

FUNDS ALLOCATED TO THE NATIONAL DEFENCE SYSTEM FOR THE PROCUREMENT OF GOODS, SERVICES AND WORKS FOR 2021– 2025

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SUMMARY

Relevance of the audit

Procurement within the national defence system is one of the key measures through which the state ensures the maintenance and development of defence capabilities; and therefore its efficiency directly determines not only the rational use of public resources, but also the system's ability to supply the armed forces with the necessary goods, services and works in a timely manner and to the required extent. Given that significant state budget allocations are earmarked for national defence procurement, efficient procurement is vital to ensuring the best value for money and the transparent and rational use of funds.

Objective and scope of the audit

The objective of the audit is to answer the following questions formulated by the Seimas regarding the funds allocated to the national defence system for the procurement of goods, services and works for the period 2021–2025:

- ✓ whether the exceptions to the procurement of goods, services and works established by law (negotiated procedures without prior publication, simplified procurement procedures, etc.), whether the decentralised organisation of procurement, the human resources allocated to this process, their competences and other relevant

circumstances ensured that funds were used rationally, efficiently and effectively, and that intermediation – which may increase procurement costs – was avoided;

- ✓ whether the contracting authorities within the national defence system, including the Defence Resources Agency under the Ministry of National Defence and the Infrastructure Management Agency, used funds for the procurement of goods, services and works in 2021–2025 lawfully, efficiently and effectively;
- ✓ whether the functions and responsibilities of the authorities supervising and controlling the procurement of goods, services and works have been properly defined and enable these authorities to carry out the control and supervision of such procurement in a timely manner.

Audited entities:

- ✓ The Ministry of National Defence, which formulates the procurement policy for the national defence system;
- ✓ The Defence Resources Agency under the Ministry of National Defence, which supplies other institutions within the national defence system with goods, services and/or works;
- ✓ The Infrastructure Management Agency, which organises, coordinates and carries out centralised procurement of architectural, engineering and construction survey services and construction works falling within its remit;
- ✓ The Lithuanian Armed Forces, which centrally supplies goods, services and/or works to institutions of the national defence system and their units. Its 60¹ units are authorised to procure goods, services and/or works on a decentralised basis;
- ✓ The State Telecommunications Centre, which carries out the centralised procurement of goods and services for communications and information systems.

We collected information from the Ministry of Economy and Innovation, the Public Procurement Service, the Special Investigation Service, the Prosecutor General's Office, the Central Project Management Agency, the Environmental Project Management Agency of the Ministry of the Environment, the European Social Fund Agency, the Innovation Agency, and all (73) contracting authorities within the national defence system.

We would like to thank the audited entities and those who provided information for their cooperation.

The audit period covers 2021–2025. To assess changes, we used data from previous years and from 2026.

Limitations – we did not assess the procurement of armaments and military equipment (public procurement carried out in accordance with the Law on Public Procurement in the Field of Defence and Security), as a public performance audit is being conducted in accordance with the National Audit Office's 2026 work plan "Procurement of Armaments and Military Equipment".

¹ As at 31 December 2025.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions². The audit criteria, procedures carried out and methods applied are described in more detail in Annex 2, “Audit Criteria, Procedures Carried Out and Methods Applied” (p. 62).

Key audit findings

The national defence public procurement system should be developed in such a way that it is able to adapt rapidly to a changing security environment, ensures prompt decision-making and provides reliable control over processes. The model for the implementation of public procurement in the national defence system should be based on efficiency-related data; sufficient human resources must be allocated to the implementation of the model, procurement needs must be identified in a timely manner, public procurement must be carried out in accordance with legal requirements, and timely preventive control of ongoing procurement must be ensured.

1. The legal framework provides for exceptions to the procurement of goods, services and works (negotiations without prior publication, simplified procurement procedures, etc.), the decentralised organisation of procurement, the human resources allocated to this process, and their level of competence did not provide a sufficient basis for ensuring that funds were used rationally, efficiently and effectively, or for preventing intermediation

✓ When carrying out procurement, the contracting authority must adhere to the principles of equality, non-discrimination, mutual recognition, proportionality and transparency³ and strive to make rational use of the funds allocated for the procurement of goods, services and works⁴. The necessary conditions must be in place to enable the public procurement system to operate efficiently. We found that the procurement model applied within the national defence system does not always comply with the legislation in force, and there is insufficient data to assess its efficiency:

- At the end of 2025, public procurement within the national defence system was carried out by 73 contracting authorities; however, 82 percent (60 out of 73) of them – military units and other subdivisions of the Lithuanian Armed Forces – cannot be regarded as independent contracting authorities, as they are not independent legal entities. Unless decisions are taken regarding the status of these units and the current practice is changed, a consolidated public procurement plan for the Lithuanian Armed Forces will not be drawn up, and procurement will be planned and carried out in a fragmented manner (Section 1.1, p. 17).

² ISSAI 3000 - Performance Audit Standard, available online at: <https://www.valstybeskontrolė.lt/LT/post/15649/> (accessed 28 May 2026).

³ Law on Public Procurement, Article 17(1).

⁴ Ibid., Article 17(2).

- The national defence system applies the procurement organisation model⁵ set out by the Minister of National Defence. Under this model, all 73 contracting authorities within the national defence system are authorised to carry out decentralised procurement, whilst 5⁶ of them are also authorised to carry out centralised procurement; other organisations may also carry out centralised procurement as required when the low-value thresholds are exceeded, however, none of the contracting authorities within the national defence system carried out centralised public procurement activities as provided for in the Law on Public Procurement, as they did not have the status of a central contracting authority. Representatives of the Defence Resources Agency also participated in all centralised procurements within the national defence system; they were delegated to the public procurement committees formed by all contracting authorities carrying out centralised procurement⁷. This method of organising centralised public procurement is complex and does not provide a sufficient basis for clearly defining institutional responsibilities for the organisation and implementation of centralised procurement.

Changes during the audit: On the initiative of the Ministry of National Defence, on 18 February 2026 the Government granted the status of central contracting authority to three⁸ contracting organisations within the national defence system (Section 1.1, p. 19).

- The national defence system has an approved list of items to be procured centrally⁹, but no criteria have been established for including items on the list (e.g. procurement value, importance, scope, etc.). Consequently, the rationale for compiling and amending the list is not ensured (Section 1.1, p. 20).
- Between 2021 and 2025, an average of around 22,000 decentralised procurements were carried out each year. The procurement model operating within the national defence system is not based on objective data; the Ministry of National Defence has not assessed the current model in terms of economic efficiency, nor has it evaluated the alternatives between centralised and decentralised procurement models. Without this, it is not possible to reasonably assess whether the model involving 73 contracting authorities is optimal (Section 1.1, p. 21).
- Contracting authorities within the national defence system store procurement process data in different information systems and computer programmes (PVIS, eRVIS, Excel, etc.), which are not integrated with one another. Given that procurement data is scattered across several non-integrated information systems and computer programmes, it is difficult to analyse the national defence system's procurement and to manage the entire procurement process efficiently (Section 1.2, p. 23).

⁵ Procedures for the Organisation, Control and Supervision of Procurement in the National Defence System, approved by Order No. 768 of the Minister of National Defence dated 30 July 2007.

⁶ Ministry of National Defence, Lithuanian Armed Forces, Defence Resources Agency, Infrastructure Management Agency, National Telecommunications Centre.

⁷ Since 29 October 2025, staff from the Defence Resources Agency have not been delegated to the Infrastructure Management Agency's public procurement committees.

⁸ Defence Resources Agency, Infrastructure Management Agency, National Telecommunications Centre.

⁹ Procedures for the Organisation, Control and Supervision of Procurement within the National Defence System, approved by Order No. 768 of the Minister of National Defence dated 30 July 2007.

- With a view to assessing the efficiency and transparency of the public procurement system, the Ministry of National Defence set out 14 indicators for 2025: 10 of these relate to centralised procurement and 4 to decentralised procurement. We found that, during the period under audit, the indicators for centralised procurement (compliance of planned prices with the tender price, start/end of the procurement procedure) only partially helped to assess the efficiency of these procurements; however, they did not cover the cost of carrying out the procurements, or the assessment of the success of contract performance (compliance with contract deadlines, the number of amendments, the quality of goods, services or works, etc.), which would allow for an objective measurement of procurement efficiency, the identification of risks and the taking of data-driven decisions to improve the quality of the entire process. For decentralised procurement, there was not a single indicator measuring the efficiency of the procurement process that would allow for an assessment of its results. The failure to establish sufficient efficiency indicators, particularly those relating to the duration of procurement, the costs of carrying it out and the ultimate success of contract performance, prevents the comprehensive monitoring and evaluation of the public procurement system, which limits the ability to identify genuine areas for savings and to make data-driven decisions on improving the long-term efficiency of the procurement system (Section 1.2, p. 24).
 - We found that 55 percent of the planned indicators for assessing procurement within the national defence system for 2021–2025 were not met. On average, 46 percent of centralised procurement indicators were not met each year (e.g. Start of procurement procedure, End of procurement procedure, Failed procurements and others), while in the case of decentralised procurement, 92 percent of the targets were not met (e.g., Procurement was directed at a single supplier). The Ministry of National Defence carries out annual analyses of the indicators and issues written recommendations to contracting authorities regarding the training of public procurement specialists, the use of the CPO catalogue, etc., however, it does not monitor the impact of the recommendations provided and does not draw up a coherent action plan with measures to achieve the indicator values. In 2025, an improvement in the situation was observed (indicator achievement increased by 19 percentage points compared with 2024), however, procurement procedures are still not initiated and completed in a timely manner; inaccurate planning of procurements at the start of the year may increase the administrative burden, the risk of procurement delays and hinder the fulfilment of the national defence system's needs (Section 1.2, p. 25).
- ✓ Public procurement is a complex process which requires staff with specific knowledge and skills to be carried out properly. We found that there is a shortage of qualified human resources dedicated to public procurement within the national defence system:
- Between 2021 and 2025, an average of 84 public procurement specialist posts were approved annually at the end of the year across the 12 contracting authorities selected for assessment, of which 19 percent (16 out of 84) remained unfilled. The majority (88 percent) of the unfilled posts were at the Defence Resources Agency. Due to the persistent shortage of public procurement specialists, procurement processes may take longer, increasing the likelihood of errors and the risk that the Lithuanian Armed Forces will not receive the necessary resources on time (Section 1.3, p. 29).

- A procurement specialist certificate is not compulsory for all staff, but from 2023 at least one member of the Public Procurement Committee must hold one. Having assessed the selected public procurement cases, we found that in all instances there was a member of the Public Procurement Commission who held the certificate. A procurement specialist certificate confirms the competence of an employee carrying out public procurement; therefore, contracting authorities seeking high-quality procurement should rely on specialists who hold such a certificate. In contracting authorities carrying out centralised procurement¹⁰, an average of 48 percent of staff involved in public procurement between 2023 and 2025 did not hold public procurement specialist certificates. When procurement is carried out by staff who do not hold a certificate confirming their public procurement competence, the risk to the quality of procurement and the consistent application of legal requirements increases (Section 1.3, p. 30).
- ✓ We found that, Description of Procedure for Procurement in the National Defence System, for procurements where exceptions apply and the requirements of the Law on Public Procurement and the Law on Public Procurement in the Fields of Defence and Security do not apply, does not set out minimum mandatory procedural requirements; consequently, decisions on the organisation of procurement and control measures (e.g. the formation of a committee, the appointment of an organiser, and the decision-making procedure) may be taken unilaterally and at their own discretion by the head of the contracting authority or their authorised representative. Such regulation increases the risk that essential control measures will not be applied in procurement and that the principles of public procurement (transparency, equal treatment, non-discrimination, etc.) may be breached, which, in light of the case law of the Supreme Court of Lithuania, may give rise to the risk of legal consequences (actions being declared unlawful and the corresponding repercussions), particularly given that between 2021 and 2025 14 procurements worth EUR 950 million were carried out under this exemption within the national defence system (Section 1.4, p. 31).
- ✓ When carrying out procurement in the national defence system through negotiated procedures without prior publication, contracting authorities are not obliged to approach the direct manufacturers of goods, service providers or their official representatives. When conducting negotiated procedures, the contracting authority selects suppliers at its own discretion; these suppliers are not necessarily the direct providers of a specific service, manufacturers of goods or official representatives of manufacturers, therefore a situation may arise where a good or service is procured at a higher price than if the contracting authority had approached the service provider, goods manufacturer or official manufacturer's representative directly. In the absence of a requirement for organisers of negotiated procurements to also approach direct service providers, manufacturers or their official representatives, there is a risk that the procurement organiser will fail to evaluate the potentially cheapest tenders and will purchase the goods or services at a higher price (Section 1.5, p. 32).

2. In the cases assessed during the audit, contracting authorities within the national defence system used funds for the procurement of goods, services and works in the period 2021–2025 effectively, but did not

¹⁰ Ministry of National Defence, Lithuanian Armed Forces, Defence Resources Agency, Infrastructure Management Agency, National Telecommunications Centre.

always comply with the provisions of the legislation. The procurement planning process may create conditions for the inefficient use of funds

- ✓ We found that, on average, 83 percent (10 out of 12) of the contracting authorities within the national defence system assessed for the period 2021–2025 saw their public procurement plans increase by more than 15 percent over the course of the year in terms of the number and value of procurements. In all 12 contracting authorities assessed, public procurement plans were amended on average 14 times per year. The procurement plans of some of the contracting authorities assessed during the audit increased several-fold over the course of the year; for example, the General Adolfas Ramanauskas Combat Training Centre's procurement plan increased 3.4-fold in terms of the number of procurements in 2021, the Defence Resources Agency's plan for 2025 increased threefold, while, in terms of value, the Defence Resources Agency's plan for 2023 increased 36-fold and the General Adolfas Ramanauskas Combat Training Centre's plan for 2023 increased 22-fold. Over the course of the year, plans were amended due to the changed geopolitical situation (support for Ukraine, planned exercises, commitments to NATO partners, etc.), new, additional or changed requirements, the receipt of additional funding, the repetition of unsuccessful procurements, and so on. Frequent and significant changes to public procurement plans may create conditions for the inefficient use of state budget funds, as procurements become less predictable, making it more difficult to plan their implementation and ensure the consistent allocation of financial resources. Furthermore, such practices increase the risk that procurements will be carried out in a rush, which may lead to higher administrative costs and make it more difficult for market participants to plan their participation in public procurement in advance (Chapter 2, p. 33).
- ✓ Non-compliance with legal requirements was identified in 67 percent (24 out of 36) of the public procurement contracts within the national defence system selected for assessment during the audit. After assessing the actual or potential impact of the identified non-compliance on the procurement outcomes, 17 percent of procurements (6 out of 36) were found to involve non-compliance of high significance, 36 percent (13 out of 36) – of medium significance, and 53 per cent (19 out of 36) were classified as minor. A single procurement procedure may have involved non-compliance at several different levels of significance. In total, 17 out of 36 (47 percent) of the procurements were found to have high- and/or medium-significance non-compliances (Chapter 2, p. 35).

Most of the shortcomings were identified at the procurement preparation and initiation stage (19 procurements). Non-compliances of high and medium significance were identified in the selection of an inappropriate procurement method (1 procurement), in the splitting or failure to split procurements, thereby restricting competition amongst suppliers (3 procurements), and in the drafting of technical specifications containing ambiguous, inaccurate or requirements tailored to a narrow circle of suppliers, without requesting documents substantiating compliance (5 procurements), setting unjustified, disproportionate or competition-restricting qualification requirements (4 procurements), and failing to adequately manage conflicts of interest (3 procurements). Observations were also identified regarding the conduct of market research, which did not affect the outcomes of the procurements but are important for the efficient organisation of public procurement procedures and the planning of the necessary funds. During the procurement implementation phase,

non-compliance was identified in 7 procurements, while during the contract award and performance phases, it was identified in 6 and 2 procurements respectively. Non-compliance of high and medium significance relates to the improper assessment of the conformity of suppliers' tenders (2 procurements), the provision of clarifications on procurement documents to suppliers (1 procurement) and the performance of contracts in breach of the requirements set out therein (1 procurement) (Chapter 2, p. 35).

The discrepancies identified indicate that internal control measures for public procurement are not sufficiently effective, as they do not ensure the preparation of appropriate procurement documents that do not restrict competition, the transparent evaluation of tenders, the lawful conclusion of contracts, and adequate supervision of their performance. Consequently, there is an increased risk to the legality, transparency and competitiveness of public procurement, as well as to the efficient use of funds (Chapter 2, p. 35).

3. The functions and responsibilities of the authorities supervising and controlling the procurement of goods, services and works have been established, but their implementation is fragmented and inadequate

- ✓ The Public Procurement Service, which is responsible for overseeing public procurement at national level, must assess compliance with legal requirements and provide recommendations on the organisation of procurement. In the assessments carried out by the Public Procurement Service between 2021 and 2025, procurement within the national defence system accounted for 2 percent (60 out of 2,957) of all preventive procurement checks, 1.4 percent (18 out of 1,288) of procurement (contract) assessments, and 1.5 percent (1 out of 65) of contracting authority governance assessments. In 97 per cent of the preventive audits and 61 percent of the procurement (contract) assessments carried out within the national defence system, the Public Procurement Service identified non-compliance with legal requirements. This indicates systemic risks in the organisation and implementation of public procurement within the national defence system. Given the significant increase in funding for the national defence system (appropriations for the national defence system for 2021–2025 have tripled), it is important to strengthen the supervision of public procurement and provide methodological support for the national defence system at the national level (Chapter 3, p. 46).
- ✓ The Procedure for the Organisation, Control and Supervision of Procurement stipulates that preventive procurement control is carried out by an employee or a department of the contracting authority. They draw up a list of high-risk procurements and review these procurements, and at least once a year submit a report to the head of the organisation with recommendations on improving procurement procedures. We found that, between 2021 and 2025, the requirements set out in the procedure were not always complied with; that is, public procurements included on the list of high-risk procurements were not assessed, and no conclusions regarding the improvement of procurement procedures were submitted:
 - The unit responsible for preventive controls at the Defence Resources Agency failed to assess 31 percent (11 out of 36) of completed procurements included on the lists of high-risk centralised procurements. Preventive controls for decentralised procurement were also inadequate, as 50 percent (6 out of 12) of organisations did not assess all high-risk procurements included in the high-risk procurement lists,

17 percent (2 out of 12) carried out assessments of not all high-risk procurements, and 33 percent (4 out of 12) did not carry out any assessments.

- In 2024–2025, the Defence Resources Agency did not prepare a single report on the improvement of centralised procurement; for the period 2021–2025, of the 12 contracting authorities assessed, 50 percent (6 out of 12) prepared reports on decentralised procurement annually, 25 percent (3 out of 12) prepared them not every year, and 25 percent (3 out of 12) did not prepare any at all.

Failure to carry out a risk assessment of procurement increases the risk that non-compliance with legislation will go unnoticed in procurement documents or procedures, that important information needed for decision-making will be missed, and that the risk of errors, non-transparent procurement and legal disputes will increase (Chapter 3, p. 49).

Recommendations

To the Ministry of National Defence:

1. In order to ensure that procurement within the national defence system is carried out by entities complying with the requirements of the Law on Public Procurement and that clear responsibilities for the quality and effectiveness of procurement are established, review the powers granted to units and/or structural subdivisions of the Lithuanian Armed Forces, ensuring that subdivisions without the status of an independent legal entity carry out procurement not as separate contracting authorities, but as sub-units of a single contracting authority, thereby complying with the requirements of the Law on Public Procurement (key audit finding 1).
2. In order to ensure that centralised public procurement within the national defence system complies with legal requirements and that clear lines of responsibility are established, the integration of the functions of central contracting authorities (CCAs) within the national defence system should be completed, clearly defining institutional responsibility for centralised procurement (key audit finding 1).
3. To ensure that items are included in the list of centrally procured items on reasonable grounds, approve the criteria and procedure for including items on the list (key audit finding 1).
4. To ensure that the procurement model for the national defence system is based on objective data, a comprehensive assessment of the mixed (centralised and decentralised) procurement model should be carried out, based on a cost-benefit analysis and performance indicators, and, based on the results of this assessment, the optimal model for organising procurement should be clearly defined (key audit finding 1).
5. In order to ensure compliance with public procurement principles and the rational use of funds, review the procurement control measures in place and ensure their effectiveness when conducting market research, selecting the procurement method and splitting procurements, preparing procurement documents, carrying out procurement, concluding contracts and monitoring their performance, as well as managing conflicts of interest (key audit finding 2).

6. To ensure the integrated management of procurement planning and execution data, as well as its availability for decision-making and the monitoring of changes to the procurement plan, consolidate the management of procurement data and ensure interfaces with other information systems relevant to procurement management (key audit finding 1).
7. To ensure that the efficiency of public procurement can be comprehensively assessed, establish indicators that allow for the systematic measurement and evaluation of the efficiency of the decentralised public procurement system according to time and price criteria, and that of the centralised system – according to price criteria (key audit finding 1).
8. In order to ensure greater efficiency and transparency in public procurement within the national defence system, an action plan should be drawn up and implemented to improve the achievement of public procurement evaluation indicators (key audit finding 1).
9. To increase transparency in procurement where the requirements of the Law on Public Procurement and the Law on Public Procurement in the Fields of Defence and Security and where the Government's resolutions or other legislation do not specify procedures for the organisation and conduct of such procurement, establish minimum mandatory requirements covering the decision-making process and control measures (key audit finding 1).
10. In order to increase transparency in the conduct of procurement through negotiated procedures without prior publication, an obligation should be established for contracting authorities, when conducting such procedures, to also approach direct manufacturers and service providers or their official representatives (key audit finding 1).
11. To reduce the risk of errors in public procurement and to ensure that contracting authorities actually carry out preventive controls on procurements included in the lists of high-risk procurements and submit annual conclusions on how to improve procedures (key audit finding 3).

The measures and deadlines for implementing the recommendations, the expected impact of the audit and the indicators for assessing changes are set out in the section of the report entitled "Plan for the Implementation of Recommendations" (p. 53). Up-to-date information on the status of the implementation of the recommendations, the results and the changes that have taken place is published in the open data section of the National Audit Office's website [at https://www.valstybeskontrole.lt/LT/AtviriDuomenys](https://www.valstybeskontrole.lt/LT/AtviriDuomenys).