



Executive summary of the public audit report

ON PREPAREDNESS FOR MAKING DECISIONS REGARDING THE RESTRUCTURING OF THE PROVISION OF ADMINISTRATIVE AND PUBLIC SERVICES

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SUMMARY

The state provides services that are key for satisfying the needs of members of the public, and ensuring their well-being and quality of life. Lithuania has over 4,000 public administrative bodies, maintained from the state and municipal budgets. Over 8 billion euros are assigned to these bodies every year. Most of said bodies provide administrative services and (or) administer the provision of public services to the general public. Public services are provided by budgetary institutions, public establishments, and companies controlled by municipalities or the state. Some of them are provided by the private and non-governmental sectors, as well as communities at their own and (or) the state's expense. In effectively using their assigned budgetary funds, public administrative bodies should ensure the provision of administrative and public services which meet the needs of the public.

Every year, the National Audit Office identifies¹ a lack in the quality and accessibility of administrative and public services, and reveals issues related to the improvement of the provision of services in the areas of health care, social services, education, and culture. Public administrative bodies responsible for the provision and administration of services sometimes lack sufficient and reliable data necessary for the appropriate implementation of submitted recommendations. Technical decisions are being made, and infrastructure for the provision of services developed, prior to making systemic management decisions regarding the improvement of the provision of services. This leads to the failure to ensure productive and rational use of the state budget.

Shortcomings in the provision of services are also evidenced by complaints made by residents to the Seimas Ombudsmen's Office of the Republic of Lithuania² regarding the quality, accessibility and timely delivery of services. The risk of corruption in the area of service provision is managed insufficiently. According to the study, "The Lithuanian Map of Corruption 2016"³, services provided by public administrative constitute one of the areas with the most widespread corruption. The practice of giving bribes in hopes of receiving better serves (or receiving them sooner) is still rampant.

The identified shortcomings suggest the need for restructuring. The modernisation of the provision of administrative and public services figures in various strategic documents of the state. The purpose of modernisation is to ensure the provision of services that meet the needs of the general public. In order to make reasonable decisions regarding the restructuring of the provision of services, it is imperative to be in possession of complete information on all of the services provided and (or) administrated by public administrative bodies. As the population ages and

¹ Public audit reports: 26-04-2017, No. VA-2017-P-900-3-12, "The Creation of an Electronic Health System"; 23-02-2017, No. VA-P-10-5-2, "Suicide Prevention and Aid to Individuals Related to the Risk of Suicide"; 28-02-2017, No. VA-P-10-1-1, "How the Ministry of Culture Forms and Organises Policies and Controls their Implementation"; 25-04-2017, No. VA-2017-P-10-9-11, "Does the Involvement of the State and Municipalities in the Management of Public Institutions Ensure the Benefit to the Society"; 25-04-2017, No. VA-2017-P-20-3-10, "Return of State-Owned Enterprises to the State"; 25-04-2017, No. VA-2017-P-30-1-9, "Does the Governance of Municipality-Owned Enterprises Ensure the Effective and Transparent Activity of the Enterprises"; 10-10-2016, No. VA-P-60-9-16, "Management of the Programme for Investment in 2015"; 30-06-2015, No. VA-P-9-10, "On the Ability of Provided Social Services to Meet the Increasing Needs of Senior Citizens"; 21-11-2014, No. VA-2014-11-21, "On the Implementation of the One-Stop Shop Principle in the Provision of Electronic Services".

² Annual reports of the 2015-2016 activities of the Seimas Ombudsman. Available on the Internet at: <http://www.lrski.lt/lt/seimo-kontrolieriu-veikla/metines-seimo-kontrolieriu-veiklos-skaitos.html>.

³ Available on the Internet at: http://www.transparency.lt/wp-content/uploads/2017/03/LKZ_2016-1.pdf.

shrinks, which, in turn, leads to changes in the structure of services, it is important to ascertain the needs of the public, and assess the financial capacities of the state.

The Ministry of the Interior was tasked with the development of state policy in the areas of the provision of administrative services and the administration of the provision of public services, as well as the organisation, coordination and management of its implementation. The Ministry was also assigned ⁴ to monitor and analyse the provision of administrative and public services. In 2011, the Ministry of the Interior had made the decision⁵ to develop the Information System for the Monitoring and Analysis of Public and Administrative Services, designed to centrally control data on the services provided and (or) administered by public administrative bodies. The collected data was intended to be used to aid the state in decision-making and to provide information to the public in a centralised manner, thereby helping residents to conveniently find any necessary information on all public and administrative services. A law passed in 2016⁶ specifies that data on services provided and (or) administered by public administrative bodies must be submitted to said information system by 31 May 2017. Public administration entities:

- responsible for the provision of administrative services were obligated to submit descriptions of said services, as well as service monitoring indicators for 2016;
- responsible for the administration of the provision of public services were obligated to charge the providers of public services with submitting descriptions of said services, as well as service monitoring indicators for 2016.

Service monitoring indicators⁷ should describe the quality and accessibility of services, as well as the resources necessary for their provision.

The purpose of the audit was to assess whether the data necessary for the state to be able to make evidence-based decisions regarding the modernisation of the provision of public and administrative services is managed in a centralised manner. The present audit is part of the public audit, "Improvement of Public Management", specified in the public audit programme for 2017 developed by the National Audit Office.

The subject of the audit was the Ministry of the Interior of the Republic of Lithuania. Information necessary to obtain the evidence was also collected from other ministries, 30 establishments under different ministries, and 12 randomly selected municipalities, namely: the municipalities of the cities and districts of Vilnius, Kaunas and Klaipėda, the districts of Telšiai, Kaišiadoriai and Molėtai, and the municipalities of Neringa, Pagėgiai and Rietavas. We had also held discussions with the employees of the Chancellery of the Republic of Lithuania, and the Association of Local Authorities in Lithuania. We had analysed data of the 1st quarter of 2012-2017, and, in certain cases, also from other periods. Audit recommendations were developed after analysing the legislation regulating the provision of administrative and public services, as well as the organisation of their provision, the strategic planning documents of public administrative bodies

⁴ Paragraph 10.7 of the provision of the Ministry of the Interior of the Republic of Lithuania, approved by Order No. 291 of 14 March 2001 (amended version of Order No. 1465 of 13 October 2010).

⁵ Financing and administration agreement signed in 2011 between the ESFA and the Ministry of the Interior regarding the assignment of funds for the development of the Information System for the Monitoring and Analysis of Public and Administrative Services (PASIS), as well as all additional activities related to it.

⁶ Law No. XII-2779 of 10 November 2016, amending articles 1, 2, 3, 14, 14¹, 15, 16, 19, 22, 27, 28, 31, 34, 35, 37, 40 and 41 of the Law on Public Administration of the Republic of Lithuania No. VIII-1234, as well as supplementing it with Article 17¹, and recognising articles 21, 23 and 24 as withdrawn.

⁷ A list of service monitoring indicators is provided in the provisions of the Information System for the Monitoring and Analysis of Public and Administrative Services, approved by Order No. 1V-272 of the Minister of the Interior of the Republic of Lithuania, issued on 08 April 2016.

and the state, and after assessing the data of the Information System for the Monitoring and Analysis of Public and Administrative Services. At the Centre of Registers, we also enquired about the number of public legal persons established during the 1st quarter of 2015-2017, as well as the reasons for their establishment.

Audit results have shown that reliable and comprehensible data on administrative and public services is still not being managed in a centralised manner. Not all administrative and public services are identified, and there is a lack of information on service quality and accessibility. For this reason, conditions, which could be provided by making use of the data from the Information System for the Monitoring and Analysis of Public and Administrative Services, necessary for the state to make evidence-based decisions regarding the modernisation of the provision of administrative and public services, the need for companies managed by public establishments, municipalities and the state, and more rational use of state investment. Collected data cannot be trusted and used by the public either.

In considering the requirements set for the quality and goals of the service, the public sector should provide only those public services, which cannot be provided by non-governmental and community organisations, and business enterprises⁸. New public service providers may be established only in cases where other providers either fail to provide public services or cannot provide them to residents in a cost-efficient manner or assure their quality⁹.

It has been established that a common understanding of the concept of public service on the national level is still lacking, and decisions regarding which public services should be provided by public administrative bodies, and which of them should also be provided, in part, by other service providers, are still pending.

There had been plans to form a working group, composed of representatives from the Ministry of the Interior, responsible for identifying public services which could, in part, be provided by other providers (currently not specified in legislation), and making proposals regarding the specification of the legal conditions required for them to provide such services, and the model for financing said services, by the 2nd quarter of 2015¹⁰. No such group was established. According to the Centre of Registers, during the 1st quarter of 2015-2017, 21 municipalities had established 46 new service providers (establishments and companies).

No clear policy for the provision of administrative and public services has been developed, and lack of information on services during management decision-making increases the risk of poor outcomes for the scheduled restructuring of the public sector, which is already underway.

The following public audit conclusions and recommendations were drawn upon the assessment of the evidence collected during the audit. Appropriate implementation of the recommendations could help ensure better quality, more accessible and affordable administrative and public services to the public, as well as help the state in making sound management decisions.

⁸ Paragraph 7.6 of Lithuania's progress strategy, "Lithuania 2030", approved by Order No. XI-2015 of the Seimas of the Republic of Lithuania, issued on 15 May 2012.

⁹ Article 9, Part 2 of the Law on Local Self-Government of the Republic of Lithuania of 07 July 1994.

¹⁰ Action plan for the implementation of the "Programme for the Improvement of Public Administration 2012-2020" in 2013-2015, approved by Order No. 1V-438 of the Minister of the Interior of the Republic of Lithuania of 20 May 2013.

CONCLUSIONS

1. Actions taken by the Ministry of the Interior to ensure the provision of administrative and public services which meet the needs of the public, and the rational use of resources allocated to such, have been inconsistent and failed to bring the desired outcomes:
 - 1.1. Centrally managed information on the provided administrative and public services is incomplete and unreliable. Public administration entities had failed to submit all of the requested data on services to the information system managed by the Ministry of the Interior by the date (31 May 2017) specified in the Law on Public Administration. According to the data of 05 Jun 2017, there had been 10.000 submissions of descriptions of public service provision, and only 2 percent of monitoring indicators of such services, describing service quality, price, and other parameters important for management decision-making. Based on the information provided by the Ministry of the Interior, as well as other ministries, it is impossible to determine which part of the data on services has not been submitted (Subsection 1.1).
 - 1.2. Administrative and public services to be provided by the state were not identified, and a system for selecting the most appropriate public service provider not developed (Subsection 1.1 and Chapter 3).
2. Collection of data on administrative and public services has been commenced without appropriate preparation:
 - 2.1. Ministries and municipalities lack a common understanding of public services; there is no clear description of what constitutes a public service, and a lack of methodological recommendations for drawing up descriptions of the provision of public services. For these reasons, service providers are not always clear on whether the services they provide are considered to be public services (Subsection 1.1).
 - 2.2. The control mechanism set by the Ministry of the Interior fails to ensure that data submitted to the Information System for the Monitoring and Analysis of Public and Administrative Services be complete and reliable. The Ministry has no accurate data on the entities of public administration, responsible for the administration of public services, and the public services they administer. With data on such matters lacking, it becomes impossible to accelerate the inventory of services, and make sure it is complete. Other ministries had failed to ensure the completeness of information submitted to the aforementioned information system on the public services provided within their area of regulation (Subsection 1.1).
 - 2.3. Service providers fail to conduct quality control studies on the services they provide (or conduct them inappropriately), which means most of them lack data on the monitoring indicators of 2016 which describe service quality, and which must be submitted to the Information System for the Monitoring and Analysis of Public and Administrative Services (Chapter 2).
 - 2.4. Examinations of submitted data on services are not attended by institutions responsible for service administration (ministries and municipalities), which have

the most in-depth knowledge of the relevant service delivery settings and their legal regulation, which leads to a protracted process of data-analysis, and the submission of inaccurate information to the Information System for the Monitoring and Analysis of Public and Administrative Services. By failing to take part in said process, ministries and municipalities lose the opportunity to quickly identify and eliminate any shortcomings related to service delivery, and (or) simplify the service delivery process (Subsection 1.1).

2.5. The information system is not user-friendly and subject to interference, which leads to data providers having to submit data already collected in other registers manually (Subsection 1.1).

3. The website of the Information System for the Monitoring and Analysis of Public and Administrative Services, Lithuanian Services Catalogue, is unreliable and fails to function at full capacity. Data collected in the information system is incomplete, leading to residents who wish to receive a service failing to find clear and sufficient information on all services: which public administration body to contact, what documents to submit, what type of quality to expect and demand, and how to select the provider of an administrative or public service that's most suitable for them (Subsection 1.2).

RECOMMENDATIONS

To the Ministry of the Interior

1. In order to ensure the provision of high quality services that meet the needs of the public, and the rational use of state resources allocated to such, the Ministry of the Interior should do the following when drawing up state policy in the areas of the provision of administrative services, and the administration of public services (Conclusion 1.1):
 - 1.1. specify which administrative and public services should be provided by the state;
 - 1.2. develop an administrative mechanism for the provision of public services, which would allow for selecting the most appropriate provider of public services.
2. In order to receive reliable, systematic data necessary for the development of state policy in the area of the provision of administrative and public services, as well as for other types of management decision-making, appropriate collection and management of data must be assured. For this reason, the Ministry of the Interior should:
 - 2.1 clearly define what constitutes a public service, thereby allowing service providers to assign their services to appropriate service types, and provide recommendations to help service providers draw up descriptions of the provision of services (Conclusion 2.1);
 - 2.2 provide measures necessary to ensure that public administrative bodies conduct service quality control studies to collect monitoring data required for submission to the information system (Conclusion 2.3);
 - 2.3 eliminate interference which limits the proper functioning of the Information System for the Monitoring and Analysis of Public and Administrative Services (Conclusion 2.5);

2.4 provide control measures to ensure the submission and updating of reliable and complete data on administrative and public services to the Information System for the Monitoring and Analysis of Public and Administrative Services, and the Lithuanian Service Catalogue, which would also contribute to the expeditious elimination of shortcomings related to the provision of services, and (or) the simplification of the submission process (conclusions 1.2, 2.2, 2.4 and 3).

Measures and terms for the implementation of recommendations are supplied in the recommendation implementation plan.