VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

RESULTS OF THE FINANCIAL AUDIT OF THE SET OF ACCOUNTS OF THE STATE FOR THE YEAR 2025

15 May 2026

No FAE-2

SUMMARY

Objective and scope of the audit

The audit was carried out in accordance with the International Standards of Supreme Audit Institutions, which cover the International Standards on Auditing. The scope of the audit and the methods applied are described in more detail in Appendix 2 “Scope and Methods of the Audit” (p. 48). The audit report presents only the matters identified during the audit, whilst independent opinions on the annual financial accounts and budget implementation reports of the State are expressed in the auditor’s report.

Key audit findings

1. The set of the financial statements of the State for the year 2025 contains material misstatements

We have issued a qualified opinion on the set of financial statements of the State due to material misstatements identified in the accounting for forest land and stands, infrastructure assets, museum assets, mineral resources and buildings. The findings are disclosed in detail in the public auditor’ report, whilst a comprehensive description of the findings and their assessment is provided in Section 1.1 of this report, pages 15–20.

The findings of the audit of the set of financial statements of the State for the year 2025 indicate that significant systemic problems persist in the accounting of the State assets. Some of these have been recurring for several years, partly due to the failure to implement recommendations made during previous audits. Consequently, we are unable to confirm the accuracy of a part of the State’s assets, reserves and accumulated surplus or deficit.

- ✓ We cannot confirm the accuracy of EUR 1,941.82 million presented in item F.I “Reserves” and EUR 1,239.02 million in item F.III “Accumulated surplus and deficit” of the statement of financial position, whereas item A.II.1 “Land” of the statement of financial position has been increased by EUR 2.55 million, and item B “Biological assets” decreased by EUR 92.97 million, as the Ministry of Environment does not yet have an operational system to ensure that the data on forest land and the stands (forest) on it, managed in trust by the Lithuanian State Forest Enterprise and recorded in its balance sheet, are accurate (Section 1, pages 15–16).
- ✓ 269 plots of state-owned land do not have an assigned trustee and are therefore not included in the set of the state and national financial statements for the year 2025. This is not a significant amount (around EUR 20 million) at the national level, but it highlights internal control weaknesses in the administration of state-owned land (Section 1, page 16).
- ✓ We cannot confirm the accuracy of EUR 634.43 million presented in item A.IV “Mineral resources” and item F.I “Provisions” of the statement of financial position, or the accuracy of EUR 9.64 million presented in item B.VIII “Impairment and write-offs” and EUR (–291.51) million presented in item F “Impact of changes in accounting policies and correction of significant accounting errors” of the activity statement, whilst item A.IV “Mineral resources” and item F.II.2 “Other reserves” in the statement of financial position were reduced by EUR 36.34 million, and item B. “Costs of operations” in the activity statement increased by EUR 2.76 million, as the Lithuanian Geological Survey lacks reliable data on the quantities of non-renewable mineral resources, incorrectly calculates the contingent values of all resources, and incorrectly corrected errors from previous reporting periods. The errors identified indicate systemic problems with the accounting and internal control of mineral resources. The mineral resource data are incorrect not only for 2025 but also for the previous three years. This means that an accounting and control system compliant with the legal requirements, ensuring that correct and complete data is used in the accounts, has not been established or applied (Section 1, pages 17–18).
- ✓ We cannot confirm the figures in the statement of financial position under item A.II.8 “Cultural and other assets” in the amount of EUR 465.23 million, item D.IV “Funding from other sources” in the amount of EUR 354.44 million and item F.III “Accumulated surplus and deficit” in the amount of EUR 110.83 million, as some museums, i.e. M. K. Čiurlionis National Art Museum, the Lithuanian National Art Museum, Kaunas IX Fort and the Lithuanian National Museum, do not maintain an analytical accounting register of all museum assets and do not carry out an inventory of the afore-mentioned assets in a manner that would substantiate the accuracy of the balance of assets recorded in the accounts. The problem is being addressed systematically – plans to improve the Lithuanian Integrated Museum Information System and use it as a common analytical accounting register of museum assets for all museums are in place. It is planned that these solutions will be implemented not later than by the end of 2035 (Section 1, pages 18–19).
- ✓ We cannot confirm the accuracy of the following items of the statement of financial position: item A.II.2 “Buildings” in the amount of EUR 279.43 million, item A.II.3 “Infrastructure structures” in the amount of EUR 132.43 million, and item B “Main operating costs” of the activity report in the amount of EUR 15.53 million, as the nature and scope of repair works in the Lithuanian Armed Forces were not properly assessed; consequently, some of the works to improve fixed assets were incorrectly recognised

as expenses, even though they should have increased the value of the assets (Section 1, page 19).

- ✓ We cannot confirm the accuracy of the following items of the statement of financial position: item A.II.3 “Infrastructure buildings” in the amount of EUR 429.83 million, item D.II “Funding from the municipal budget” in the amount of EUR 2.06 million, item D.III “Funding from the EU, foreign states and international organisations” in the amount of EUR 42.96 million and item F.III “Accumulated surplus or deficit” in the amount of EUR 384.81 million, as different economic depreciation rates apply to the State assets managed in trust by Via Lietuva AB and recorded in the balance sheet of the Ministry of Transport and Communications than those approved by the Ministry’s Chancellor (Section 1, page 20)
- ✓ In the statement of financial position, item C.II “Prepayments” has been increased by the amount of EUR 257.13 million, whilst item A.II.9 “Construction in progress” was decreased by the amount of EUR 58.66 million, and item A.III “Long-term financial assets” by the amount of EUR 198.46 million, as the Ministry of Transport and Communications unjustifiably recorded amounts related to the creation of assets as prepayments (Section 1, page 20).

The State budget appropriations are allocated for the organisation and provision of public services and ensuring their accessibility and quality; therefore, their use must be justified, and the mechanism for accounting for the used funds must be clear and transparent. During the audit, we identified cases where it was not sufficiently substantiated whether the funds used had directly contributed to the creation, improvement or increased accessibility of specific public services, and where the reporting on their use was not sufficiently detailed and transparent:

- ✓ In order to facilitate the expansion of training for members of the Lithuanian Riflemen’s Union, strengthen territorial defence and increase public resilience, the funding allocated to this organisation is increased annually: In 2025, EUR 18.73 million was spent, and in 2028, the amount of EUR 41.6 million is planned to be allocated. The Lithuanian Riflemen’s Union is not an appropriations manager or a public sector entity; therefore, the accountability requirements applicable to it are narrower than those for entities that directly manage state budget appropriations. We found that the Ministry of National Defence accepted the report on the use of appropriations received in 2025 submitted by the Lithuanian Riflemen’s Union without carrying out verification procedures. The Ministry only began to verify the data in the report and investigate the circumstances after discrepancies were identified during the audit. As the State budget funding allocated to the Union increases, it is important to establish a clear procedure for reporting on the use of funds that is commensurate with the scale of the funding; therefore we recommended that the Ministry of National Defence strengthen the control over the use of the State budget funds allocated to the Lithuanian Riflemen’s Union (Section 1, pages 22–23).
- ✓ We identified shortcomings in the legal regulation and organisation of services provided by the Emergency Medical Service, and we did not receive evidence regarding the reasonableness and objectivity of service prices. The afore-mentioned circumstances did not allow us to verify that state budget appropriations (EUR 7.8 million) and the funding allocated to the service from the Compulsory Health Insurance Reserve (which will be covered by the State budget allocations) (EUR 6.2 million) are legally and economically justified. The assessment carried out indicates

that it is necessary to review the procedures for the organisation and payment of services provided by the Emergency Medical Service (Section 1, pages 23–26).

- ✓ The regulation of the sale and accounting of blood and blood components does not ensure uniform and reasonable practices: the maximum permitted prices for the sale of blood and blood components have not been reviewed since 2009, although costs have changed significantly. Healthcare institutions also sell components for which prices have not been approved, and an analysis of the contracts concluded revealed differing delivery terms, inconsistent prices for the same components, and long-term contracts without a price review mechanism. Furthermore, legislation does not clearly establish the principles for setting and applying prices, and the 2019 recommendation on uniform accounting for blood and blood components has not been fully implemented – state blood donation institutions account for blood and blood components differently. Consequently, the Ministry of Health does not have reliable and comparable data on which to base its pricing (Section 1, pages 26–27).
- ✓ The Infrastructure Management Agency did not always comply with the contractual terms regarding final payments to contractors and failed to keep proper records of the guarantees received. This weakens the control mechanisms that are intended to ensure contractors fulfil their obligations (Section 1, page 27).
- ✓ At M. K. Čiurlionis National Museum, conditions conducive to breaches of labour legislation were identified: service contracts were concluded with employees for functions that essentially coincided with their duties under their employment contracts. This poses a risk regarding the inappropriate distinction between employment and civil relationships, the recording of working hours, and ensuring the transparency of operations (Section 1, page 28).

Efficient general IT controls provide the basis for the reliable operation of information systems, data security, integrity and availability, and reduce the risk of unauthorised access, unauthorised modifications, data loss or operational disruptions. This also forms the basis of financial accounting, as it ensures that the systems in which financial data is processed operate reliably, securely and predictably. Without them, even the most accurate accounting records may become questionable due to possible unauthorised manipulation or technical errors. During the audit, we assessed the efficiency of general IT controls at the State Tax Inspectorate and the National Land Service. The assessment showed that in 8 (out of 10 assessed) information technology processes at the National Land Service, general control measures have not been established or have significant implementation or operational shortcomings. The general control measures for information technology at the State Tax Inspectorate have been established in accordance with the provisions of legislation and/or recommendations on best management practices; however, their efficiency is not fully guaranteed due to identified implementation or operational shortcomings (Section 1, pages 29–30).

2. A significant portion of expenditure in the annual set of budget implementation reports is not presented according to its economic purpose

We have issued a qualified opinion on the State Budget Implementation Report for the year 2025 because a significant portion of expenditure is not presented according to its economic purpose: expenditure is classified under economic classification item 2.8.1.1.1.02 “Other expenditure for other current purposes” and economic classification item

2.9.2.2.1.2. “Transfers of EU and other international financial assistance, co-financing funds and other state budget funds allocated for the implementation of projects co-financed from EU or other international financial assistance funds for investments *in other general government* entities”. The discrepancies are disclosed in detail in the public audit report, whilst a comprehensive description of the findings and their assessment is provided in Section 2 of this report, pages 30–32.

This remains a systemic problem – a significant portion of state budget, EU and co-financing funds allocated to projects and funds (EUR 916.81 million) is presented not according to their actual economic substance, but according to the nature of the transfer or source of funding. Consequently, users of the reports do not receive reliable information on how much of the State budget funds were actually used in 2025 for wages, goods and services, fixed assets, inventories, social assistance or other expenditure. When funds are transferred to project administrators or funds but have not yet been spent by the end of the year, the figures for appropriations used are also inflated in the set of the State budget implementation reports. Inaccurate data in the set of reports affects not only the monitoring of budget implementation but also official statistics. The State Data Agency uses the afore-mentioned data to calculate indicators required by Eurostat; consequently, insufficient data detail complicates the preparation of statistical indicators and reduces their accuracy.

The audit findings indicate a need to change the model for budget formulation and reporting on its implementation. The identified problems could be resolved by switching to a budget formulation and reporting system based on the accrual principle. This would make it possible to prepare a single set of reports instead of two sets prepared according to different principles (cash and accrual), thereby reducing the administrative burden and using reliable financial information for the assessment of budget implementation (Section 2, pages 30–32).

3. Prevention of money laundering and terrorist financing: risks in the public sector not assessed

Public sector entities manage significant state and municipal resources, and appropriate measures to prevent money laundering and terrorist financing would contribute to the transparency of public finances, the reduction of corruption risks and the protection of public resources. During our previous audit, we noted that the prevention of money laundering and terrorist financing in the public sector remains an unresolved issue. During this audit, we found that no substantive decisions have been taken regarding the assessment of this risk and the application of proportionate preventive measures to public sector entities; therefore, the issue remains unresolved but relevant (Section 3, pages 35–36).

Recommendations

To the Ministry of National Defence

1. To strengthen control over the use of the State budget funds allocated to the Lithuanian Riflemen’s Union, by establishing clear procedures for their planning, assessment of the justification for their use, and accountability, which would increase

transparency and oblige the Union to provide data in sufficient detail and at regular intervals to enable the Ministry of National Defence to assess their legality and cost-effectiveness in a timely manner.

2. To conduct an assessment of the legality and effectiveness of the use of all tasks assigned to the Lithuanian Riflemen's Union in 2025 and the appropriations allocated to it, in order to ensure that the funds have been used to achieve the set objectives and that the assets and services acquired are being used appropriately in the Union's activities.

To the Ministry of Health

3. In order to ensure the responsible management of the State budget allocations and the provision of high-quality non-specialised transport services, we recommend a systematic review of the legal framework governing the organisation and provision of patient transport services, including: the determination of transport service volumes at national and local authority level; the setting of pricing for services (and their administration) funded from the state budget, based on the actual costs.

4. In order to ensure a transparent system for the supply of blood and blood components based on uniform principles, we recommend regulating the process of selling blood and blood components and the principles of pricing; to enshrine the basis for price setting and application in law; to ensure periodic review of maximum permitted prices; to establish a mechanism for monitoring compliance with the above provisions.

To the Lithuanian Geological Survey

5. In order to ensure the accurate accounting of mineral resources, we recommend preparing and implementing an action plan to establish and apply a system of mineral resource accounting and internal control that complies with legislation.

To the National Land Service

6. To ensure long-term and consistent IT planning and reduce the risk of reactive decision-making, define long-term strategic IT objectives and the measures for their implementation, ensuring their integration into operational planning documents and consistent monitoring of implementation.

7. To ensure efficient management of IT requests and incidents and to reduce the risk that critical incidents will not be resolved in a timely manner, establish internal procedures for the management of IT requests and incidents, including classification schemes, prioritisation criteria and management procedures, and ensure that the priorities applied in the IT support system comply with the established criteria and are used to resolve incidents taking into account their impact and urgency.

8. To ensure consistent, controlled and risk-based management of IT changes, implement an internal IT change management system covering procedures for the initiation, assessment, prioritisation, approval and implementation monitoring; establish responsibilities for the assessment and approval of changes, ensuring centralised registration and oversight of all changes at the departmental level.

9. To reduce the risk of dependency on an external service provider and ensure the proper management of the Asset (Land) Management Information System, ensure that system documentation and test management practices are implemented and consistently applied at the organisational level.

10. To ensure that access management complies with national cybersecurity requirements and to reduce the risk of unauthorised access to information systems, ensure that common administration rules, meeting current requirements, are established and applied to all information systems managed and maintained by the service.

11. In order to reduce the risk of cyber incidents and data breaches and to ensure that cyber security compliance assessments are carried out at specified intervals, appoint a person (cyber security officer) responsible for planning, organising and monitoring the results of cybersecurity compliance assessments of information systems, and ensure that assessments of all information systems managed and operated are carried out at least once a year and that the rectification of identified deficiencies is monitored.

12. To ensure the effective recovery of information systems following incidents, ensure that a business continuity management plan is drawn up and implemented at organisational level, covering all information systems managed and operated, identifying responsible persons and their functions, detailed recovery procedures for different incident scenarios, maximum permissible downtime periods and requirements for testing the plan’s effectiveness.

13. To ensure the assessment of the effectiveness of IT controls and the timely identification of deficiencies, an IT control monitoring and assessment system shall be implemented, covering the performance of periodic IT audits or self-assessments, planning corrective actions and monitoring their implementation, thereby enabling management to obtain reliable information on the efficiency of IT control measures.

To the Ministry of the Interior

14. In order to prevent money laundering and/or terrorist financing in the public sector, we recommend assessing the risks of money laundering and terrorist financing in the public sector and, accordingly, establishing in legislation the implementation of prevention requirements within public sector entities.

The measures and deadlines for implementing the medium-importance recommendations, as well as the expected impact of the audit, are set out in the section of the report entitled “Plan for the Implementation of Recommendations” (page 38). Recommendations of lesser importance, addressed to the State Tax Inspectorate and the Infrastructure Management Agency, are set out in Annex 4 “Recommendations of Lesser Importance Made during the Audit” (page 58). Up-to-date information on the status of implementation of the recommendations, results and changes that have taken place is published in open data on the website of the National Audit Office https://www.valstybeskontrole.lt/LT/AtviriDuomenys.