State Audit Office's opinion on the accuracy of the annual report and the legality of the transactions of the Chancellor of Justice in the financial year 2005

Audit report No. OSI-2-2/06/30 of 23 May 2006

Introduction

A memorandum on the observations made during the audit, which have not been included in the audit report because the impact of the observations is not important from the point of view of the accuracy of the annual report and the legality of the transactions is not important, has been submitted to the Chancellor of Justice. The audit report indicates the major shortcomings which have repeated or may lead to considerable mistakes in the annual accounts or legality of transactions.

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Bases of assessment

According to the State Budget Act, the State Audit Office is obligated to assess the accuracy of the annual reports and the legality of the transactions of constitutional institutions. To fulfil this obligation the State Audit Office audits institutions and persons.

The State Audit Office audited the annual report of the Office of the Chancellor of Justice for the financial year which ended on 31 December 2005 and the obligation of drawing up which arises from the Accounting Act and Regulation No. 105 of the Minister of Finance of 11 December 2003 'General Rules for State Accounting.'

The purpose of the audit is to assess the annual report 2005 and the legality of the transactions of the Office of the Chancellor of Justice. Upon assessment of the annual report of the financial year 2005 of the Office, the State Audit Office assessed the compliance of the annual report with the accounting principles generally accepted in Estonia, the Accounting Act and respective regulations of the Minister of Finance.

Upon assessment the State Audit Office relied on the following criteria:

- the assets and liabilities existing on the given date;
- as of the given date the assets and liabilities belong to the Office of the Chancellor of Justice;
- the transactions or events occurred during the given period;
- there are no unaccounted assets, liabilities, transactions, events or undisclosed figures;
- the assets and liabilities have been accounted in the right book value;
- the transactions or events have been accounted in accurate amounts and the revenue or expenditure has been entered into the correct period;
- the figures have been disclosed, classified and described in compliance with the accounting principles generally accepted in Estonia;
- the numerical information given in the management report which arises from the annual accounts has been indicated in accurate amounts;
- the transactions or events are in compliance with the major relevant regulations in material respects.

Upon assessment of the legality of the economic transactions in the financial year the State Audit Office acted pursuant to the requirements established in the most important valid laws established with regard to the audited. The legislation which is of greater importance from the point of view of the Chancellor of Justice with regard to which the compliance in material respects was audited has been specified in the annex to the audit report.

The State Audit office carried out the audit in compliance with the INTOSAI audit standards. These standards require that the audit be planned and carried out in a manner which allows for deciding with sufficient confidence that the financial statements do not contain major errors or inaccuracies. During the audit the auditors examined at random the evidence which serves as the basis for the figures given in the annual accounts. The audit also included an analysis of the accounting principles and accounting assessments of the management used upon drawing up the accounts. The State Audit Office finds that the audit provides a sufficient basis for expressing an opinion on the accuracy of the institution's annual accounts and the legality of the economic transactions.

Upon gathering the audit information the Financial Advisor/Chief Accountant of the Office of the Chancellor of Justice and officials of the General Department and other structural units were interviewed.

The audit team consisted of Audit Manager Krista Uuna and Auditors Gerli Eisberg and Anneli Narusk.

Overview of the audited institution

According to the Chancellor of Justice Act, the Chancellor of Justice is in his or her activities an independent official who reviews the legislation of general application of the legislative and executive powers and of local governments for conformity with the Constitution of the Republic of Estonia and the acts of the Republic of Estonia. To that end the Chancellor of Justice does the following:

- analyses proposals made to him or her concerning the amendment of acts, passage of new acts and activities of state agencies, and, if necessary, presents a report to the Riigikogu;
- makes a proposal to the Riigikogu that criminal charges be brought against a member of the Riigikogu, the President of the Republic, a member of the Government of the Republic, the Auditor General, the Chief Justice of the Supreme Court or a justice of the Supreme Court pursuant to law;
- may submit a request to the Supreme Court en banc to declare of the President of the Republic incapable of performing his or her duties for an extended period;
- resolves discrimination disputes which arise between persons in private law on the basis of the Constitution and other acts.

The Office of the Chancellor of Justice is managed by the Chancellor of Justice who is appointed to office by the Riigikogu on the proposal of the President of the Republic.

In the audited period Allar Jõks, the Chancellor of Justice, was liable for drawing up the accounts and accuracy of the information contained therein. The accounts of the Office of the Chancellor of Justice were kept by Chief Accountant Eve Marima. The accuracy of annual report 2005 of the Office of the Chancellor of Justice has been confirmed with the signature of Alo Heinsalu, the Director of the Office of the Chancellor of Justice.

The expenditure in the budget of the Office of the Chancellor of Justice was 18.9 million Estonian kroons in 2005.

In comparison with 2004 the expenditure of the Office fell by 1.2 million Estonian kroons (6.4%). This fall can be attributed to the higher-than-usual operating costs in 2004 in connection with training the employees of the Office in the framework of the Phare foreign aid project.

As of 31 December 2005 the balance sheet total of the Office of the Chancellor of Justice was 577,000 Estonian kroons. In comparison with 2004 it fell by 20%. The balance sheet total fell primarily at the expense of a fall in non-trade receivables, prepayments and fixed assets. Fixed assets account for 74% of the assets in the balance sheet.

The average number of employees in the Office of the Chancellor of Justice was 43 in 2005.

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