

# Course and effectiveness of the establishment of the Police and Border Guard Board

*Has the creation of the combined agency led to savings and improved service quality?*

---

## Summary of audit results

### What did we audit?

The purpose of the audit was to assess the effectiveness of the management and implementation of the reforms at the Police and Border Guard Board (PBGB), the impact of the reforms on the indicators that characterise the quality of the PBGB's services and whether the reforms have created the basis for maintaining or improving the service level in the future.

The audit focused on the preparation of the PBGB's establishment and the subsequent period up to 2015.

### Why is this important to taxpayers?

The PBGB is the largest state agency in Estonia, which has over 5,000 employees and whose activities concern all persons staying in Estonia. The PBGB's functions include law enforcement and processing misdemeanours as well as determination of citizenship, issuing documents and guarding both the sea and land borders. The PBGB also guards the external border of the European Union and Schengen Area, thereby contributing to guaranteeing the internal security of Europe.

The budget of the PBGB in 2016 is 174.3 million euros. This comprises 1.97% of the state budget of Estonia.

### What did we find and conclude on the basis of the audit?

**The National Audit Office is of the opinion that the merger of the Police Board, Border Guard Board and Citizenship and Migration Board has been effective, as the number of support officers has decreased and the public service level indicators of the PBGB have remained the same or improved.**

**The risks associated with the further decrease in or reduction of the staff of the PBGB and its impact on internal security as a whole have not yet been analysed.**

**However, there were several shortcomings in the merger of the three agencies, which is why the process that started in 2006 is still ongoing. The most significant shortcoming is that the focus during the merger was mainly on saving money and the legislation required for combining the three agencies. There was no time to deal with the functions of the agencies and the quality and volume of the public services at the time of the establishment of the PBGB.**

- **The objectives concerning the functions of the three agencies and quality of public services were not given attention upon the merger.** Substantive goals were very generally worded, which is why the benefits the merger would give to the state remained unclear. Lack of time was another issue, because the only things prepared since early 2008, when the cabinet approved the establishment of the PBGB, were the combination of the support functions of the three agencies and the legal environment. The goals concerning the functions and public services of the PBGB were achieved a year after the establishment of the agency.
- **The goals related to cost-cutting as a result of merging the support functions of the three**

**agencies were partly achieved.** The merger was expected to result in savings on property expenses, acquisition of equipment and management. Another goal was to reduce the share of support officers among the staff in such a manner that the total number of employees would not decrease. Money has also been saved in the PBGB by reducing property square metres per employee and via expenses on land vehicles. The share of support officers in the total staff of the PBGB has also been reduced.

Contrary to plans, the biggest savings achieved have come from labour costs, which in 2015 were 8% less than the total labour costs of the three merged agencies in 2008. This has been possible due to a significant reduction in the number of employees. The economic crisis of 2008 played a significant role in this, as it placed efficiency and cost-cutting to the fore.

- **The impact of the decrease in the PBGB's staff on the performance of functions and provision of public services has not been thoroughly analysed. The staff of the PBGB is very likely to decrease further due to the age structure of the people, which may reduce the capability of the PBGB in the future, making it unable to perform its functions and provide services at the present level.** In late 2015, the PBGB had 1,000 fewer employees than in 2010 when the combined agency started operating. Should the current workforce trends at the PBGB continue, the average age of the PBGB's employees and the number of employees who retire will increase significantly in the next ten years.  
If the number of people who start working at the PBGB (after graduating from the Estonian Academy of Security Services included) and who leave the board remains the same as the average in recent years, then the forecasted number of employees who will retire alone means that the PBGB will have 30% less employees by 2025 than it has now.
- **The level of the public services of the PBGB assessed during the audit had remained the same or improved from 2009 to 2015.** Eleven public services provided by the PBGB were selected during the analyses and 33 indicators that characterise these services and for which reference data existed were analysed. Sixteen indicators remained unchanged from 2009 to 2015 whilst 17 improved. The analysis revealed that these indicators are largely used to measure the existence of the resources required for the PBGB's work. The impact of several indicators on the activities of the PBGB was indirect or non-existent. Therefore, the absence of consistent indicators made it impossible to assess the quality and impact of the PBGB's services as a whole, but the assessment was limited to single indicators that characterise services.
- **On 26 February 2015, the Government of the Republic approved the 2015-2020 Internal Security Development Plan (STAK), which is an important step further in the strategic management of the field, but there is no financial coverage for one-third of the development plan.** No priorities have been set in the STAK, which means that it's unclear which parts of it will definitely be implemented and which ones will be put on hold due to the lack of funding. The STAK also contains no analysis of how the partial implementation of the development plan would impact on the achievement of the goals and internal security in the broader sense.

### **What did we recommend as a result of the audit?**

The **National Audit Office advised** the State Secretary and the Minister of Public Administration to develop good practice guidelines for the preparation of large-scale reforms and changes for the ministries, which would be based on the experience gained from the establishment of the PBGB and would describe how to prepare reforms and organise supervision of the implementation of changes.

The National Audit Office advised the Minister of the Interior and the Director General of the Police and Border Guard Board to make sure that the number of employees required for the performance of the PBGB's functions is always guaranteed. In relation to this, the National Audit Office advised that constant attention must be given to the work and salary conditions of the PBGB, the number of students and graduates in the Estonian Academy of Security Services Academy and

to critically analyse the functions of the PBGB. The National Audit Office advised the Government of the Republic to form an opinion on the desired level of the average wages at the PBGB and prepare specific actions for achieving the desired wage level.

The National Audit Office also advised the Minister of the Interior to analyse the impact the underfunding of the development plans has on the goals set in the Internal Security Development Plan and on internal security on a broader scale, and to add this analysis to the development plan.

**Response of the Minister of Public Administration:** The Ministry of Finance agreed in principle with the need to prepare guidelines for large-scale reforms and will consider this when the 2016 work plan of the ministry is updated. The minister finds that creating universal guidelines for all changed would be difficult, but certain guidelines can be given on the basis of the existing knowledge and experience.

**Response of the Minister of the Interior:** The Ministry of the Interior responded that many of the topics highlighted by the National Audit Office are already being dealt with, and the topics that require additional funding depend on additional funding from the state budget.

There are many activities in the human resources strategy of the Ministry of the Interior that encourage employees to stay, value them and increase their satisfaction, such as flexible working conditions, a working environment that supports health and rotation.

The number of employees can no longer be reduced to improve the salary conditions of the PBGB and all internal options have been exhausted. As the allocation of funds from the state budget depends on the state's possibilities, it would not be reasonable to fix specific salary levels, because it may be impossible for the government to comply with the agreement.

The educational model of training for police officers and border guards has been completed, which makes training more flexible and where the forecast of workforce requirements has been taken into account. According to the action plan of the Ministry of the Interior, an analysis will be carried out in 2016 to ascertain the positions that require special services training.

The Ministry of the Interior constantly analyses options for releasing the police service from the performance of functions that are not the main functions of the PBGB and could be performed by other state agencies, local governments or the private sector.

The Ministry of the Interior has submitted proposals to the Ministry of Justice for the simplification of misdemeanour proceedings, and many of them have been implemented. Transferring the organisation of community service to the probation service system has also started. The Ministry of the Interior is planning to review all of the present aspects of misdemeanour proceedings so that they can be carried out quickly and efficiently. The role of warnings and warning fines as a sanction applied in the case of less important offences must be increased.

The Ministry of the Interior is of the opinion that a complete vision of activities and resource requirements in the area of internal security was created during the preparation of the Internal Security Development Plan, and the connections with other development plans were also established. The purpose of the development plan is to increase everyone's contribution to security and, among others, reduce the pressure to increase the reaction capability of the PBGB. The Ministry of the Interior would like to increase the capacity of implementing development documents in the future. The analysis of the planning and budgeting process in the area of government of the ministry will be completed in 2016 and the recommendations arising from this will be taken into account when the activities for 2017 are planned.

Implementation programmes will also be performed when the Internal Security Development Plan is updated in 2016 and financial resources required for the achievement of goals will be added (basic budget, external funds, additional requirements). It will also be possible to add an opinion of the impact of the missing resources on the achievement of goals. The Ministry of the Interior has

applied for additional funds within the scope of the preparation of RES 2017-2020. Every year, an opinion of the achievement of goals to date is added to the programmes, activities are amended and updated, and the impact of the underfunding of the development plan is analysed, taken into account and attempts are made to minimise it.

**Response of the Director General of the Police and Border Guard Board:** The PBGB agreed with most of the recommendations made by the National Audit Office.

The PBGB agreed with the recommendation to improve the connection of quality indicators with the work of the PBGB and make them more consistent. The PBGB is constantly perfecting the indicator system in consideration of the activities of the PBGB and changes in the environment.

The PBGB constantly analyses the reasons why police officers and employees leave. Exit interviews are carried out with the people who leave to ascertain the reasons why they're leaving. **Organisational** measures will be taken if necessary after these reasons have been analysed. The PBGB continues to make efforts to improve the salary conditions of police officers, especially those at lower salary levels.

The present career system in the PBGB has not favoured horizontal career opportunities and rotation between different fields. The PBGB and the Estonian Academy of Security Services have started developing a new educational model where the need for horizontal careers and rotation has also been considered. The new system means in-service training modules, which give the people who pass them the opportunity to apply for positions in other fields. The new system will be introduced to all police officers.