

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

5 June 2026

No. FAE-6

SUMMARY

Objective and scope of the audit

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions, which incorporate International Standards on Auditing. The scope of the audit and the methods applied are described in Appendix 2, “Scope and Methods of the Audit” (p. 28). This report presents only the findings identified during the audit, while an independent opinion on the annual accounts is expressed in the auditor’s report.

Key audit findings

1. Misstatements in the financial statements at lower levels of consolidation had a significant impact on the accuracy of the national set of financial statements

The list of consolidated entities for 2025 includes 3,155 public sector entities; data for five of these entities are not included in the 2025 national set of financial statements, and two entities are not included in the list of consolidated entities either. Significant recurring data misstatements remain in the set: material misstatements in data on fixed assets, financing amounts and net assets have been identified (Section 1, p. 10).

Misstatements in state asset data, relating to the incorrect accounting of forest land and stands, mineral resources, infrastructure assets, cultural assets and other state assets, had a significant impact on the accuracy of the national set of annual accounts. The accuracy of state assets amounting to EUR 2,154.81 million cannot be confirmed (Section 1, p. 13). In the sets of annual accounts of local authorities, the accuracy of EUR 16,903.81 million in fixed assets and EUR 570.05 million in funding from other sources cannot be confirmed (Section 1, p. 14).

In the set of accounts of the State Social Insurance Fund, the accuracy of EUR 454.91 million in expenditure on maternity social insurance and childcare benefits cannot be confirmed (Section 1, p. 15).

2. No significant discrepancies were identified in the Report on key results in areas of government activity

In 2025, the Report on key results in areas of government activity became part of the national set of accounts for the first time, providing information on the most important results of government activity, their indicators, financial resources and the implementation of the Government's programme. No significant discrepancies in financial data were identified during the audit between this report and the annual financial statements and budget implementation reports.

However, the Report needs to be improved to ensure comprehensive disclosure of results, trends in indicators and the use of funds. Information on funds used is missing for some indicators; some indicators do not include data for 2025, and some of the indicators approved by the Law on Budget Approval for 2025–2027 are not disclosed at all. The linking of indicators to the state budget appropriations used is carried out on an expert basis, as budget implementation data is not collected at the indicator level. Furthermore, the Report presents data on funds transferred but not necessarily actually utilised and therefore does not always reflect the actual implementation of measures.

Deficiencies in data quality were also identified: some of the data presented in the textual and graphical information do not match; in some cases, the data in the Report differ from those in other sets of accounts; data sources are not always indicated, nor is it noted that preliminary data are being used.

These findings indicate a need to improve the disclosure of performance indicators, their links to financial data and the overall quality of the information in the Report (Section 2, p. 15).

3. The data on the implementation of the consolidated budget, as currently presented, does not provide any benefit

Although planning and approval of the medium-term consolidated budget began in 2024, reporting on its implementation is not regulated by legislation. In implementing the National Audit Office's recommendation, the Ministry of Finance presented aggregated consolidated budget implementation data in the 2025 set of state budget implementation reports; however, this data is neither accurate nor informative. Discrepancies have been identified between the consolidated budget implementation data and that of individual funds, inter-fund transfers have not been properly eliminated, and the inconsistent accounting practices applied by local authorities result in incomparable and inaccurate revenue and appropriation figures.

The Ministry of Finance noted that a high-quality consolidated budget would require fundamental changes to legal, methodological and information systems, as well as significant investment. However, problems arise not only due to consolidation – significant errors are also identified in the unconsolidated

budget execution data: appropriations are grouped under inappropriate economic classification headings, expenditure is recorded incorrectly in some cases, and funds transferred in advance but not used distort the budget implementation result. Consequently, data prepared on a cash basis are not sufficiently reliable for decision-making.

These problems could be addressed by adopting a budget formulation and accounting system based on the accrual principle. Such a practice would provide a single, more comprehensive and analysis-friendly accounting that better reveals the financial position of the general government sector, fiscal risks and cash flows. It is therefore proposed to reassess whether it is appropriate to prepare separate sets of accounts on a cash and accrual basis, weighing up the costs involved and the expected benefits.

From 2023, the national set of reports has been supplemented with summary data on the implementation of municipal budgets. At the end of the financial year, municipalities submit their budget implementation reports to the Ministry of Finance, which compiles a summary set of reports. Audits of municipal budget implementation reports are carried out by municipal audit and control services. The summary results of the audits carried out in municipalities show that no significant errors were identified in the municipal budget implementation reports (Section 3, p. 17).

4. We did not receive data on the EUR 1.28 billion in eliminated general government debt

General government debt stood at EUR 33,259.0 million at the end of 2025, having increased by EUR 3,266.7 million, or 10.9 percent, during 2025. The debt-to-GDP ratio increased by 1.5 percentage points and stood at 39.5 percent of GDP at the end of 2025. When calculating general government debt, EUR 1.28 billion in intergovernmental loans was excluded from the total amount; however, the State Data Agency did not provide a justification for the excluded amount (detailed information). Consequently, it cannot be confirmed that the general government debt has been reduced by the correct amount.

In 2025, borrowing of EUR 7,874.0 million was planned; in fact, EUR 7,053.4 million was borrowed. The Government and central government entities complied with the established borrowing and guarantee limits in 2025.

The general principles and restrictions relating to municipal debt management are set out in the Constitutional Law on the Implementation of the Fiscal Treaty, and their assessment is carried out by an independent fiscal institution.

The public debt management system is being strengthened – legislation regulating borrowing planning, risk management, the setting of debt limits and the provision of information on public debt was adopted in 2025–2026. Lithuania's medium-term fiscal structural plan for 2025–2029 has been approved, prepared in line with the updated EU fiscal governance requirements. New rules for the management of debt on behalf of the state have also been established, setting out stricter risk management indicators aimed at reducing fiscal risk and ensuring greater long-term stability of public finances. New provisions of the Law on Fiscal Governance, providing for a regular assessment of the long-term sustainability of public finances, came into force in 2026 (Section 4, p. 21).

5. The Ministry of Finance is developing a systematic model for the formation and management of the country's monetary reserves

State reserves – comprising the Reserve (Stabilisation) Fund, the State Social Insurance Fund and the Compulsory Health Insurance Fund – increased by 24.6 percent in 2025, amounting to EUR 6,029.8 million at the end of the year. The largest share (75.3 percent) of the total increase is accounted for by the growth in the State Social Insurance Fund's reserves.

Reserves are accumulated to ensure the financial stability of the state and its ability to meet its obligations during economic or other shocks. However, the accumulation of reserves as a whole is still not based on a clear strategic assessment – it has not been determined what level of reserves is sufficient, what risks they are intended to cover, and how they should be formed in the long term. The Ministry of Finance, in implementing the National Audit Office's recommendation, is preparing a strategic rationale for reserve management: an analysis of international practice has been carried out, the situation in Lithuania is being assessed, and proposals are being drawn up regarding the principles for the formation and management of general reserves (Section 5, p. 25).

Recommendations

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