

Public Audit Report

Real Property of the National Defence System

14 July 2011 No VA-P-40-11-11

Vilnius

Summary

Audit started 2010-09-02

Audit concluded 2011-07-14

Full audit report in Lithuanian is available at the

National Audit Office website <http://www.vkontrole.lt>

The Ministry of National Defence of the Republic of Lithuania and other institutions within the national defence system are responsible for the management of the state real property with a value of more than LTL 1 billion, the maintenance expenses of which are constantly increasing. Since 2002 the system of national defence has been undergoing a reform. In recent years we have abandoned the system of conscription, obligatory military service has been undergoing restructuring by moving towards professional army and active military reserve forces. As a result, the number of soldiers has changed therefore the need for premises required for soldier preparation as well as the need for other real property has also changed. During this audit we evaluated if the real property of the national defence system was managed efficiently. We evaluated management efficiency from the point of view of the situation where minimum amount of real property necessary to perform the mandatory functions is managed by responsible institutions, the budget funds allocated for the maintenance of the property are used efficiently and the issues related to the property that is becoming redundant are solved in timely manner.

The audit detected that state real property that is managed by the right of trust by the institutions of the national defence system is managed, used and disposed inefficiently because the amount of the managed property is larger than it is necessary to perform the mandatory functions. 27 per cent of all the area of the managed facilities are not used for performing national defence related functions, whereas deficiencies of legal regulation result in failure to adopt timely decisions of the Government and institutions of national defence concerning transference of real property suitable for use but unnecessary for the performance of the national defence functions to other institutions, meanwhile property which has become functionally obsolete and has been recognised unsuitable for use has not been liquidated and has not been depreciated for almost ten years already.

As a result effective use of the state property is not ensured, the national defence system institutions become guardians of the property that is unsuitable for use and are using resources allocated for performing national defence relating functions for the implementation of functions that are not related to direct purpose.

In order to improve efficiency of the management of the real property belonging to the state we recommended the Government to adopt relevant decisions on transference of the real property which is not necessary for the performance of the mandatory functions of the institutions of national defence to other institutions, to improve procedure for transference of the management, use and disposition of the state real property by the right of trust to other institutions, to adopt decisions concerning the purposefulness of replacement of the official housing system with the system of accommodation allowance. We recommended the Ministry of the National Defence to eliminate the detected deficiencies in the management of real property.

The Office of the Prime Minister and the Ministry of National Defence have provided a plan for the implementation of the audit recommendations.