrity, taking bribes, maladministration, fraud, and nepotism. The big question is how to prevent the increase of administrative corruption in a single country? But, how to get a grip on the control of corruption in a single-case comparison, and how to identify properly the most important implications of corruption?

Background

Comparative academic studies have been focused on unethical behaviour, maladministration and mismanagement in public sector organizations. Governments all over the world and international organizations have designed strategies to fight corruption.

There are studies which concentrate on explaining the effects of corruption (e.g. Mauro 1995; 1998; Rose-Ackerman 1999), elaborating upon the implications, forms, and types of corruption (e.g. Caiden 2001; Levin & Satarov 2000; Stohs & Brannick 1999), and analysing anti-corruption mechanisms and effective ways of minimizing harms and preventing corruption (e.g. Maor 2004; OECD 2000; Clark & Jos 2000; Johnston 1999; United Nations 2004; OECD 2003a).

The proper diagnosis of the causes and logic behind corruption plays an important role in combating it (Quah 1999; Maor 2004; Schwartz 2003). Huberts, Lasthuizen and Peeters (2006: 290) make clear the fact that researchers will never be able to reveal all corruption to the public. They compare corruption to an iceberg, in which only the tip can be seen and only known facts can be taken into consideration.

One could also argue that studying the control of corruption in a small country, such as Finland, with 5.3 million inhabitants, that consistently receives a high rating for relative freedom from corruption makes little sense. For several years, the Transparency Interna-
tional has ranked Finland as the least corrupt country in the world\textsuperscript{1}. In turn, the high ratings in international surveys indicate peculiarities in the Finnish society.

As shown in Table 1, the Nordic countries are highly ranked from year to year. This indicates that there must be some ‘Nordic’ factors which might explain the situation. The five Nordic states are small, politically stable and homogenous societies. Relatively taken, they share common values in their public administrations, such as openness and confidence in public sector institutions, loyalty between politicians and civil servants and compassion as value of comprehensive social security. There are reasons to believe that the ‘gap’ between the state and the civic society has not become so far a big problem. We agree with Huberts et al (2006) that the high ratings are also a question of reputation, and we might ask further does good reputation ‘feed’ low corruption.


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\textit{The focus}

Control is here defined to refer mainly to mechanisms that both prevent administrative corruption directly and indirectly and strictly and less strictly. Then, control is used formally and informally or intentionally and unintentionally. In studying control of corruption, in principle two basic approaches are identified. As we see it, one might either concentrate on ‘control system’ itself, which is more or less our target, or reduce the study to how or how well corruption is ‘controlled’. These approaches are interlinked, and they create linkages to low (or high) corruption as described in Figure 1.
We try to find potential sources of low corruption and linkages to control system and they are more or less hypothetically described in the following chapters. The sources are described through a single-case comparison which means that the ‘answers’, explanations come from local experience, backgrounds and historical events. Some of the sources are more ideographic, nation-bound and socially constructed than the others. (Salminen & Viinamäki 2006.) Additionally, on the assumption of low corruption follows that administrative corruption should be defined broadly. On the contrary, if corruption is expected to be a high and overwhelming phenomenon, a study would require a specified and narrow definition of corruption.

We follow Langseth’s (2006: 14–20) note that different types of searching for data and methods for gathering data about corruption are needed. Our analysis deals mainly with the factors that are associated with corruption or, to be more specific, with low corruption.

For this purpose, the data, mainly from the years 2000–2005(6), was gathered through desk review in a single country. Pre-existing surveys, previous research, annual reports and documents, and analyses of different institutions are used for describing the control of corruption in Finland. The data processing is shortly described in the context of each table and statistic. As Galtung (2006: 101) observes, it is difficult to develop indicators for phenomena like corruption, which are legally and morally condemned. This be-
comes even more difficult when trying to compare gathered data across different administra-tive and legal systems or across different time periods.

*The plan of the paper*

Whether describing the control system or presenting the figures how corruption is con-trolled, the next five issues tend to be the most essential. The first issue is good adminis-tration which links control to values, codes and principles which exists in order to pre-vent corruptive behavior. Integrity of civil servants is the second link between control and assumed low corruption. Thirdly we look at legal framework concentrating to Ad-ministrative Procedure Act and the Penal Code. The fourth issue is the investigations of Ombudsman and Chancellor which both present some statistics on forms of corruption and ways of controlling it. The fifth issue is the audit which illustrates control in terms of a structure of audit systems, and the performance and financial sides of combating corruption. The last section discusses our overall attempts to comprehend control of corrup-tion, and we try to conclude the topics discussed and present some particulars of the Finnish system.

2. Good administration

*Ethical values of the Finnish government and municipalities*

It sounds reasonable that corruption increases if ethical guidelines and codes of conduct are not established or clearly stated or if civil servants do not obey them. Good govern-ance and good administration are loaded with ethical values and principles, such as trust, transparency, responsibility, accountability, responsiveness and participation. They represent the opposite to corruption, and more particularly, opposition to misbe-haviour, mismanagement, and maladministration.

In what ways do these ethical values affect the process of controlling corruption and what impacts do the values have on public sector and governance? To claim to be able to give straightforward answers to these kinds of questions might be inaccurate. Yet, we assume that codes and values of good administration play an essential role in fighting corruption, and they are harnessed to curbing corruption in various countries. At least,
codes and values may represent a sketch of prevention and set of wanted behaviour in public service, even if codes and values seldom create direct and intentional criteria to punishing and condemnation.

Among the mentioned values, trust is and has been an essential part of responsible government and good administration in all Scandinavian countries. Trust in public authorities is rather high and trust is seen as a cornerstone of a civic society. Public confidence in impartiality, objectivity, and lawfulness of the government and its institutions has remained strong in Finland. But, how the government obtains the public’s trust, is a sensitive issue. Furthermore, if people do not trust the government, in the same time, trust and confidence to control corruption tend to be gratuitous.

Harisalo and Stenvall (2001) have studied citizens’ trust in the Finnish central government institutions. They surveyed 2000 Finnish citizens in 2001. The research did not directly interlink trust and administrative corruption. Still, citizens criticized professional ethics of public servants which may decrease high level of confidence. As the list below indicates, citizens have ranked the military force and the police as the most trusted organizations. Here is the top ten list of their survey:

- Police  75 %
- Military force  64 %
- Electronic media  55 %
- Universities and high schools  55 %
- The church  41 %
- The press  39 %
- The judiciary  37 %
- Trade unions  34 %
- Government  34 %
- Parliament  32 %

More generally speaking, good governance, with codes and principles, is written down in the Finnish Constitution. The formal instructions of good local governance are written down in the beginning of 1990s (Hyvä kunnallinen hallintotapa 1993). The role of municipal values and codes is essential because two-third of public service (about four-fifths of municipal employees work in health care, education, and social services) is
provided 422,000 employees in 416 municipalities. Occasionally the Association of Finnish Local and Regional Authorities deliver circulars for the municipalities about good local governance. For example in 2005 the circular clarified principles about how municipal officials should deal with private sector actors and implement co-funded projects.

Our inquiry in five of the biggest Finnish cities (one fourth of the Finnish population) revealed that values and codes have become more relevant than they were a decade ago. Violations of codes and values are usually handled by an internal control unit which is responsible for municipal auditing and performance evaluations. The municipalities are able to handle violations by themselves, thus, need for a separate, national-level ethical committee seems to be sparse.

Channels for citizens
Comparative studies have shown that when violations of good administration are evident, political and government executives often respond by establishing anti-corruption mechanisms to uncover such behavior. These are ethical commissions, special prosecutors, independent councils, and investigative judges/authorities entrusted with extensive coercive powers (Maor 2004). Recent accounts of anti-corruption policies indicate global increases in legal frameworks, rules and regulations, and internal control in a wide range of countries (OECD 2000; Clark & Jos 2000). There are various reporting systems and some countries have special bodies to deal with unethical situations. Organized protection for whistleblowers is used in a few countries and there is also a confidential integrity counselor operating in six member states. (Moilanen & Salminen 2007: 43.) In Finland, there is no single body to investigate integrity violations or desecration of good administration. These kinds of cases are handled by the administrative courts, ombudsman, and media.

In addition to ethical bodies, ethical violations of good governance provide extra channels for citizens. Blowing the whistle is not the first instrument for fighting corruption. Normally it is among the last ones. For instance, to verify the facts that led to blowing the whistle, transparent and open government is required. And for many reasons (repu-
tation, avoiding partisan conflicts) the complainant and the accused should be protected. Whistleblowing covers outside routine channels for citizens, such as ombudsman, investigations, and even going to the media.

Alternatively, the maintenance of diverse forms of citizen participation, independent and self-regulated media, a high level of education, public access to official documents, clear-cut roles of appealing institutions, and a possibility to present appeal with professional legal help, are all ways towards a lower level of corruption.

As awareness increases among citizens, it becomes easier to make complaints. Somehow it seems like citizens have more courage to contact the appellate authority and to question the decisions authorities have made. This can also be seen in a wider context where citizens are not the subjects of administration but sovereign citizens who can influence things which concern them. Additionally, there is, of course, a leap between controlling corruption and for example complaints made by citizens. Only a limited number of complaints lead to a criminal or organizational investigation. Still, citizen control system may create a forewarning mechanism for public service to follow the rules.

3. Integrity of civil servants

The above discussion on good administration produced certain ethical framework for public sector. It clarified the principles to which control can be proportioned. Alongside with this more or less general and indirect framework of codes, a cornerstone for the control system of corruption is integrity of civil service. Integrity in office is an essential part in curbing corruption. We assume here that if civil servants as individuals 1) do not follow the requirements of the office, 2) lose the capacity to distinguish self from office, 3) feel lack of respect, 4) are unpaid, and 5) the management does not support integrity, then low corruption is heavily threatened in public organizations (cf. Dobel 1999).
Part of the roots of low corruption is grounded in a Finnish administrative culture which is based on the Russian and Scandinavian traditions. The legalistic tradition and lawyers and legal professions have dominated the public service and the Finnish political system. This legalistic tradition has influenced legal infrastructures fighting maladministration and mismanagement (Tiihonen 2003: 107; Konttinen 1991: 220–227; Salminen & Temmes 1994; Torke 1989: 41.) Scandinavian tradition, with the emergence of the welfare state, emphasized the extensive state, including commonly shared values such as compassion and uniformity.

The current size of public sector is relatively big in Finland, and therefore, to control public integrity is a consequential task. The GNP share of public expenditure is more than 40 per cent; the amount of public servants in state government is more than 120,000 and in municipalities 422,000. A career as a civil servant is open for all citizens in Finland. Formally taken, civil servants are well educated. Through education everyone has an opportunity to have a civil service career. Still, public sector organizations are able to decide detailed recruitment principles and pay their own salaries. Only the collective agreements for civil servants set the limits.

Formal and informal regulation

The Finnish Constitution requires civil service and any exercise of public powers to be based on the law. For example, in the Constitution it is regulated that ministers have to announce their own liabilities which might harm their status in the council of the state. Corresponding regulations are given for the top civil servants and executives in the State Civil Service Act.

The Finnish legal norms of administrative corruption have remained unchanged for several decades. The legalistic tradition imposes that civil servants have the obligation to provide public argumentation for decisions, a correctional system, and accurate criminal investigation methods.

Civil service is strictly regulated in terms of disqualifications and conflict of interest which characterize direct control in performing public tasks. To prevent corruption and
maladministration public sector officials’ secondary occupations are strictly defined. Public sector office holders are obligated to inform superiors about every connection concerning secondary occupations. Public servants should state their interests before their appointment to office. There are strict regulations of disqualifications especially related to civil servant work. This regulation aims to avert, in advance, nepotism, cronyism or patronage, all of which are kinds of corruption. As stated above, all of these norms and the whole idea of good governance are historic in the Finnish judicial culture. (Tiihonen 2003: 100–101.)

The old pillar of the Finnish civil service is the referendary or reporting system where the reporting official (civil servant) researches the matter under advisement, presents alternative proposals and suggests a final proposal to the decision makers. The long-established system has been seen to serve the prevention of abuse and corruptive behavior. (Tiihonen 2003: 109–110.) We might imagine that the potential corrupter has to do double work to realize the wanted plans: the corrupter has to convince both the decision maker and the referendary. More evident is that the obligation to provide public argumentation for decisions increases transparency and public trust in governance, and prevents partial and partisan decision-making.

Peer-pressure and peer-comparison affect the level of corruption and integrity in civil service (Holmes 1993: 165). In such a small civil servant community as Finland, this means that the threat of a ruined reputation usually leads to resignation from office. Public shame is present in the Finnish civil service. When someone is caught red-handed for giving or taking bribes the social disgrace is substantial. He/she is remembered only for wrongdoing and all the good achievements made before are swiped away. The gates to better jobs are closed. Additionally, because corruption cases are uncommon, they receive a lot of attention in media and court decisions might be hard-edged.

**Value-led management**

Loyalty in the Finnish civil service is vested in so-called objective loyalty towards formal position and hierarchy. Loyalty is divided into subjective or personalized forms of
loyalty, especially political loyalty, whereas objective loyalty remains despite changes in government or top civil servants. Most civil servants hold their position after parliamentary or local elections and changes in the top management in government agencies. Loyalty is emphasized in the formal and independent position of civil service and hierarchical statuses.

A value-led management has been introduced in government during this decade. The results of two Finnish surveys give evidence from this case. The values guiding daily work in the Finnish ministries and agencies (180 central government units) have been measured in 1999 (n=647) and 2007 (n=642). The empirical data was collected by postal survey (Ministry of Finance 2000; Ministry of Finance 2007: 39–40, 56).

Both surveys show that the most appreciated values are trustworthiness, expertise, openness and independence. Compared the previous survey, especially efficiency and effectiveness are values that are decreased their importance. Additionally, the 2007 survey reveals that civil servants face certain corruption related issues. Civil servants stated that they regularly or occasionally met unethical behaviour in their daily work such as:

- lack of publicity and improper announcements (71%)
- use of difficult official language (60%)
- delaying issues (53%)
- putting self-interest before public interest (49%)
- making decision without appropriate preparation and referandy (47%)

Despite the fact that civil servants in ministries face the corruption related issues, it is emphasized in the survey that forms of grand corruption like taking bribes or gaining financial benefit for the office are still very rare.
4. Key anti-corruption acts

The status of anti-corruption codes and regulations, as well as, the control system, is to be interpreted by legal administrative tradition of a single country. With the other Nordic countries, Finland belongs to the countries (tradition of Roman law system and unitary state), which have differentiated systems of public law (administrative law) and civil law (criminal law). Administrative law regulates aspects of civil service. The law of corruption of public services has been generally accorded a special section inside the criminal law.

The Administrative Procedure Act

Administrative matters are regulated by the Administrative Procedure Act which entered into force from the beginning of 2004. The basic legislative idea for the Act was to unite administrative principles, good administration, including public services in one law. The scope of application is rather wide from state and municipal authorities to public enterprises. Additionally, State Civil Servants Act (1994) enriches these principles.

More than fighting corruption directly, the main idea of the Act is to promote good behaviour in public organizations, to improve the relations between citizens and administration and to prevent maladministration in administrative practices.

Despite the general administrative purposes, the Act aims to minimize the harms of corruption in the following manners. Legal principles in the Act emphasize that an authority shall treat the customers of the administration on an equal basis and exercise its competence only for purposes that are acceptable under the law. The actions of the authority shall be impartial and proportionate to their objectives. They shall protect legitimate expectations as based on the legal system. Principles emphasize the appropriateness of service which includes appropriate services, organization of services, and that the authority can perform its tasks productively. The principle of advice means that authorities should provide the necessary advice free of charge, and within their competence, for taking care of administrative matters, as well as responding to the questions
and queries about their service. Finally, good administration requires the use of proper, clear and comprehensible language.

Civil servants are under the control of the administrative discipline system. The Finnish system is in line with the EU member states. Disciplinary measures range from written warnings to the termination of employment while legal sanctions include the punitive measures listed in the penal code.

The Penal Code

In Finland, civil servants are subject to criminal law and they are in a special position in terms of the Finnish Penal Code. Concerning only civil servants, there is a group of acts which belong to maladministration or mismanagement and are separately criminalized as malfeasance, offence in office and have severe punishments, such as dismissal or admonition. (Koskinen 2001: 137–138.)

The Penal Code of Finland contains a chapter concerning offences in office. Below are wrongdoings listed in the Penal Code, and they are 1) acceptance of a bribe and aggravated acceptance of a bribe, 2) bribery violation, 3) acceptance of a bribe as a Member of Parliament, 4) breach and negligent breach of official secrecy, 5) abuse of public office and aggravated abuse of public office, and 6) violation of official duty and negligent violation of official duty.

How does the legislation work? Some statistical evidence is given in Table 2. The statistical data was gathered from The National Research Institute of Legal Policy with accordance to our definition of corruption. The cases of wrongdoings are measured according to the three categories: accused of the particular crime, sentenced of the crime or no cases existed. Some of the cases are totally missing from year to year.

It seems that the total amount of cases is increasing. The years 1997 and 2005 are for some reason exceptional, especially in terms of bribery investigations. The yearly growth does not mean the real growth, because the cases are long-lasting and they are concluded in trials in occasional years.
Table 2. Persons accused of bribery and sentenced in Finland in 1996–2005.

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**Notes:** a = accused of the particular crime; s = sentenced of the crime; – = no cases
Source: National Research Institute of Legal Policy

This picture might be the tip of the iceberg. For instance, Kaufmann (2004) argues that where the “rules of the game” have been captured well, frequently ignored manifestations of so-called “legal corruption” may be more prevalent than illegal forms, such as outright bribery, which are the usual focus of attention.

There are no guarantees that extensive legislation would decrease corruption. A high degree of observed corruption may, as such, reflect a high standard of ethics and a rigid application of rules rather than high degree of real misbehavior (van Hulten 2007).

5. Investigations of Ombudsman and Chancellor

The Ombudsman institution is a world-wide arrangement. It protects citizens against arbitrary authority and keeps the guard of the law on behalf of citizens (Rowat 1965). In the Finnish system Ombudsman and Chancellor are highly respected and represent long-standing institutions. Their role is different from administrative courts where public servants are accused and sentenced.
The Finnish institutions of the Parliamentary Ombudsman and the Office of the Chancellor of Justice represent legal regulation and supervision of legality. In other words, these institutions present legal control efforts in terms of corruption and integrity in civil service.

To appeal, citizens can either institute action with the Parliamentary Ombudsman or the Chancellor of Justice. The overall aim of these institutions is to safeguard the rights of citizens. 60 persons are working in the office of Ombudsman and 40 in Chancellor’s office. But what kind of role do they play in curbing corruption?

The formal duties (role to supervise) of the Ombudsman and the Chancellor of Justice are in many respects parallel with each other. The difference is that the Chancellor of Justice inspects the complaints concerning the actions of advocates and public legal aid councils. The chancellor has the duty to supervise the legality of government actions. The Chancellor is present in the sessions of the Council of State and he revises the cabinet documents before the weekly sessions.

The Ombudsman’s duty is to ensure that public authorities and officials observe the law, constitutional and human rights, and that civil servants fulfill their duties according to good administration. The Ombudsman investigates the performance of authorities and officials on the basis of citizens’ announcements. In the Ombudsman’s investigations the names of complainants are not usually published which increases probability of denunciation. The amount of cases concerning legality has increased even 47 percents from 2003 to 2006.

Both institutions investigate corruption related cases, but what is the precise content of control? Typical cases from 2000 to 2005 referred to control of corruption handled by the Ombudsman are listed in Table 3. In a similar way, investigations of the Chancellor are presented in Table 4. The data of corruption related cases in the tables was collected, regrouped and counted together from annual reports of Ombudsman and Chancellor.

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<td>Improper justifications of decisions</td>
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<td>3</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Insufficient advice</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Partiality</td>
<td>4</td>
<td>13</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Annual Reports of Ombudsman Office 2000–2005

In terms of corruption investigations, we found 10 types of cases in the Ombudsman institution and 9 in the Chancellor's. Both institutions handle equal cases, such as delayed issues, lack of hearing of the parties involved and lack of publicity. Rethinking the relevance of these figures, that sort of issues belong to the category of maladministration rather than of strict corruption.

There are also differences between the institutions. Violation of principle of equality, negligence and partiality belong to Ombudsman’s typical cases. Compared to Ombudsman, Chancellor is responsible for the cases of disqualification, misuse of public power and untrustworthiness of public actions which are near to the ethics of civil servants.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delayed issues</td>
<td>5</td>
<td>23</td>
<td>16</td>
<td>9</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Incompetence due to the likelihood of bias</td>
<td>9</td>
<td>3</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Lack of hearing of the parties involved</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Insufficient advice</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Misuse of public office</td>
<td>7</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Lack of publicity</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Improper justifications of decisions</td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Untrustworthiness of public actions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Discrimination</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Annual Reports of Chancellor Office 2000–2005

Putting the information in the tables another way, both tables above confirm Finland’s image as a low corrupted country. For a country with some 550 thousand public sector employees, the above presented numbers seems comparatively insignificant. When building the picture of Finnish low corruption and control mechanisms, these numbers only provide circumstantial evidence regarding occurrence and incidence.

6. Financial and performance audit

Above, codes, integrity and, legal settings of controlling corruption are discussed. Comparative experiences show that well-established tasks of financial and performance controlling institutions and transparent controlling mechanisms might reduce potential corruption. One might even argue that corruption increases if administrative control and audit mechanisms are missing or controlling is not extensive. (Maor 2004; Caiden 2001).

Administrative control is decentralized in Finnish state administration and curbing corruption is handled by several institutions. A distinctive feature is that combating corrup-
tion is only a part of an institution’s duties. The government has not established any special anti-corruption agency, institution, or commission.

Internal audit holds a significant role in preventing corruption because of its semi-autonomous standing and its functions as overseer of internal control mechanisms. In general, an internal audit may have greater access and higher potential for broad coverage of operation than any other controlling institution, but it is dependent on political and management intervention (Schwartz 2003).

How is the financial side of controlling corruption organized in Finland? All Finnish ministries and government agencies have a unit for internal control. However, these units are in the first place concerned with financial audits. Corruption related issues may be revealed in terms of performance audit and on the basis of denunciation. If internal units find misuse or any other references to corruption, they always pass the case to the police authorities. We dare to say, internal as well as police investigations are speeded up with external pressure: corruption cases are interesting topics for the media.

At the top of the system, the Finnish parliament controls and audits government finances alongside its legislative role. From among the Members of Parliament, five auditors of public accounts are selected. The formal duty of these auditors is to supervise the legality and appropriateness of the nation’s public-sector finances. The auditors deal with inspection and monitoring actions. They observe how the budget is followed, monitor state subsidies and loans given from budget grants and foundations outside the budget, and monitor guarantees given by the state. They supervise the admittance of quittances, concessions and postponements of taxes, payments and other state debts.

In their annual reports to the Parliament over the past five years, the auditors handle maladministration related cases and issues, such as potential problems of shadow economics and misuses of external financing in public organizations.

The National Audit Office performs financial and performance audits as an independent body with 145 employees. In terms of financial control, the office ensures compliance
with the state budget and the provision of correct and adequate annual accounts by the state and agencies. In 2006, 115 financial audits were conducted. Performance audits consist of producing information on the effectiveness of administration and compliance with regulations and the principles of good administration. Performance Audit serves the information needs of the Parliament, administration, and citizens, through evaluation. Some 30 performance audits are carried out per year. Only 1–2 audits cause further investigations. Yet, most of the audits consist of recommendations of better performance and conducts.

The formal audit is not the whole picture. The next data was collected from the annual reports of National Audit Office. Individuals and organizations can submit complaints to the Office concerning the state's financial management, public economy, and suspecting abuse or misuse of government funds. The citizen complaints accumulate for some reason in a few branches of administration, such as agriculture and forestry, education and transport and communication. The number of complaints is:

- 43 in 2001
- 53 in 2002
- 31 in 2003
- 43 in 2004
- 45 in 2005
- 37 in 2006.

The audit functions presented here give a clear and extensive picture on control, but says little about the actual prevalence of misconduct. We have to agree with Huberts et al (2006: 278) that there might be a ‘dark number’ of misconduct and certain uncontrolled corruption which can be expected to remain unknown. Another issue is that more we pay attention to corrupt violations, the more corruption might appear, while that might not be the actual case.
7. Corruption: is it controllable?

Administrative corruption has been the subject of considerable scholarly study and research. This article deals mainly with the control system of corruption in Finland. More than anything else, the paper debates the potential linkages of control system and low corruption relevant for Finnish public administration in the 2000s.

How do we see the findings of this presentation? In our empirical analysis, perhaps the linkages remain more contributing than explicit causal factors. The major explanations on the linkages are below. For further analysis, some of the Finnish particulars are taking into consideration. The main observations are condensed in Table 5.

Table 5. Potential linkages and control of corruption: A summary

<table>
<thead>
<tr>
<th>Linkages</th>
<th>Control particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good administration</td>
<td>Confidence in public institutions; citizen channels for whistleblowing</td>
</tr>
<tr>
<td>Integrity of civil servants</td>
<td>Legalism and loyalty to the office; ‘danger’ of public shame</td>
</tr>
<tr>
<td>The key anti-corruption acts</td>
<td>Promoting ethical behaviour and extensive sanctions of corruption undertakings</td>
</tr>
<tr>
<td>Investigations of Ombudsman and Chancellor</td>
<td>Maintaining just and clean administrative culture</td>
</tr>
<tr>
<td>Financial and performance audit</td>
<td>Decentralized monitoring; tight financial audits</td>
</tr>
</tbody>
</table>

It can be speculated that an increase in corruption is avoided by adopting these mechanisms. Some of the arguments present implications on what the threats of low corruption are in general. Rather than drawing absolute answers on corruption (or whether corruption is successfully controlled in practice), this qualitative analysis describes the core elements of the control system of corruption. It is hard to know how these sources of
low corruption in society are interrelated, and therefore for the future, a more specific research agenda is needed.

By describing the control system, as we mainly did here, one can’t argue in a valid way how well corruption is controlled and how efficient the control system really is. Still, three additional conclusions can be drawn from the previous discussion.

*First*, we are convinced that the first two elements – more than others – make Finland a special case. At its best, administrative corruption is controlled by the public’s confidence in societal institutions, good administration, and self-control of civil servants. Citizen influence and public confidence belong to the flexible, less strict way of fighting corruption, while self-control of civil servants is based both on heavy regulation and the tradition of administrative culture. As comparativists we see that this sort of the Finnish experience, with ethical habits and procedures, can be transferred to experiences of neighboring countries.

*Secondly*, together the decentralized legislative framework, tight financial monitoring, and professional peer-control seem to facilitate functioning control environment. The absence of anti-corruption practices (investigatory bodies, independent commissions, etc.) indicates a low level of corruption in the Finnish case. In many countries, they are usually put in place either response to a public outcry or to media and political pressures (Maor 2004; OECD 2000). On the other hand, this illuminates the low profile of handling petit corruption in the Finnish case. Praises of financial control might become problematic in combating corruption because it usually underestimates the controlling of political decision making and providing public services.

*Thirdly*, the legalistic tradition is in the frontlines in combating administrative corruption. The past ten years have been a spring time for ethical guidelines and codes of conduct at all levels of the Finnish government. The large municipal sector is still lacking comprehensive codes. The Finnish state tradition has been renewed, and public administration culture is no longer valid for judging actions and representing ethical procedures. The government has become market-driven and extensive privatizations have
been made. Maintaining low administrative corruption, the public sector should offer proper and competitive work for future professionals and experts. Ethical training for public servants is highly important in the future. By 2015, two thirds of government personnel will change, for example, due to the ageing of the workforce and retirements. Therefore, the maintenance and transfer of present knowledge and procedures, and investments in anti-corruptive behaviour will become increasingly important. The renewed body of civil servants needs ethical training to clarify the common values and to understand the importance of being an ethical civil servant. Rather training than regulation.

Sources


Notes:

1 Finland has been ranked second in the World Economic Forum reports at 2006 and 2005.

II According to the National Youth Barometer from the year 2006, the 15–29 year old Finnish respondents (n=1900) stated most trust in the police (91%), judiciary (88%), and military force (81%). Political institutions and politicians are ranked not so well which indicates a criticism of daily politics.

III Van Rijckeghem and Weder (1997) argue that low wages in the civil service causes corruption or at least, low salaries increase the probability of corruption. It is assumed that if public sector salaries correlate with the private sector and civil servants incomes are fair, there is no strong pressure for corruption. In Finland the wage level is, on average, high for both women and men, and thus, a comparable salary level might correlate to a low level of corruption. A difference between the private and public sectors exists, but salaries in the state administration and in municipalities are comparable with private sector salary levels. Men’s salaries are on an average higher than women’s but women’s salaries are moderate. The annual change in women’s index of wage and salary earnings has been larger than men’s in the last few years. There are signs that the gap between the rich and the poor is becoming bigger.

IV At the same time modern control and integrity codes are introduced, old-fashioned noble principles are still present in the civil service. One description of this is given by the Finnish Ministry for Foreign Affairs (2005: 15–16). According to the report of the ministry, humbleness is seen to be a good quality of a public servant. Civil servants ought not to boast about their powers and positions. They should be prudent and be familiarized with the affairs of the common people. Civil servants are assumed to be decent citizens themselves, which means having a stable and healthy lifestyle, Christian values and patriotism.

V Only a few cases have become problematic. Among the worst is when three top executives of the Finnish Maritime Administration were a few years ago sentenced to dismissal from their duties, conditional imprisonment and to return the illegally received financial benefits to the state.