NAO OF LITHUANIA

2023

ACTIVITY REPORT

National Audit Office of Lithuania – Compliance with INTOSAI Principles

INTOSAI P-12 PRINCIPLES

Strengthening the accountability, transparency and integrity of government and public sector entities

- INDEPENDENCE
- ACCOUNTABILITY
- IMPACT
- COMMUNICATION

Demonstrating ongoing relevance to citizens, Parliament and other stakeholders

- RELEVANCE
- COOPERATION
- PROFESSIONALISM

Being a model organisation through leading by example

- TRANSPARENCY
- GOOD GOVERNANCE
- ETHICS
- COMPETENCE
- CAPACITY BUILDING

COMPLIANCE WITH PRINCIPLES OF THE VALUE AND BENEFITS OF SAIS

WE SUPERVISE	the legality and efficiency of the use and management of State assets and the execution of the State budget	3410	entities audited
WE PERFORM	public audit – financial, performance, compliance	19	audits
	EU investments audit	1	audit
	assessments and overviews	4	assessments
	budget policy monitoring	6	evaluations
	external review of audits carried out by municipal control and audit services	13	audit reviews
WE PLAN	National Audit Office's five-year strategy	32	strategic measures
	three-year strategic action plan	3	activity directions
	annual activity plan	55	planned activities
WE MONITOR	public audit recommendations	479	in total monitored
	public audits	85	in total monitored
WE COOPERATE	INTOSAI, International Organisation of Supreme Audit Institutions	4	working groups
	EUROSAI, European Organisation of Supreme Audit Institutions	4	working and project groups
	public sector institutions	19	agreements
	academic community	4	scientific institutions
WE PUBLICISE	open data on the Internet	181	audit data
	press releases and comments	104	releases
WE EVALUATE	views of the audited entities	9.21	audited entities' rating (out of 10)
	equal opportunities situation	9.1	Equal Opportunities Ruler indicator (out of 10)
WE IMPROVE	training plan	190	professional training events

A Word from the Auditor General

Looking ahead to 2023, it is most encouraging to know that with a clear mission – to promote progress in the public sector and the changes needed by society – we can confirm its implementation through our performance and excellent teamwork.

Close cooperation with public sector bodies, both in selecting audit topics and evaluating the audited area, unites us for the common goal of improving public security and progress. However, the success of our operations and the impact of our audits are closely linked to the institution's commitment to implement the planned measures in a timely and responsible manner.

Following the implementation of the recommendations of previous years' audits, the employment rates of persons with disabilities improved, and positive changes were observed in improving the quality of drinking water and the participation of children growing up in an unfavorable environment in pre-school education.

We continuously monitor the state and society – their expectations are at the heart of our audit themes. This year, the topics of the audits included public security, education, health, energy, public governance and public finances.

Sustainable government finances is one of the priority areas of the institution's activities, and we have constantly emphasised the importance of objective information on the State's financial situation and its performance in the annual financial statements of the country. I would like to draw attention once again to the recommendations made by the National Audit Office, the implementation of which would ensure sufficient flexibility for the Government and institutions to implement the budget.

Aware of the national energy targets, we say that by liberalising the electricity market, the interests of consumers could have been better ensured, and the development of electricity production from renewable sources should be accelerated.

Public interest is harmed in ensuring health care – it is necessary to improve the system of reimbursement of medicines and their timely availability for patients, as well as the better organisation of treatment for people with addiction diseases. Speeding up the digitalisation of all public and administrative services would make it easier for the population to access these services.

Changes in today's context are becoming commonplace, but stability is provided by the perception of meaning in them. By observing how the world is changing, the development of the latest technologies, we assess how we are changing ourselves, whether enough attention is paid to the digital environment in the Supreme Audit Institution. The topics of auditor training, application of interactive systems, writing of concentrated reports, and cyber security were relevant this year in cooperation with international partners.

We are looking for new opportunities to achieve our strategic and operational goals. For the first time, our macroeconomic forecasts were published alongside with the opinion on the approval of the economic development scenario, the National Audit Office's datasets were opened on the Lithuanian Open Data Portal, an in-house developed innovation laboratory, allowing employees to test the latest technologies, created opportunities to organise their activities more efficiently, supply new products and share them with the public. By opening up the institution's good practices, we hope to encourage other institutions to develop innovative solutions in their activities with proven examples.

The expectations of our community remain an important part of ensuring employee engagement. The Staff Welfare Survey carried out for the seventh year confirms that the strengths of the organisation do not change – employees appreciate the aspiration to maintain a high level of professionalism, growing labour resources and the opportunity to grow professionally in their work.

I am grateful to my colleagues, auditees and partners for working together to build a safe and trusted future of the State.

Mindaugas Macijauskas
Auditor General

NAOL ACTIVITY REPORT 2023

SAI 2025 Strategy and Performance Indicators

RESULTS

RELEVANT objectively informed audits and assessments that promote timely and sustainable changes

7 Audit Topic Relevance Index (out of 10)
9 Audit Benefit Score (out of 10)

HIGH QUALITY revealing the causes of problems, good practices, and reaching the key stakeholders. We share results in a clear and engaging way to reach the widest possible public.

9.4 Performance Quality Index (out of 10)
87.1 % of recommendations implemented

TIMELY responding to changes, providing insights through audits and assessments

8.8 monthly average duration of audits and assessments
89 recommendations made following audits

PERFORMANCE

EFFECTIVE good governance practices, advanced business management models and methods help us to use available organisational resources efficiently

7.1 Process Management Maturity (out of 10)
82 % of improvement proposals and inconsistences implemented

DIGITALISED our daily work is made easier with modern performance management tools based on digitalisation, automation and robotics

7.2 Digital Maturity (out of 10)

COHERENT and inclusive working environment, where working together is comfortable and smart. Our working environment and ways of working are environmentally friendly.

66 % of engagement – meaning of work and dedication*

TEAM

COMPETENT professional community, the knowledge we need today and in the future is brought together by investing in the team's professional competencies

50 training hours per employee
77 % of professional training

SHARING accumulated experience, knowledge and skills, working together as a team, collaborating

7.9 Expertise Score (out of 10)
7.7 Internal Communications Index (out of 10)

CREATING work culture based on openness, trust, respect and equal opportunities

9.1 Equal Opportunity Ruler Index (out of 10)
86 % of employees appreciate clear and respectful management communication*

FUNDS USED

PUBLIC AUDIT, ASSESSMENTS
EUR **6600** thousand

EU INVESTMENTS AUDIT
EUR **1296** thousand

BUDGET MONITORING
EUR **320** thousand

** Staff Welfare Survey data, expressed as a percentage, where 100 % corresponds to the maximum possible estimate of the indicator*

Results promoting a positive change for the State and society

COMPLIANCE OF THE NAOL ACTIVITY WITH INTOSAI PRINCIPLES (P-12)

RELEVANCE – being responsive to changing environments and emerging risks:

- ✓ we planned the audits and assessments for 2023 in such a way that their results would be presented on time and be relevant to the decision-making process. We have carried out all planned audits and assessments.
- ✓ six new audits and assessments have been added to the Activity Plan for 2023 focusing on national roads, regional development and the Rail Baltica project.

ACCOUNTABILITY – carrying out audits to ensure that government and public sector entities are held accountable for their stewardship over, and use of, public resources:

- ✓ we assessed the set of national financial statements, sets of reports of the State and six resources funds – whether the reported data on assets, commitments, revenue and expenditure give a true and fair view of the financial position and performance results.

IMPACT – enabling those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action:

- ✓ the number of recommendations implemented at the time agreed with the audited entities is increasing and have reached 50 %.

INDEPENDENCE – being a credible source of independent and objective insight and guidance to support beneficial change in the public sector:

- ✓ 28 audits and assessments (not provided by law) included in the 2023 Activity Plan were selected based on public sector risks.

AUDITS AND ASSESSMENTS	COSTS (THOUSAND, EUR)
JANUARY	
Assessment “Overview of the healthcare network restructuring”	40.7
FEBRUARY	
“Assessment of lifelong learning”	90.0
Audit of EU investments	731.7
MARCH	
Audit “State food and veterinary control“	197.7
”Opinion on the endorsement of the Economic Development Scenario	43.5
APRIL	
Audit “Municipal waste management”	157.3
MAY	
Audit “Organisation of treatment services for persons with addiction diseases”	144.4
Audit “Compliance of the internal control system of public procurement with its requirements”	230.4
Audit “Results of the financial audit of the 2022 set of reports of the Pension Annuity Fund”	32.9
Assessment of the Stability Programme of Lithuania for 2023	45.5
Opinion on compliance with the fiscal discipline rules of municipal budgets 2022-2023	11.8
JUNE	
Preliminary study “Assistance to refugees and their social integration”	80.1
JULY	
Opinion on the endorsement of the Economic Development Scenario	36.7
AUGUST	
Audit “Execution and supervision of procurement of classified and security nature” (classified)	182.5
Assessment “Operation of Free Economic Zones”	79.8
SEPTEMBER	
Opinion on the endorsement of the Economic Development Scenario	43.3
Assessment “Ensuring the need for educators”	97.6
Audit “Managing the digitalisation of public and administrative services”	162.1
Preliminary study “Ensuring the need for nursing professionals”	87.2
OCTOBER	
Audit “Management of the electricity sector”	200.4
Financial audits of the 2022 sets of reports (7 audits)	1033.6
Audit “Support from the host country” (classified)	240.5
Opinion on the structural adjustment target	35.7
DECEMBER	
Audit “Availability of medicines for the population”	173.6

Public audit

Environment, forests, climate change and land management

The amount of waste going to landfills would be reduced and only non-recoverable waste would be disposed of if biodegradable waste and other secondary raw materials were separated through the collection and treatment of municipal waste.

Performance audit *"Municipal waste management"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2025	2026	2029
60 MUNICIPALITIES	**55 %**	**128** THOUSAND T
quality and comparable data on municipal waste management to be provided in a timely manner.	share of prepared for re-use and recycled municipal waste. (2021: 44.3 %)	additional waste treatment capacity created per year.

Economy and competitiveness

Free Economic Zones (FEZs) would provide greater added value if their operational expectations were identified, and the review of performance indicators would be carried out in the light of economic, geopolitical and technological developments. Increased focus on high-tech development would allow free economic zones to work towards relevant, ambitious targets, help to attract higher-technology companies and thus generate optimal added value for the country.

Assessment *"Assessment of the operation of Free Economic Zones"*

MAIN FACTS

45 %

of FEZs cannot operate on designated and unused sites due to easements, protection zones and other factors.

78 %

of enterprises operating in FEZ sites did not carry out high-tech activities, although this is one of the legal founding objectives and there is no indicator set for it.

27 %

of the sites transferred to FEZ management companies have enterprises operating in them while the remaining 73 % do not generate added value due to the unsuitability of the sites and the infrastructure.

Energy

The public interest in the management of the electricity sector would be better achieved by speeding up the development of electricity production from renewable sources, taking greater care of the state of the infrastructure and the quality of the services provided. To achieve energy security, it is important to ensure the overall integration of the Lithuanian electricity system with the objectives of continental Europe and to accelerate the implementation of electricity transmission infrastructure projects.

Performance audit *"Management of the electricity sector"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2026	2027	2029
38 %	**≥75 %**	**100 %**
share of electricity from renewable energy sources in electricity consumption (initial target 25.5 %).	share of electricity transmission infrastructure projects implemented within the planned deadlines.	share of the implemented synchronisation actions and measures foreseen in the implementation plan (initial target 47.2 %).

When preparing the new National Energy Independence Strategy (NENS), all measures foreseen in its implementation plan should be linked to the intended objectives, achievement targets, risk management measures and annual review of the measures and financing needs should be ensured. Also, the strategy being developed and its objectives should be linked to other strategic documents regulating the energy sector.

Overview *"Implementation of the National Energy Independence Strategy"*

MAIN FACTS

11 %	**58**	**29.6 %**
(15 out of 132) of measures foreseen in the NENS implementation plan do not have indicators.	measures (out of 117) for which indicators were foreseen, they were not achieved.	share of renewable energy in final energy consumption balance in 2022 (target 45 % in 2030).

Management of information resources

Higher accessibility, availability and convenience of electronic services would be possible as a result of an assessment of the suitability of public and administrative electronic services for users and the identification of needs for changes in the service delivery process.

Performance audit *"Managing the digitalisation of public and administrative services"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2028	2030	2030
85 %	**55 %**	**85 %**
share of public and administrative services that are accessible through the portal of the Electronic Government Gateway (initial target 60 %).	share of implemented public and administrative services digitalisation projects, the duration of which is not longer than 2.5 years (initial target 9 %).	share of agencies assessing the user-friendliness of e-services (initial target 35 %).

Social security and employment

To ensure the proper integration of refugees, cooperation between the state, municipalities and non-governmental organisations is needed, in particular greater involvement of local government for greater integration of people in the labour market and the education system.

Preliminary study *"Assistance to refugees and their social integration"*

MAIN FACTS

38 %

of asylees have registered at the Employment Service repeatedly over a period of 1 year in 2022.

6 %

of refugee Ukrainian children attending education institutions, in 2022 received education support, although it is one of the greatest challenges for the successful integration of asylum seeking minors to the education system.

55 %

of asylees attending Lithuanian language courses identified that courses were of no help for their integration into the labour market and society.

Health care

Improvements should be made to the reimbursement system and to the conditions for patients to obtain the medicines they need in time. Redispensing of prescription medicines in pharmacies, preparation of individual doses, monitoring of the use of newly prescribed medicines, chronic disease management service, comprehensive review of the use of medicines, medical devices and food supplements would contribute to the rational use of medicines.

Performance audit *"Availability of medicines for the population"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2025	2026	2027
1 AND MORE	**100 %**	**0.5 %**
decisions taken each year to change or not change the pricing regulation, following the assessment of indicators to measure the impact of pricing.	share of the decisions on the reimbursement of medicines taken within a maximum time limit of 180 days laid down in the Law on Pharmacy. (2023: 8 %)	share of prescription medicines purchased through distance selling. (2023: 0.07 %)

Demand planning for nursing professionals needs to be improved at the national level, and reliable data are needed to ensure this. Attracting and retaining nursing professionals in the workplace should be more effective.

Preliminary study *"Ensuring the need for nursing professionals"*

MAIN FACTS

38 TIMES	**16 %**	EUR **48** THOUSAND
difference between Ministry and municipal data on the shortage of nursing assistants, and for nurses by a factor of 5.	of nursing professionals find the nursing profession attractive.	used to develop and update the methodology for forecasting the need for health professionals in 2018-2023.

Health care

In order to be effective, treatment services for persons suffering from addiction diseases must be organised closer to them, especially for children and young people.

Performance audit *"Organisation of treatment services for persons with addiction diseases"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2024	2024	2026
7 %	**90**	**10** COUNTIES
share of visits to mental health centers due to mental behavioural disorders, the use of psychoactive substances and the pathological attraction to gambles from all visits to mental health centers.	share of personal health care institutions which have concluded agreements with the territorial health insurance funds for the provision of services for the treatment of addiction diseases from all those holding a licence for the provision of services for the treatment of addiction diseases.	where Minnesota inpatient programme and/or motivational therapy services are provided.
(1.9 % in 2022)	(57 % in 2022)	(3 counties in 2022)

Education, science and sport

Responsible registration of teacher vacancies and assessment of the need for them, taking into account all influencing factors, increased teacher training through vocational education and retraining, assessment of the scale, impact and effectiveness of measures to attract teachers, and the availability of detailed information on salaries would help to identify the most attractive measures, and to make informed decisions on their provision.

Assessment *"Assessing the need for educators"*

MAIN FACTS

31 %

of the country's total demand for educators is accounted for by the demand for educators in Vilnius schools 2023-2024.

7 %

of general education schools teachers in 2022-2023 worked full time, 57 % at a higher work load.

46 %

of education graduates did not work in schools 12 months after graduation in 2021.

To ensure that as many adults as possible choose to learn, it is necessary to provide more information to the public on the importance and benefits of learning, on career guidance, funding opportunities and on the offer of programmes, and to shape people's habit of learning.

"Assessment of lifelong learning"

MAIN FACTS

76 %

of the OECD recommendations for the Lithuanian Skills Strategy related to adult education are not planned to be implemented.

6 %

fewer 25-64 year-olds in Lithuania were in non-formal education than the OECD average (Lithuania – 7.6 %, OECD – 12.2 %) in 2021.

10 %

of municipalities do not comply with the provisions of the law and do not prepare their plan for non-formal adult education and continuous training.

Public governance, regional policy and public administration

The development of an effective internal control system for public procurement, in line with the elements and principles of internal control set out in the Law on Internal Control and Internal Audit, requires methodological guidance to help bodies ensure a more effective internal control system and to reduce the number of non-compliances with the legal requirements. Consolidation of resources through joint procurement will help reduce the administrative burden for bodies while addressing the lack of expertise and resources.

Compliance audit *"Compliance of the public procurement internal control system with its requirements"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2024	2026	2027
100 % share of budgetary bodies of the Ministry of Culture and the Ministry Social Security and Labour in which internal control of public procurement has been assessed (initial target for MoC 31 %, for MoSSL 24 %).	**0 %** share of audited bodies of the Ministry of Culture whose procurement did not comply with legal acts and internal procedures (initial target 67 %).	The procurement organisation and internal control guidelines developed by the Public Procurement Office cover all elements of internal control, their objectives and principles in accordance with the COSO model.

Public finances and official statistics

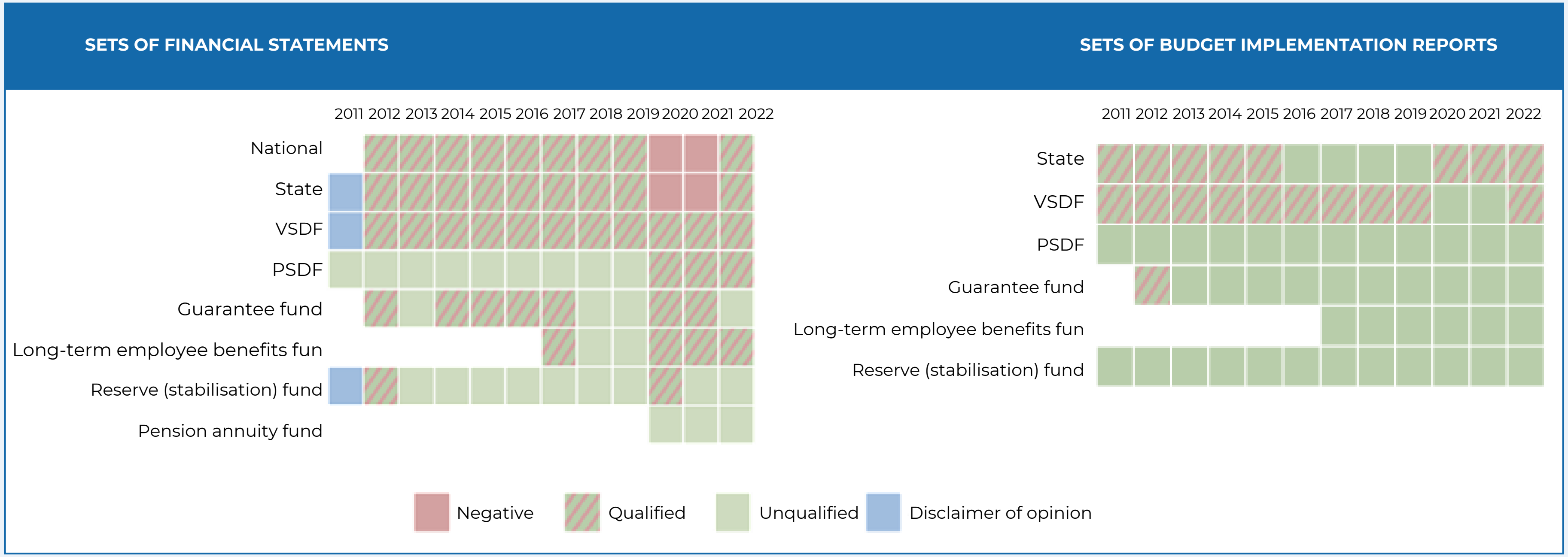
In the country's annual financial statements for 2022, some of the recurring significant accounting errors have been corrected. However, there are still significant areas to be corrected by public sector bodies. The level of misstatements identified in the state budget implementation reports is not diminishing – in 2022, around 7 % of the appropriations were disclosed in an inappropriate item of the economic classification of expenditure. The appropriate allocation of revenue and expenditure to the relevant items provides objective information for monitoring and analysing the performance of the institutions. Furthermore, the attribution of actual (made) costs to an eligible item in the economic classification is important for compiling country statistics.

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2024

The new composition of the sets of reports of the state social funds and the requirements for the information provided in their reports established.

The principles of accounting for liabilities and costs related to social benefits regulated.



Agriculture and food, rural development, fisheries, veterinary and land management

To prevent unsafe and low-quality food from entering the market and cruelty to animals, there is a need to improve control planning, execution and prevention processes: carry out an analysis of the effectiveness of prevention measures and strengthen assistance to business start-ups, improve the regulation of quality control of veterinary services.

Performance audit *"State food and veterinary control"*

EXPECTED CHANGE AFTER IMPLEMENTATION OF PLANNED MEASURES

2025	2025	2026
70 % share of risk assessment criteria for economic entities controlled by the Service based on calculations and statistics (initial target 0 %).	**>50 %** of inspections are carried out in the economic operators involving the greatest risks by area of activity (initial target for food quality and safety – 19.3 %, for animal health and welfare – 2.6 %).	**100 %** share of operators under the control of the Service in the area of food safety and quality for which the risk assessment is automated (initial target 0 %).

EU investments audit

Various interpretations of the rules for determining the status of a contracting authority and the late monitoring of their application lead to an inadequate procurement procedure. Eliminating the most common errors in procedures for public procurement and procurement by non-procuring organisations would reduce the proportion of expenditure ineligible for EU funding.

Assessment of the functioning of the management and control system set up for the implementation of the 2014-2020 operational programme for investments from the European Union funds, the information in the accounts and the expenditure declared between 1 July 2021 and 30 June 2022 for which reimbursement is requested from the European Commission (control report in accordance with Article 127 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council)

MAIN FACTS

EUR **30.6** MILLION	EUR **2.6** MILLION	**2.4 %**
audited out of EUR 1.13 billion declared to the EC.	ineligible expenditure was found in the projects assessed.	an overall error rate was found in the expenditure declared to the EC.

Budget monitoring

Every year, budgetary decisions are taken that increase long-term general government spending. On average, such decisions increased spending by around 1.3 % of GDP annually between 2018 and 2022. Most of this spending is on benefits and the salaries of teachers, doctors and other public sector employees. In view of long-term commitments, the ageing population, and the rising deficit financing due to higher interest rates, the real need for appropriations to deliver quality public services requires higher general government revenues. Lithuania has one of the lowest government revenue-to-GDP ratios among EU countries (35.8 % of government revenue in 2022, compared to 46.4 % in the EU). In the absence of decisions on additional sources of revenue, this may lead to future restraint in public spending or non-compliance with fiscal discipline rules.

September 2023 *"Opinion on the structural adjustment target"*

In our assessment, the changes to the tax system proposed by the Government in 2023 are likely to contribute to a simpler and more neutral tax system and are therefore necessary, but they could have been more in line with the recommendations of international organisations.

Assessment of the Stability Programme of Lithuania for 2023

IN OUR ASSESSMENT

1.2 % GDP

increase in long-term expenditure foreseen in the draft budget for 2024.

38.2 % GDP

general government revenues could reach in 2024.

39 % GDP

general government debt could reach in 2024.

In exceptional circumstances, fiscal discipline rules constraining the general government balance do not apply, and the early assessment is that the VSDF and the PSDF are likely to comply with their respective rules in the period 2023-2024.

Fiscal discipline rules	2023	2024
Surplus GG rule	not applicable	not applicable
GG rule for limiting expenditures growth	not applicable	not applicable
Rules for GG budgets, which include the ones of:	✓	✓
State Social Insurance Fund	✓	✓
Compulsory Health Insurance Fund		
✓ – the rule is complied with		

In 2022, all municipalities complied with the fiscal discipline rules. Based on the preliminary assessment, there is a risk that one municipality will not comply with the fiscal discipline rule. In 2023, the ex-post evaluation in 2023 will be carried out in the first half of 2024.

There are risks related to the need for higher spending on national defence and security; a deteriorating economic situation could lead to higher levels of general government deficits.

Budget monitoring

In Q2 2023, rising investment and exports mitigated the economic downturn in 2023. In 2023, real GDP was depressed by negative developments in inventories. With imports declining more than exports, a positive impact of net exports on real GDP is projected. However, the significant contraction in the economy has been prevented by a rapid investment expansion.

With the labour market remaining stable, domestic demand and rising exports will underpin a moderate recovery in 2024. In a persistently unfavourable international environment, we project that Lithuania's real GDP will grow by 1.8 % in 2024. Economic growth in 2024-2026 will be supported by household consumption and investment. The recovery in export markets will lead to a faster expansion of real GDP in 2025-2026. Private consumption is projected to recover in 2024 and to continue growing, driven by the strengthening purchasing power of the population. The labour market situation is likely to remain stable in the medium term, with wage growth, high employment and low unemployment. With the impact of the 2022 price hike diminishing, inflation is projected to converge towards 2 % in the medium term.

September 2023 *"Opinion on the endorsement of the Economic Development Scenario"*

IN OUR ASSESSMENT

1.8 %

Lithuania's real GDP could grow in 2024.

6.9 %

unemployment rate could reach in 2024.

2.4 %

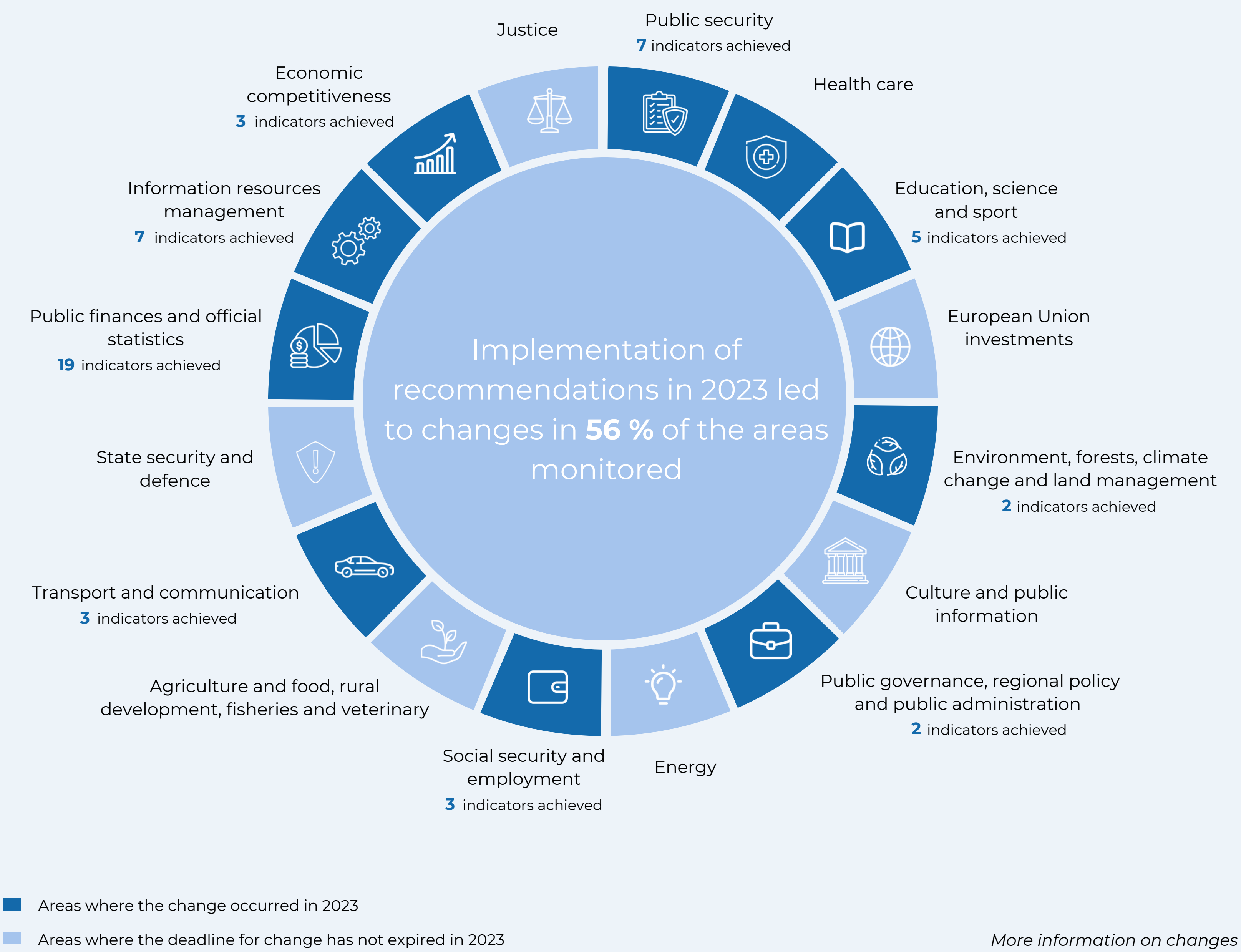
average annual inflation could account for in 2024.

We have endorsed the Economic Development Scenario (EDS) for 2023-2026, prepared by the Ministry of Finance, 4 times this year. In exceptional circumstances, the Ministry of Finance has to publish an updated scenario at least once a quarter.

Risks to continued growth in the Lithuanian economy are mainly related to the pace of recovery in external demand and domestic consumption. Geopolitical tensions and high interest rates could slow global growth and reduce Lithuania's export potential.

To increase transparency and credibility, we have started to make public our macroeconomic forecasts alongside the EDS endorsement opinion. This is also one of the analytical elements in the assessment and endorsement of the EDS. It should be noted that our indicator estimates and those of the Ministry of Finance estimates may differ.

Changes resulting from the implementation of audit recommendations



More information on changes

Changes resulting from the implementation of audit recommendations

ECONOMY AND COMPETITIVENESS

75 % of state-owned enterprises are set financial expectations at the full recommended scope (initial target 32 %)

SOCIAL SECURITY AND EMPLOYMENT

100 % of the websites of government bodies publishing their activities on the My Government portal are accessible to persons with disabilities (initial target 2.2 %)

33.4 % of the number of persons with disabilities employed during the year compared to the number of persons with disabilities registered in that year (initial target 24 %)

INFORMATION RESOURCES MANAGEMENT

93 % of incidents were resolved within the deadlines set by the Centre of Registers (initial target 57 %)

82 % of critical staff in the Information Technology Centre of the Centre of Registers are on shift (initial target 45 %)

EDUCATION, SCIENCE AND SPORT

78 % of children aged 1-5 participating in institutional education (initial target 70.4 %)

100 % of PhD evaluations made publicly available (initial target 0 %)

PUBLIC FINANCES AND OFFICIAL STATISTICS

100 % regulation of internal controls in the Ministries of Finance, Transport and Communications, Education, Science and Sport, and Economy and Innovation (an increase from 33 %, 29 %, 49 %, and 4 % respectively) has enabled to manage the risks in achieving all the milestones and targets set out in the Economic Recovery and Resilience Plan

PUBLIC SECURITY

IN **10** counties, prevention priorities, based on an analysis of the criminogenic situation, have been established in all chief police commissariats and are used in action planning. This allows to achieve targeted and supervised crime prevention, tailored to the specific characteristics of the territory.

AUDIT IMPACT INDICATORS

51 indicators of change monitoring completed, with the occurrence or partial occurrence of an expected change out of which:

35 % resulting from the implementation of a high importance recommendations

65 % resulting from the implementation of a medium importance recommendations

Changes resulting from the implementation of audit recommendations

HEALTH CARE

Functionalities of the Information System for Advance Patient Registration (IPR IS) were expanded to allow monitoring and analysis of waiting lists and patient flows. The aim is to increase access to healthcare services and reduce patient queues by eliminating their causes.

As of September 2023, an updated physical education programme and a new curriculum for life skills have been introduced in the country schools in all odd-numbered classes in all grades (equal-numbered classes will apply this from September 2024). In this way, to reduce the incidence of chronic diseases in the country's population, students' physical activity, health promotion and maintenance skills, and emotional and healthy lifestyle competences are strengthened.

PUBLIC SECURITY

Institutional preparedness to manage emergencies is improved:

✓ The National Crisis Management Centre has been designated responsible for coordinating the national risk analysis;

✓ The process for assessing the compliance of an emergency with the conditions or criteria for its declaration has been established;

✓ The Government Decree has established the criteria for identifying and declaring the crisis situations.

PUBLIC GOVERNANCE

An inventory of administrative and public services has identified the services that should be provided by the State. Information on these services and their providers is stored in the State Information Resources Interoperability Platform (VIISP). These actions promote the provision of services of better quality and responsiveness to the needs of the public and a more rational use of public resources for this purpose.

PUBLIC FINANCES AND OFFICIAL STATISTICS

The new Law on Public Sector Accountability has entered into force, changing the composition, timing and procedure for the annual reports submitted by the Government to the Seimas and approved by the Seimas: the new provisions of the law will allow performance to be linked to financial data, which will have to be prepared and submitted to the Seimas during the Spring Session. Reporting on progress will be carried out in accordance with the Law on Public Sector Accountability.

On the basis of the Standardised Process Description, accounting models have been introduced in the common accounting subsystem for public sector entities, FABIS, which will contribute to the uniform application, automation and simplification of the accounting processes of the bodies using the system. The new system was launched following the entry into force of the Rules for the use of the Public Sector Financial Accounting General Subsystem of the State Budget, Accounting and Payment System, which set out the procedures for using FABIS, the responsibilities of public sector entities and the persons responsible for keeping the accounts.

The amendments to the legislation have clarified the purpose of health insurance premiums and clearly regulated the health care provided to insured persons, financed from the PSDF budget, by linking it to an insured event, with costs that do not correspond to this event being financed from the state budget.

The principles of budgeting for state social funds (State Social Insurance, Guarantee Fund, Long-Term Employee Benefits) have been unified. The 2024 budgets of all funds are based on the accrual principle and approved by a single law, the revenues and expenditures of the VSDF are approved by type of social insurance contributions, and information is provided on the expected accrual of each type of results.

ENVIRONMENT, FORESTS, CLIMATE CHANGE AND LAND MANAGEMENT

A programme for the implementation of the decisions of the Republic of Lithuania's Territorial Master Plan has been approved, which establishes indicators for monitoring the implementation of these decisions, enabling systematic monitoring and evaluation of environmental changes in the territory of the country.

Being a model organisation through leading by example

COMPLIANCE OF THE NAOL ACTIVITY WITH INTOSAI PRINCIOPLES (P-12)

PROFESSIONALISM – independent and objective insights promoting change in the public sector:

- ✓ the staff of the National Audit Office shared their professional insights with the media 58 times.

GOOD GOVERNANCE – appropriate organisational management structure:

- ✓ adoption of a restrictive gift acceptance policy.

COMMUNICATION – dissemination of activity results:

- ✓ a new "Best Practices" section on the website;
- ✓ training for staff on social media communication.

TRANSPARENCY – ensuring transparency and accountability:

- ✓ opening up the National Audit Office's datasets on the Lithuanian Open Data Portal;
- ✓ the results of the annual staff tolerance index survey on corruption and ethical violations are published on the NAOL website;
- ✓ technical possibilities ensured for more secure reporting through the internal reporting channel of a criminal offence, administrative or official offence, breach of professional ethics or professional duties, as well as any other threat to the public interest, which is being prepared, committed or has been committed within the institution.

EVENTS, DISCUSSIONS, SEMINARS

JANUARY

Presentation of a methodology for assessing compliance with municipal fiscal discipline rules, contributing to the sustainability of public finances, to the heads of municipal finance and budget units. Adoption of a restrictive policy on the acceptance of gifts.

FEBRUARY

Presentation on " Ensuring Cyber Security" at the Cyber Security Forum organised by the Institute of International Relations and Political Science of Vilnius University.

MARCH

Report on the implementation of public audit recommendations.
Presentation at a conference for Lithuanian municipal auditors on compliance with fiscal discipline rules in municipalities.

APRIL

A meeting with members of the Lithuanian Association for Quality Management and Innovation, presenting the National Audit Office's processes, risk management and strategy implementation.

MAY

Insights from audits on how Lithuania is managing to achieve the goal of 100 % green procurement and at the same time ensure efficient use of public finances, at the conference of the Committee on Audit of the Seimas and the National Audit Office, "Only Green Public Procurement – a Vision or a Reality?"

JUNE

Inventory of personal data managed by the institution.

JULY

External review of audits carried out by the municipal control and audit services (SKAT).

SEPTEMBER

Sharing experiences at the special meeting of CESEE parliamentary budget officials and independent fiscal institutions on how to ensure strong relations between parliaments and independent fiscal institutions.
Report on the implementation of public audit recommendations.

OCTOBER

Presentation of Lithuania's experience in assessing the impact of audits through stakeholder engagement and communication to the international community of auditors at the INTOSAI Working Group on Evaluation of Public Policies and Programs.

NOVEMBER

Three presentations at the EUROSAI SG 2 conference of audit methodologists in Warsaw on the selection, conduct and communication of audits.

DECEMBER

Presentation on "Ensuring timely and adequate access to information – an overview of the Lithuanian fiscal institution" at the 19th meeting of the EU Network of Fiscal Audit Institutions (EUNIFI) in Brussels.

FUNDS USED

EUR **1600** thousand for administration, of which:

EUR **87** thousand for IT development

SKAT external review – The National Audit Office carries out an annual external review of the audits carried out by municipal control and audit services: it assesses whether their audits are carried out audits in accordance with the International Standards of Supreme Audit Institutions and other legislation governing audits. In 2023, the assessment of the 13 audits (7 financial (regularity) and 6 performance) carried out by Services, found that the municipal controllers have improved their application of the requirements of the auditing standards, but that there is still room for improvement in the audit planning of procedures. In order to contribute to the quality of audits carried out by the Services, annual training on audit performance and quality assurance is organised for colleagues and audit methodologies are shared.

Task Force on Municipality Audit (TFMA) – The EUROSAI Task Force was established in 2016 on the initiative of the Lithuanian SAI. 27 European SAIs are full-pledged members of the Task Force, two other institutions have observer status. The aim of the Task Force is to monitor developments across the public sector and to bring together good practices in municipal audit, to share best practices in the organisation of audits, financial management, audit methodology and audit performance. Lithuania, which has held the chairmanship of the EUROSAI Task Force on Municipality Audit since its establishment, will hand over this function to the Latvian SAI in 2024.

Report on the implementation of recommendations – The National Audit Office makes recommendations to the institutions through audits and monitors the actions planned to implement them. From 2020 onwards, the National Audit Office links the implementation of public audit recommendations to the assessment of the changes that have taken place by indicators. By indicator, the situation in the audited area is assessed at the time of the audit, and the changes brought about by the public audit are assessed following the implementation of audit recommendations. A status report on the implementation of the most important recommendations is presented to the Parliament twice a year.

Open data of the SAI – In order to maximise the transparency and efficiency of the public sector, the National Audit Office has opened the institution's datasets on the Lithuanian Open Data Portal. From now on, data on the results of public audits and budget policy monitoring, as well as administrative data on the activities of the institution, are available to the public not only on the National Audit Office's website but also on the portal where open data is provided by public sector organisations. On this platform, data is presented in a machine-readable format, allowing large volumes of data to be analysed, summarised and used quickly and efficiently using computer systems.

The National Audit Office follows a policy of transparency, and open data has a positive impact not only on the efficiency and transparency of the public sector, but also on the daily lives of citizens, the economy and the development of innovation. The National Audit Office's website provides open information to the public on the implementation of the recommendations of all audits carried out.

Dissemination of good practice – By suggesting changes and practices in the public sector that are needed in the country, SAI representatives at this year's events with other institutions shared experiences on best practices in the management of ongoing processes, risks and implementation of the institution's strategy. The new "Best Practices" section of the National Audit Office website presents existing practices in staff management, digital transformation, community action and other areas that can be applied by other organisations. Audit results, methodological information, operational risk management and cybersecurity issues were shared with Lithuanian institutions and other communities. At international events, representatives of the National Audit Office presented their experience on audit selection, impact and communication, relations with the Seimas, etc.

Activities based on sustainability principles

COMPLIANCE OF THE NAOL ACTIVITY WITH THE PRINCIPLES OF SUSTAINABILITY

ENVIRONMENTAL PROTECTION

- ✓ responsible use of resources;
- ✓ climate protection actions;
- ✓ reducing pollution and waste.

SOCIAL FIELD

- ✓ safety of workers;
- ✓ welfare and health of employees;
- ✓ equal opportunities.

GOVERNANCE

- ✓ ethical performance;
- ✓ fight against corruption;
- ✓ compliance with standards;
- ✓ data security;
- ✓ transparent culture;
- ✓ responsibility.

ACTIONS, PROCEDURES, DECISIONS

REDUCTION OF POLLUTION

Reduced number of printers and quantity of paper;
Documents and records are managed only electronically within the institution;
National Audit Office facilities provide staff with the opportunity to separate all waste.

SAFETY OF EMPLOYEES

Safe and healthy working conditions: employees are familiarised with and instructed on how to work safely, and occupational risk assessments of remote workplaces are organised;
Health at work and safe working conditions are taken care of by the Committee on Health and Safety at Work, and regular health checks are ensured.

WELFARE OF STAFF

The annual National Audit Office Staff Welfare Survey assesses how employees assess working conditions and processes in the organisation, their personal resources, well-being and relation to the organisation;
Council for Organisational Culture takes care of the cherishment of the institution's values, employee engagement and microclimate.

EQUAL OPPORTUNITIES

The principles of equal opportunities are enshrined in the policy on equal opportunities, diversity and inclusion, and the opinion of employees is assessed through surveys.

FIGHT AGAINST CORRUPTION

Updated anti-corruption rules and gift acceptance policy;
On the website of the National Audit Office, the data of the register of received gifts have been opened.

COMPLIANCE

The National Audit Office is guided by:
✓ INTOSAI Framework of Professional Pronouncements containing INTOSAI Principles, International Standards of Supreme Audit Institutions and INTOSAI Guidance;
✓ European Council and European Parliament Regulations;
✓ OECD Principles for Independent Fiscal Institutions.
Since 2015, the Institution's quality management system has been approved by external experts as meeting the requirements of ISO9001.

TRANSPARENT CULTURE

Smooth and effective communication with stakeholders, including society, is a crucial part of the auditors' work. This is done through surveys of audited entities, publication of open data, taking into account proposals on audit topics, etc.

RESPONSIBILITY

The National Audit Office is the supreme audit institution accountable to the Seimas of the Republic of Lithuania and submits to the Seimas the reports specified in the Law on an annual basis;
The internal audit of the activities is carried out by the internal audit service established within the institution;
The external evaluation of the activities is carried out at least once every 5 years by independent external reviewers in accordance with the procedure established by international organisations;
The audit of the financial statements is carried out each year by an audit firm selected in accordance with the procedure laid down by the Law on Public Procurement.

100 % public procurement – green

28 % kWh less electricity consumption

80 % positive employee-to-management relation (Staff Welfare Survey)

100 % employees indicated that they were not offered unlawful remuneration

Team professional, cooperating openly and ethically

COMPLIANCE OF THE NAOL ACTIVITY WITH INTOSAI PRINCIPLES (P-12)

CAPACITY BUILDING – through promoting learning and knowledge sharing:

- ✓ the innovation testing infrastructure developed – “Innovations Laboratory”;
- ✓ a first podcast has been developed to share work and personal experiences among colleagues.

ETHICS – complying with the SAIs Code of Ethics:

- ✓ training on “Equal Opportunities, Diversity and Inclusion in the Organisation”;
- ✓ training on increasing awareness of anti-corruption and conflicts of interest;
- ✓ a score of 9.8 points (out of 10) in the audit team surveys on ethical communication and cooperation.

COOPERATION – communicating effectively with with stakeholders:

- ✓ audited entities rate the quality of auditors' communication and cooperation at 9.7 points (out of 10).

COMPETENCE – quality and professionalism:

- ✓ two social engineering exercises organised to improve employee education and resilience.

EVENTS, DISCUSSIONS, SEMINARS

JANUARY
Bilateral meeting of the Heads of SAIs of Lithuania and Poland in implementation of EUROSAI strategic objectives for professional cooperation and capacity building of staff.

FEBRUARY
Discussion on the challenges of remote working, big data and competence and corruption for auditors at the 4th meeting of the "Travelling Club of Experts", a remote informal platform for cooperation and exchange of experiences.

MARCH
Latvian-Lithuanian expert level meeting to discuss the issues related to the audit process.
Lecture on "Public Sector Accountability and Financial Audits" for the Kaunas Technology University students.

APRIL
Presentation on "Long-term effects of COVID-19" at the EUROSAI webinar on the impact of the pandemic on the health of the Lithuanian population.

MAY
Staff Welfare Survey.

JUNE
Presentations "Compliance Audit in Practice“ and "Financial Audit Practice“ for municipality controllers and staff of municipal control and audit services (SKAT).

JULY
Discussion on the stakeholder and civil society cooperation at the 5th workshop of the EUROSAI project group "Travelling Club of Experts".

SEPTEMBER
Employee survey "Equal Opportunities Ruler“.

OCTOBER
Presentation of external review results and experiences in preparing working documents to municipal control and audit services (SKAT).
Presentations on auditor development, internal training and competence models at the 6th workshop of the EUROSAI project group "Travelling Club of Experts".

NOVEMBER
Meeting of Lithuanian and Polish auditors to discuss the implementation of the audit of "Strengthening of the State Border Security" and possibilities of a cooperative audit.

DECEMBER
7th workshop of the EUROSAI project group "Travelling Club of Experts" on "Methodology Mosaic – interactive systems and tools in supreme audit institutions".

EMPLOYEES
235

FUNDS USED

EUR **93** thousand for training

EUR **94** thousand for international activity

Travelling Club of Experts is a EUROSAI project led by the National Audit Office of Lithuania together with the Israeli SAI. It is a platform for informal cooperation and exchange of experience between auditors, bringing together like-minded people from more than 20 EUROSAI Member States since June 2022. Webinars attract a lot of interest from EUROSAI members. The 7th workshop on the use of interactive tools in the work of auditors brought together more than 100 participants from 25 countries.

"Equal Opportunities Ruler" is a tool developed by the Lithuanian Office of the Equal Opportunities Ombudsperson to assess the situation in the workplace, based on surveys of employees and employers. Based on the data collected, the service gives the workplace a score of 10 points, a detailed report and recommendations on how to ensure equal opportunities in the workplace. According to the National Audit Office's staff survey, 90 % of employees feel full-fledged members of the organisation, 94 % approve of the behavior of managers, and 84 % believe that managers care about equal opportunities at work.

The Staff Welfare Survey is a survey, which is being conducted for the seventh year by researchers at Vilnius University and which analyses how employees evaluate working conditions and processes within an organisation, how they value personal resources, how this affects employees' well-being, performance and relationship with the organisation in the context of remote working. According to the most recent assessment, an increase is observed in the rating of the institution's performance (from 87 % to 89 %), in the opportunity to improve (from 76 % to 80 %), in the managers' communication (from 79 % to 86 %), etc. Employee engagement remains unchanged from the previous year at 66 %. This survey helps to identify the features of the workplace and its environment that are important for performance and employee well-being.

Innovation laboratory "LabAI" is a room with new computer and software equipment established to enable employees to create and test innovations that help to carry out their activities more efficiently. "Innovation laboratory" is a space where every employee of the institution from any workplace can test the latest technologies, which accelerate the conduct of audits, improve the presentation of their results, and automate resource-intensive processes with the help of applications installed on computers. This laboratory is a place where employees can do their work faster and more efficiently using artificial intelligence.

Financial data

THOUSAND EUR

	2022	2023
ALLOCATED BUDGET	**9 591**	**10 016**
APPROPRIATIONS USED	**8 760**	**9 816**
Of which:		
Salaries and Social Insurance	7 670	8 466
Rent of property and utility costs	334	269
Other goods and services	205	236
Social benefits (allowances)	29	218
Information technology goods and services	148	198
Professional development, expert and consultant services	165	164
Office travel	81	101
Fixed assets	82	87
Representation expenses	33	72
Maintenance of transport, communication services	13	5

Auditor's opinion: The financial statements of the National Audit Office for 2023 present fairly, in all material respects, the financial position of the institution as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with VSAFAS.