Economic activities of the Agricultural Research Centre in 2004

Audit Report No. OSIV-2-6/05/41 of May 23, 2005

Executive Summary

The SAO (SAO) audited the economic activities of the governmental authority Agricultural Research Centre, which is in the administration area of the Ministry of Agriculture, in 2004, with an objective to give an assessment of the legality of economic transactions, organisation of accounting and the functioning of internal audit system of the authority. Relevant observations and findings

Concerning the audited operations, the economic transactions and organisation of accounting of Agricultural Research Centre in 2004 complied substantially with the legislation in force. Calculation of operational and personnel expenditure was based on Accounting Act and the good practice of accounting. The documentation (contracts of employment, directives) that is the basis of employment relationship was correct and suitable. Recognition of banking operations is generally based on the general rules of state accountancy and the good practice of accounting. At the same time, documenting and recording of transactions of cash lacked the basic procedures of internal audit.

Accounting of fixed assets and respective reporting was generally organised suitably. During the audit, some shortcomings about reflecting the acquisition and improvement of fixed assets and in the list of fixed assets were observed, some of which was corrected during the audit.

Major proposals to the Minister of Agriculture

- Ensure common internal accounting rules for the agencies in the administration area of the Ministry of Agriculture.
- Ensure providing the agencies in the administration area of the Ministry of Agriculture with internal audit and monitoring instructions and their execution.
- Require the Director of the Agricultural Research Centre to organise the work in a way that
    - transactions in cash would comply with the general rules of state accountancy and the good practice of accounting;
    - preservation of assets, including an objective overview of existing fixed assets, also their inclusive and timely registering would be ensured;
    - in the case of organising procurements of bigger value than provided in Public Procurement Act, the rules of organising the procurement procedure laid down in that Act are being followed;
    - before performing work or providing services, written contracts would be made with the suppliers;
    - payment of mission expenses would be ensured according to the prescribed requirements;
    - contracts of personal proprietary liability would be made with the employees of the Centre, to ensure the prudent management and preservation of state assets.

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The Minister of Agriculture has stated that they concur with the proposals.

The Director of the Agricultural Research Centre concurred with most (but not all) assessments made by SAO concerning the organisation of the agency’s activities.

The full texts of the opinions by the Minister and the Director of the Agricultural Research Centre have been appended to the audit report

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