

Accuracy of Annual Accounts 2011 and legality of transactions of the Ministry of Defence

Report of the National Audit Office to the Riigikogu, Tallinn, 3 July 2012

Summary of audit results

The State Budget Act assigns the National Audit Office the obligation to audit the correctness of the accounting and the legality of transactions of ministries.

The National Audit Office audited the accuracy of the Annual Accounts 2011 of the Ministry of Defence and the conformity of the transactions it entered into with legislation that regulates the use of the state budget.

The National Audit Office also evaluated whether the Ministry of Defence and its governing area have developed an effective internal audit system that creates the conditions required for the correct use of funds allocated for investments and labour costs and for the existence and prudent use of assets.

The National Audit Office also paid attention to whether the main principles of the Public Procurement Act had been adhered to.

The budgetary expenses of the Ministry of Defence in 2011 were 279.81 million euros, and the balance sheet total as of 31 December 2011 amounted to 410.72 million euros.

The main conclusions of the National Audit Office are the following:

- The Annual Accounts of the Ministry of Defence give a true view of its financial status, performance results for the reporting period and cash flow in all material aspects.
- The organisation of accounting in the Ministry of Defence is good, but there are omissions in the calculation of the holiday reserve and assets of the Defence Forces.
- The audited most significant transactions of the Ministry of Defence have been carried out in compliance with the State Budget Act, the 2011 State Budget Act and its amendment act. The funds allocated in the 2011 state budget for investment in fixed assets and labour costs were used for their intended purpose in the transactions audited.
- The organisation of the acquisition and use in the Ministry of Defence is on a satisfactory level.
- The Ministry of Defence has generally complied with the Public Procurement Act.
- The Ministry of Defence has not implemented several significant recommendations.

Responses of the Minister of Defence and the Commander of the Defence Forces: The Minister of Defence and the Commander of the Defence Forces agreed with the observations and recommendations made by the National Audit Office.

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