



riigikontroll
National Audit Office of Estonia

Opinion of the National Audit Office on the financial statements of the Baltic Defence College for 2022 and 2023

Report of the National Audit Office
Tallinn, 9 October 2024

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Accuracy of the financial statements of the Baltic Defence College for 2022 and 2023

The financial statements of the Baltic Defence College for 2022 and 2023 are accurate in all material respects.

Accuracy of the financial statements

1. The Financial Statements of the Baltic Defence College that indicate a result of -26,314 euros for 2022 and total assets as at 31 December 2022 of 1,153,148 euros give, in all material respects, fair view of the Baltic Defence College's financial position, financial performance and cash flow for the year ended in accordance with the Estonian Financial Reporting Standard.

2. The Financial Statements of the Baltic Defence College that indicate a result of 20,583 euros for 2023 and total assets as at 31 December 2023 of 1,252,457 euros give, in all material respects, fair view of the Baltic Defence College's financial position and financial performance and cash flow for the year ended in accordance with the Estonian Financial Reporting Standard.

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

Budget use

3. The budgetary expenditure (incl. investments) of the Baltic Defence College amounted to 2,594,140 euros in 2022 and 2,977,049 euros in 2023. 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 money, 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 money allocated to the Baltic Defence College was detected during the audit.

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Ines Metsalu-Nurminen
Director of Audit, Audit Department

Response from Commandant of Baltic Defence College

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 04.10.2024.

Response from Commandant of the Baltic Defence College

The Baltic Defence College is very grateful to the members of the National Audit Office Audit Team 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.

During the period audited, the Commandants of the Baltic Defence College were Brigadier General Ilmar Tamm and, as of 1 June 2023, Brigadier General Alvydas Šiuparis. The persons responsible for the preparation of the Financial Statements and for the accuracy of the information therein are the Commandant(s) of the College and Chief Accountant Urmo Kivikas.

Audit description

Reason 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 report.

The purpose of the audit is to express an opinion on the accuracy of the 2022 and 2023 financial statements of the Baltic Defence College. The financial statements of the College consist of the balance sheet as at 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 2022 and 2023 financial statements of the Baltic Defence College, the National Audit Office evaluated the compliance of the annual accounts with the Financial Reporting Standards of Estonia and the Accounting Act of Estonia.

The National Audit Office performed the audit in accordance with the Audit Standards of the International Organisation of Supreme Audit Institutions (INTOSAI), which regulate the auditing of financial statements as well as the regularity of transactions within the scope of auditing 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 financial statements. In order to plan the relevant audit operations, the National Audit Office took into account the internal control system implemented to prepare the financial statements 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 accuracy of the financial statements of the College.

The attention of the auditee was drawn to minor omissions found in the course of the audit during the audit.

Financial statements of the Baltic Defence College

In expressing its opinion on the financial statements, 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 2022 or 2023;
- 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 financial statements, has been recognised in the correct amount.

Time of completion of audit

The audit procedures were completed in September 2024.

Audit team

Audit Manager Gerli Eisberg, auditors Pille Vider, Merle Plovits and Hanna-Marleen Penno.

Contact information

Additional information regarding the audit is available from the Communication Unit of the National Audit Office:

telephone: +372 640 0777; email: riigikontroll@riigikontroll.ee

An electronic copy of the audit report (PDF) is available online at www.riigikontroll.ee.

A summary of the audit report is also available in English.

The number of the audit report in the record management system of the National Audit Office is 80152.

The postal address of the National Audit Office is:

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

28 November 2022 – Opinion of the National Audit Office on the annual accounts of the Baltic Defence College of 2020 and 2021

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.