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

Report of the National Audit Office to the Riigikogu, Tallinn, 5 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 Agriculture 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 and its area of government 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 in 2011 were 346 million euros, and the balance sheet total as of 31 December 2011 amounted to 217.5 million euros.

The main conclusions of the National Audit Office are the following:
- The Annual Accounts of the Ministry of Agriculture give a true view of its financial status, performance results for the reporting period and cash flow in all material aspects.
- Centralisation of accounting in the agencies belonging to the ministry's area of government has so far not increased the efficiency of financial accounting and the established internal control system has not always guaranteed that transactions are correctly recognised.
- The audited most significant transactions have been carried out in compliance with the State Budget Act, the 2011 State Budget Act and the Act Amending the 2011 State Budget Act. The funds allocated in the 2011 state budget for investment and labour costs were used for their intended purpose in the audited transactions.
- The Ministry of Agriculture has generally complied with the Public Procurement Act. The preservation of assets is guaranteed, but asset accounting needs to improve.

Reply of the Minister of Agriculture: the Minister agreed with most of the conclusions and recommendations made by the National Audit Office.

Ines Metsalu
Director of Audit, Financial Audit Department