Opinion on the Annual Accounts 2016 and the regularity of the transactions of the Ministry of Culture

Summary of audit results

What did we audit?

The State Budget Act requires the NAO to audit the accuracy of the annual accounts and the regularity of transactions of the state on an annual basis. The annual accounts of the state consolidate the financial statements - that recognise the effected economic transactions - of all state accounting entities, state-controlled companies, state-established foundations, and the state-owned commercial body.

The audit of the annual accounts and the regularity of transactions of the Ministry of Culture is part of the audit of the accuracy of the annual accounts and the regularity of transactions of the state. To provide an opinion on the accuracy of the annual accounts and the regularity of transactions of the state, the NAO conducted audit operations in the Ministry of Culture to determine:

- whether the financial statement item “grants awarded” that is relevant for the annual accounts of the state is accurately recognised in the financial statement of the Ministry; and
- whether the 2016 budget implementation report is accurate; and
- whether the economic transactions carried out in 2016 comply with the State Budget Acts, and to a limited extent, the Public Procurement Act and the State Assets Act.

Further, to determine the effectiveness of internal controls, the NAO conducted audit operations in selected areas of economic activity that have previously featured irregularities or inherently entail a higher risk, for example, effecting of expenses and acquisition of assets in entities that make major investments, revenue accounting in the renewed Estonian National Museum, and transfer of state assets in the context of terminating the Art Museum of Estonia and establishing the Foundation Art Museum of Estonia.

What did we conclude as a result of the audit?

The NAO is of the opinion that, as at 31 December 2016, the item “grants awarded” amounting to 139,239,670 euros that is relevant for the annual accounts of the state has been recognised by the Ministry of Culture in accordance with the generally accepted accounting principles, incl. the public sector financial accounting and reporting guidelines and the Accounting Act have been respected. It is the NAO’s opinion that the Ministry has recognised its transactions on the basis of complete and relevant information.

The NAO finds that the 2016 budget implementation report of the Ministry of Culture which shows budgetary expenses of 196,069,451 euros, investments of 8,838,794 euros, financing

transactions of -609,546 euros and revenue of 43,581,147 euros provides reliable information on the Ministry's revenue (incl. grants received), expenditure, investments and financing operations.

The NAO is of the opinion that the economic transactions of the Ministry of Culture have in all material respects been carried out in compliance with the State Budget Act, the 2016 State Budget Act and the 2016 State Budget Act Amendment Act.
In the NAO's opinion, the agencies governed by the Ministry Culture have neglected the principles of the Public Procurement Act.