

To the Seimas of the Republic of Lithuania  
The Government of the Republic of Lithuania  
The Ministry of Social Security and Labour of the Republic of Lithuania  
The Board of the State Social Insurance Fund

# **PUBLIC AUDITOR'S REPORT**

## **ON THE 2025 ACCOUNTS OF THE STATE SOCIAL FUNDS**

15 May 2026 No. **FAE-5**

Vilnius

We have audited the set of annual accounts of the State social funds. This set comprises:

- ✓ The set of annual accounts of the State Social Insurance Fund (comprising the Fund's sets of annual consolidated financial statements and budget implementation reports),
- ✓ The set of annual accounts of the Guarantee Fund (comprising the sets of annual financial statements and budget implementation reports),
- ✓ the set of annual accounts of the Long-Term Employment Benefits Fund (comprising the sets of annual financial statements and budget implementation reports).

This Public Auditor's Report presents the independent auditor's opinions on the annual financial statements and budget implementation reports of each fund comprising the annual accounts of the State social funds.

### **SET OF ANNUAL ACCOUNTS OF THE STATE SOCIAL INSURANCE FUND**

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#### **QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE SOCIAL INSURANCE FUND**

We have audited the 2025 consolidated financial statements of the State Social Insurance Fund, which comprise the consolidated statements of financial position, activities, cash flows and changes in net assets, and the notes to the consolidated financial statements.

In our opinion, except for the effects of the matters described in the section of our report entitled "Basis for Qualified Opinion on the Consolidated Financial Statements of the State Social Insurance Fund", the 2025 consolidated financial statements of the State Social Insurance Fund present a true and fair view of the financial position as at 31 December 2025, activities, changes in net assets and cash flows for the year ended 31 December 2025 in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

#### **BASIS FOR QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE SOCIAL INSURANCE FUND**

We have identified material misstatements in the consolidated statements of financial position (items relating to amounts due within one year, current liabilities and net assets), of financial performance (items relating to funding income, social benefit costs from core activities, surplus or deficit from core activities, net surplus or deficit items), of the changes in net assets (accumulated surplus or deficit, net asset items), and in the relevant data of the notes (Section 1.1 of the audit report, pp. 14–27), caused by the following circumstances:

1. Not all economic transactions relating to one-off and periodic payments allocated to individuals (in cases where, for various reasons, these payments did not reach the recipients) are recorded in the Fund's accounts, i.e. the accrual principle is not followed (non-compliance identified during previous audits has not been rectified). The State Social Insurance Fund Board recorded part of the one-off benefits allocated for the years 2021–2025 but did not assess or record the scale of periodic benefits and part of the one-off benefits in the accounts due to high administrative costs.

For these reasons, we are unable to confirm the amount by which the consolidated statement of financial position as at 31 December 2025 understates receivables from the state budget under item C.III.5 "Accrued receivables" (EUR 162,975.9 thousand) and short-term fund liabilities under item E.II.7 "Social benefits payable" (EUR 146,786.6 thousand), whilst in Section F "Net assets" – higher net assets (EUR 5,066,707.2 thousand) and, accordingly, the balances of the items comprising them; the consolidated income statement as at 31 December 2025 shows a reduction in operating income from the state budget under item A.I.1 "From the state budget" (EUR 4,160,889.7 thousand) and social benefit expenses under item B.X "Social benefits" (EUR 8,460,188.2 thousand), whilst under item C. "Surplus or deficit from core activities" (EUR 851,639.4 thousand), H. "Net surplus or deficit before the impact of the equity method" (EUR 946,972.0 thousand) and J. "Net surplus or deficit" (EUR 946,972.0 thousand); the accumulated surplus and net assets for the relevant period in the consolidated statement of changes in net assets as at 31 December 2025 have been increased.

2. The risk of uncontrolled overpayments of maternity social insurance benefits (due to income from employment received abroad) is not managed, and the principle of avoiding the overlapping of childcare benefits is not adhered to, under which it must not be possible to receive several benefits of the same type for the same compulsory insurance period in Lithuania and another country at the same time (due to shortcomings in legislation and internal control procedures).

For these reasons, we are unable to confirm the consolidated statement of financial position as at 31 December 2025 in respect of the overpayments of maternity social insurance benefits receivable within one year, as disclosed in item C.III.6 "Other receivables" (EUR 347.1 thousand out of EUR 30,971.4 thousand), the Fund's current liabilities – maternity social insurance provisions under item E.II.1 "Current portion of long-term provisions and short-term provisions" (EUR 7,342.1 thousand out of EUR 25,997.6 thousand) and maternity social insurance benefits payable under item E.II.7 "Social benefits payable" (EUR 3,800.0 thousand out of EUR 146,786.6 thousand), and Section F. "Net assets" – the portion of net assets (EUR 5,066,707.2 thousand) and the balances of the items comprising it; the income statement as at 31 December 2025 shows the costs of impaired and written-off overpayments of maternity social insurance benefits under B.VIII "Impairment and write-offs" (EUR 38.7 thousand out of EU 25,304.5 thousand) and the costs of maternity social insurance benefits under Section B.X "Social benefits" (EUR 454,907.3 thousand out of EUR

8,460,188.2 thousand), and under item C. "Surplus or deficit from core activities" (EUR 851,639.4 thousand), H. "Net surplus or deficit before the impact of the equity method" (EUR 946,972.0 thousand) and J. "Net surplus or deficit" (EUR 946,972.0 thousand) – the accuracy of the surplus portion for the specified reporting period; the accuracy of the accumulated surplus and net assets as stated in the consolidated statement of changes in net assets as at 31 December 2025.

3. We identified shortcomings in the administration of long-term receivables – arrears of deferred social insurance contributions: non-compliance with legal provisions – where policyholders breach the conditions set out in decisions, their policies are not terminated in a timely manner and continue to be administered, without initiating the enforced recovery of the arrears, together with interest, from the policyholder.

Consequently, we are unable to approve the consolidated statement of financial position as at 31 December 2025, as set out in Section A.III. "Non-current financial assets" in respect of other non-current receivables from policyholders pursuant to decisions to defer premium payments (EUR 4,945.4 thousand out of EUR 1,879,469.9 thousand), item C.III. "Amounts receivable within one year" (part of EUR 705,974.5 thousand) of these receivables and interest for the current year (part of the balance of EUR 4,193.1 thousand under item C.III.1. "Current financial receivables" of EUR 4,193.1 thousand) and contributions receivable from policyholders pursuant to decisions to defer payment of contributions (part of the balance of EUR 506,037.6 thousand under item C.III.2 "Taxes and social security contributions receivable" (balance of EUR 506,037.6 thousand); Section F. "Net assets" (EUR 5,066,707.2 thousand) – the accuracy of the stated net assets and, accordingly, the balances of the items comprising them; the income statement as at 31 December 2025, item A.II "Revenue from taxes and social contributions": the revenue from policyholders indicated in accordance with decisions to defer payment of contributions (part of EUR 5,286,968.1 thousand) and the decrease in impairment costs of social insurance contributions receivable from policyholders pursuant to decisions to defer payment of contributions in item B.VIII "Impairment and write-offs" (EUR 608.7 thousand out of EUR 25,304.5 thousand), and under item C. "Surplus or deficit from core activities" (EUR 851,639.4 thousand), H. "Net surplus or deficit before the impact of the equity method" (EUR 946,972.0 thousand) and J. "Net surplus or deficit" (EUR 946,972.0 thousand), we are unable to confirm the accuracy of the stated surplus.

4. We identified material misstatements in the financial position, activities and net assets resulting from significant data for the previous reporting period (31 December 2024) (accrued receivables, current liabilities, net assets, operating income from the state budget, operating expenses, surplus or deficit from core activities, net surplus or deficit, net assets) in the statements of financial position, activities and changes in net assets, as well as in the relevant information of the notes to the financial statements. The misstatements were caused by unrecorded transactions relating to one-off and periodic benefits allocated to individuals but not received by them, and by the inaccurate assessment of individuals' insurable earnings received abroad and the periods for which unemployment social insurance benefits were allocated.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements of the State Social Insurance Fund.

## **EMPHASIS OF MATTER REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE SOCIAL INSURANCE FUND**

We draw attention to an observation which does not affect the opinion but is significant. The State Social Insurance Reserve Fund amounted to EUR 4,515.1 million as at 31 December 2025. Due to residents withdrawing from pension accumulation schemes, the State Social Insurance Fund (VSDF) received EUR 1,321.2 million from pension accumulation funds for 2026 in the first quarter. Following changes to the legal framework, such revenues will be transferred to the Reserve Fund account on a quarterly basis, which will allow for faster investment of the funds. The implementation of the recommendation submitted by the National Audit Office to the Ministry of Finance – to systematically review the legal framework for reserves and establish common principles for their creation and management in conjunction with the government's borrowing policy – will be particularly relevant to decisions on the management of the Reserve Fund (implementation scheduled by 31 December 2026 (Section 1.4 of the audit report, pp. 34–36).

## **QUALIFIED OPINION ON THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS OF THE STATE SOCIAL INSURANCE FUND**

We have audited the 2025 set of consolidated budget implementation reports of the State Social Insurance Fund, comprising the consolidated statement of the Fund's budget revenue and expenditure, the statement of cash receipts and expenditure, and the notes to the reports on the implementation of the Fund's budget.

In our opinion, except for the effects of the matters described in the section of our report entitled "Basis for the Qualified Opinion on the Consolidated Budget Implementation Reports of the State Social Insurance Fund", the 2025 set of consolidated budget implementation reports of the State Social Insurance Fund has, in all material respects, been prepared and presented in accordance with the legal acts of the Republic of Lithuania governing the preparation of this set of reports.

## **BASIS FOR THE QUALIFIED OPINION ON THE CONSOLIDATED BUDGET IMPLEMENTATION REPORTS OF THE STATE SOCIAL INSURANCE FUND**

The consolidated financial statements and consolidated budget implementation reports of the State Social Insurance Fund are prepared using the same accrual basis; therefore, the misstatements identified in the set of consolidated financial statements (opinions on the set of consolidated financial statements, points 1, 2 and 3) also affect the relevant data in the reports and the notes to the consolidated budget implementation reports (Section 1.2 of the audit report, pp. 33–34). In view of this, we are unable to confirm:

1. By what amount the income and expenditure statement, based on data as at 31 December 2025, has reduced income from the state budget for the financing of the basic (general) pension under item 1.8 "Funds received from the state budget and/or other state financial resources" (EUR 3,432,954.5 thousand), expenditure on social insurance benefits (items 2.1–2.5, EUR 7,752,561.0 thousand) and the increased result for the current year in item 3. "Result for the current year" (EUR 948,349.7 thousand) due to unrecorded periodic and one-off social insurance benefits that did not reach the recipients.

2. In the income and expenditure statement, based on data as at 31 December 2025, the costs of maternity social insurance benefits specified in item 2.3 "Maternity social insurance" (EUR 454,907.3 thousand), and the impairment costs of overpayments of these benefits under item 2.6 "Uncollectible and doubtful amounts" (EUR 38.7 thousand out of EUR 6,886.2 thousand) and the result for the current year under item 3. "Result for the current year" (part of EUR 948,349.7 thousand) due to shortcomings in legal regulation and internal control: failure to ensure compliance with the principle of avoiding duplication of child care benefits and limited ability to manage the risk of overpayments of maternity social insurance benefits.

3. We are unable to confirm the income and expenditure statement based on data as at 31 December 2025, item 1 "Income" (EUR 8,837,205.8 thousand) of the revenue section in accordance with decisions on the deferral of payment of contribution arrears (items 1.1–1.5), item 2 "Expenses" (EUR 7,888,856.1 thousand) as specified in item 2.6 "Uncollectible and doubtful amounts" in respect of the reduction in impairment costs of premiums receivable from policyholders pursuant to decisions to defer premium payments (EUR 608.7 thousand out of EUR 6,886.2 thousand) and item 3 "Result for the current year" (EUR 948,349.7 thousand) due to shortcomings in the administration of policyholders' contribution arrears that do not comply with legal regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to support a qualified opinion on the set of consolidated budget implementation reports of the State Social Insurance Fund.

## SET OF ANNUAL ACCOUNTS OF THE GUARANTEE FUND

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### UNQUALIFIED OPINION ON THE SET OF FINANCIAL STATEMENTS OF THE GUARANTEE FUND

We have audited the 2025 set of financial statements of the Guarantee Fund, which comprises the statements of financial position, activities, cash flows, changes in net assets and the notes to the financial statements.

In our opinion, the 2025 set of financial statements of the Guarantee Fund presents a true and fair view of the financial position as at 31 December 2025, activities for the year ended 31 December 2025, the changes in net assets and the cash flows for the year ended 31 December 2025 in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

### BASIS FOR UNQUALIFIED OPINION ON THE FINANCIAL STATEMENTS OF THE GUARANTEE FUND

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an unqualified opinion on the set of financial statements of the Guarantee Fund.

## SET OF ANNUAL ACCOUNTS OF THE LONG-TERM EMPLOYMENT BENEFITS FUND

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## **UNQUALIFIED OPINION ON THE SET OF FINANCIAL STATEMENTS OF THE LONG-TERM EMPLOYMENT BENEFITS FUND**

We have audited the 2025 set of financial statements of the Long-Term Employment Benefits Fund, which comprises the statement of financial position, the income statement, the cash flow statement, the statement of changes in net assets and the relevant notes to the financial statements.

In our opinion, the 2025 set of financial statements of the Long-Term Employment Benefits Fund presents a true and fair view of the financial position as at 31 December 2025, activities, changes in net assets and cash flows for the year ended 31 December 2025 in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

## **BASIS FOR UNQUALIFIED OPINION ON THE FINANCIAL STATEMENTS OF THE LONG-TERM EMPLOYMENT BENEFITS FUND**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an unqualified opinion on the set of financial statements of the Long-Term Employment Benefits Fund.

## **MANAGEMENT'S RESPONSIBILITY FOR THE SET OF ACCOUNTS OF THE STATE SOCIAL FUNDS**

The Director of the State Social Insurance Fund Board is responsible for the preparation and fair presentation of the annual report of the State Social Insurance Fund, the Guarantee Fund and the Long-Term Employment Benefits Fund, in accordance with the public sector accounting and financial reporting standards of the Republic of Lithuania, the laws of the Republic of Lithuania governing the preparation of the annual budget implementation reports, and such internal control as management deems necessary to ensure that the financial accounts and budget implementation reports are prepared free from material misstatement, whether due to fraud or error.

## **THE AUDITOR'S RESPONSIBILITY FOR THE AUDIT**

We conducted the audit in accordance with the International Standards of Supreme Audit Institutions, which incorporate International Standards on Auditing. We are independent of the audited entity in accordance with the Law on the National Audit Office and the Code of Ethics for National Audit Office Employees, and we have complied with the other ethical requirements set out in this Code.

Our objective is to obtain reasonable assurance that the set of annual accounts for 2025 comprising the State Social Insurance Fund, the Guarantee Fund and the Long-Term Employment Benefits Fund, which make up the 2025 annual reports of the state social funds, are not materially misstated as a whole, whether due to fraud or error, and to issue an auditor's report setting out our 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, which may arise from fraud or error, are considered material if it can reasonably be expected that, individually or in the aggregate, they could have a significant influence on the

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economic decisions of users taken on the basis of the financial statements and budget implementation reports.

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

We present the Public Auditor's Report together with the Public Audit Report and attach the audited sets of annual accounts of the State Social Insurance Fund, the Guarantee Fund and the Long-Term Employment Benefits Fund, which constitute the set of annual accounts of the State social funds.

Auditor General

Irena Segalovičienė