# Availability and application of measures necessary for avoiding the inexpedient use of funds earmarked for the liming of agricultural land

**Summary of audit results**

The SAO audited the payment of agricultural land liming aid granted from the state budget to agricultural producers.

The agricultural land liming aid is a monetary contribution to partly cover the costs incurred by the agricultural producer in connection with using soil amendments reducing acidity. The purpose of the aid is to develop economic activities in rural areas by affording the agricultural producers the opportunity to increase their income through improving soil fertility. Last year the total amount of this aid was 15.5 million kroons.

The audit aimed to assess the risks related to the payment of this aid and to address proposals concerning measures to avoid the inexpedient use of the aid to the Ministry of Agriculture and the Agricultural Registers and Information Board (ARIB).

The auditors are aware of the fact that the regulatory framework governing the liming work fostered the use of one of the dominating soil amendments (clinker dust from the Kunda cement factory), which sets aside the alternative soil amendments (natural lime, oil shale ash etc) and affects the observations and proposals stemming from the audit.

**Main observations and proposals**

- The audited entities did not verify whether the liming aid applicant satisfied the definition of agricultural producer as required by the Rural Development and Agricultural Market Regulation Act. Furthermore, the requirement laid down in the same that the applicant must produce documents supporting the legal basis of land use was ignored. The auditees find it necessary to consider the need to apply such requirements to the payment of the liming aid: for example, the Land Improvement Offices have not verified the documents supporting the land use since liming of agricultural land is relevant regardless of ownership relations and the applicant has no motivation to lime parcels which he/she is not entitled to use.
- With reference to the information produced by the audit it can be stated that the aid was paid even if there was no assurance that the soil is acidic or when there was no information whatsoever on the acidity of the soil.
- Different kinds of lime need cards were used to determine the liming need - those were either drawn up by the design institutes of the time, ordered by the applicants or of an indefinite origin. It was provided that either the applicant or the Land Improvement Office may commission a lime need analysis in case there is no information whatsoever or in case the information on the card needs to be reviewed. The audit revealed that the samples already taken could not be related to the specific parcel, i.e. there was no assurance that the analysis pertains to the parcel for which the application has been lodged. The SAO finds that detailed provisions should be laid down as to which lime need cards may be accepted for the issue of lime need certificates and who may draw up such cards, and that it should be ensured that an official of a Land Improvement Office is present at the taking of soil samples and seals the same. The legislative drafters should take into account that the risk of abuse and misuse is the greater the more data giving rise to the payment of the aid originates from the applicant.
- Also the date of completion of the lime need card is important besides the information on the author. Since cards drawn up at different times give different results, the weighted average of the data contained in the cards should be used to determine the lime need until reliable lime need cards have been introduced.
- When granting liming aid, it is crucial to refer to the established cycle, or in other words, to check before the issue of the lime need certificate that the applicant has not received liming aid for the same parcel in the last 4 years. The audit revealed that this requirement was not always observed. There were two risk factors favouring non-compliance: the information concerning the liming of the parcel was entered in only one place in the Land Improvement Offices (on the lime need cards, and not in the databases) and the entries on the cards were sometimes made by a pen, which allowed alterations later on. To ensure the expedient payment of the aid the possibility of altering the data should certainly be precluded, all the liming entries made in the

preceding years should be verified and databases automatically checking whether at least 4 years have passed since the last liming should be set up.

- In some cases it was not possible to verify the location of the parcel, because there were no reliable maps. The maps admissible for the purpose of determining the location of the parcel should be specified.
- Often the applicants did not notify the time of liming works. Therefore the officials of the Land Improvement Offices checked the applicants at the time of liming as well as afterwards. However, subsequent verification does not allow determining the compatibility of the work with the technological requirements or the amount of lime spread on the field. The ARIB did record cases of non-notification, but the regulatory framework did not provide for any penalties. The SAO finds that the notification procedure and the penalties for non-compliance should be established.
- The applicants were required to furnish a notice of confirmation after the completion of the liming work. The audit revealed that the data in these notices were not compared to those contained in the applications or the lime need certificates. Because of that there were cases where the beneficiary did not use the aid to lime the parcel for which he/she had applied the aid and in some cases the amounts in the confirmation exceeded those in the application and the applicant was paid more than the application would have entitled him/her to receive. The SAO considers it necessary to establish the requirement that the confirmations must be compared to the applications and to the lime need certificates before any aid is paid.
- The regulatory framework provides that the up to 5 tons of soil amendment may be spread on one hectare. The SAO finds that the amount should depend on the acidity of the soil and that the relevant scale should be established beforehand. This is yet to be done.
- There were no requirements to the onsite verification procedures of applicants covered by the audit sample. It was not clear which verification methods should be applied and how much of the applicant's agricultural land must be subject to examination.

The above refers to deficiencies, which should certainly be eliminated in conjunction with the modification of the regulatory framework and the control mechanisms. Both the Ministry of Agriculture and ARIB, who are responsible for managing the payment of liming aid, have already taken measures to avoid the inexpedient use of the aid. For instance, adequate efforts have been made to publish the names of beneficiaries, and the Ministry is currently elaborating the procedures for the onsite verification of applicants.

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