VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

To the Seimas of the Republic of Lithuania
To the Government of the Republic of Lithuania
To the Ministry of Health of the Republic of Lithuania
The National Health Insurance Fund under the Ministry of Health

PUBLIC AUDITOR'S REPORT

ON THE SET OF ACCOUNTS OF THE COMPULSORY HEALTH INSURANCE FUND FOR 2024

15 May 2025 No FAE-4

Vilnius

QUALIFIED OPINION ON THE SET OF CONSOLIDATED FINANCIAL STATEMENTS

We have audited the set of consolidated financial statements of the Compulsory Health Insurance Fund for the year 2024, which consists of the consolidated statements of financial position, performance, cash flows, changes in net assets and the explanatory note to the consolidated financial statements.

In our opinion, except for the effects of the matters described in the section "Basis for the qualified opinion on the set of consolidated financial statements" of our report, the set of consolidated financial statements of the Compulsory Health Insurance Fund for 2024 gives a true and fair view of the financial position as at 31 December 2024 and of the performance, changes in net assets and cash flows for 2024, in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

BASIS FOR THE QUALIFIED OPINION ON THE SET OF CONSOLIDATED FINANCIAL STATEMENTS

We identified material misstatements in the 2024 consolidated statement of financial position of the Compulsory Health Insurance Fund (within-year receivables and accumulated surplus or deficit items) and the statement of changes in net assets (accumulated surplus or deficit before the effect of the equity method) and in the corresponding data in the explanatory note (Sub-sub-sub section 1.1.1, paras 2-10 of the audit report), which are due to remaining circumstances (identified during the financial audit of the 2021 accounts) caused by deficiencies in the accounting treatment of current assets - other receivables (to be addressed through the optimisation of the activities of the health insurance funds):

1. The data (specific amounts receivable, the period of recognition, the timing of the debt settlement and its overdue dates) necessary for the proper treatment of accounting of the

receivables are not recorded in the information system for the registration of the Fund's receivables (from natural and legal persons), and it is therefore not possible to assess the correctness of the balance of the receivables and of the related net assets recorded in the accounts. For this reason, we are unable to confirm the correctness of the balance in the item C.III.6 "Other receivables" (EUR 6 230.66 thousand out of EUR 71 445.23 thousand) and of the balance in the item F. IV. "Accumulated surplus or deficit" (EUR 6 230,66 thousand out of EUR 357 944,97 thousand) of the statement on the consolidated financial position according to the data as at 31 December 2024; and the correctness of the balance of the item "Accumulated surplus or deficit before the effect of the equity method" (EUR 6 230,66 thousand out of EUR 357 944,97 thousand) of the consolidated statement of changes in net assets as at the last day of the reporting period - 31 December 2024.

2. The data on reimbursements receivable (from the EU, EEA and Swiss liaison services) for services rendered in Lithuanian personal health care institutions to the insured persons of these countries (settlement and overdue dates), which are necessary for proper accounting of the receivables, are not recorded in the information system of the receivables registration, and it is therefore not possible to assess the correctness of the balance of the receivables and the related net assets recorded in the accounts. For this reason, we are unable to confirm the correctness of the part of item C.III.6 "Other receivables" (EUR 14 531.27 thousand out of EUR 71 445.23 thousand) and the part of item F. IV. "Accumulated surplus or deficit" (EUR 14 531.27 thousand out of EUR 357 944.97 thousand) of the consolidated statement of financial position as at 31 December 2024; and the correctness of the part of the balance in item "Accumulated surplus or deficit before the effect of the equity method" (EUR 14 531,27 thousand out of EUR 357 944,97 thousand) of the consolidated statement of changes in net assets as at the last day of the reporting period – 31 December 2024.

3. As the accounting does not record the due date of a specific receivable, it is not possible to assess by how much the balance of current assets - receivables within one year - item C.III.6 "Other receivables" (reimbursements receivable from the EU, the EEA and the Swiss liaison offices) in the consolidated statement of financial position (EUR 14 531.27 thousand out of EUR 71 445.23 thousand) should be reduced and, accordingly, the balance in item A.III. "Fixed long-term financial assets" (EUR 69 137.04 thousand) should be increased due to the existence of deferred payments of reimbursable amounts of more than 12 months.

4. For the above reasons, we are also unable to confirm the correctness of the data as at 31 December 2023 provided in the consolidated statement of financial position for 2024 (in the items of within-year receivables and accumulated surplus or deficit items) and in the consolidated statement of changes in net assets (in the item of accumulated surplus or deficit before the effect of equity method).

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the set of consolidated financial statements.

EMPHASIS OF MATTER REGARDING THE SET OF CONSOLIDATED FINANCIAL STATEMENTS

We would like to draw attention to an observation that does not affect the opinion but is important. We found a difference in the practice of recording revenues from personal health care services provided by personal health care institutions - some institutions record revenues and receivables for patients whose treatment is in progress in their year-end accounts, while the National Health Insurance Fund and the territorial health insurance funds do not collect such information from personal health care institutions and do not record such liabilities and expenses in their accounts.

We recommended that the Ministry of Finance should ensure that public sector entities recognise revenue from patients whose treatment is in progress at the end of the year in the same way. The Ministry plans to analyse the established legal framework and current practice, adopt the necessary legislative amendments or develop and publish methodological guidance on accounting for services in progress by 31 December 2025 (Sub-sub-section 1.1.5 of the report, paras 35-38).

UNQUALIFIED OPINION ON THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS

We have audited the set of consolidated budget implementation reports of the Compulsory Health Insurance Fund for the year 2024, which comprise the consolidated budget implementation report and the explanatory note to the consolidated budget implementation report.

In our opinion, the set of consolidated budget implementation reports of the Compulsory Health Insurance Fund for the year 2024 has been prepared and presented, in all material respects, in accordance with the legal acts of the Republic of Lithuania regulating the preparation of this set.

BASIS FOR UNQUALIFIED OPINION ON THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion on the set of the consolidated budget implementation reports.

MANAGEMENT'S RESPONSIBILITY FOR THE SETS OF CONSOLIDATED ACCOUNTS

The Director of the National Health Insurance Fund under the Ministry of Health is responsible for the preparation and fair presentation of the set of consolidated financial statements of the Compulsory Health Insurance Fund in accordance with Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania, and for the preparation and fair presentation of the set of the consolidated budget implementation reports in accordance with legal acts of the Republic of Lithuania regulating preparation of these reports, and such internal control as management determines is necessary to enable the preparation of consolidated financial statements and consolidated budget implementation reports that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions, which include International Standards on Auditing. We are independent from the audited entity in accordance with the Law on the National Audit

Office, the Code of Ethics for Employees of the National Audit Office, and we complied with the other ethical requirements set out in this Code.

Our objective is to obtain reasonable assurance about whether the financial statements and budget implementation reports of the Compulsory Health Insurance Fund for 2024 as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes the auditor's opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee, that an audit conducted in accordance with International Standards on Auditing and International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the budget implementation reports.

A more detailed description of the auditor's responsibility is available on the website of the National Audit Office https://www.valstybeskontrole.lt/EN/PublicAudit. This description is an integral part of the auditor's report.

We submit the public auditor's report together with the public audit report and enclose the audited set of consolidated financial statements and the set of consolidated budget implementation reports of the Compulsory Health Insurance Fund.

Auditor General Irena Segalovičienė