

Opinion of the National Audit
Office on the annual accounts
of the Baltic Defence College of
2020 and 2021

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Accuracy of the annual accounts of the Baltic Defence College for 2020 and 2021

Accuracy of the annual accounts

The annual accounts of the Baltic Defence College for 2020 and 2021 are accurate in all material respects

- 1. The annual accounts of the Baltic Defence College, according to which the result for 2020 is –157 787 euros and the total assets as at 31 December 2020 amount to 1 738 698 euros give, in all material respects, a fair view of the College’s financial position, financial performance and cash flow for the year ended, in accordance with the Estonian financial reporting standard.**
- 2. The annual accounts of the Baltic Defence College, according to which the result for 2021 is –731 479 euros and the total assets as at 31 December 2021 amount to 1 361 360 euros give, in all material respects, a fair view of the College’s financial position, financial performance and cash flow for the year ended, in accordance with the Estonian financial reporting standard.**

Budget use

The budget funds of the Baltic Defence College have been used purposefully in all material respects

- 3. The budgetary expenditures and investments of the Baltic Defence College in 2020 amounted to 2 165 825 euros and in 2021, to 2 405 914 euros. The National Audit Office audited whether the organisation of work and the internal control system of the College provide an adequate basis for the purposeful use of the allocated funds, and audited the functionality of the system on a random basis.**
- 4. The National Audit Office is of the opinion that the preconditions for a well-functioning internal control system have been created and no abnormal use of the funds allocated to the Baltic Defence College was detected during the audit.**

/signed digitally/

Ines Metsalu-Nurminen
Director of Audit at the Audit Department

Response from the Commandant of the Baltic Defence College to the report of the National Audit Office

The National Audit Office made no recommendations to the Commandant of the Baltic Defence College as a result of the audit. The Commandant of the Baltic Defence College sent his response to the report on 25.11.2022.

General comments of the Commandant of the Baltic Defence College on the audit report

The Baltic Defence College appreciates the National Audit Office Audit Team members for their thorough and professional cooperation. The advice and the comments given during the audit process were relevant and will help the management of the Baltic Defence College in the future.

General profile of the institution

The Baltic Defence College was established on the basis of an agreement entered into between the Government of the Republic of Estonia, the Government of the Republic of Latvia and the Government of the Republic of Lithuania on 12 June 1998.

The financing, accounting and auditing principles of the College were set forth in the Memorandum of Understanding entered into by the Baltic States. Proceeding from the Memorandum, the College organises its accounting according to the legislation of the Republic of Estonia, and a more detailed specification of accounting is provided in the accounting policies and procedures of the College.

Brigadier General Ilmar Tamm was the Commandant of the Baltic Defence College during the audited period. The persons responsible for the preparation of the annual accounts and for the accuracy of the information therein are the Commandant of the College and the Chief Accountant Urmo Kivikas.

Characteristics of the audit

Reason for and objective of the audit

The Baltic States have entered into the „Memorandum of Understanding about the Activity, Management and Financing of the Baltic Defence College“. The Memorandum stipulates that the National Audit Office is obliged to audit the annual report of the Baltic Defence College and give its opinion on the annual accounts every year.

The purpose of the audit is to express an opinion on the accuracy of the 2020 and 2021 annual accounts of the Baltic Defence College. The annual accounts of the College consist of the balance sheet as of 31 December of the respective year, income statement, cash flow statement and statement of changes in owners' equity for the financial years ended, a summary of the accounting policies and procedures used in preparing the financial statements and other explanatory notes.

Scope and focus of the audit

In the course of giving an opinion on the accuracy of the 2020 and 2021 annual accounts of the Baltic Defence College, the National Audit Office evaluated the compliance of the annual accounts with the Estonian financial reporting standard and the Estonian Accounting Act.

The National Audit Office performed the audit in accordance with the Audit Standards of the International Organization of Supreme Audit Institutions (INTOSAI), which regulate the auditing of financial statements as well as the regularity of transactions within the scope of auditing the financial statements. These standards require that an audit be planned and performed in a manner that makes it possible to decide with sufficient assurance that the financial statements are free of material misstatement.

During the audit, evidence was collected about the figures presented and the information disclosed in the annual accounts. In order to plan the relevant audit operations, the National Audit Office took into account the internal control system introduced to prepare fair annual accounts without expressing an opinion on the efficiency of the internal control. The relevance of the accounting principles and procedures used, the justification of the accounting assessments made by the management and the general manner of presentation of the financial statements were also assessed in the course of the audit. The National Audit Office is of the opinion that the audit provides a sufficient basis for expressing an opinion on the accuracy of the annual accounts of the College.

The minor audit findings whose impact is not significant have been pointed out to the auditee during the audit.

Annual accounts of the Baltic Defence College

In expressing its opinion on the annual accounts, the National Audit Office relied on the following criteria:

- assets and liabilities exist as at 31 December;
- assets and liabilities belong to the institution as at 31 December;
- transactions were conducted or events took place in 2020 or 2021;
- all assets, liabilities, transactions and events have been recognised and indicators have been disclosed;
- assets and liabilities are recognised at the correct value;
- transactions or events have been recognised in the correct amounts, and revenues and expenses have been entered in the correct period;
- indicators have been disclosed, classified and described in accordance with the Estonian financial reporting standard, and
- the numeric information given in the management report, which arises from the annual accounts, has been recognised in the correct amount.

Time of completion of audit: the audit was completed in October 2022.

Audit team: Audit Manager Gerli Eisberg, Senior Auditor Marlen Pärman and Auditor Hanna-Marleen Penno

Contact details

Additional information regarding the audit is available at the Communications Department of the National Audit Office

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An electronic copy (pdf) of the audit report is available on the website www.riigikontroll.ee.

Summary of the audit report is also available in Estonian.

The number of the audit report in the internal records system of the National Audit Office is 80100.

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Previous financial audits conducted by the National Audit Office in the Baltic Defence College

9 November 2020 – **Opinion of the National Audit Office on the annual accounts of the Baltic Defence College for 2019**

19 December 2019 – **Opinion of the National Audit Office on the annual accounts of the Baltic Defence College for 2018**

4 October 2018 – **Opinion of the National Audit Office on the annual accounts of the Baltic Defence College for 2017**

25 September 2017 – **Opinion of the National Audit Office on the annual accounts of the Baltic Defence College for 2016**

6 June 2016 – **Opinion of the National Audit Office on the annual accounts of the Baltic Defence College for 2015**

All reports are available on the website of the National Audit Office at www.riigikontroll.ee.