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

Audit report No. OSI-2-2/06/31 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 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 Chief Justice of the Supreme Court. 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 Supreme Court 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 accuracy of the annual report 2005 and the legality of the transactions of the Supreme Court. Upon assessment of the annual report of the financial year 2005 of the Supreme Court, 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;
- the assets and liabilities belong to the Supreme Court;
- 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 the 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 Supreme Court 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 accountants, heads of department and specialists were interviewed; internal procedures of the institution, main contracts on the subject in the audited period, accounting data and source documents were accessed.

The audit team consisted of Audit Manager Krista Uuna and Auditors Gerli Eisberg and Kristi Kährin.

Overview of the audited institution

The Supreme Court is a court of cassation, which also performs the duties of a constitutional review court. The competence of the Supreme Court includes review of court judgements pursuant to the cassation procedure, correction of court mistakes, and review of review petitions and performance of the duties of a constitutional review court.

The activities of the Supreme Court are led by the Chief Justice, who is also the chairman of the Supreme Court en banc and chairman of the Constitutional Review Chamber. The highest body of the Supreme Court is the Supreme Court en banc.

The administrative operations of the Supreme Court are organised by the Director of the Supreme Court. The Supreme Court has an independent budget and it is independent in its activities.

In the audited period Märt Rask, the Chief Justice of the Supreme Court, was liable for drawing up the accounts and accuracy of the information contained therein. The accounts of the Supreme Court were kept directly by Chief Accountant Anne Mala. The accuracy of the annual report 2005 of the Supreme Court has been confirmed by a signature by Märt Rask, the Chief Justice of the Supreme Court.

The budget expenditure of the Supreme Court amounted to 40.4 million Estonian kroons in 2005, which represents a 10% increase in comparison with 2004.

As of 31 December 2005 the balance sheet total of the Supreme Court was 33.2 Estonian kroons. In comparison with 2004 it rose by 60%. The balance sheet total increased mainly at the account of an increase in the fixed assets, which in turn can be attributed to re-evaluation of the fixed assets. Fixed assets account for 80% of the assets in the balance sheet.

The average number of employees in the Supreme Court was 65 in 2005.

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