



NATIONAL AUDIT
OFFICE OF LITHUANIA
• BRINGING BENEFITS •

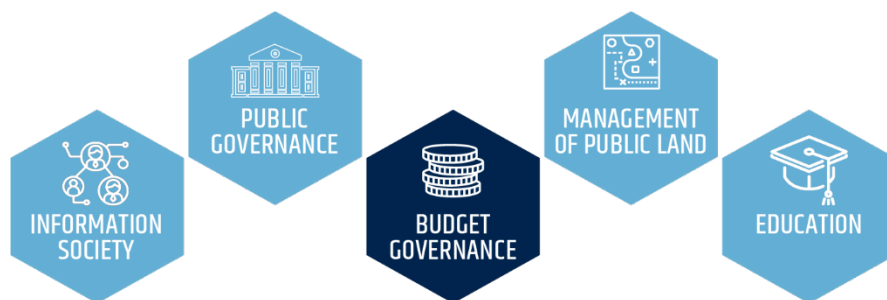
REPORT ON IMPLEMENTATION OF RECOMMENDATIONS

10 September 2019

No. YD-7



The report on the implementation of the recommendations reviews the main recommendations of the public audit grouped by five priority areas of the Supreme Audit Institution:



The report includes a monitoring record of the recommendations of 31 August 2019. The full and updated details on the implementation of all audit recommendations are available in Lithuanian on the National Audit Office website at: http://www.vkontrole.lt/atviri_duomenys_rekomendacijos.aspx.

The report on the implementation of the recommendations has been submitted to the Committees of the Seimas of the Republic of Lithuania, the Office of the President of the Republic of Lithuania, the Government of the Republic of Lithuania, the State institutions and bodies responsible for implementing the recommendations.

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KEY FACTS

2016–first half of 2019



50 percent

recommendations implemented and
their monitoring is completed



29 percent

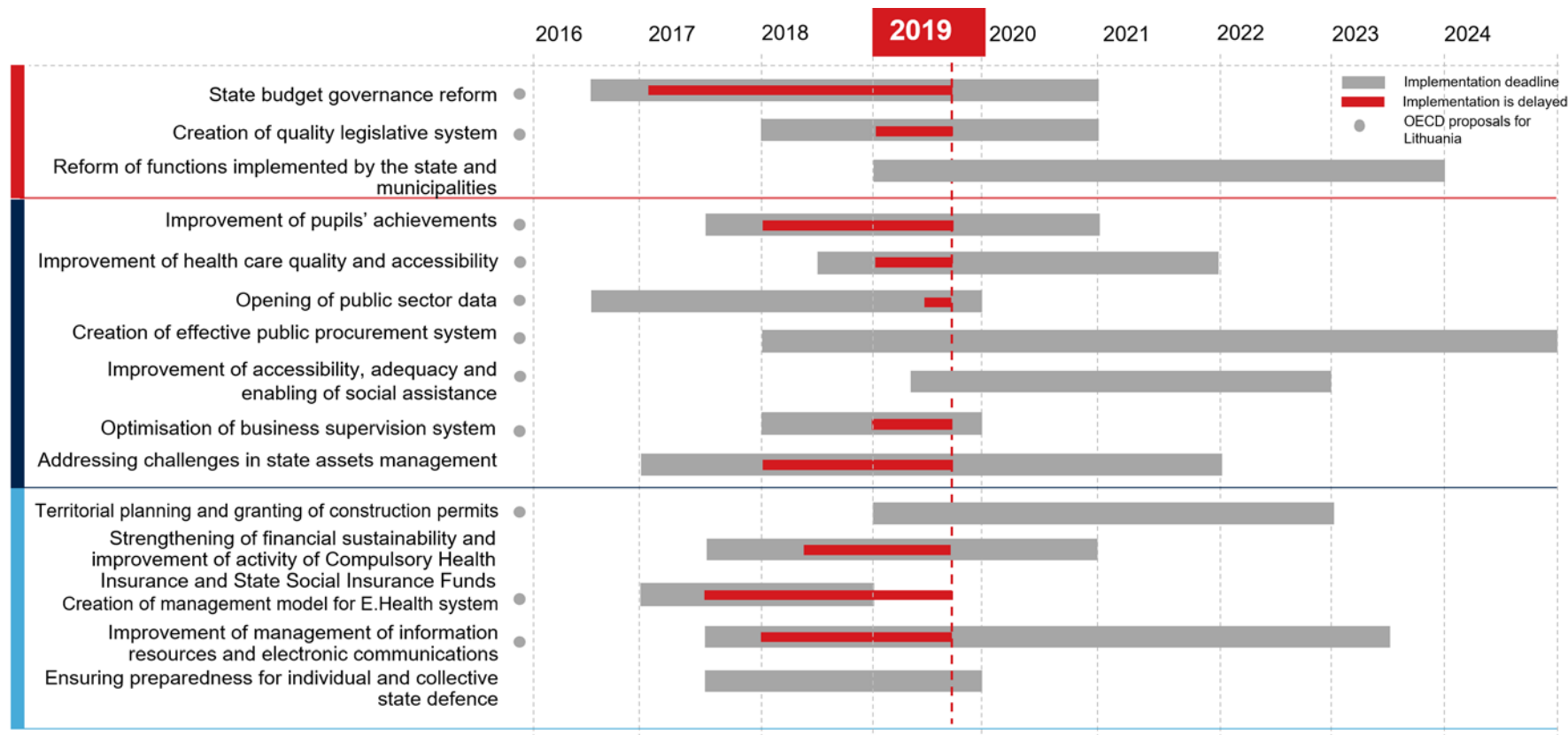
implementation of
recommendations is delayed
against agreed deadlines



21 percent

deadline for the
recommendations has not
expired

Key recommendations are monitored according to audited areas



1. CHANGE ACHIEVED – MEASURING THE IMPLEMENTATION OF RECOMMENDATIONS

Almost a third of the public audit recommendations stress the necessity of strategic, cross-cutting changes aiming to ensure that the situation in the area has changed substantially and that the positive developments would be irreversible. Audited entities are successful in the implementation of more detailed recommendations of local nature, however the results on major changes taking place in the area of the state budget governance aiming that education becomes the bedrock of thriving society, ensuring the opening of public sector data, improving the financial sustainability of the Compulsory Health Insurance and the State Social Insurance Funds and optimising the business supervision system, are not convinced.

Therefore, with this report, we intend to attract attention of not only parliamentary scrutiny and policy shapers, but also those responsible for independent information based on research activity required for adoption of evidence based public policy decisions. Each recommendation provided in the public audit reports of Supreme Audit Institutions is formulated following the highest-level professional standards, based on the principles of professional and independent activity, discussed and reconciled with audited entities, recording a common agreement of when and how the desired change will be achieved, and it is publicly available. We invite the decision-makers, analytic centres, experts of scientific research establishments to use the products of Supreme Audit Institution and create coordinated, underlying interinstitutional changes, which we are particularly lacking in recent time period. Majority of the decisions which we observe as the results of the implementation of recommendations are local, orientated to one area changes. Certainly, is it easier this way, however, the achieved changes are short-term and estrange underlying decisions, and in some cases, they appear to be incompatible among institutions.

Change and impact are essential words describing the results which Supreme Audit Institution pursues in providing public audit recommendations. We organize our activity in order to achieve the greatest possible impact of public audit, therefore we are convinced that it is not always that the number of implemented recommendations show real initiated change, its scope and benefits for the public sector and for citizens. In recent time, we plan to link the final results of the implementation of recommendations not with the actions of audited entities, but with the change created by these actions, and to use indicators for evaluation of changes.

While monitoring the stumbling implementation of public audit recommendations and in order to assess the impact of performed audits, in 2019 we conducted the assessment¹ of health care system and complemented the 2019 activity plan² of the National Audit Office with activities, in which we will pay more attention to the changes triggered by the recommendations:

¹ Assessment of Health Care System, 2019-04-15 No. YD-4.

² https://www.vkontrole.lt/page_en.aspx?id=1788

- By carrying out [an assessment of changes in strategic planning and budget preparation](#) we will conclude which changes were influenced by the means of strategic planning and budget preparation.
- Through the audit of [“Consolidation of Institutions Implementing the Supervision of Activity of Economic Operators”](#), we will analyse if consolidation of the institutions implementing the supervision of economic operators resulted in the optimisation of supervision functions, reduction of the burden of supervision for economic operators, as it was recommended by the audit performed in 2018.
- By carrying out [an assessment of the progress of the education system \(pre-school and general education, and vocational training\)](#), we will assess if changes made in education policy and funding alterations made after the audit resulted in the allocation of funds to ensure the success of children and pupils.

To observe and evaluate the results of the implementation of audit recommendations according to chosen indicators for the assessment of changes is a challenge not only to the audit Institutions but also to the audited entities. Which is the reason why on-going communication and cooperation while inquiring about the status of implementation of recommendations, reminding the problems established during the audit and forthcoming deadlines of implementation of recommendations, providing the memo of implementation of recommendations (Annex 1), becomes a part of the aim of improving the audit impact.

During the monitoring of the implementation of recommendations, we record the results of the implementation of recommendations in terms of a bigger or smaller change achieved, but it is not enough. We believe that changes introduced today, and in the future, will allow to record a similar or an even more significant change than is provided in the following examples of implementation of public audit recommendations:

- [Ensuring higher cybersecurity in the country](#)

Approved strategic documents provided the conditions to strengthen the cybersecurity of the state and development of cyber defence capacity, ensure the prevention, blocking, and investigation of criminal activity, which are executed by using the components of cyberspace, strengthen close cooperation between public and private sector as well as international cooperation and ensure the implementation of international obligations in the area of cybersecurity in the state. Implemented changes determined that in 2018 Lithuania reached the 4th place in the index of World Cybersecurity among the countries of the world and 3rd place among EU countries.

- [Quality of vocational training programmes has improved](#)

After institutionalising modular programmes, conditions were created for a more qualified vocational training. In 2015-2016 there were no modular programmes, and at the beginning of 2019, there were 244 registered modular programmes in the Register of study, training programmes and qualifications. They ensure that a qualification of equal quality would be acquired in all vocational training establishments in the state.

- **Accessibility of informal education for students increased**

In order to achieve a more resultative development of informal children education and having introduced its financial mechanism from 2015, demand and accessibility of informal education has increased and the number of children, educated according to the programmes of informal education increased: in 2015 – 45 271 students, 3.24 million Eur allocated; in 2018 – 92 977 students, 11 million Eur allocated.

- **Revision of economic projects of great significance to the state resulted in retrieval of public land**

After withdrawal of the status of a project of great significance to the state of the Kariotiškiai cadastral area in Trakai region, lease contracts for unused public land were terminated. This led to a possibility to recover property rights to land for the owners of the four plots of 101,3654 hectares in area and to implement other projects of economic and cultural importance.

- **Area of abandoned land decreased**

After implementing the changes in legal regulation, the area of abandoned agricultural land in the time period from 01-07-2017 to 01-07-2018 decreased by 6.1k hectares: from 63.2k hectares (1.9 per cent of the total area of agricultural land in the country) to 57.1k ha (about 1.7 per cent of the total area of agricultural land in the country).

2. RECOMMENDATIONS ON STATE BUDGET GOVERNANCE

Reform of state budget governance

The programme budget model is essentially created in Lithuania, however, is it not appropriately oriented towards results which should ensure positive changes in the life of the society. Such budget does not provide the basis for speaking of results achieved annually by using 9 billion Eur of state budget funds, and reporting does not provide useful information for making decisions.

When establishing the budget, it is necessary to raise clear goals, envisage the results to be achieved and expected impact, improve the accountability for the achievement of Government goals and priorities, relating to the used state budget funds, adopt decisions on what financial indicators the Seimas should approve and how many rights to grant to the Government when executing the budget.

In 2016, Supreme Audit Institutions conducted audits “Programme Budget System: Setting up Strategic Action Plans and Monitoring their Implementation”, “Management of the Programme for Investment in 2015”, “Regularity of 2015 set of consolidated statements of the state and assessment of state budget execution” provided recommendations of budget governance improvement to the Government.

They were planned to be implemented in the first half of 2018. The Government initiated other systemic changes related to the reform of the budget governance, implementation of which require more time, therefore prioritised activities in order to realise the

recommendations were included in the approved plan³ for the implementation of the Government programme, and consistent measures were included into the portfolio of strategic projects implemented by the Office of the Government, the implementation of which is envisaged by the year 2020⁴.

In 2018, we drew attention to the fact that the Government reports on the results of activity in spring, providing the report of activity without data on the status of the state finances, without annual sets of accounts. They are submitted to the Seimas in autumn when another year is coming to an end and next year budgets are being considered. Such uncoordinated accountability for the funds spent throughout the year and the goals achieved is not useful when making governance decisions.

The results of the 2019 audit “Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?” show that state budget funds are allocated to municipalities without establishing a result to be achieved. In 2017, 1 129.6 million Eur of state budget funds were allocated to municipalities for the implementation of the state functions (transferred to municipalities by the state) while establishing objectives for only one (out of 36) state function. 162.9 million Eur of state budget funds are allocated for the implementation of independent functions without carrying out an assessment of benefit and impact of such funding and without establishing specific and measurable objectives to be achieved by municipalities.

In the previous Report on the implementation of recommendations⁵, we reviewed the results of the implementation of the planned recommendation measures for the improvement of budget governance of the budget in 2017-2018, however during the first half of 2019 no significant changes occurred.

Currently draft laws⁶, on the amendment of the Law on Budget Structure and the Law on Strategic Management are being prepared, however, in the opinion of the Supreme Audit Institution, they are to be improved, therefore we provided our observations⁷.

Recommendations we anticipate to be implemented

We are still anticipating the following essential changes:

- The draft state budget, which would encompass funding for the areas of the state activity and expected results for 3 years.
- New system for strategic planning of the state and its implementation.
- Systemic changes in the system for the state investment planning.
- Report of the Government to Seimas including a joint report on both the results of the activity and state budget spending throughout the year.

³ Implementation of Activity 3.1.5 of the “Reform of Strategic planning budget preparation system increasing orientation towards results and ensuring financial sustainability”, approved by the Government Resolution No. 167 of 13-03-2017-03-13.

⁴ Letter of the Office of the Government “On the reform of the system for strategic planning and budget preparation” No. S-3092 of 15-11-2019.

⁵ 2019-03-05 No. YD-3, <https://www.vkontrole.lt/page.aspx?id=1686>.

⁶ Draft Law on the amendment of the law on budget structure, No. 19-4093 of 08-04-2019; Draft Law on Strategic Management, No. 19-5624 of 13-05-2019.

⁷ Letters of the National Audit Office: No. SD-(4-1.8 E)-230 of 2019-04-18 and No. SD-(4-1.8 E)-325 of 2019-05-28.



Implementation of
recommendations
is delayed



We anticipate the
implementation of
recommendations

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2016 audit "Regularity of 2015 Set of Consolidated Statements of the State and assessment of state budget execution", monitoring information (recommendations 1-2). 2016 audit "Programme Budget System: Setting up Strategic Action Plans and Monitoring their Implementation", monitoring information (recommendations 3-4). 2016 audit "Management of the Programme for Investment in 2015", monitoring information (recommendation 5). 2018 audit "Assessment of Data of 2017 Set of National Financial Statements and Public Debt and its Management", monitoring information (recommendation 6).		
1. To improve the budget preparation system: in order to reduce the scope of duplicated work that does not create an added value, and administration burden for the entities of the public sector, to possess clear information that would be useful for decision making, improve the system for planning and reporting on the achievement of goals and priorities of the Government while spending state budget funds. 2. In order to ensure compliance with the provisions of the Constitution, to initiate amendments to legal acts, after having decided what financial indicators and how many of them must be approved by the Seimas and how many rights should be granted to the Government in the execution of the budget.	Preparation and approval of the draft state budget for 2021-2023, in which funding for policy areas for 3 years is established alongside with expected results. (In 2018 the Government, alongside with draft budgets of general government for 2019 provided the budget for citizens "2019 Budget at a Glance". To achieve the essential change, the Government should ensure appropriate dissemination of this reform measure. We anticipate of new quality and full scope medium-term state budget for 2021-2023 to be prepared).	Government 2020-12-31 
3. In order to ensure that strategic plans reflect essential goals established in other planning documents, it is necessary to determine which elements of planning documents should be transferred to strategic plans, and which ones should be only related.	Preparation, approval and implementation of amendment of strategic planning methodology, encompassing a new system of strategic planning. (measures of transitional period implemented: - In 2018-04-25, the Government amended⁸ a part of provisions of Strategic planning methodology. Detailed classification of management expenditure in strategic plans according to the programmes was refused, it is essential to calculate aggregate expenditure on management of institutions, state institutions were recommended to apply not higher than determined number of assessment criteria. - Government approved⁹ uniform requirements for the annual activity report of public sector entities by: specifying the format of the annual activity report, simplifying the requirements for annual activity results, refusing excessive information supply, establishing requirements for provision of analytical information on the results achieved while implementing the Government programme, on the most significant	Government 2020-12-31 
4. To optimise the number of strategic planning documents, in order to make planning, monitoring, and evaluation clearer.		Government 2020-12-31

⁸ Government Resolution No. 397 of 2018-04-25 "On the amendment of the Government Resolution No. 827 of 2002-06-06 „On the approval of strategic planning methodology“.

⁹ Government Resolution No. 135 of 2019-02-13 "On the approval of description of procedure for the preparation of an annual activity report of a public entity and the preparation of an annual activity report of a group of public entities".

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	activities performed, and benefits for the social and economic situation in the country. We are anticipating the results of the next stage of strategic planning – creation and implementation of the new system of strategic planning).	
5. To amend the procedure for planning and accounting of all state investment, to integrate the processes of strategic investment planning and accounting.	Preparation and implementation of amended procedure for State investment planning. (In 2017-2018, the Government ¹⁰ specified the rules of planning, specification, use, accounting and control of State funds allocated to state capital investments. Project selection for state investments became tighter, investment projects up to 360k Eur and IT projects up to 100k Eur are no longer planned or prepared, projects are being monitored for 5 years after their completion. We anticipate systemic changes in the state investment programme to be carried out).	Government 2020-06-30 
6. To ensure that the Government while reporting on the results of activity to the Seimas would also provide the sets of consolidated accounts, it is necessary to agree deadlines for the reporting.	To prepare amendments to legal acts related to the deadlines for submitting the set of consolidated accounts of the state and resource funds and the activity report prepared by the Government.	Ministry of finance 2019-12-31 

3. RECOMMENDATIONS IN THE AREA OF EDUCATION

Improvement of pupils' achievements

Results of 2017 audit “Could Lithuanian Students Perform Better?” show that training costs are increasing and constitute over 0.5 billion Eur, however training results are not improving and the goal of improving student performance in Lithuania remains a merely nominal indicator in the key strategic document of the country. According to an assessment conducted by the OECD, Lithuania remains below OECD average in terms of student performance.

With the audit of 2018 “Do We Use the Pre-School Education Opportunities to Ensure a More Successful Future for Children” the Supreme Audit Institution drew attention to the fact that quality early education determines better achievements of children in later stages, especially positively affects those growing up in an unfavourable social environment. Unfortunately, accessibility to early education is not ensured to all children.

While Implementing the recommendations of mentioned audits, no significant changes occurred in the first half of 2019:

- In 2019-06-27, a description of procedure for the monitoring of the State education and science was updated, however uniform (common) quality indicators for the monitoring of education progress were not established, and municipalities remained entitled to independently decide which indicators to use as the basis for carrying out the monitoring at municipal level.

¹⁰ Government Resolution s: No. 794 of 2018-08-13 and No. 749 of 2017-09-20 “On the amendment of the Government Resolution No. 478 of 2001-04-26 “On the approval of the rules of planning, specification, use, accounting and control of state funds allocated to state capital investments”.

- In 2019-03-01, a description of procedure for establishment of workload composition for teachers working according to general education, vocational training and informal education programmes (excluding early and preschool education programmes), however, an expected system for evaluation of competences forming the basis for linking the staff position with the job description and salary has not been created.
- A draft law amending the Law on Education being prepared, with the aim to improve and strengthen legal regulation of inclusive education.



Implementation of
recommendations
is delayed



We anticipate the
implementation of
recommendations

Recommendations or their measures delayed to be implemented

After comparing monitoring data provided in the 2019-03-05 report¹¹, there is a delay in implementing the most significant recommendations in this area.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2017 audit "Could Lithuanian Students Perform Better?", monitoring information (recommendations 1-7). 2018 audit "Do We Use the Pre-School Education Opportunities to Ensure a More Successful Future for Children", monitoring information (recommendations 8-9).		
To ensure education according to the individual education/learning needs of every student: 1. Based on the existing examples of good practice, to establish indicators for monitoring individual progress of students which all schools should observe and oblige them to include also parents into the monitoring of progress.	1. To develop methodology for the evaluation of student's individual progress, in which principles, criteria of developmental education are established, as well as examples of how teachers evaluate student's progress, and administration of the school ensures that student's parents (guardians or caregivers) would be involved in the evaluation system of student's individual progress in line with the description of programmes for primary, basic and secondary education and general development plans. (Schools are obliged to approve the School's description of procedure/system for monitoring student's individual progress and foresee how parents (guardians and caregivers) are involved and participate. However, methodology for evaluation of student's individual progress is not approved and indicators for monitoring student's individual progress are not established at national level).	Ministry of Education, Science and Sports 2017-12-31
	2. To introduce the developed methodology to schools, to organise the presentation of best practises in the regions. (Implementation of the measure has not started).	2018-06-30
	2. To encourage inclusive education by amending the Law on Education in regards to ensuring the rights of students with special education needs, legitimising teacher's and student's assistants; legitimising the target of teaching funds dedicated to the needs of students with special education	Ministry of Education, Science and Sports 2018-06-30
	1. To amend the Law on Education by strengthening legal regulation of inclusive education. (A draft for amendment of the Law on Education is being prepared aimed at improving and strengthening legal regulation of inclusive education). 2. To amend the Description of procedure for the provision of special support in schools (except higher educational establishments), approved by the order No. V-1229 of the Minister of Education and	2018-03-31

¹¹ Report on the Implementation of Recommendations, 2019-03-05 No. YD-3
<https://www.vkontrole.lt/page.aspx?id=1686>.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
needs so they reach the student, and accounting for their usage.	Science of 2011-07-08 (to replace the term 'teacher's assistant' to 'student's assistant'). (The implementation of the measure has not started. Amendment of the Law on Education is anticipated).	
	3. To amend the Description of procedure for the organization of education of students with special education needs, approved by the order No. V-1795 of the Minister of Education and Science of 2011-09-30 (to envisage events where 2 pedagogues should participate in the education process (teacher and special pedagogue or second teacher). (The implementation of the measure has not started. Amendment of the Law on Education is anticipated).	2018-06-30 
	4. To create positions for teacher's assistants in general education schools alongside with municipalities. (In the framework of the EU project implemented in 2018-2019 by the National Centre for Special Needs Education and Psychology, 34 positions of teacher's assistants were established in 34 schools which implement whole-day organisation models. funding requirement has been submitted for the 2020 state budget).	2018-12-31 
	5. "To prepare and approve the amendment of the order No. V-312 of the Minister of Education and Science of 2014-04-10 "On transfer of special targeted grants (except for financing capital investments) to municipalities and reporting of municipalities for the use of these funds to the Ministry of Education and Science": by determining the possibility to report for usage according to the purpose of the teaching funds dedicated to students with special needs, in order for the funds to be used for education support of these students. (The procedure for reporting for the usage of funds dedicated education support has been approved (order of the Minister No. V-55 of 2019-01-25), however, the reporting for the usage according to the purpose of funds dedicated to students with special needs is not specified enough to allow to use the funds for education support of these students).	Ministry of Education, Science and Sports 2018-12-31 
3. To agree regarding indicators of education progress related to student achievements and education quality for schools and municipalities and establish the way of reporting for them. This would ensure that the education priorities of the state would be implemented in a targeted manner and decisions are made on the basis of evidence.	1. On the basis of the Concept of quality assurance of formal education, to update the description of procedure for the State education and science monitoring of and link it with the progress reports of municipalities according to the agreed quality education indicators. (The description of procedure for the State education and science monitoring has been updated (order of the Minister No. V-757 of 2019-06-27), however, the uniform indicators of quality education monitoring have not been established, and municipalities remain entitled to decide themselves, which indicators to use as a basis when carrying out monitoring on municipality-level).	Ministry of Education, Science and Sports 2018-12-31 
	2. To approve requirements for the annual activity report by the head of Education institution, including the self-evaluation of results of activity related to education goals of the school, municipality and the state related to the achievements of the students. (Requirements for the annual activity report by the head of Education institution (except higher	Ministry of Education, Science and Sports 2018-12-31 

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	education establishment) have been approved (order of the Minister No. V-986 of 2018-12-05), however, there is no obligation to determine and to self-evaluate expected results related to the quality of education of students' achievements).	
4. While encouraging an on-going development of pedagogues, to link the salary with the results of activity and acquired competences, to create a system for careers and appraisal of teachers.	1. To prepare a description of procedure for competences required to perform the activity of pedagogues. (A draft description of procedure for competencies required to perform the activity of pedagogues has been prepared, which has not been approved by the Minister of Education, Science and Sports. Change of appraisal of activity of pedagogues has been delayed).	Ministry of Education, Science and Sports 2017-12-31
	2. To create measures for appraisal of the activity of pedagogues.	2018-06-30
	3. To prepare a procedure for regular compulsory appraisal of activity of pedagogues. (Draft description of procedure for appraisal of activity of teachers and specialists in the area of education support for students has been prepared, however it has not been approved by the Minister).	2018-06-30
5. To periodically evaluate demand for pedagogues according to reliable data, in order to ensure preparation and attraction of required specialists.	To allocate targeted funding for study programmes based on the established need of pedagogues. (In co-operation with the Government Strategic Analysis Centre (MOSTA) a model for prognosis of the need for pedagogues has been developed, results have been presented: prognosis of the need for pedagogues on the labour market).	Ministry of Education, Science and Sports 2018-06-30
6. In order to achieve the balance of a number of young and elderly pedagogues, to ensure continuity of education, to envisage and implement the measures dedicated to attracting young and capable teachers to work in schools.	While introducing work payment for teachers according to staff post, to link the post with a job description and basic salary on the basis of competencies, to introduce the staff position of a teacher-beginner in order to reduce the differences in salaries. (A description of procedure for establishment of workload composition for teachers working according to general education, vocational training and informal education programmes (excluding early and preschool education programmes) has been approved which provides for more hours for teachers whose seniority is up to 2 years for planning the education activity, preparing for lessons, assessing the achievements of students. The expected system for assessment of competences has not been created yet to be used as a basis for linking the staff position with a job description and basic salary.	Ministry of Education, Science and Sports 2018-09-30
7. Reorganisation/optimisation of the network of municipal schools must ensure improving achievements of students and teaching/learning results, efficient and effective maintenance of infrastructure, therefore amendments to legal acts are required in order to ensure that they define: – mandatory and clear goals/objectives for reorganisation of the municipal schools network aiming at improving students achievements and teaching/learning results; criteria for reorganisation of the	1. To prepare the draft Government Resolution “On the amendment of the Government Resolution No. 768 of 2011-06-29 “On the approval of the rules of creation of the network of schools implementing programmes of formal education” by establishing minimum requirements for the size of the school, the size of class/group, for the formation of joint classes. (Rules of creation of the school network implementing programmes of formal education have been amended, (Government Resolution No. 682 of 2018-07-11), however, criteria dedicated to encouraging quality education are not only introduced but just the opposite – defective education is legitimised by allowing to join forms 5-8 in all types of education institutions. We are still anticipating the implementation of recommendations and the measure)	Ministry of Education, Science and Sports 2018-01-01

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
school network, among which – the ban to join 5–8 forms; – Measures for reorganisation of the school network which the Ministry should undertake, with municipalities not ensuring improvement of students' achievements and compliance with legal acts regulating reorganisation of the school network and school funding.	2. To prepare and approve a description of procedure for the monitoring of improvement of the quality of education institution activity, which would include a provision that improvement of students achievements is a compulsory aspect of self-assessment of progress, accordingly establishing responsibility of the founder and manager of the school for the implementation of the plan of quality improvement and the means of support to the school and the teacher. (Description of procedure for the monitoring of improvement of the quality of education institution activity has been approved (order No. V-9 of 2018-01-03). We are anticipating the establishment of a clear responsibility of the founder and manager of the school for the implementation of the quality improvement plan and means of support to the school and the teacher).	Ministry of Education, Science and Sports 2018-03-31
8. In order to achieve that at least two pedagogues would be working with the children in the group for at least a certain part of time, to amend the standards by establishing the ratio of children and pedagogues rather than the number of children in the group.	Alternative models of financing early education have been prepared. (A pack of proposals for the model of financing early and pre-school education has been prepared on behalf of the Ministry using EU funding. These alternatives have not been considered by the Ministry yet.)	Ministry of Education, Science and Sports 2018-12-31
9. In order to ensure quality of education, it is necessary to attract as many competent specialists as possible to work in institutions implementing early education programme, therefore it is essential to ensure that their work conditions would not be worse than those of primary school teachers. – To ensure that early education teachers would receive payment for work equal to that of pre-school teachers, in order early education teachers would choose working in the establishments implementing early education programme; – To increase the number of non-contact hours for early school teachers to allow them to prepare for education activities, etc.	1. Payment provisions for early education teachers and pre-school teachers have been assessed taking into consideration the model of payment for work of teachers according to staff post. (Ministry has set up a working group for assessment of payment provisions for early education teachers, pre-school education teachers, learning support teachers, the working group has not yet presented final agreements.) 2. Legal pre-conditions have been created for the implementation of the provisions. (Ministry has set up a working group for assessment of payment provisions for early education teachers, pre-school education teachers, learning support teachers, the working group has not yet presented final agreements.)	Ministry of Education, Science and Sports 2018-12-31 2019-06-30

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2018 audit "Do We Use the Pre-School Education Opportunities to Ensure a More Successful Future for Children", monitoring information .		
1. In order to achieve that at least two pedagogues would be working with the children in the group for at least a certain part of time, to amend the standards by establishing the ratio of children and pedagogues rather than the number of children in the group.	Alternative models of financing early education have been prepared. (A pack of proposals for the model of financing early and pre-school education has been prepared on behalf of the Ministry using EU funding. These alternatives have not been considered by the Ministry yet.)	Ministry of Education, Science and Sports 2019-12-31

4. RECOMMENDATIONS IN THE AREA OF PUBLIC ADMINISTRATION

4.1. Progress while executing recommendations for improvement of the internal control system of the public sector

As a result of the implementation of recommendations of the audit 2017 “Are there Conditions in Place for the Effective Functioning of the Internal Control System in the Public Sector“, the Seimas adopted the law¹² improving the legal framework for the internal control and internal audit of the public sector in a way that is consistent with internationally recognised good practice. The law allows for effective functioning of internal control in the public sector: develop and improve internal control systems to ensure that management information is reliable, that decisions taken are justifiable and allowing authorities to achieve the best result by using available resources.

Monitoring of recommendations is continued. Implementation of all planned measures for the implementation of recommendations is anticipated.

4.2. Restructuring of functions implemented by municipalities and the state

Municipality is an authority operating closest to the citizens and providing public services to local people. Central government also provides public services in the same areas; therefore, their quality and accessibility depend both on the state, and on the decisions adopted by the municipalities.

Results of the 2019 audit “Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?” revealed that no assessments are carried out regarding the level of governance (state or municipality) at which the relevant functions would be implemented and the type of functions (independent of transferred to municipalities by the state) to ensure the best possible satisfaction of the needs and expectations of the citizens and rational use of public finances.



We anticipate the implementation of recommendations

Recommendations or their measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2019 audit “Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?”, monitoring information.		

¹² Law No. XIII-2312 amending the Law on Internal Control and Internal Audit No. IX-1253.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
1. In order the system of municipal functions ensures their effective and efficient implementation: 1.1. To review the system of municipal functions and evaluate which functions could be best implemented by central government and by local government and to make decisions required for the implementation of changes; 1.2. To evaluate the expediency of distribution of municipal functions to state (transferred to municipalities by the state) and independent functions and to make decisions required for the implementation of changes.	1.1. To propose the inclusion of the alteration course executed by the functions of municipalities to the national progress programme of 2021-2030;	Government 2019-12-31
	1.2. To carry out the review of these functions of the state and municipalities in order to evaluate the expediency of their distribution to state (transferred to municipalities by the state) and independent functions; in addition, to establish key criteria for such distribution:	Government 2019-12-31
	1.2.1. To provide the results of the review of the state (transferred to municipalities by the state) function (fire safety) to the Government;	Ministry of Interior 2019-12-31
	1.2.2. To provide the results of the review of the state (transferred to municipalities by the state) function (participation in the preparation of population surveys and other civil (population) initiatives set out by law), to the Government, if necessary, to prepare and provide the relevant draft laws to the Government;	Ministry of Interior 2019-12-31
	1.2.3. To provide the results of the review of the state (transferred to municipalities by the state) function (organisation of secondary health care and organisation of emergency medical care) to the Government;	Ministry of Health 2019-12-31
	1.2.4. To provide the results of review of independent function (planning and provision of social services) of municipalities to the Government;	Ministry of Employment and Social Affairs 2019-12-31
	1.3. To carry out the monitoring of ensuring accessibility of services established in the Pack of basic services for family in municipalities.	Ministry of Employment and Social Affairs 2019-12-31

4.3. Creation of a quality legislative framework

Clarity, rationality, and effectiveness of legal regulation depends on the legislative process and its quality, however, legislative of Lithuania is not effective enough. Defective legislative system creates an unnecessary administration burden to both businesses and society in general, does not provide the conditions for effective use of the budget funds, does not prevent occurrences of corruption, whereas the abundance of legal acts and their consideration as a matter of urgency or absolute urgency do not create proper conditions to evaluate the draft laws submitted to the Seimas in detail.

While implementing the recommendations of the first half of 2019 aimed at reforming of the monitoring system of legal regulation:

- Amendments¹³ to the Law on Legislative Framework were adopted in the Seimas on 2019-05-28 by which a new institute was legitimated - an *ex post* impact assessment of the existing legal regulation. These amendments should contribute to a better quality legislation and allow to collect evidence regarding the benefits and shortcomings of existing legal regulation.

¹³ Law on Legislative Framework

Articles 2, 3, 5, 6, 7, 8, 10 of the Law on Legislative Framework No. XI-2220 and Law No. XIII-2134 amending Chapter four.

- While implementing the recommendation “To establish measures ensuring timely preparation of legal acts by which the national legal framework is harmonized with the EU law, after evaluation of all the alternatives of transposition to a national law” the Government set out the necessary requirements for institutions involved in the preparation of draft legal acts regarding planning of deadlines when these drafts should be submitted for agreement with the interested institutions. This should encourage the ministries to start the preparation of the draft laws earlier and to submit them for the consideration of the Government within the planned deadline.
- Department of European Law established a requirement to choose justified alternatives of transposition of EU law to the national law while preparing the draft laws by which the national law is harmonized with the EU law. These amendments should create conditions for the Government and Seimas to choose a decision which best suits the interests of the state.



Implementation of
recommendations
is delayed



We anticipate the
implementation of
recommendations

Recommendations or their measures which are delayed to be implemented

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline	
<u>2018 audit “Legislative Process”, monitoring information.</u>			
1. In order to consistently and purposefully improve the existing legal regulation and effective use of human resources for this purpose, to reorganise the monitoring system for legal regulation in a way that competences of different institutions for the evaluation of legal regulation would be concentrated to ensure transition from fragmental evaluations of legal regulation to relevant and problematic systematic evaluations of problematic areas.	To prepare the methodology for the evaluation of compliance of the existing legal regulation to better regulation principles and to carry out the pilot evaluation. (A model for systemic review of existing legal regulation is prepared and by applying, a pilot evaluation is carried out. Guidelines (methodology) for carrying out of evaluations of legal regulation are being prepared).	Government 2019-04-30	

Recommendations or their measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline	
<u>2018 audit “Legislative Process”, monitoring information.</u>			
In order to ensure a timely preparation of draft legal acts meeting the interests of the government and the state to reorganise the system of impact assessment in a way to ensure an appropriate evaluation of possible impact of the new legal regulation on persons or their groups to whom it is applicable, on economics, state finances,	If needed, to specify the methodology for the evaluation of impact of new legal regulation and / or other related legal acts. (An electronic survey of civil servants was conducted aimed at clarifying the prevailing practice of the evaluation of the impact of new legislation, evaluate the problems arising in the impact evaluation and the needs of methodological and consultative assistance).	Government 2019-09-30	

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
social environment, public administration, scope of corruption, administrative burden, etc. as well as the presentation of evaluation results and their supporting data to the entity adopting the legal act.		

4.4. Creation of an effective system of public procurement

The audit “The functioning of the public procurement system” performed in 2018 has shown that legal regulation of this system and competences of staff engaged in planning and implementing purchases do not always create the conditions for effective functioning of procurement system. The public procurement executed in 2016 amounted to 4.6 billion Euros which makes about 12 per cent GDP. The costs of functioning of public procurement system amounts to 101 million Euro per year.

The Supreme Audit Institution noted that the over-regulation and the development of procurement procedures are oriented towards the execution of the procurement process rather than the result. Therefore, in the interests of efficient public procurement, we need not to increase the number of formal procedures, but rather to strengthen the internal control procedures of the purchasing organisations which allow the procurement to be carried out efficiently.

In order to ensure an efficient public procurement system, we have addressed the audit recommendations to the Government, the Ministry of Economy and Innovation and the Public Procurement Office. We are looking forward for significant changes in the period from 31 December 2020 to 31 December 2024¹⁴, so information on their implementation will be provided in the other summary reports on the implementation of the recommendations.

4.5. Optimisation of business supervision system

In 2018, the results of the audit “Is the Lithuanian Business Supervision System Effective?” showed that 56 institutions supervise the business in Lithuania. Since 2012, the consolidation of business supervision authorities has been more focused on reducing the number of institutions, but, as also pointed out by the OECD, there has been no question of principle raised— what supervisory functions are needed by the state and who will implement them.

Recommendations or measures delayed to be implemented

We are still anticipating the following changes:

- To mandate the designated institution to assess or coordinate the country's assessment of the state of business supervision on a nationwide basis and to report the data of the assessment to the Seimas.
- To reassess the 2014-2016 report on consolidation of activities of institutions, executing supervision of economic operators for the period 2014-2016, drawn up by the Ministry of Economy and innovation.
- To draw up an action plan for improvement of the activities of supervisory institutions and oversee the implementation of the actions within the timeframe set out in it.

¹⁴ 2018 audit “The Functioning of the Public Procurement System”, [monitoring information](#)



Implementation of
recommendations
is delayed



We anticipate the
implementation of
recommendations

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline	
<u>2018 audit "Is the Lithuanian Business Supervision System Effective?", monitoring information</u>			
1. To mandate the designated institution or the Ministry of Economy and innovation to assess or co-ordinate the assessment of the state of business supervision on a nationwide basis and to report the data of the assessment to the Seimas.	To assess the compatibility of the performance efficiency indicators of Government Resolution No 511 "On optimization of the supervisory functions of institutions" with the Government Resolution No 827 "On the Approval of the Strategic Planning Methodology" and, where necessary, to propose amendments to this legislation in cases where the institution is not fully oriented towards supervision that is not reflected in the mission of the institution, etc.). (The Ministry of Economy and innovation has issued recommendations on the development and application of the criteria for assessing Supervisory institutions.) These suggestions for the implementation of the Performance assessment indicator recommendations were discussed with the Office of the Government of the Republic of Lithuania. Their compatibility and / or integration into the Strategic planning methodology is currently being decided. We are anticipating the establishment of indicators for measuring the effectiveness, efficiency and supervisory burden of the supervisory authorities under the control of the Ministries and / or in their spheres of activity.	Government 2019-06-30	
2. To mandate the designated institution or the Ministry of Economy and innovation to assess or co-ordinate the assessment of submitted yet not implemented proposals concerning the consolidation of the supervisory institutions, to make decisions of further actions and implement them.	To instruct the ministries to re-examine the 2014-2016 report drawn up by the Ministry of Economic Affairs and Innovation for the consolidation of the activities of institutions involved in the supervision of economic operators: For the Ministry of the Environment - evaluate and submit proposals for the reorganization of territorial planning and supervision of the construction sector (consolidation; securing effective supervision of the sector - refusing to allocate the majority of resources for re-examination of building permits issued by municipalities; correspondingly changing in its essence and increasing the efficiency of the procedure for the issue of construction permitting documents). For the Ministry of Agriculture - to reconsider the establishment of a joint food safety and veterinary authority with full supervisory role in the food chain, combining the economic entity supervision functions executed by the State food and veterinary service, State animal breeding supervision service, State plant service and State fisheries service and related to the food product transportation, storing and sales, as well as all the alcohol and tobacco retail and wholesale trade subject control functions, executed by the Drug, tobacco and alcohol control department. For the Ministry of Health - decide on the reorganization of the functions of the Drug, tobacco and alcohol control department and the reorganization of the State medicines control agency and the State healthcare accreditation agency into a single institution. For the Ministry of Education, Science and Sports - to again review the functions of the 14 education	Government 2018-12-31	

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	aids and other subordinate centres under the Ministry, evaluate opportunities for institution consolidation and function optimization, evaluate the possibility to combine supervisory functions of the Centre for quality assessment in higher education, the Centre for Monitoring and Analysis of science and studies and National agency for school evaluation and the ministry in a single education quality supervisory institution. For the Ministry of finance: - reassess the possibilities of consolidating the functions of revenue collection and prevention of its evasion into a single consolidated State tax collection and financial supervisory authority. This new institution would combine the functions of the State tax inspectorate, the Customs Department, and would perform the functions of collecting, accounting and recovery of state social security contributions (the remaining non-supervisory functions would remain in the current State health insurance fund structure) and the financial revision function of the Financial crime investigation service (while leaving the intelligence activities within the competence of the Financial crime investigation service). A considerable part of the solutions of the first stage of consolidation were implemented for optimization of structures and general functions, harmonization of information systems, etc. - assess the feasibility of consolidating the Lithuanian assay office and make proposals for further action to consolidate the supervisory authorities or their functions or the arguments why it is not appropriate.	Government 2018-12-31 
On the 9 of April, 2018, a working group was formed by the Ministry of Economy and Innovation and it evaluated the possibilities of consolidation and optimization of the functions of supervisory authorities, listed in the list of public administration entities, supervising the activities of economic operators, in seven priority supervisory areas and made proposals that were discussed with the representatives of the responsible ministries. It was decided to implement initiatives for the consolidation and / or function optimization of the functions of some supervisory institutions, subordinated to some ministries, which were included in the draft plan of measures for consolidation and optimization of the functions of institutions, supervising the activities of economic entities, prepared by the Ministry of Economics and Innovation. We look forward to the implementation of adopted decisions, once this plan has been approved.		
3. To instruct the designated authority or the Ministry of Economy and Innovation to plan and implement actions to improve supervisory activities of supervisory institutions (risk assessment-based activities; cooperation with other entities; assessment of legislation, regulating the activities of economic entities; employee supervisory ethics, impartiality and independence requirements).	Prepare an action plan for improving the performance of supervising institutions and oversee the implementation of the actions within the timeframe set out therein. (The Government approved Plan for the consolidation and optimization of institutions supervising economic entities and / or their functions also approved measures, aimed at improving the activity processes of supervisory institutions, developing the capacities of supervisory specialists and improving their qualifications. The Ministry of Economy and Innovation has planned to prepare recommendations for the supervisory institutions, regarding the adaptation, competence assessment and development of their staff supervising economic entities, as well as to approve the guidelines for the ethics, impartiality and independence of the supervisory staff. In addition, it is committed to train 3,500 civil servants and employees performing functions related to the supervision of economic entities or strategic planning of supervisory authorities prior to III quarter of 2020 Training programs, workshops implementation plans and other preparatory organizational work is underway.	Government 2019-03-31 

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
<u>2018 audit "Is the Lithuanian Business Supervision System Effective", monitoring information.</u>		
1. Designate a responsible institution or give the Ministry of Economy and innovation the necessary or appropriate powers to coordinate the implementation of business supervision policy, provision of methodological and other assistance and that it could ensure cooperation between ministries, supervisory institutions and municipalities.	1. Prepare a draft amendment to the Law on Public Administration: Establish a broader mandate for the Ministry of Economy and Innovation in the area of business oversight policy making. 2. Following the adoption of the amendment to the Law on Public Administration, to adjust accordingly Government Resolution No. 511 "On optimization of supervision functions of institutions", regulations of the Business supervision policy division of the Ministry of Economy and Innovation and job descriptions of employees.	Government 2019-09-30 
2. To assign the designated institution or the Ministry of Economy and Innovation should order the task of assessing or coordinating the functions of the institutions and to determine which authorities are to be included and assign them to business supervisors, in the scope of supervision, described in Article 36 1 (2) of the Law on Public Administration.	Review the list of institutions supervising the activities of economic entities, to update it if necessary and to prepare the project of amendment to the Government's 4 May 2010 Resolution No. 511 "On optimization of supervision functions of institutions".	Government 2019-09-30 

5. RECOMMENDATIONS IN THE AREA OF PUBLIC LAND MANAGEMENT

5.1. Addressing public land management issues

In the year 2016, we have stated that: the legislation does not specify what period of not using land can be justified, nor what period is treated as non-cost-effective behavior; the legislation does not specify the size of the plot to be formed for the operation of a particular structure, therefore, it is not possible to estimate the ratio of the size of the land plot to the area occupied by the structures and necessary for their exploitation.

Recommendations or measures delayed to be implemented

We are still anticipating these essential changes:

- Establish criteria, which would allow to evaluate the size of the land plot being formed by taking into account the operational needs of the structure therein.
- Criteria that would allow assessing the period of non-use of a structure according to its purpose on public land that can be justified.
- Changes in the legal framework for ongoing construction on leased state land.



Implementation of
recommendations
is delayed

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline	
2016 audit "Conclusion and Execution of the Preliminary Agreement between "NT Valda" and UAB "Karalienės Mortos mokykla on 11 September 2015", monitoring information.			
1. In order to improve the leasing of public land, change the legal framework and provide for: - criteria for assessing objectively the size of the public land plot formed, taking into account the operational needs of the building on which it is located.	1. Prepare and submit to the Government a draft amendment to the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots", determining the criteria, allowing to assess the size of the state land plot, taking in account the needs of operation of a building located therein.	Government 2017-12-31	
- criteria for objectively assessing the period for which the non-use of the building on public land according to intended purpose could be justified and what would be considered as a treatment of property not creating economic efficiency.	2. Prepare and submit to the Government a draft amendment to the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots", determining the period or other conditions, providing the possibility to count the non-use of state land as a sufficient basis to terminate the state land lease agreement.	2017-12-31	
	3. Adopt the amendments to the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots", specified in points 1 and 2 previously.	2017-12-31	
In the year 2017, the Ministry of Agriculture has commissioned a scientific study to establish the criteria for the size of a state-owned plot of land to be formed based on the operational needs of the structure or facility			

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
contained therein and the justifiable / unjustified period of non-use of the structure or facility. In 2018 the amendments ¹⁵ to the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots" were adopted, according to which, the administration methodology of state land plots, which are sold or leased, is approved by the Minister of Agriculture. Pursuant to this provision, and taking into account scientific research commissioned by the Ministry of Agriculture, a draft Order of the Minister of Agriculture (11 May 2018, No. 18-5852) is being prepared. It lays down provisions on the definition of the size of public land plots for the operation of constructions and the criteria to determine their operation and regarding the determination of a sufficient basis to terminate a lease agreement).		
2. In order to ensure rational use of state-owned land, consider changing the legal regulation regarding the possibility of construction on the leased state-owned land.	1. Prepare and submit to the Government a draft amendment of the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots", which tightens the legal framework for the construction of new structures on non-auctioned leased state land.	Government 2017-12-31 
	2. Adopt amendments of the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots", which tightens the legal framework for the construction of new structures on non-auctioned leased state land.	2017-12-31 
During the implementation of the measures of the Recommendation ¹⁶ , amendments to the Law on Land were prepared and submitted to the Parliament, which were not approved by the Parliament on 8 May 2018. On 27 June 2018, the Minister of Agriculture has set up a working group to submit proposals for the improvement of the legal regulation related to the construction of new structures and the change of main usage purpose and / or usage purpose of land on state land leased in a non-auctioned way. After the working group has submitted proposals, on 12 December 2018, a draft amendment for the 9 March 1999 Government resolution No. 260, has been prepared and submitted for examination to the Government, which was returned to the Ministry of Agriculture for improvement. One of the key notices is that the provisions, proposed in the draft should first be laid down in the Law on Land. Taking the above-mentioned in account, the ministry plans to initiate the preparation of a draft amending the Law on Land.		

5.2. Territorial planning and granting of construction permits

2019 audits: "Territorial planning" and "Granting Construction Permits and Compliance of Construction Process to the Set Requirements" have revealed, that:

- The territorial planning process does not ensure timely and high-quality territorial planning documents. In addition, publicly available data on the state of implementation of the General plan of the territory of the Republic of Lithuania are unreliable. In case we want for the people's expectations during the planning of a residential place or purchasing housing would not be violated, and that proper infrastructure for that cause to be insured, we need a properly working territorial planning process.
- Procedures for issuing construction permits and confirming its ending, as well as state supervision of construction do not always ensure that construction is legal, and supervision of the use of buildings - that the structures are used for their intended purpose, specified in the building permit. If we want to avoid situations where a building permit is subsequently declared illegal after being issued, it is essential to ensure that the system operates effectively.

The Supreme Audit Institution made recommendations to the Ministry of Environment to address the problems identified during the audit "Territorial planning". We are expecting significant changes due to their implementation over the period from 31 December 2020

¹⁵ Government 25 April 2018 resolution No. 404 "Regarding the amendment of the Government 9 March 1999 resolution No. 260 "Regarding the sales and lease of used other intended purpose state land plots".

¹⁶ A draft amendment of article 9 of the Law on land No. I-446, 2017-10-06 No. XIIP-4688(5).

to 30 December 2022,¹⁷ so we will provide information on their implementation in our next summary recommendation reports.



We anticipate the implementation of recommendations

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2019 audit "Granting Construction Permits and Compliance of Construction Process with the Set Requirements", monitoring information.		
1. In order to increase the prevention of unauthorized construction and to ensure that the liability for construction infringements would not be avoided due to legal limitation period, it is necessary to organize inspections of state supervision of construction in such a way, that they are carried out before the expiry of the limitation period.	1. Amend the 4 February 2011 Order of the Head of State territorial planning and construction inspectorate under the Ministry of Environment No. 1V-17: determine that documents, which were issued not earlier than 6 months ago, should be picked for planned inspections of construction allowing documents.	State Territorial planning and construction inspectorate 2019-09-30
	2. Amend the 16 January 2013 Order of the Head of State territorial planning and construction inspectorate No. 1V-10: determine that documents, which were issued/approved not earlier than 6 months ago, should be picked for planned inspections of construction completion documents.	2019-09-30
2. In order to reduce the number of violations in the field of constructions - develop and implement measures to disseminate the results of public supervision of construction activities, helping prevent errors in construction-related processes.	1. The State territorial planning and construction inspectorate should reveal the results of planned inspections and raids on the open data portal in a user-friendly format.	State Territorial planning and construction inspectorate 2019-12-31
	2. Implement a project informing and educating residents in the field of constructions on a radio station, ensuring the dissemination of relevant information for at least 100 broadcasts (State territorial planning and construction inspection inspectorate's specialists will answer the questions of radio listeners in special rubrics, the broadcasts will preventively inform the radio listeners about the relevant regulation, possibilities to remedy violated rights, they will be explained where they should find information regarding the planned construction works in the territories of their interest.	2019-12-31
3. In order to prevent unauthorized registration of construction works- establish, that the examination of the structure by a private entity should not only assess its technical condition, but also its legality.	Amend the draft of the Law on construction: include a provision regarding the competence of the inspecting entities. (Ministry of Environment is coordinating the prepared draft Law on Construction).	Ministry of Environment 2019-12-31
4. In order to ensure that the built structures are used for the purpose specified in the building permit - prepare and submit for approval amendments to the existing legal acts on the permit of constructing more than one building at one land plot without	The Ministry of Environment prepares a draft law amending the Law on Territorial planning. It will propose to update the amended Law's article 20 and determine it as follows: "Land plot with other main land usage intended purpose (it's part, when it is provided in the territory planning documents), which is intended for the construction of a residential purpose building with one or two flats, with ancillary farm buildings, allows to build only	Ministry of Environment 2019-12-31

¹⁷ 2019 audit "Territorial Planning", [monitoring information](#).

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
splitting and forming a new plot of land.	one residential purpose building with one or two flats with ancillary farm buildings, in case the territory planning documents specify otherwise.	
5. In order to ensure, that a building permit is issued in a lawful manner, establish measures to assist subjects evaluating the design of the structure to evaluate the construction planned to be built and to assist subjects, that have to approve the design project of the construction.	1. Law on Construction article 27 (5)(2) specifies, which construction design project parts are submitted in order to receive a permitting document, so that the project assessing subjects could evaluate the construction planned to be built more precisely.	Ministry of Environment 2019-12-31
	2. In order to clearly define the responsibility of the institutions in the process of issuing the building permit, the Law on Construction has been supplemented with Article 27 ¹ , which defines the competence of the entities inspecting the design project of a building. (Ministry of Environment is responsible for agreement of the prepared draft Law on Construction).	2019-12-31
6. Develop and implement measures to educate and raise the awareness of the public about the construction processes, in order to ensure that the building permit is issued legally.	1. Law on construction article 27 (15 ¹) has different interpretations of what documents and what personal data may be published. The Ministry of the Environment is currently revising this part of the law, refusing to publish written approvals for the construction project of the entities specified in the construction technical regulations and providing for a list of positions, whose personal data may be published.	Ministry of Environment 2019-12-31
	2. Law on construction article 27 (16) is supplemented with part 4, which, in order to minimize the potential negative consequences of misinformation to the public, provides, that a building permit may not be issued if an appeal is made against the public information procedure about the planned building of the constructions or any decisions made in it.	2019-12-31
	3. In order to ensure proper information to the public about the constructions that are planned to be built or are being constructed, Law on construction article 27 is supplemented by part 33, which imposes an obligation to inform the public when changing the essential solutions of a building design after the issuance of a construction permit.	2019-12-31
	4. Provide communications to the mass media about construction requirements. (Ministry of Environment is responsible for agreement of the prepared draft Law on Construction).	2019-12-31
7. In order to permit the operation of a built structure without additional requirements, establish measures ensuring the limits of liability of the entities involved in the construction process for the quality of the design of the structure.	1. The amendments to article 28 of the Law on Construction proposes to refuse the approval of declarations for the completion of non-extraordinary structures at the State land planning and construction inspectorate and to delegate this function to the expertise contractors	Ministry of Environment 2019-12-31
	2. Article 34 of the Law on construction is amended in order to clarify the obligatory cases of construction design examination: the sources of financing of projects for which design examination is obligatory are clarified. In order to improve the quality of projects undergoing renovation (modernization), it is determined, that expertise is mandatory for these projects.	2019-12-31
	3. Amend the draft of the Law on constructions: include a provision regarding the competence of the inspecting entities. (Ministry of Environment is responsible for agreement of the prepared draft Law on Construction).	2019-12-31

6. RECOMMENDATIONS IN THE AREA OF INFORMATION SOCIETY DEVELOPMENT

6.1. Opening up public sector data

When opening up public sector data, the state must assess the possibilities and choose such a model for funding the collection, opening up and dissemination of data in this sector that clearly answers the questions of which data will be free, which will be paid and why. It is recommended that as much data as possible should be opened free or at self-cost only¹⁸. The results of the 2016 audit “Is the opening of public sector data ensured” showed, that Lithuania has not yet chosen a financing model for the opening of data, there is no clear vision and no solutions regarding the possibility of the public sector to provide data for free.



Implementation of
recommendation is
delayed

Recommendations or measures delayed to be implemented

We are still anticipating essential changes regarding the creation of a financing model, that would establish the most appropriate taxation principle for the provision of public sector data for Lithuania. This recommendation has been identified as important and is expected to be implemented during the I quarter of 2019.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2016 audit “Is the Opening of Public Sector Data Ensured”, monitoring information.		
1. Having assessed the impact and benefits of the free provision of public sector data, establish a financing (licensing) model, that would establish the most appropriate taxation principle for the provision of public sector data for Lithuania and ensure the reasonableness of reimbursement of costs.	Prepare an amendment to the Government resolution "On the confirmation of compensation for the documents, including registry data, registry information, documents and / or their copies, provided to the registry, state information system data order description" and determine a financing (licensing) model, which would install the public sector data provision for repeated use principle, which is the most appropriate for Lithuania, and would ensure the compensation mechanism for when the data is provided free of charge. (The Government 10 January 2018 resolution No. 45 has approved the Compensation for the documents, including registry data, registry information, documents and / or their copies, provided to the registry, state information system data provision payment order description. Its section VI establishes a mechanism for supervising the financing of the provision of free documentation. The impact and benefits of free public sector data provision and the funding / licensing	Government 2019-06-30

¹⁸ Ubaldi B. (2013), “Open Government Data: Towards Empirical Analysis of Open Government Data Initiatives”, OECD Working Papers on Public Governance, No. 22, OECD Publishing. Internet access: <http://dx.doi.org/10.1787/5k46bj4f03s7-en>.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	model, that would establish the most appropriate payment principle for the provision of data in this sector for Lithuania - have not yet been assessed. The Committee on the Development of information society plans to hold a discussion on compensation for the free provision of free data to private persons.)	

6.2. Improving the management of information resources and electronic communication networks

The results of the 2017-2018 audits "Development of the state electronic communication infrastructure" and "Management of critical state information resources" have shown, that:

- The existing infrastructure of the state electronic communication networks is managed inefficiently - its development solutions and provision of electronic communications services are duplicated. There is no centralized national coordination mechanism for this development, therefore there is a risk of undue duplication when planning new investments.
- Critical state information resources identification system does not ensure implementation of security solutions that meet real needs: assessments, that would substantiate the critical importance of state information resources lack objectivity, critical state information resources and critical information infrastructure identification system is not a common one, there is no national information architecture created.

During the implementation of recommendations of these audits during the I quarter of 2019, no essential changes took place. To date, a pilot model is being developed to optimize the regulatory environment of the electronic communication networks if Ministry of Transport and Communications, as well as a national information architecture and its management mechanism.



Recommendations or measures delayed to be implemented

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2017 audit "Development of State Electronic Communication Infrastructure", <u>monitoring information</u> (recommendation 1).		
2018 audit "Management of Critical State Information Resources", <u>monitoring information</u> (recommendation 2).		
1. In order to ensure the efficient use of public electronic communications network infrastructure, eliminate duplication of physical infrastructure and services, and develop a model for state owned electronic communications	1. Carry out an inventory of state-owned electronic communications networks. (During the execution of the inventory of state-owned network infrastructure detailed information on all state-owned electronic communications networks was not collected, nor does it provide details on the infrastructure of each network: how much and what physical infrastructure is available	Ministry of Transport and Communications 2017-12-31

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
networks and standardized services, provided to the public sector.	to each network manager, how much of this infrastructure is in the source, distribution levels, etc. The measure has been implemented only partially; we are anticipating information on carrying out a full-scale inventory of the infrastructure of state-owned electronic communications networks).	
	2. Analyse infrastructure and service optimization possibilities and alternatives. (The Ministry of Transport and Communications, having carried out an inventory of state-owned network infrastructure, provided only general information on the state-owned electronic communications networks examined, but no comprehensive feasibility study on the electronic communications infrastructure and services has been prepared, which would assess the current situation in detail and examine possible alternatives).	Ministry of Transport and Communications 2018-06-30
	3. Develop an optimization model or common network architecture and standard services package for the public sector.	2018-06-30
	The 4 April 2019 Order of the Minister of Transport and Communications No. 3-165 initiated the development of a model for development of electronic communication networks managed by state managed companies (state companies and joint stock companies) in the regulatory field of Ministry of Transport and Communications. This Order cannot be equated to a prepared optimization model as the latter does not disclose the content of the optimization model and how it will contribute to a more efficient use of the public sector owned electronic communications network infrastructure).	Ministry of Transport and Communications 2018-06-30
	4. Review the legal framework and initiate changes of the necessary legal acts (The Ministry is late to execute the review of legal regulation. It plans to complete it when a model for optimizing electronic communications networks for state-owned enterprises in the regulatory field of the ministry is developed).	2018-12-31
2. Develop a national information architecture and its governance mechanism, that would allow to objectively determine the importance of state information resources and adequately control this process, as well as to coordinate mechanisms for identifying critical state information resources and critical information infrastructure.	1. Provide a description of the guidelines for assessing the importance of electronic information making up state information resources and for classifying state information systems, registers and other information systems, including impact assessment on national information architecture and critical information infrastructure objects. (A draft description of guidelines for assessing the level of impact of information processed by state information resources. It sets out the principles for assessing the impact of these resources on the scale of the impact of breaches of the confidentiality, availability and integrity of the data processed. Project submitted to the Ministry of Economy and Innovation).	Ministry of Defense 2019-03-01
	2. Create a map of state information resource information interfaces and methodical and automated tools for its management. (A map of the state information resource interfaces has been created, which describes the interfaces themselves and their interconnections in a structured way. Registers and information systems register (RISR) managed structured data is used for the filling of the map. The value of using this map is still limited, as not all the data defined in its data model are structurally managed in RISR. In order to collect the data required for this map in RISR, a table was sent to state information resource managers on 11 June 2019, to provide data on data or groups of data maintained in	Committee on the development of information society 2018-12-31

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	registers and state information systems, their realized interfaces or the ones planned to be implemented).	

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
<u>2018 audit "Management of Critical State Information Resources", monitoring information.</u>		
1. Develop a national information architecture and its governance mechanism, that would allow to objectively determine the importance of state information resources and adequately control this process, as well as to coordinate mechanisms for identifying critical state information resources and critical information infrastructure.	According to internationally recognized organizational architecture principles, define a desired national information architecture, that would include operational architecture, data architecture, application / information system architecture and technology architecture, and its maturity monitoring and change management processes.	Ministry of Economics and Innovation 2019-12-01

7. KEY RECOMMENDATIONS IN OTHER AUDITED AREAS

7.1. Improving the quality and accessibility of health services

The OECD has noted, that the health indicators of the Lithuanian population are not good compared to the European Union countries. Mortality, avoidable through the application of healthcare measures, indicator is one of the highest in the EU and more than twice the EU average in 2017.

The results of the 2018 audits "Quality of Personal Healthcare Services: Security and Effectiveness" and "The Accessibility of Health Care Services and the Orientation Towards the Patient" have shown that the ministry plans for and executes measures to improve services, but:

- The preconditions to ensure their safety and efficiency have not yet been established: only one fifth of diseases and conditions are treated according to standardized methods, supervision of licensed activities is formal, management of adverse events is not used to improve patient safety, effectiveness of services is not monitored and evaluated.
- The main problem of healthcare in Lithuania remains the lack of access to services. One of the reasons is the sub-optimal structure of specialists. In addition, expensive devices are inefficiently used and incentives for evaluating new technologies are lacking incentives. Patients are not involved in the health system design process.

During the implementation of the recommendations, the Ministry of Health has prepared and on 18 July 2019, the Parliament has adopted, the amendments to the Law on Patient's rights and health damage compensation¹⁹, with which, for the first time in Lithuania, damage without fault model was legitimized. According to the ministry, it should encourage the detection of errors by healthcare professionals and take steps to prevent them from happening again, making it easier and faster for patients sustaining damage to obtain compensation of damages.

Recommendations or measures delayed to be implemented

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
<u>2018 audit "Accessibility of Health Care Services and the Orientation towards the Patient", monitoring information.</u>		
1. Implement monitoring and analyse the impact of the availability of services, their receipt and patient flows, as well as the application of measures to reduce queues and to implement measures to eliminate the causes of queues.	Develop Integration of advance patient registration information system (IPR IS) with ESPBI IS. (Integration of the created advance patient registration information system (IPR IS) with the Electronic health services and cooperation infrastructure information system (ESPBI IS). Waiting for a single advance registration system to be introduced in all healthcare facilities).	Ministry of Health 2019-03-31
2. Develop a demand planning system for all healthcare professionals based on data analysis.	Approve the description of the order of Personal healthcare specialist planning model. (The Ministry has approved the description of the Personal healthcare specialist planning model order (21 December 2018 order of the Minister No. V-1495), which determines: principles for the execution of the	Ministry of Health 2019-03-31

¹⁹ Law amending the Law on Patient's rights and health damage compensation articles 2, 7, 8, 13, 20 and Section V, 18 July 2019, No. XIII-2377.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	complex planning of personal healthcare professionals in order to determine the optimal number of trained, existing, and missing professionals; what data is used and its sources; indicators to determine the number of specialists and the need in them, as well as other provisions. According to the description, the state order for the training of specialists is formed by determining the number of places to be offered for admission to state-funded residency studies (family doctors, specialist doctors; odontology doctors, specialist odontology doctors) by residency and universities programs. We look forward to the planning of all personal healthcare professionals (including nurses) and the establishment and implementation of a public order for the training of all healthcare professionals in accordance with the approved description.	Ministry of Health 2019-03-31

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2018 audit "Quality of Personal Healthcare Services: Security and Efficiency", monitoring information (recommendations 1-4).		
2018 audit "Accessibility of Health Care Services and the Orientation towards the Patient", monitoring information (recommendations 5-6).		
1. Improve the mechanism for development and updating of diagnostic and treatment methodologies to develop missing and update current diagnostic and treatment methodologies in the country.	1. Review and revise legislation governing the development and updating of diagnostic and treatment methodologies. 2. Evaluate the riskiest areas of disease treatment and diagnostic, while taking into account factors other than mortality rates and to establish a plan for the development of diagnostic and treatment methodologies. Define how many and who (including doctors societies) will develop these methodologies and order them to develop them.	Ministry of Health 2019-11-30
2. Review and modify the specialists' qualification improvement system: so that it would be based on competence assessment; ensure that professionals improve their professional qualifications in line with the competences set out in their medical standards; that specialist development programs be developed and adapted for this purpose; so that compliance with license terms would be monitored during supervision.	Set up a working group to consider and propose an optimal model for competency assessment and qualification development after analysing national and foreign best practices, which would be enabling the professional associations of doctors and determine their role in these processes.	Ministry of Health 2019-12-01
3. Expand the lists of national adverse events that should be registered and sources of identification of these events.	Supplement the legal act, which is regulating the supervision of adverse events (6 May 2010 Order of the Minister of Health No. V-401 "On approval of the Order description of the list of adverse events that should be mandatory registered"), by including adverse events identified following patient complaints.	Ministry of Health 2019-11-30
4. Identify and implement measures, which would promote greater involvement of professional societies in the standardization of services, the development of a system for the assessment of specialist competencies, the management and prevention of adverse events, the identification and evaluation	Identify processes where professional doctors' societies need to be involved and provide measures that would provide conditions to involve a wider range of professionals in decision-making.	Ministry of Health 2019-11-30

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
of quality of service indicators and the role of professionals in the healthcare system.		
5. Establish a procedure for the financing of new technologies by the Compulsory Health Insurance Fund and the review and re-evaluation of existing healthcare technologies.	Prepare and approve an Order of the Minister of Health, regulating the decision-making process, involving the inclusion of new technologies and the re-evaluation of existing ones, by including and excluding personal healthcare services to / from the reimbursable PSDF funds.	Ministry of Health 2019-12-31
6. Establish criteria for involving patient organizations in the work of commissions / working groups, which are making decisions regarding healthcare improvement.	In order to promote non-governmental organizations, associations, which are not assessed as non-governmental organizations, professional associations, employer organizations, other legal and natural persons (hereinafter - NVOD) to participate in the formation of the policy, of the management areas entrusted to the minister healthcare and in the organization of its implementation, ensure a dialogue between the government and non-government sectors and promote the development of civil society and strengthen NVOD institutional capabilities, as well as prepare the Minister of Health order "On the approval of the description of the order of the Minister of Health cooperation with non-government organizations and other private sector participants".	Ministry of Health 2019-12-31

7.2. Developing an e-Health system management model

The e-Health system should allow the exchange of digitized patient health data between healthcare and other relevant institutions, but not all outcomes have been achieved and consumer expectations have been met, during the development of such a system. In order to provide quality e-healthcare services, it is important to create a sustainable e-health system management model and measures to ensure, that the new development stage of this system does not repeat the mistakes of earlier development stages.

During the implementation of the recommendations, during the I quarter, the e-health system development program for 2017-2025 has been changed²⁰: updated with detailed program implementation qualitative and quantitative assessment criteria with provided descriptions and assessment methodology.

Recommendations or measures delayed to be implemented

We are still anticipating the following changes:

- An e-health financing model, that provides the funding needed to maintain the information systems for individual healthcare facilities.
- Measures to solve the provision of information technology at workplaces.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2017 audit "Creation of an Electronic Health System", monitoring information .		
Provide measures to ensure that the new stage of e-health system development would not repeat	Harmonized strategic provisions in the strategic planning documents related to the development of the e-health system;	Ministry of Health

²⁰ 24 January 2019 Order of the Minister of Health No. V-99 "Regarding the amendment of the 17 July 2017 Order of the Minister of health No. V-878 „On the approval of the Lithuanian e-health system development program for 2017-2025."

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
the mistakes of the earlier stages of development: - non-harmonized provisions in the strategic planning documents related to e-health system; - failure to develop measurable quantitative and qualitative e-health system program indicators and their measurement methodology; - failure to create sustainable e-health system management model, that includes the steps of identifying information system's needs, development and maintenance stages; - the publicity of the created system was not ensured, just like the systems of promotion/sanction mechanism, and sufficient and appropriate provision of information technology measures at workplaces; - creating duplicate and unsuccessful solutions.	1. An e-health financing model was approved by the Minister's order, which would include the assessment of funding needed for the maintenance of already created and planned information systems. (Information resources of municipal healthcare institutions must be maintained by the PSDF funds, paying for the healthcare services provided. However, the cost of these services is not based on the objectively estimated costs of providing them, as stated in the 1 October 2018 Public audit report of²¹. Therefore, it is not possible to ascertain whether the cost of maintaining the e-health system in municipal healthcare systems is part of the cost of this service. The Ministry has committed itself to implement the 1 October 2018 audit²² recommendations and prior to the I quarter of 2020, review the pricing of personal healthcare services and transfer to the objective cost-based pricing of personal healthcare services, including IT costs). 2. According to the information resource management order and funding model - review the 2015-2020 development program and activities, specified therein, and make adjustments as necessary. (Approved and updated Lithuanian e-health system development program for 2017-2025²³, which was updated with detailed program implementation qualitative and quantitative assessment criteria with provided descriptions and assessment methodology. This measure is expected to be implemented as the necessary changes to the development program will be made only after the implementation of the Recommendation Measure "Regarding the calculation of an objective cost-based personal healthcare service price, which would include the information system maintenance".)	2017-07-31 Ministry of Health 2017-07-31 2017-12-31
	3. Sufficient control measures are in place to continuously identify the needs for information measures at workplaces and to ensure that all workplaces are adequately covered. (The Ministry prepares the Minimum personal healthcare service quality requirement order description, which shall provide, that in order to ensure the proper healthcare service quality management and improvement, the head of the institution should: constantly determine the need to provide information technology measures at workplaces, ensures the proper provision of such measures and organizes the control of provision of information technology measures at workplaces. Approved and updated description of the order of terms and conditions of project funding for personal healthcare facilities,²⁴ including supported activities, project selection and funding requirements. The measure has not been implemented because there is no mechanism in place to help assess the need for computerized workstations and to ensure that all workplaces are adequately covered).	2018-03-31

²¹ 2018 audit "Assessment of regularity of 2017 sets of consolidated financial and budget execution reports and legality of management, use and disposal of funds and assets of Compulsory Health Insurance Fund".

²² Ibid.

²³ Orders of the Minister of Health: 17 July 2017 No. V-878 and 24 January 2019 No. V-99.

²⁴ Orders of the Minister of Health: 14 November 2017 No. V-878 and 10 April 2018 No. V-407.

7.3. Improving accessibility, adequacy and empowerment of social support

The results of the 2019 audit "Does social support ensure the minimum consumer needs of poor people and promote them to join the labour market" have revealed that the support, provided to 86% of the recipients of the social benefit, chosen for assessment, including the value of the benefits and social services, provided by the municipality, did not guarantee the level of minimum consumption needs, which in 2018 amounted to EUR 245 per month. When providing support, it is not always assessed if the totality of measures, including services, benefits and pay-outs will equate to the minimum consumption needs size. The individual needs of the population are not ascertained, and it is difficult to select incentives or motivation measures to help them enter the labour market or society.

The OECD and the European Commission note that the adequacy of social benefits in Lithuania remains relatively low, the standard of living of the poorest households has improved slightly and the impact on reducing income inequality is smaller than in the EU. Income inequality and poverty in Lithuania remain among the highest in the EU: in the year 2018 - 22,9 percent lived below the poverty line and 11,1 percent have lived below the absolute poverty line.

The Supreme Audit Institution made recommendations to the Ministry of Social Security and Labour to address the problems identified during the audit. We are expecting significant changes due to their implementation over the period from 30 June 2020 to 31 December 2022²⁵, so we will provide information on their implementation in our next recommendation summary reports.

7.4. Strengthening the financial sustainability and performance of Compulsory health insurance and State social security funds

The Supreme Audit Institution has repeatedly pointed out during previous audits (2016-2018), that there are no general principles of state social insurance, that would exclude it from the whole social security system; a practice is created where homogeneous obligations assumed by the state are covered from both the state budget as well as from the state Social insurance or Compulsory health insurance fund. Taking this into account, it is essential to clarify the purpose of contributions to the funds and to clearly define the scope of the services covered by the finances of such funds. In addition, six institutions administering the Compulsory health insurance fund and thirteen institutions administering the State social insurance fund should be merged into two legal entities, one for each fund. This would reduce the cost of managing the funds and join the administering institutions involved in the process of Government optimization currently, which is currently under way.

Recommendations or measures delayed to be implemented

We are still anticipating the following changes:

²⁵ 2019 audit "Does Social Assistance Ensure the Minimum Consumption Needs of People Living in Poverty and Promote the Labour Market Integration", [monitoring information](#).

- Establishment of a social security system financed from the budgets of the State and the State social insurance fund.
- Determining the purpose of compulsory health insurance contributions and the scope of services funded by the Fund.
- Optimization of structure and management of Compulsory health insurance and State social insurance funds.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2017 audit "Assessment of Regularity of the 2016 Sets of Consolidated Financial and Budget Execution Reports and the Legality of Management, Use and Disposal of Funds and Assets of the State Social Insurance Fund", monitoring information (recommendations 1-2).		
2017 audit "Assessment of Regularity of 2016 Sets of Reports and Legality of Management, Use, and Disposal of Funds and Assets of Compulsory Health Insurance Fund", monitoring information (recommendation 3).		
2018 audit "Assessment of Regularity of the 2017 Sets of Consolidated Financial and Budget Execution Reports and the Legality of Management, Use and Disposal of Funds and Assets of the State Social Insurance Fund", monitoring information (recommendation 4).		
2018 audit "Assessment of Regularity of 2017 Sets of Reports and Legality of Management, Use, and Disposal of Funds and Assets of Compulsory Health Insurance Fund", monitoring information (recommendation 5).		
1. In order to create a social protection system combining the state social insurance and social support (from the state budget) - execute legal regulation monitoring, assessing the actuality and need in the law according to the State social security system. In the light of the results of the evaluation, initiate the necessary legislative regulation changes to define the social security system, the principles specific to social security and / or each of its types.	1. Monitor the legal regulation of the Law on the Fundamentals of the state social welfare system. Taking into account the results, decide to improve the legal regulation. (The Ministry planned to repeal the Law on the Fundamentals of the State social welfare system in order to implement the recommendation. We believe that the abolition of the law providing a systematic state social protection policy shows, that the state currently cannot create a general state and social insurance budget financed social protection system, and the established social insurance concept allows the usage of the funds finances to finance pay-outs (benefits) having social support characteristics, if such benefits cases are determined in laws).	Ministry of Social Security and Labour 2018-06-30
	2. Define the principles of the social security system and individual types of state social insurance and the scope of their application in the framework of the State social welfare system or the Law on State social insurance in order to distinguish the parts of state social insurance and social support. (At the end of 2017, the concept of state social insurance was clarified: its purpose was not only to compensate for lost income, but also to pay benefits of determined size in cases, prescribed by other laws, but the corresponding social insurance type regulating legal provisions are still not changed - they continue to stipulate the lost income compensation principle, although some of the benefits are paid without adhering to this principle ²⁶⁾).	2018-12-31

²⁶ 1) Maternity social insurance, when required by law, reimburses for loss of income, or part thereof, due to maternity, paternity or parental care for persons insured with this type of insurance, although the principle of compensation for lost income does not apply to the payment of child care benefits on the second year of parenting the children, independently from the income, received by the recipient of such benefit, as well as when paying the maternity or child care benefits to people, who were dismissed. (2) For the purpose of calculating sickness and maternity benefits, the minimum and maximum limits for compensatory earnings are set, which reduces the dependence of the amount of sickness and maternity benefits on the person's earnings and correspondingly the person's paid social security contributions and thus distances the connection of these contributions to the principle of compensation of lost income (earnings) as declared in the law. 3) In the cases provided for by this Law, the social insurance of accidents at work shall compensate for the loss of income due to insured events (accidents at work, in the service) or on the way to work (service) or occupational diseases) for persons, who are insured with this type of insurance, and in case of their death due to insured events - the compensation will be paid to the members of their family, although the principle of compensation for loss of income does not apply to the payment of a flat-rate single-payment sum to all persons in the event of the death of the insured person.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	The Ministry of Social security and labour plans to adjust the provisions of the said laws regulating the said types of social insurance, so that they correspond to the actual situation, therefore, there will be no uniform character of state social insurance benefits (compensation for loss of income due to insured event, etc.).	
2. Taking into account the established principles of the social security system and its part - state social insurance, consider the reasonableness of the regulation of the payment of additional expenses by means of the state social insurance funds. In case of a decision not to abandon the possibility of using such social insurance contribution funds - clearly express the concept and / or the final list of additional costs, paid for from the State social insurance fund's finances in the laws defining state social insurance.	1. Consider the substantiation of the regulation of State social insurance fund costs, which are not related with the costs of compensating lost income of insured persons due to insured events and provide proposals to the Parliament and the Government. (The Ministry plans to revise the provisions of the laws regulating the types of social insurance, but with such unspecified regulation, situations take place where the in the field of social policy, the state undertakes obligations to increase paid benefits in order to solve social problems, improve conditions for families and / or people with lesser income (i.e. maternity benefits) or obligations to pay benefits with the social insurance funds, which have characteristics of social welfare (loss of bread winner, compensation for special working conditions, benefits to persons who bury lost pension recipients). 2. Having decided not to abandon such a possibility of using social insurance contribution funds - prepare and submit to the Government a draft law amending the Article 2 of the Law on State Social Insurance, clearly defining the concept and / or exhaustive list of additional costs (expenses) paid from the State social insurance fund finances.	Ministry of Social Security and Labour 2018-06-30 2018-12-31
Initiate a discussion with the institutions responsible for social assistance policy to assess the greater volume of provided healthcare services for socially vulnerable groups, its relevance to the content of social assistance, and initiate changes in legal regulation to finance such social assistance with funds other than compulsory health insurance contributions.	1. Identify and assess the need for increased healthcare coverage for socially vulnerable groups and its relevance to the content of social support. 2. Prepare legislative regulation changes to fund social support through non-PSD contribution funds, ensuring lower medication costs for low-income residents, and increasing coverage of dental services paid by the PSDF.	Ministry of Social Security and Labour 2018-12-31 2019-06-30
4. In order to optimize the activities of the State social insurance fund and to simplify the management structure, thirteen existing fund administration institutions should be merged into one legal entity.	1. Analyse the proposals submitted by the fund board regarding the merger of the fund administration institutions into one legal entity and decide on the optimization of the fund's activities and simplification of the management structure. 2. Change legislation.	Ministry of Social Security and Labour 2019-06-30
5. In order to optimize the performance of the Compulsory health insurance fund and to simplify its management structure, combine the six existing bodies administering the fund into one legal entity.	1. Carry out a Mandatory analysis of the management, the functions performed by the institutions administering the Compulsory health insurance fund and, taking into account the results of the analysis, take decisions on the optimization of the activities (functions) of the VLK and the Territorial health insurance funds, including the conclusion of only one contract with each ASPI and the alternatives to optimal restructuring of the fund administering institutions, taking into account the possibility of reorganizing such institutions. 2. Change legislation.	Ministry of Health 2018-12-31 2019-12-31

Recommendations or measures we anticipate to be implemented in the second half of 2019

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
<u>2017 audit "Assessment of regularity of 2016 sets of reports and legality of management, use, and disposal of funds and assets of Compulsory Health Insurance Fund", monitoring information.</u>		
Improve the legal regulation - by establishing a clear scope (volume) of personal health services paid from the (health insurance premiums) and to provide that only those costs, that meet the purpose of the insurance and are not covered by state funds, should be covered by health insurance contributions.	Prepare draft legislation providing that healthcare costs, that meet the definition of a compulsory health insurance insured event, will be covered by PSDF budget funds, collected from health insurance contribution and the ones that do not meet the definition, will be covered from another source.	Ministry of Health 2019-12-31 Ministry of Health 2019-12-31

7.5. Addressing state assets management issues

The Supreme Audit Institution has completed the following audits during the period of 2017-2018: "Management of state assets, transferred to Public healthcare institutions", "Are the state university assets managed and used purposefully - for scientific activities and studies" and "State real estate asset management", with which it systematically assessed the state assets, transferred to the healthcare institutions, the assets managed by state universities and the management of the entirety of state real-estate assets.

Maintaining state real-estate costs the state about EUR 180 million annually, while planning remains inert. The policy for managing these assets should determine how much and what assets will be needed in the long term to perform the functions of the state, and how much can be leased or sold for maximum benefit. It is appropriate to optimize the volume of these assets (together with those managed by healthcare facilities and public universities), address its management problems and reduce maintenance costs.

As part of the implementation of the recommendations, the Ministry of Finance has decided to procure advisory services, that would include analysis of state real estate management in all areas of management and alternative proposals for efficient management of these assets. Taking the above-mentioned into account, it is planned to develop long-term state property management guidelines and an action plan for their implementation.

Progress in addressing state asset management issues

On 25 July 2019, the Parliament²⁷ has adopted amendments to the Law on the management, usage and disposal of state and municipal assets, which reduces the number of persons benefiting from free use of such assets and provides for a 5-year free use standstill period for termination of existing contracts.

The 9 September 2011 amendments to²⁸ the Law on Manager of centrally managed state assets have made it possible to move to a new system of centralized management of

²⁷ The 25 July 2019 Law on amending articles 5, 6, 10, 12, 14, 15, 16, 19, 20, 21, 24 and repealing article 18 of the Law on state and municipal assets management, usage and disposal No. XIII-2398.

²⁸ The 9 July 2019 Law on amending articles 3, 4, 6, 8, 9 and repealing article 5 of the Law on Manager of centrally managed state assets No. XIII-2282.

state-owned real estate, based on contractual leasing rather than free use and use-for-service relationships. This is the first step in the process of calculating a competitive remuneration for the management and maintenance services of the state-owned real estate and at the same time towards more efficient operation of State enterprise "Turto bankas".

Recommendations or measures delayed to be implemented

We are still anticipating the following changes:

- Maximize the limitation of the possibility to transfer state-owned buildings to municipal ownership.
- Select the optimal way of managing state assets transferred to healthcare institutions and the asset manager.
- Determination of criteria for the investment of state universities in limited liability legal persons in order to assess the investment risk and to establish only legal entities related to university activities.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
2018 audit "The Management of State Real-Estate", monitoring information (recommendation 1). 2017 audit "The Management of State Assets Transferred to Public Healthcare Institutions", monitoring information (recommendation 2). 2017 audit "Are the Assets of State Universities Managed and Used in a Targeted Manner – for Research Activity and Studies?", monitoring information (recommendation 3).		
1. Limit the possibility of the state to transfer its real-estate owned according to ownership rights to the property of the municipalities for the implementation of their independent functions as much as possible in the legislation.	Prepare and submit to the Parliament for consideration the Law on the amendment of the Law on the Management, usage and disposal of state and municipal property, establishing in it the procedure and conditions for the transfer of state real-estate to municipalities. (After the 25 July 2019 adoption of the Law on State and municipal asset management, usage and disposal ²⁹ amendments, the state-owned real-estate, that was assessed as unneeded, will be transferred to the property of municipalities, for the implementation of their independent functions according to the order, prescribed by the Government. We are anticipating for the Government to determine the conditions and procedure for the transfer of these assets to municipal ownership).	Government 2018-04-30
2. To provide preconditions for the separation of policy design and its implementation, including efficient management of assets transferred for free use: review the functions of the structural units responsible for managing these assets, as well as related functions and determine clear responsibility for their implementation, so that they would be useful for the adoption of healthcare policy decisions.	Separate the functions of the manager of centrally managed sectoral assets from the accounting of the managed assets and to perform other technical tasks, assign these functions to one of the Ministries' subordinate institutions, if the completion of system analysis would prove this measure to be effective. (This measure is expected to be implemented when the Ministry of Finance, with the assistance of external consultants, assesses the state-wide real estate management practices, models, management competency development needs and develops long-term management guidelines for these assets and an action plan for their implementation).	Ministry of Health 2018-06-01
3. Establish criteria related to the management and use of state university fixed assets: investments in limited liability legal persons.	Passed Government resolution (Following the results of an inter-institutional meeting commissioned by the Government Office, the Government Chancellor has directed the Ministry of Education, Science and Sports to establish criteria for the management and use of	Government, Ministry of Education, Science and Sports 2018-09-30

²⁹ The 25 July 2019 Law on amending articles 5, 6, 10, 12, 14, 15, 16, 19, 20, 21, 24 and repealing article 18 of the Law on state and municipal assets management, usage and disposal No. XIII-2398.

Audit report / recommendation	Measures and result of implementation of recommendations	Responsible entity / deadline
	state university fixed assets: investments in limited liability legal entities, while preparing the draft law on amending the Law on Science and studies).	

8. LAWS NEEDED TO IMPLEMENT THE RECOMMENDATIONS

In order to achieve fundamental changes in the public sector, the implementation of a number of recommendations requires changes or amendments of legislation, the adoption or supplementation of which would contribute to the successful implementation of public audit recommendations. During the VI (spring) session of the Parliament, much attention was paid to the consideration of draft laws, which are implementing the recommendations. In the 5 March 2019 report on the implementation of the recommendations, we identified 7 draft laws, 6 of which were adopted³⁰. The Parliament also adopted one draft law³¹ implementing the recommendations, which was not included in the report on implementation of the recommendations.

We are currently anticipating the adoption of 4 draft laws in the Parliament, that will address the problems identified during the audits.

No.	Draft law	Expected effect	Audit report
1.	8 October 2018 Law No. XIII-2650 on amending the Law on Court expertise No. IX-1161. (<i>Procedure under consideration in Parliament committees</i>)	The adoption of the law will allow for the improvement of the quality of expertise services through more effective control of the court experts activities, more efficient administration and management of court expertise services, and a clearer definition of expert institutions and their establishment.	2016 audit "Organizing Performance of Forensic Examinations"
2.	Draft Law on Amending articles 2, 4, 6, 8, 9, 10, 11, 12, 13, 17, 18, 19 and supplementing article 18 to the Law on State reserve No. VIII-1908, 6 March 2019 No. XIII-3264. (<i>Procedure under consideration in Parliament committees</i>)	The adoption of the law will broaden the notion of a state reserve in order to ensure that reserve resources are secured not only by their accumulation but also by contractual relations with economic entities. Conditions will be created for flexible and operative replenishment and mobilization of additional state reserve resources, which are needed in response to specific crises and situations, to save state budget funds allocated for the storage of material resources reserves, concluding preliminary public sales contracts with economic entities.	2017 audit "Preparedness of the State, Municipality Institutions and Economic Entities for Individual or Collective State Defence".
3.	Heating infrastructure Law No. IX-1565, articles 2, 36 and 37 and section eleven name change 5 June 2019 Draft Law No. XIII-3445(2). (<i>Procedure under consideration in Parliament committees</i>)	The adoption of the law will remove the provision that municipalities concluding contracts for the transfer of management of heat infrastructure must take into account the conclusions of the Minister of Energy. Municipalities will be obliged to conclude contracts in accordance with the procedure established by the Law on Concessions, taking into account the strategic directions, objectives, tasks and implementation measures set out in the National energy independence strategy and the National heat sector development program.	2017 audit "The Renting out of Heating Sectors in Municipalities".
4.	Draft Law on the amendment of the Law on Social enterprises, 16 July 2019 No. XIII-1530 (2).	The adoption of the law will establish additional requirements for assistant expenses subsidy, change the conditions for terminating social enterprise status and the	2014-2015, "On the Results of the Financial (Regularity) Audit of

³⁰ 1) Law amending the Law on Patient's rights and health damage compensation articles 2, 7, 8, 13, 20 and Section V, 18 July 2019, No. XIII-2377; 2) 25 July 2019 Law on amending articles 5, 6, 10, 12, 14, 15, 16, 19, 20, 21, 24 and repealing article 18 of the Law on state and municipal assets management, usage and disposal No. XIII-2398; 3) 9 July 2019 Law on amending articles 3, 4, 6, 8, 9 and repealing article 5 of the Law on Manager of centrally managed state assets No. XIII-2282; 4) Law on legal persons insolvency, 13 June 2019 No. XII-2221; 5) Law on Amending the Law on legislative framework No. XI-2220 articles 2, 3, 5, 6, 7, 8, 10 and section 4, 28 May 2019 No. XIII-2134; 6) Law on amending the Law on Internal control and external audit No. IX-1253, 11 July 2019 No. XIII-2312.

³¹ 27 June 2019 Law on amending articles 42, 43, 46-51, 55, 67, 70, 71, 74, 75, 85, 92 and 243 of the Criminal Code No. XIII-2263.

No.	Draft law	Expected effect	Audit report
	<i>(Procedure under consideration in Parliament committees)</i>	amount of non-subsidized income, and set minimum working time requirements for those employed in social enterprises.	the Ministry of Social Security and Labour”.

ANNEXES

Report on the implementation
of recommendations
Annex 1

NATIONAL AUDIT OFFICE AUDIT RECOMMENDATION IMPLEMENTATION MEMO FOR AUDITED ENTITIES

In order to timely and properly implement the National Audit Office recommendations, it is important to:

- Responsibly choose deadlines for implementation of recommendations and their measures. The deadlines, agreed with the Supreme Audit Institution, are not be extended or delayed. The time limit specified in the implementation plan shall be the deadline by which the audited entity is to inform the Supreme Audit Institution in writing of the implemented recommendations and their measures. Whenever there are several measures with different timeframes for the implementation of a recommendation, implementation information is provided for each measure separately.
- Notify the Supreme Audit Institution in writing of any change of significant circumstances and re-coordinate the implementation of the recommendation measures: revise, modify or discontinue them when the implementation becomes obsolete.
- Be aware, that the Supreme Audit Institution decides if the recommendation was implemented only after receiving information from the audited subject regarding the implementation of the recommendation and its assessment. The contact persons of the audited entity shall be informed of the decision made.
- Be aware, that detailed information on the implementation of all public audit recommendations is provided in Lithuanian in the [National Audit Office open source data](#).
- Whenever you have any questions, you should always contact the persons responsible for overseeing the implementation of the recommendations from the Supreme Audit Institution, or those who coordinate such monitoring, as identified on the [NAOL website](#).
- Be aware, that the Supreme Audit Institution reports to the Parliament regarding the implementation of recommendation twice a year - at the beginning of the spring and autumn sessions. These reports provide an overview of the audited areas where key recommendations and their measures are being implemented.

• BRINGING BENEFITS •

