VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

RESULTS OF THE FINANCIAL AUDIT OF THE SET OF ACCOUNTS OF THE COMPULSORY HEALTH INSURANCE FUND FOR 2024

15 May 2025

No FAE-4

SUMMARY

Audit Objective and Scope

We have carried out the financial audit of the set of accounts of the Compulsory Health Insurance Fund for the year 2024 in accordance with the Law on the National Audit Office, and the Law on Public Sector Accountability.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions, which include International Standards on Auditing. The audit scope and the methods applied are described in more detail in Annex 2 "Audit scope and methods" (p. 23).

Key Audit Results

1. The set of consolidated financial statements for 2024 contains material misstatements. The set of the budget implementation reports is correct in all material respects

The set of financial statements of the Compulsory Health Insurance Fund has not been prepared, in all material respects, in accordance with public sector accounting and financial reporting standards. We identified material misstatements in the consolidated statement of financial position (within-year receivables, accumulated surplus or deficit items) and statement of changes in net assets (accumulated surplus or deficit), as at 31

December 2024 and 31 December 2023, and in the corresponding data of the explanatory note.

The misstatements were due to the remaining circumstances identified in 2021 regarding deficiencies in the accounting data recorded in the information systems for amounts receivable from natural and legal persons for damage caused to the Fund and for reimbursements receivable from foreign liaison offices for treatment of insured persons in Lithuanian health care institutions. Elimination of the deficiencies requires changes to the information systems. The National Health Insurance Fund plans to take and implement final decisions on the changes to the existing information systems after the merger of the territorial health insurance funds with it (1 July 2025). In view of this, we could not confirm the correctness of 29% (EUR 20.76 million) of the balance of other receivables as at 31 December 2024 and of the data related to these receivables.

Due to the remaining circumstances identified in 2021, where the timing of reimbursement of amounts receivable from the EU, EEA and Swiss liaison services for services rendered in Lithuania to the insured persons of these countries is not recorded in the accounts, we were not able to estimate the amount by which, in the consolidated statement of financial position as at 31 December 2024, the balance of the current assets - other receivables due within one year - should be reduced (EUR 14.53 million out of EUR 71.45 million) and correspondingly the balance of fixed long-term financial assets (EUR 69.14 million) should be increased (Sub-sub-section 1.1.1 of the report, paras 2-10), pp. 10-13).

2. Reimbursements of operating expenses receivable from the State budget are not recorded in the accounts

The provisions of the Law on Health Insurance, which entered into force in 2024, provide that the National Health Insurance Fund is reimbursed from the state budget for the expenses it incurs in carrying out functions delegated by the state. We found that the National Health Insurance Fund did not calculate the amounts to be reimbursed in 2024 and, accordingly, did not record in its accounts the revenue and receivables from the Ministry of Health, the manager of the state budget appropriations. The provisional amount of the reimbursements is EUR 625 thousand (Sub-sub-section 1.1.3 of the report, paras 14-17, pp. 13-14).

3. Decisions of the Ministry of Finance on the accounting of revenue from uncompleted provision of personal health care services are awaited

According to the Law on Health Insurance, the Compulsory Health Insurance Fund is used to pay personal health care institutions for the personal health care services they provide. We found different accounting practices for these institutions: some institutions record revenue and receivables at the end of the year not only for fully rendered services but also for services in progress (patients not yet treated). The National and territorial health insurance funds do not collect such information from the institutions for services in progress and do not record such liabilities and expenses in the accounts.

The Ministry of Finance has planned to analyse the established legal framework and current practice, to adopt the necessary amendments to the legal acts, or to develop and publish methodological guidance on accounting for revenue from services in progress by 31 December 2025 (Sub-sub-section 1.1.5 of the report, paras 35-38, pp. 18-19).

Recommendations

For ensuring the correctness of the annual accounts, the implementation of the recommendations of the 2021 financial audit of the Compulsory Health Insurance Fund remains relevant in order to ensure the collection of information necessary for the financial accounting of amounts receivable from natural and legal persons for damages caused to the Fund, and from the liaison offices of the EU, EEA and Switzerland for the treatment of insured persons in Lithuania from these countries, which is planned to be carried out following the optimisation of the activities of the health insurance funds (Sub-sub-section 1.1.1 of the report, p. 10).

During the audit, we made recommendations to the National Health Insurance Fund (measures have been planned for their implementation) to improve accounting and internal control processes:

1. establish in internal legal acts additional controls and working procedures related to the specifics of the design and development, preparation and handover of work-in-progress projects (deadline for implementation of the recommendation by 31 March 2026) (Sub-sub-section 1.1.4, p. 15);
2. supplement the Accounting Manual of the National Health Insurance Fund and territorial health insurance funds with provisions on the measurement of interest accrued on initial recognition of investments in government securities (determination of the accrual period) (deadline for the implementation of the recommendation - 31 December 2025) (Sub-sub-section 1.1.4, p. 16);
3. supplement internal legal acts and working procedures on the payment of additional days off, planning and accounting of expenditure on staff income in kind (deadline for implementation by 31 December 2025) (Sub-sub-section 1.1.4, pp. 17-18);
4. to extend the aspects of verification of the use of the National Health Insurance Fund and territorial health insurance funds for the promotion of gratuitous blood donation and blood donor reimbursements to include controls on the attribution of expenditure to the correct economic classification item (deadline for the implementation of the recommendation by 30 September 2025) (Section 2, pp. 20-21)

Up-to-date information on the status of implementation of recommendations, results and developments is published in open data on the National Audit Office website https://www.valstybeskontrole.lt/LT/AtviriDuomenys.