

Organisation of accounting and economic activities of the Central Criminal Police in 2004

Audit report No. OSII-2-6/05/100 of 10 August 2005

The State Audit Office audited the accounting and economic transactions of the Central Criminal Police in 2004, focusing on the organisation of accounting, the legality of the economic transactions and the operation of the internal audit system. As a result of the audit the main observations regarding the organisation of accounting, the legality of the transactions, the internal audit system and the financial management have been given.

Main observations and conclusions

In general, the Central Criminal Police have, upon organisation of accounting, adhered to the General Rules for State Accounting and the accounting principles generally accepted in Estonia, but the insufficient internal audit system does not always ensure accounting of all economic transactions.

- The setup of the accounting software does not guarantee that all economic transactions have been accounted for or that all the accounted transactions have actually taken place. It is possible to change or delete the accounting entries without preparing an amendment entry and drawing up a respective correction notice. In addition, the auditors found a mistake in the setup of the accounting program, due to which the data are sent to the general ledger partially inclusive of mistakes.
- The inventory checks as of the end of the year have partially not been made and the inventory checks which have been carried out are not in conformity with the General Rules for State Accounting. Therefore, the State Audit Office is not convinced that all assets and liabilities have been indicated in accounting and that the accounted assets and liabilities have been given the correct amounts.
- The organisation of the accounting of the fixed assets and the internal audit systems of the Central Criminal Police do not always ensure the preservation of the assets or that the accounting data and the reports made on the basis thereof would provide correct information about the value of the assets. Assets which are subject to indication as the fixed assets or as improvements of the fixed assets have been written off in the amount of 19,817 kroons. Due to the slowness of the process of writing off the fixed assets the register of fixed assets contains unusable assets and assets which have been transferred to other authorities in an amount of no less than 1.5 million kroons.
- The authority did not have a procedure for long-term foreign missions. With respect to long-term foreign missions the auditors of the State Audit Office identified that payments have been made to the persons who were on a mission without source documents, cost reports were submitted once in six months and costs which are not subject to compensation had been compensated.
- The accounting had not partially indicated cash transactions to the extent of approx. 460,000 kroons and some of the costs related to criminal proceedings to the extent of no less than 413,000 kroons. It is in conflict with the Accounting Act, according to which all economic transactions must be accounted for. In addition, bank transfers had been made without the approval of the head of the authority.

Main suggestions

To the Minister of Internal Affairs

- Ensure setup of the accounting programs used in the area of government in such a manner that amendment or deletion of the entries without leaving a notice would be impossible and that the forwarding of data to the general ledger would not generate mistakes.

- Establish deadlines for transfer and write-off of fixed assets in the area of government in order to ensure the right and timely accounting of assets in the accounts of the authorities of the area of government.
- Upon transfer of fixed assets to divisions, provide guidelines for accounting them pursuant to the General Rules for State Accounting and the accounting principles generally accepted in Estonia.
- Ensure that no unreasoned advance payments are made in the future, unless it is related to the performance of contractual obligations.
- Identify how many confiscated assets there are in the area of government and what the legal status of these assets is and take measures for resolution of the legal problems pertaining to the assets so that the assets could be transferred.

To the head of the Central Criminal Police

- In the future, ensure carrying out inventory checks of all assets and liabilities and the compliance of these checks with the General Rules for State Accounting, issuing a directive appointing persons responsible for carrying out the inventory checks and the inventory committees.
- Enter into a contract with the Ministry of Foreign Affairs for leasing an apartment in St. Petersburg.
- Establish the procedure for sending people on long-term foreign missions, which would regulate sending people on a mission, the bases of payment of compensation, submission of reports, etc.
- In the accounting show the cash transactions made with the money confiscated from persons who are suspected of a criminal offence.
- Organise the accounting in such a manner that when acquiring goods and services, which exceed the limits set out in the Public Procurement Act, the adherence to the Public Procurement would be ensured.

The replies of the Minister of the Internal Affairs, the Police Board and the Central Criminal Police have been annexed to the report. In general, the Minister of Internal Affairs and the Central Criminal Police have agreed with the suggestions.

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