Accuracy of Annual Accounts 2012 and legality of transactions of the Ministry of Justice

Report of the National Audit Office to the *Riigikogu*, Tallinn, 30 June 2013

Summary of audit results

The State Budget Act assigns the National Audit Office the obligation to audit the accounting and the legality of transactions of ministries. The National Audit Office audited the accuracy of the Annual Accounts 2012 of the Ministry of Justice 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 2012 were 108 million euros, and the balance sheet total as of 31.12.2012 amounted to 112 million euros.

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

- The Annual Accounts 2012 of the Ministry of Justice, in all material respects, give a true and fair view of the ministry's financial position and financial performance and cash flow for the year ended.

- The organisation of accounting in the ministry and in the agencies within its governing area is good.

- The transactions audited have been carried out in compliance with the State Budget Act, the 2012 State Budget Act and the Act Amending the 2012 State Budget Act. The funds allocated in the 2012 state budget for investment and labour costs were used for their intended purpose in the audited transactions.

- Accounting of assets in the ministry is good and the existence of assets in the ministry is ensured.

- The Public Procurement Act was generally followed in the purchasing of items and the ordering of services.

- The economically harmful contract that the Ministry of Justice and Riigi Kinnisvara AS entered into in previous years and which has already been highlighted by the National Audit Office has not been amended.

Response of the Minister of Justice: In his response to the draft audit report the Minister of Justice explained whether and how they plan to implement the recommendations made in previous years.

The Minister of Justice is of the opinion that comparing data with bailiffs gives additional reassurance that the balance is correct and there are no known cases where a comparison done after the approval of a stocktake of receivables has revealed differences due to which the balance of receivables had to be changed.

The Minister of Justice finds that not amending the lease contract of Viru Prison is not harmful, because the risk level of the prison system is high. The Ministry of Justice has continued negotiations with the Ministry of Finance to finance the activities prescribed in the development trends of penal institutions on the account of long-term prepayments, but no agreements have been reached so far.

Comment by the National Audit Office: Comparing data with bailiffs should form part of the annual stocktake of receivables, which makes it possible to assess the probability that the receivables will be received.

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