Organisation of accounting and economic activities of Estonian Border Guard Aviation Group in 2004

Audit Report No. OSII-2-6/05/65 of July 1, 2005

Executive Summary

The SAO audited the organisation of accounting and economic transactions of the year 2004 of the Border Guard Aviation Group, focussing on the organisation of accounts, legality of economic transactions and functioning of internal audit systems.

Relevant observations and findings

The organisation of accounting of the Border Guard Aviation Group was generally based on the general rules of state accountancy and the good practice of accounting, but nevertheless, the internal audit procedures were not sufficient in the accounting of fixed assets and revenue. The following weaknesses were identified in the course of the audit:

- The accounting of fixed assets does not always provide the proper and reliable overview of all assets, their value and location. Also, the SAO is of the opinion that the preservation of assets is not ensured.
- Rules and procedures relating to charter flights are not followed, and for that reason the recovery of all potential revenue is not ensured. As not all the expenses are taken into account in drawing up the calculated cost, the SAO is of the opinion that the invoices submitted on such basis do not cover all expenditure.
- Provision of charter flights to private bodies and other legal persons and natural persons by the Aviation Group is not in compliance with the Statutes of the Border Guard Aviation Group.

Major proposals

To the Minister of Internal Affairs

- Supplement the Statutes of the Border Guard Aviation Group, laying down the activities of the Aviation Group and the financing of these activities in detail.
- Submit to the SAO an overview of the Border Guard Aviation Group’s organisation of the accounting of revenue and fixed assets not later than on December 12, 2005.

To the Head of the Border Guard Aviation Group

- Establish principles and rules of procedure for the accounting of fixed assets, which among everything else would lay down the criteria for the registration of fixed assets, appointing responsible persons and depreciation etc.
- Submit applications to the Ministry of Internal Affairs for writing off fixed assets that have been identified as unsuitable for use.
- Submit applications to the Ministry of Finance for entering the acquired assets to State Assets Register.
- Develop the basis for calculating cost price and follow them in setting the price for charter flights.
- In the case of performing charter flights, written contracts should be drawn up beforehand.

- Additionally, take inventory of the claims not recovered, collect the claims overdue and write off uncollectible claims.

- Formalise directives for the benefits paid pursuant to Defence Forces Service Act.

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