



NATIONAL AUDIT
OFFICE OF LITHUANIA

2021

ANNUAL REPORT

MESSAGE FROM THE AUDITOR GENERAL

It was a year of change, caused not only by changes in the country due to emergencies, forcing us to look for new working methods, but also strengthening the independence of the National Audit Office, which was achieved by adoption of a new Law on National Audit Office by the Parliament of the Republic of Lithuania.

This fundamental change has broadened the legal preconditions for the progressive and efficient functioning of the institution and has enabled us to become an innovative, impartial and competitive centre of expertise in public sector evaluation, encouraging public sector development and sound management of public finances and assets.

The focus of the auditors in 2021 was on economic stimulus measures, evidence-based governance, a safe environment and a healthy society. By monitoring, evaluating and examining the measures to manage the consequences of the COVID-19 pandemic, we felt obliged to advise public authorities on how to better prepare for emergency management. We worked actively with auditees, NGOs, public authorities to make all our evidence-based insights, conclusions of evaluations and audit recommendations heard and properly understood. We are sure that there would be fewer issues to be addressed if the recommendations and proposals made previously by our institution were implemented in a timely manner.

We have also had significant achievements in international cooperation. At the EUROSAI XI Congress in 2021, the National Audit Office was elected to the EUROSAI Governing Board for a six year term. In this context, the National Audit Office, together with the German Federal Court of Audit, will be responsible for the successful implementation of the EUROSAI Strategic Goal 1 - "Professional Cooperation".

It is also significant that as part of the five year Strategy 2021-2025 of the National Audit Office, we have identified new directions, priorities and our mission of promoting public sector progress and necessary changes in the society. We have decided to grow as an institution for which the focus is on: results - creating a positive change for the state and society, activity - showing an advanced example of the organisational governance, and team - that is professional and collaborating openly and ethically.

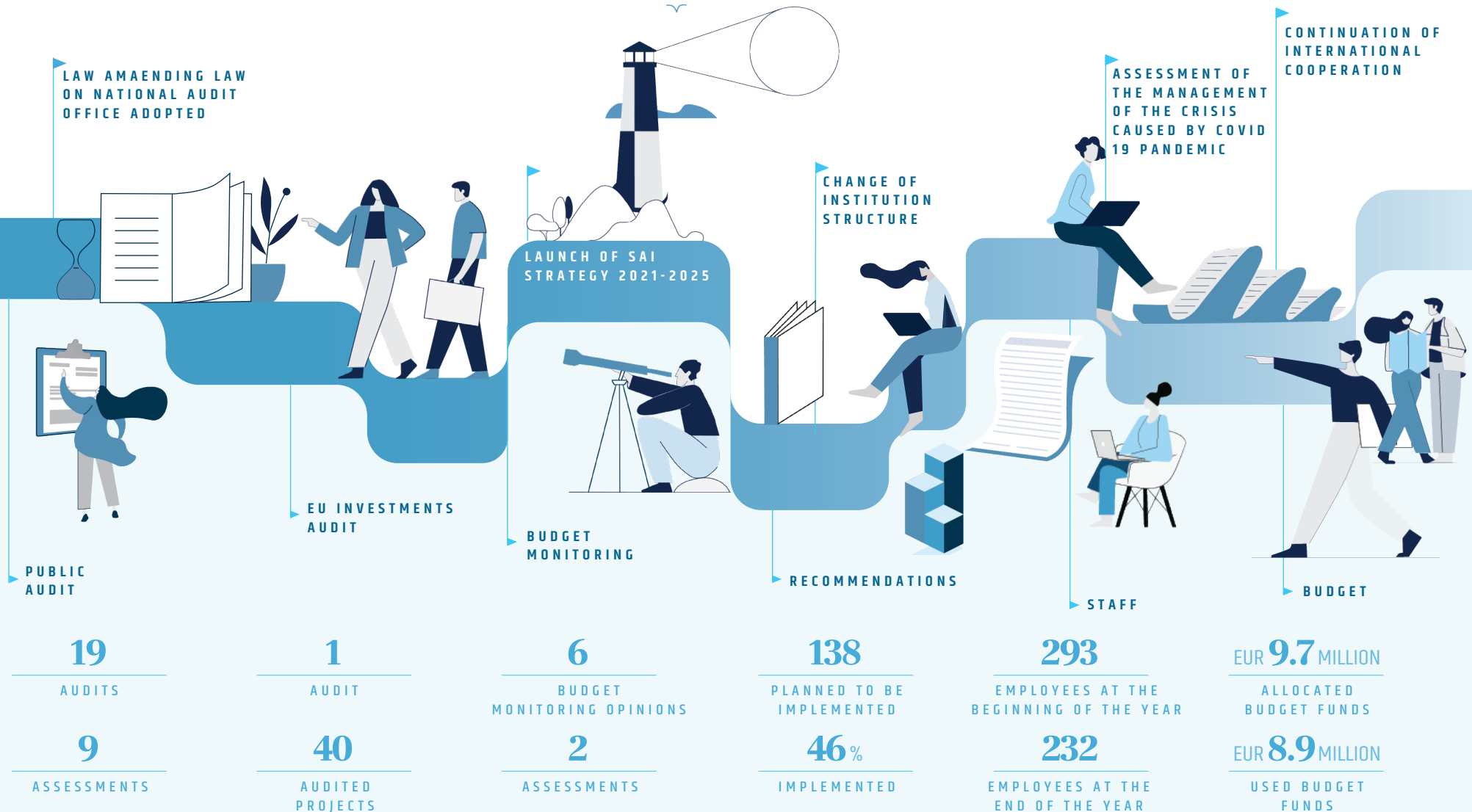
I am proud of the National Audit Office team, which has seen opportunities in the changes and has boldly implemented them. I thank each employee for their valuable input and involvement in achieving common goals and contributing to the growth and success of the National Audit Office.

I sincerely thank the auditors, economists and the staff of the institutions we evaluate and audit, who, despite the restrictions imposed by the pandemic, devote more time and energy to the smooth running of the audit process and to creating the necessary and significant changes, and bringing about the results that not only promote the efficiency of public sector institutions, but also help to manage the consequences of the pandemic. This report is the result of our joint work.

Mindaugas Macijauskas
Auditor General



2021 FACTS AND FIGURES



RESULTS

Creating positive change in the State and society

RELEVANT

audits and assessments based on objective information that lead to sustainable change in a timely manner



91%

PLANNED PRODUCTS
PREPARED

30%

RECOMMENDATIONS
MADE IN THE COURSE
OF THE AUDIT

39%

AUDITS AND ASSESSMENTS
ANALYSED ACTIONS OF
INSTITUTIONS IN RESPONSE
TO THE CONSEQUENCES OF
THE PANDEMIC

HIGH QUALITY

and revealing the causes of problems, good practices and reaching the most important stakeholders. We share results in an understandable and attractive way to reach as wide a society as possible



9.15 (OF 10)

PERFORMANCE QUALITY
INDEX

93

SITTINGS OF THE PARLIAMENT
COMMITTEES AND
COMMISSIONS WHERE RESULTS
OF AUDITS AND ASSESSMENTS
WERE PRESENTED

54

ANSWERS AND COMMENTS
PROVIDED TO MEDIA

TIMELY

responding to ongoing developments, providing insights through audits and assessments



13.8 MONTHS

AVERAGE DURATION OF
AUDITS

84.2%

SHARE OF
RECOMMENDATIONS,
IMPLEMENTATION OF WHICH
CONTRIBUTED TO POSITIVE
CHANGES

50%

RECOMMENDATIONS
IMPLEMENTED IN THE FIRST
AGREED PERIOD



MANAGING THE CONSEQUENCES OF CORONAVIRUS (COVID-19)

ASSESSMENTS, PERFORMANCE AUDITS

COVID-19 consequences management

The National Audit Office has prepared five COVID-19 consequence management information factsheets. The largest share of state aid to those affected by the pandemic were subsidies and deferral of contributions and taxes. In 2021, the number of bankruptcies was decreasing, but the number of companies benefiting from state aid with solvency problems increased. The highest number of long-term unemployed in the last decade has been recorded.

The Government of the Republic of Lithuania approved the Economic and Financial Measures Plan for COVID-19 in 2020. It is planned to allocate 10 % of the gross domestic product of the Republic of Lithuania, which amounts to EUR 4.9 billion for all direct funding measures.

EUR **3.6** BILLION

FOR MEASURES.

EUR **58** THOUSAND

FOR MEASURES, IN 277 OF WHICH
INSOLVENCY PROCEDURES ARE STARTED
OR IMPLEMENTED.

2021, COVID-19 Consequence Management Factsheet #5

In order the pandemic management measures give maximum benefits for society, it is important to:

- Carry out continuous monitoring of measures to manage the consequences of the pandemic.
- Carry out an assessment of their implementation and risks.
- If necessary, adjust the measures taken to make them more accurate and effective.

Public budgets must be used with extreme responsibility in emergency situations

No significant incompliances were established in the implementation of the measures under the Objective 3 “Helping businesses to safeguard liquidity” of the Economic Stimulus and Coronavirus (COVID-19) Consequences Mitigation Plan.

There is a lack of consistency and information in the planning of expenditure to mitigate the consequences of COVID-19, most of the Plan's Objective 3 measures (31 out of 37) funds were also allocated to support large enterprises, and different principles were applied to obtain public budget funding.

Objective 3 “Helping businesses to safeguard liquidity” of the Economic Stimulus and Coronavirus (COVID-19) Consequences Mitigation Plan was allocated EUR 1424.5 million of which 40.3 % were used in 2020.

EUR **3.29** BILLION

ALLOCATED TO MITIGATE THE ECONOMIC
CONSEQUENCES OF COVID-19, WERE NOT
INCLUDED IN THE APPROPRIATIONS
AUTHORISED IN THE 2020 STATE BUDGET.

EUR **11.3** MILLION

IN SUBSIDIES WERE RECEIVED BY ENTITIES
RECOGNISED AS MICRO-ENTERPRISES AL-
THOUGH THEIR FINANCIAL INDICATORS WERE
HIGHER THAN THOSE OF MICRO-ENTERPRISES
AS DEFINED IN THE LAW ON SMALL AND
MEDIUM-SIZED BUSINESS DEVELOPMENT

2021 audit, Legality of the implementation of the measures under the objective “Helping businesses to safeguard liquidity of the Economic Stimulus and Coronavirus (COVID-19) Consequences Mitigation Plan

Swift decision-making and compliance with the legislation require to:

- Initiate legislative changes by deciding which financial indicators and how many must be approved by the Parliament, and which rights be granted the Government to implement the budget.
- Regulate common principles for the application of the project/selection method of financing and common rules for the application of such a method.

Availability of mental health care is not yet sufficient

During the pandemic, the number of visits to primary mental health care professionals increased by about 17 % compared to 2019. The waiting queues for services to an adult psychiatrist and a medical psychologist remained the same as during the pre-pandemic period, while the number of queues at children's and adolescent psychiatrists increased by 23 %.

The long-standing COVID-19 pandemic has increased the risk factors related to mental health and has led to a deterioration of the mental health of the public. The general level of stress in society has increased by about 2 times, and feelings of anxiety, anger, sadness have increased by about 1.5 times, compared to the period before the pandemic.

55 %

OF THE RESIDENTS IS UNAWARE THAT
FREE PSYCHOLOGICAL SERVICES CAN BE
ACCESSED IN A MENTAL HEALTH CENTRE.

69 %

OF THE RESIDENTS ARE UNAWARE THAT
FREE PSYCHOLOGICAL SUPPORT SERVICES
ARE AVAILABLE IN MUNICIPAL PUBLIC
HEALTH OFFICES.

2021 assessment, Mitigating the consequences of COVID-19 on mental health

In order to implement the plan to mitigate the mental health consequences of COVID-19, it is necessary to:

- Ensure more precise planning of the funds allocated to these activities.
- Establish result-oriented performance indicators rather than measure the implementation process.
- Focus more on access to mental health services, raising awareness among the population about psychological support opportunities and enhancing their mental health literacy.

BUDGET GOVERNANCE AND ACCOUNTABILITY

FINANCIAL AUDITS

The cash-based reporting on the execution of the budgets is correct, whereas the financial statements data are unreliable

The execution of the budgets is properly reported, but data on the financial position for 2020 are unreliable. Material misstatements were identified in the sets of reports: national and state consolidated financial statements have been the subject of negative opinions, unqualified opinion was issued on the Pensions Annuity Fund, qualified opinions were issued on the other resources funds. The misstatements were caused not only by pervasive errors, but also by the volume of atypical activities in the public sector related to the management of the consequences of the pandemic.

We observed the worsening situation in 2020: the data do not show the fair value of our state-owned assets, liabilities, and income. For this reason, reporting data is not a reliable source of information for adopting management decisions.

As part of its constitutional duty, the National Audit Office reports to the Parliament annually on the national set of financial statements, the sets of financial and budget execution reports of the State and the six resources funds – Compulsory Health Insurance (PSDF), State Social Insurance (VSDF), Pension Annuities, Guarantee, Long-term Work Benefits and Reserve (Stabilisation) funds and issues an independent auditor's opinion.

9 YEARS

IN TURN WE HAVE IDENTIFIED MATERIAL MISSTATEMENTS IN THE DATA OF THE NATIONAL SET OF FINANCIAL STATEMENTS.

EUR **7.9** BILLION

DATA ON ASSETS REPORTED IN THE ACCOUNTS ARE UNRELIABLE.

EUR **4** BILLION

DATA ON LIABILITIES REPORTED IN THE ACCOUNTS ARE UNRELIABLE.

81%

CORRECTNESS OF AMOUNTS OF TAX REVENUES AND RELATED RECEIVABLES AND PAYABLES CANNOT BE CONFIRMED.

2021 audit, Assessment of 2020 set of National financial statements and data on public debt and its management

	NATIONAL	STATE	MUNICIPAL	VSDF	PSDF	GUARANTEE FUND	RESERVE (STABILISATION) FUND	LONG-TERM WORK BENEFITS FUND	PENSION ANNUITIES FUND
SETS OF BUDGET EXECUTION REPORTS	●	●	●	●	●	●	●	●	●
SETS OF FINANCIAL STATEMENTS	●	●	●	●	●	●	●	●	●

● NEGATIVE ● QUALIFIED ● UNQUALIFIED ● N/A

In order to reduce the extent of misstatements in public sector entities accounts, it is necessary to:

- Initiate a review (inventory) of activities and related asset liabilities of public sector entities.
- Take decisions on the application of common (uniform) accounting policies.

IMPACT

Ongoing reform of strategic planning and budgeting

The approved Strategic Management Methodology, which sets out the procedures for monitoring, reporting on results and assessing progress, has been adopted to detail the implementation of the provisions of the Law on Strategic Management, but the established regulation is not aligned with the legislation regulating the activities of independent institutions outside the government, and consistency is not maintained in reporting on the same indicators that are planned and approved by law, therefore legislation on strategic planning should be further improved. The transition to the new accounting procedure has been postponed by one year, i.e., to 2024, with reporting for 2023.

2016 audit Programme Budget System: Setting up Strategic Action Plans and Monitoring their Implementation

Performance results will be linked to financial data

Reporting on the progress achieved will be carried out in accordance with the procedure laid down in the Law on Public Sector Accountability. After the adoption of the new version of the law, the composition of the sets of reports of public sector entities, the deadlines (they were brought forward) and the procedure for their submitting were changed, and the composition of the set of the State annual reports was supplemented by a State Progress Report.

2016 audit, Regularity of 2015 set of consolidated statements of the state and assessment of state budget execution

PUBLIC ADMINISTRATION

ASSESSMENT

Only one in four Lithuanian residents have heard about the Sustainable Development Goals

There is a need for a more consistent integration of goals and targets in planning documents, for improved interinstitutional coordination and public information, and for an effective data monitoring and assessment mechanism.

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, setting out 17 Sustainable Development Goals for all countries in the world. These goals are based on three dimensions of sustainable development – environmental, social and economic. According to the International Sustainable Development Goals Implementation Index, Lithuania ranks 31st among 193 countries in 2021 and lags behind its neighbours.

26%

OF TASKS DO NOT HAVE A DESIGNATED COORDINATING AUTHORITY.

20%

OF TARGETS DO NOT HAVE DEFINED NATIONAL INDICATORS, THEIR ACTUAL VALUES ARE NOT CALCULATED.

15%

OF THE ESTABLISHED NATIONAL INDICATORS LACK INFORMATION ON THEIR VALUES FOR 2016-2019 OR INFORMATION IS AVAILABLE FOR ONE YEAR ONLY.

2021 assessment, Lithuania's preparedness to implement Sustainable Development Goals

In order to accelerate the progress of sustainable development in the country, it is important to:

- Systematically integrate the Sustainable Development Goals and targets in the documents of the new planning period and provide for measures to implement them.
- Establish an effective inter-institutional coordination mechanism.
- Ensure effective public information and active engagement, continuous monitoring of progress and periodic reporting on results.

IMPACT

Improving the functioning of the public procurement system

A scoreboard has been set up to show how specific procurers have succeeded in achieving their targets in 2018-2020. This promotes efficiency in procurement and will help the state to achieve its stated objectives. The electronic catalogue CPO LT has been expanded by adding 14 procurement modules. These developments allow for more efficient and transparent procurement processes and reducing the administrative burden for contracting authorities and suppliers.

2018 audit, The Functioning of the Public Procurement System

Improving the functioning of the system for financing the functions implemented by municipalities

The Strategic Management Methodology establishes a requirement for municipalities to indicate the values of monitoring indicators achieved in the previous year and to be achieved during the budget year when allocating the funding to municipalities. The new regulation should enable municipalities to use public budgets more efficiently and achieve better results.

2019 audit, Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?

INFORMATION RESOURCES MANAGEMENT

PERFORMANCE AUDIT

A stronger focus on data security and availability

The Centre of Registers does not always ensure high availability of managed state information resources. The smooth use of state information resources may also be hampered by the fact that persons are not identified who would be able to replace more than half (55 %) of staff performing critical IT functions, some of the mandatory security requirements for information resources are not complied with.

The Centre of Registers is the main manager of 25 critical state information resources. Among the information resources managed by the Centre are the Electronic Information System for Health Services and Cooperation Infrastructure (E-Health), Real Estate and Legal Entities Registers, etc. These data are used by state institutions, municipalities, notaries, bailiffs, other legal and natural persons.

7 (OF 9)

THE STATE INFORMATION RESOURCES MANAGERS WERE NOT INVOLVED IN THE PROCESS OF STRATEGIC DECISIONS OF THE CENTRE OF REGISTERS REGARDING THE DEVELOPMENT OF STATE INFORMATION RESOURCES.

84%

OF REQUESTS FOR CHANGES IN IT WITH A DEADLINE FOR IMPLEMENTATION HAVE NOT BEEN IMPLEMENTED IN A TIMELY MANNER.

11 (OF 21)

STATE INFORMATION RESOURCES FOR WHICH SECURITY COMPLIANCE ASSESSMENTS WERE TO BE CARRIED OUT WERE NOT CARRIED OUT IN 2018-2020.

2021 audit, State information resources managed by the Centre of Registers

Improving the process of development, supervision, service, and maintenance of information resources requires to:

- Improve conditions for the development of state information resources and ensure the continuity of good management practices.
- Ensure high availability of public information resources, sufficient speed and business continuity.
- Create legal preconditions for public information resource managers to jointly approve common security documents.

IMPACT

Public sector data – free of charge

The new version of the Law on Access to Information and Re-Use of Data establishes an obligation for institutions and state-owned entities to inventory all processed data, to compile data sets and publish them on the Lithuanian Open Data Portal. The law provides that the re-use of data must be free of charge, except in the cases provided for by law.

2016 audit, Whether disclosure of public sector data is ensured

Reducing the shadow economy

The Ministry of Finance assessed the needs of the Ministry of the Economy and Innovation, the Ministry of Energy, the Ministry of Social Security and Labour, the Ministry of Transport and Communications, the Ministry of the Interior and the Ministry of Agriculture and prepared a draft of proposals for a model for the State Tax Inspectorate Data analysis and competence centre activities at national level.

2019 audit, Smart tax administration system

HEALTH CARE

FINANCIAL AUDIT

Funding for health care

The payment procedure for personal health care services during the COVID-19 quarantine period was not aligned with the provisions of the Law on Health Insurance. Three different approaches, applied by personal health care institutions under the existing legal framework have led to inequalities in wage increases for staff who have worked under COVID-19 conditions.

The Compulsory Health Insurance fund is administered by the National Health Insurance Fund. The Fund's revenue in 2020 amounted to EUR 2.20 billion, expenditure - to EUR 2.33 billion.

EUR **201** BILLION

IN ORDER TO SUPPORT THE FINANCIAL SUSTAINABILITY OF PERSONAL HEALTH INSTITUTIONS, THEY WERE PAID FOR THE SERVICES PLANNED IN THE CONTRACTS IN 2020 RATHER THAN FOR THE SERVICES PROVIDED.

EUR **34.6** BILLION

THE MAIN PART OF THE FUND'S RESERVE WAS NOT SUFFICIENT TO COMPENSATE FOR THE COST OF WAGE INCREASES IN HEALTH CARE INSTITUTIONS, AND THE POSSIBILITY OF USING OTHER FUND'S RESOURCES FOR THIS PURPOSE WAS NOT PROVIDED FOR IN THE LEGISLATION.

3 DIFFERENT APPROACHES

WHICH UNDER THE EXISTING LEGAL FRAMEWORK WERE APPLIED BY PERSONAL HEALTH CARE INSTITUTIONS HAVE LED TO INEQUALITIES IN WAGE INCREASES FOR STAFF WHO HAVE WORKED UNDER COVID-19 CONDITIONS.

2021 audit, Assessment of regularity of 2020 sets of consolidated financial and budget execution reports and legality of management, use and disposal of funds and property of the Compulsory Health Insurance Fund

Improving the payment of health care services must include:

- Clear coverage of personal health services by the Compulsory Health Insurance Fund and prices for personal health services based on objective costs.
- Adjusting or clarifying the practical application of legislation on wage increases (during periods of quarantine and coronavirus emergency) in individual health care institutions.

IMPACT

Optimisation of the Compulsory Health Insurance Fund

Since 2021, personal health care institutions have concluded contracts for the payment of services with a single territorial health insurance fund. Centralising the contracting process with health care institutions will help health care institutions to operate in a uniform competitive environment and reduce the administrative burden. A working group was set up at the Ministry of Health in August 2021 to develop operational optimisation measures.

Improving the health insurance system

An amendment to the Law on Health Insurance has entered into force, which provides for the reimbursement of medical rehabilitation services from the budget of the Compulsory Health Insurance Fund to all persons insured under compulsory health insurance. This improves the accessibility of services for all residents of the country.

2019 audit, Assessment of regularity of 2018 sets of consolidated financial and budget execution reports and legality of management, use and disposal of funds and property of the Compulsory Health Insurance Fund

Reducing the financial burden on the population

With the entry into force of the Law amending the Law on Health Insurance, the reduction of the financial burden of purchasing reimbursable medicines is ensured for the low-income population.

2017 audit, Regularity of 2016 set of reports and legality of management, use and disposal of funds and property of the Compulsory Health Insurance Fund

SOCIAL SECURITY AND LABOUR

PERFORMANCE AUDIT ASSESSMENTS

Elderly people with care and social needs do not have the opportunity to live independently at home for as long as possible

There is a lack of sustainable provision of integrated care and social services. The exact need for these services is unknown, individuals have to wait for them in queues, and there is a shortage of nurses and social workers and their assistants.

At the beginning of 2020, almost 20 % of the country's population (555.9 thousand people) were aged 65 and over. On average, 15 % of elderly people received care and social care services in residential institutions and homes every year between 2017 and 2019. On average, around EUR 213 million of the state budget and the budget of the Compulsory Health Insurance Fund were used each year to pay these services and targeted compensation.

>20 YEARS

A MODEL OF INTEGRATED CARE AND SOCIAL (LONG-TERM CARE) SERVICES HAS BEEN SET UP; HOWEVER, IT HAS NOT BEEN DEVELOPED.

95 % (57 OF 60)

MUNICIPALITIES IN 2017-2019 DID NOT ASCERTAIN WHETHER THE TARGETED COMPENSATION WAS USED TO MEET THE PERSONS INDIVIDUAL NEEDS.

3 TIMES

MORE PERSONS THAN RECOMMENDED, WERE ATTENDED BY NURSES (15 OF 19) IN 2017-2020 IN SELECTED HOSPITALS.

2021 assessment, Care and social services for the elderly

The Council of the European Union approved the government's Recovery and Resilience Plan "New Generation Lithuania", which provides for a reform of the provision of long-term care services between 2021 and 2026. Its aim is to improve the accessibility of integrated social and health care services to the population, and to develop and implement a sustainable model for the provision of long-term care services. Successful implementation of this reform and the adoption of the necessary legislative changes will improve access to integrated care and social services for the elderly and meet their individual needs.

IMPACT

Separating social security benefits by source of funding

When the Parliament adopted amendments to the Law on State Social Insurance, social security benefits were separated according to the sources of funding - it was provided for the financing of benefits with the characteristics of social assistance from the state budget.

2017 audit, Regularity of the 2016 set of reports and legality of the management, use and disposal of funds and property of the State Social Security Fund

Establishing a monitoring system for the effectiveness of social assistance in municipalities

An analytical tool has been developed for monitoring and the results of the monitoring are made public. It provided for a possibility to compare the results of similar municipalities with each other, to focus on the best achievements and to follow good practices. The aim of the monitoring is to develop a vision of an effective social assistance system, to introduce positive incentives for municipalities to improve the provision of support, to share experiences and to contribute to poverty reduction targets.

2019 audit, Does social assistance ensure the minimum consumption needs of people living in poverty and promote the labour market integration

SOCIAL SECURITY AND LABOUR

PERFORMANCE AUDIT ASSESSMENTS

At-risk-of-poverty rate one of the highest in the EU

Although social security benefits have recently been increasing, their ratio to GDP is not changing significantly as the economy improves. This means that benefits maintain a stable at-risk-of-poverty rate.

In Lithuania, one in five people live below the at-risk-of-poverty threshold, and about 140 thousand people lived below the absolute poverty line according to 2020 data. Social security expenditure on benefits amounted to around EUR 8.9 billion in 2020.

5.2 (OF 10) SCORE

EFFECTIVENESS OF MUNICIPAL SOCIAL ASSISTANCE IN 2020.

25 %

DIFFERENCE IN THE AT-RISK-OF-POVERTY RATE BETWEEN MUNICIPALITIES IN 2020.

9.6 %

OF PERSONS BELOW THE POVERTY LINE RECEIVE SOCIAL BENEFITS.

2021 assessment, Assessment of progress in poverty reduction

The at-risk-of-poverty rate could be reduced by:

- Increased identification of persons in need and provision of services based on population needs.
- Analysis of the practices of municipalities that achieve better indicators, their dissemination and application in other municipalities.
- Integrated implementation of the recommendations issued by the National Audit Office.

Getting people into the labour market can be more effective

The Employment Service, despite its efforts to achieve its objectives, needs more change to justify the fundamental expectation of increasing employment. Currently, the Service is often associated with the registration of unemployed people for the payment of benefits and not with their employment.

According to the data of Statistics Lithuania, the employment rate of the population is decreasing. The employment rate stood at 71.6 % in 2020, i.e., 1.4 pps lower than in 2019. There were 126 thousand of unemployed aged 15-74 in the country, which is 34 thousand (37 %) more than a year ago.

29 %

OF THE SERVICE'S KEY PERFORMANCE INDICATORS WERE ACHIEVED IN 2020 (48 % IN 2019).

49 %

OF EMPLOYERS WHO PARTICIPATED IN THE STUDY CLAIMED THAT PERSONS PROPOSED BY THE SERVICE LACK MOTIVATION TO WORK.

6.9 %

OF PERSONS RECEIVING AN EMPLOYMENT PROPOSAL FROM THE SERVICE, USED IT TO OCCUPY VACANCIES IN THE 1ST HALF OF 2021.

2021 m. auditas „Užimtumo tarnybos veikla didinant užimtumą“

Reducing the long-term unemployment rate requires to:

- Review and redefine the activities of the Employment Service in the light of the needs of jobseekers and employers.
- Establish optimal indicators for evaluating the performance of the Employment Service, Customer Service Departments and Divisions, that would show the contribution of their activities to employment.
- Ensure relevant training and methodological support for consultants

INTERNAL AFFAIRS

PERFORMANCE AUDIT

The number of registered crimes in the country is decreasing, but the preventive system needs to be improved

The material provision of police officers and their response to events may improve, but there is a need for more systematic crime prevention, faster pre-trial investigations and improved workload allocation.

The police system employs more than 7 700 officials, with EUR 162.5 million (out of EUR 234.9 million) allocated to their salaries in 2020. Since 2017, the number of registered crimes has been steadily decreasing, reaching 2 thousand criminal offences per 100 thousand inhabitants in 2019.

60 %

OF PRE-TRIAL INVESTIGATIONS WERE COMPLETED IN 2019 WITHIN THE TIME LIMITS SET OUT IN THE CODE OF CRIMINAL PROCEDURE.

53 %

OF POLICE OFFICERS WITH RESPONSE AND PRE-TRIAL FUNCTIONS ARE NOT SATISFIED WITH THE WORKLOAD.

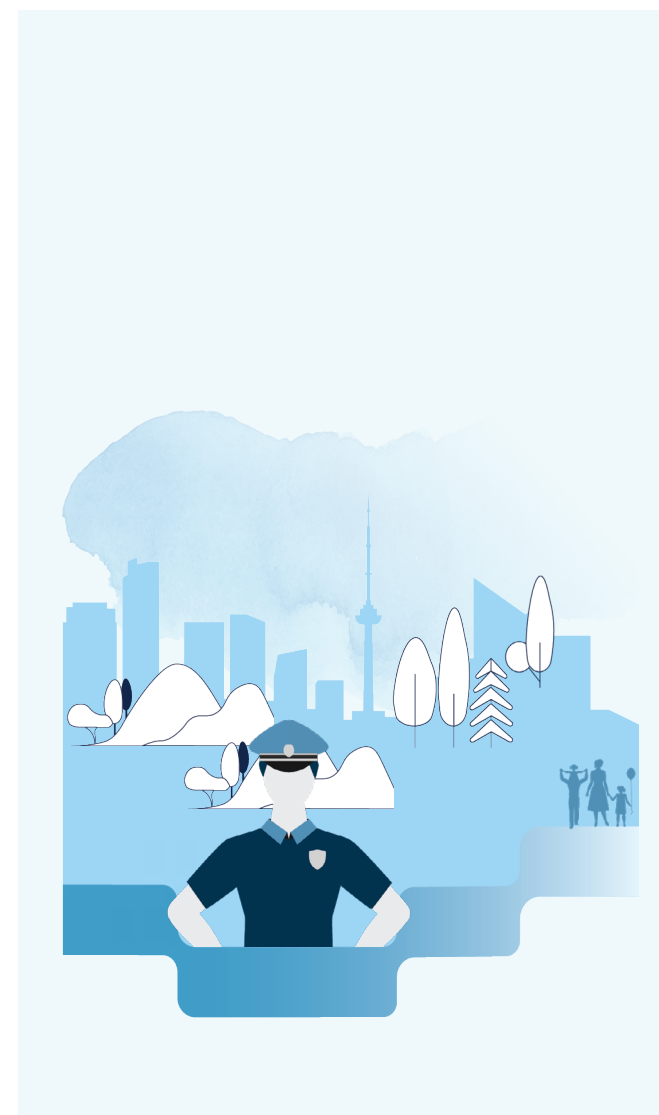
68 %

OF THE POPULATION IN 2020 CONSIDERED THAT THE RISK OF BECOMING A VICTIM OF CRIME IN THEIR AREA OF RESIDENCE WAS LOW (TARGET - 75 %).

2021 audit, Police activity in crime prevention and investigation

Improving police crime prevention and investigation requires:

- Clearly defined responsible actors, their responsibilities and functions in this field.
- Measuring the effects of prevention measures.
- Defining the criteria for planning the need for the number of officials.



INTERNAL AFFAIRS

PERFORMANCE AUDIT

Insufficient preparedness of the fire rescue force, management of fire risk to be improved

There are fewer firefighters in the shifts of fire forces on duty than is necessary, the provision of firefighters with technical and personal protective equipment does not meet the minimum requirements, response times to reports do not always meet the standard requirements, and the management of fire risks lacks a focus on results.

The fire forces employ 5.5 thousand firefighters in Lithuania. During 2017-2020, 41.6 thousand fires occurred in the country causing 354 deaths, destruction and damage to more than 200 thousand sq. m of residential and non-residential area.

41 %

FEWER FIREFIGHTERS WERE IN THE SHIFTS OF FIRE BRIGADES ON DUTY THAN IS NECESSARY ACCORDING TO THE MINIMUM REQUIREMENTS FOR A SHIFT OF BRIGADE ON DUTY.

100 INSTITUTIONS'

ACTIVITY, WHICH ARE INVOLVED IN FIRE PREVENTION IS INSUFFICIENTLY COORDINATED.

EUR **18**

IS THE FINE IMPOSED ON AVERAGE ON SITE MANAGERS IN THE EVENT OF FIRE SAFETY INFRINGEMENTS, ALTHOUGH THE AMOUNT OF THE FINE IS DETERMINED AT UP TO EUR 600.

2021 audit, Performance of firefighting forces in reducing the number of fires and fire damage

The appropriate preparedness and risk management of fire-fighting forces require to:

- Define the roles and responsibilities of the authorities responsible for fire prevention and ensure coordination of fire prevention.
- Establish appropriate fire-fighting forces and provide them with the necessary firefighting and rescue techniques, equipment, and personal protective equipment.
- Strengthen liability for breaches of fire safety requirements.



EDUCATION

PERFORMANCE AUDIT

Quality assurance in higher education to be improved

The quality of studies in higher education should be better targeted, and the design and delivery of study programmes should be improved.

There are 37 higher education institutions (18 universities and 19 colleges) in Lithuania, with about 105 thousand students enrolled in them in 2020. From the state budget, about EUR 288 million was allocated to state higher education institutions (which are 23) in 2020.

22 (OF 23)

EXTERNAL EVALUATIONS OF THE ACTIVITIES OF STATE HIGHER EDUCATION INSTITUTIONS ARE NOT CARRIED OUT WITHIN THE PRESCRIBED TIME LIMITS (AT LEAST ONCE EVERY 7 YEARS).

17 (OF 19)

STUDENT REPRESENTATIONS DISTINGUISHED THE QUALITY OF DELIVERY AND CONTENT OF STUDIES (PROGRAMMES) AS THE MOST PRESSING PROBLEMS.

10.1 %

OF FOREIGN DOCTORAL STUDENTS IN 2020 (EUROSTAT), EU AVERAGE IS 22 %.

2021 audit, Is the quality of studies ensured in higher education institutions

Better quality of studies could be ensured by:

- Comparable performance measurement indicators.
- Reporting on progress made in implementing expert recommendations.
- More effective measures to promote the internationalisation of studies.

IMPACT

Improving the working conditions of pre-school teachers

Following the adoption of amendments to the Law on the remuneration of employees of State and municipal institutions and members of commissions, since September 2022, the number of non-contact hours has been increased by one hour and it is foreseen to allocate EUR 2 152 thousand, whereas the fixed share ratio of the basic salary for teachers working in pre-school, pre-primary and general education has been increased by 10 % since January 2022.

2018 audit, Do we use the pre-school education opportunities to ensure a more successful future for children

Improving vocational education and training geared to students' needs and expectations

In 2021, an external evaluation of VET institutions (12 institutions have been evaluated) was launched, including the internal quality assurance systems. Criteria for decision-making on the performance of on-the-spot checks in the most risky educational institutions have been set up on the readiness to deliver formal vocational training programmes.

2020 audit, Is vocational training organised efficiently

SPORTS

PERFORMANCE AUDIT

Expected changes in the field of high performance sport

After having assessed the planned and ongoing changes - to create a sports data management system, to develop a sports infrastructure system, to define the funding model for sports projects, to evaluate the performance of federations, to draw up a plan for the development of young athletes - we did not make recommendations and concluded the audit with a preliminary study report.

Funding of the state budget for sport has almost doubled over six years (2015-2020) and reached more than EUR 51 million in 2020. The funding of high performance sports programmes of the federations with the state budget has not changed significantly and reached EUR 7 million. In 2020, EUR 55 million of the state budget funds were used for the construction and renovation of sports facilities.

64

SPORTS (OF 81 SPORTS FEDERATIONS)
WERE FINANCED FROM THE STATE BUDGET.

13

MEDALS WON BY LITHUANIAN OLYMPIC
SPORTS ATHLETES IN 2019 AT INTERNATIO-
NAL COMPETITIONS (TARGET IN 2030 -17).

20

SPORTS FACILITIES PER 10 THOUSAND
POPULATION IN 2019 (TARGET - 40).

2021 preliminary study report, Management of high performance sport

The changes in the management of high performance sport require:

- Targeted measures to develop shifts of high performance athletes.
- Efficient sports monitoring and targeted infrastructure development planning.
- More efficient and transparent funding and reporting of sports federations in relation to objectives and results, and implementation of good governance principles.



ECONOMY AND MARKET CONTROL

PERFORMANCE AUDIT

The benefits generated by state-owned and municipal-owned enterprises could be greater

The restructuring of state-owned enterprises was aimed at optimising their portfolio but its implementation failed as planned. There are still some state-owned enterprises whose legal form does not allow for smart governance.

In 2019, there were 1 007 state and municipal-owned enterprises in Lithuania, subsidiaries of all tiers of state-owned enterprises and public bodies, 74 institutions represented the state and municipalities in their management.

11 (OF 37) MEASURES

WERE REJECTED AS PART OF THE RESTRUCTURING OF STATE-OWNED ENTERPRISES THROUGH GOVERNMENT OR PARLIAMENT DECISIONS, ALTHOUGH THE MEASURES WERE AIMED AT OPTIMISING THE PORTFOLIO OF STATE-OWNED ENTERPRISES.

17 ENTERPRISES

(OR 34 %), WHOSE LEGAL FORM IS A STATE-OWNED ENTERPRISE, OPERATED IN 2020, ALTHOUGH THE OECD RECOMMENDED THAT SUCH ENTERPRISES BE RESTRUCTURED.

EUR **17.5** MILLION

DISTRIBUTABLE PROFIT WAS ACCUMULATED IN 2019 BY THE ASSESSED MUNICIPAL-OWNED ENTERPRISES, WHICH THEY DID NOT INVEST IN THE COMPANY'S DEVELOPMENT OR DISTRIBUTED AS DIVIDENDS TO THE MUNICIPALITIES.

2021 audit, Governance of state and municipality owned enterprises and public bodies

In order to make the activities of these companies efficient and transparent, we propose to:

- Define the expediency of setting up companies and fulfil specific obligations.
- Set clear objectives for businesses, to set up collegial organs.
- Make information on enterprises and public bodies public.

IMPACT

Aiming at efficient management and use of state real estate

The amendment of the description of the procedure for the transfer of State property by trust and to the ownership of municipalities made it possible to assess the actual use and condition of the municipal real estate received by them for the purpose of implementing the functions of the State (transferred to municipalities by the State).

Strengthening control over the use of municipal real estate

Possibility has been provided to assess the actual use and condition of the municipal real estate transferred to them for implementing the functions of the State (transferred to municipalities by the State) by establishing procedures for monitoring and controlling the use of public real estate in municipalities.

2020 audit, Management of state real estate transferred in trust to municipalities

ENERGY

PERFORMANCE AUDIT

Ignalina Nuclear Power Plant decommissioning process contains activities that need improvement

The implementation of decommissioning projects takes time due to the coordination of the documents needed for their implementation. In performing the works foreseen in the annual work programmes the State Enterprise Ignalina Nuclear Power Plant does not achieve all the indicators set for the works in time.

In accordance with the Treaty of Accession to the EU, Lithuania is committed to decommissioning the Ignalina NPP by shutting down its operations, dismantling facilities, managing radioactive waste and demolition of buildings. This is planned to be done by 2038 and is expected to cost EUR 3.3 billion. A further EUR 2.5 billion will be needed for the final treatment of long-lived radioactive waste by installing a deep disposal facility.

49%

OF THE DECOMMISSIONING WORKS OF THE IGNALINA NUCLEAR POWER PLANT WERE COMPLETED BY 31 DECEMBER 2020.

39%

OUT OF THE EUR 3.3 BILLION PLANNED FUNDING WERE USED FOR THE DECOMMISSIONING WORKS OF THE IGNALINA NUCLEAR POWER PLANT BY 31 DECEMBER 2020.

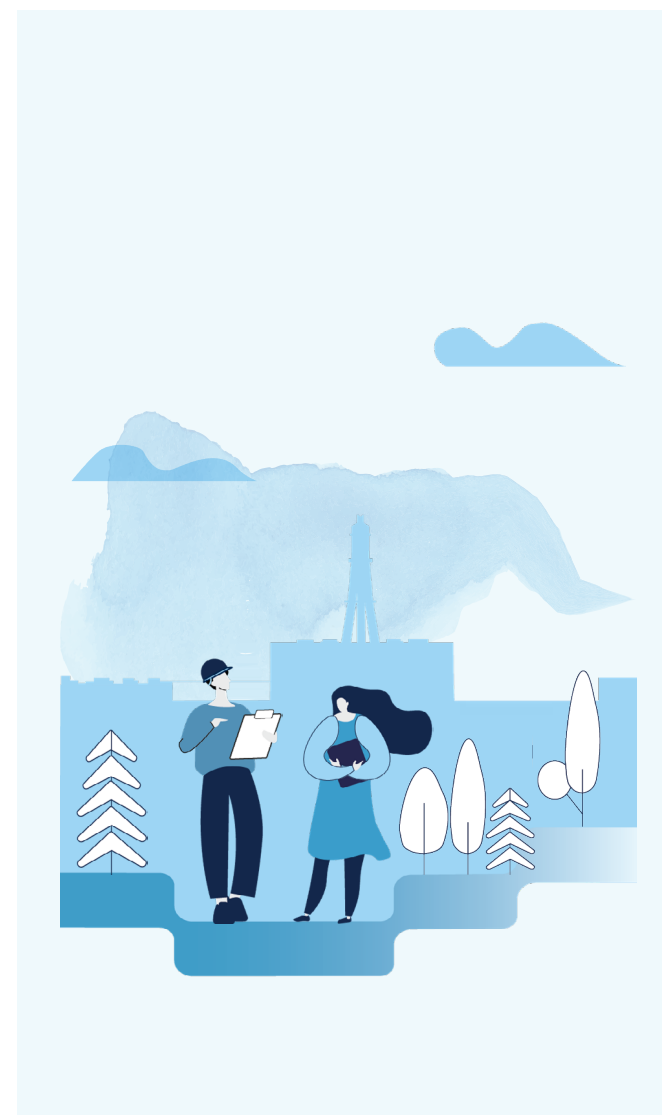
78%

COORDINATION OF DOCUMENTS (FROM PROJECTS SELECTED FOR EVALUATION) SUBMITTED TO THE STATE NUCLEAR POWER SAFETY INSPECTORATE BETWEEN 2017 AND 2019 HAS BEEN DELAYED DUE TO THEIR REVISION.

2021 audit, Decommissioning process of the Ignalina Nuclear Power Plant

Timely and efficient implementation of the planned works requires to:

- Ensure adequate preparation for the final treatment of long-lived radioactive waste.
- Take decisions to facilitate the preparation of the necessary documents and their coordination within the time limits set by the State Nuclear Power Safety Inspectorate and the Central Project Management Agency.
- Ensure timely implementation of Critical Path projects and improve the risk management.



MONITORING

ENVIRONMENT PROTECTION AND POLLUTION PREVENTION



87

SITES WHICH WERE IDENTIFIED AS CONTAMINATED WITH HAZARDOUS MATERIALS WERE NOT REMEDIATED BY THE BEGINNING OF 2020

EUR 500 MILLION

ARE REQUIRED TO REMEDIATE ALL CONTAMINATED SITES

In order to avoid significant negative effects on the environment, it is necessary to implement pollution prevention measures, to allow proper damage assessment, to strengthen state control of environmental protection.

2020, Efficiency and effectiveness of environment protection and pollution activities

TERRITORIAL PLANNING AND CONSTRUCTION



18%

OF ARBITRARY CONSTRUCTION IS DETERMINED ANNUALLY

60 CASES

OF FINAL JUDICIAL DECISIONS OBLIGE DESTROYING BUILDINGS EVERY YEAR

It is necessary to ensure that territorial planning documents are drawn up in a timely and quality manner, construction permits are legal, what is built is authorised and the buildings are used for the purpose specified in the permit.

2019, Territorial planning

RAIL BALTICA PROJECT



EUR 59.3 MILLION

BUDGET OVERRUN OF THE FIRST SIGNED GRANT AGREEMENT

5 YEARS

POSSIBLE PROJECT DELAY

In order for the Rail Baltica project to be implemented in a timely and efficient manner, it is necessary to provide the Parliament with calculations and explanations on the long-term possibility of national funding, including in the cases where the project costs increase or EU funding is lower than planned.

2019, Implementation of the Rail Baltica Project

INVESTMENTS IN ROAD INFRASTRUCTURE



60%

OF STATE ROADS OF NATIONAL SIGNIFICANCE WITH ASPHALT COATING WERE OF BAD AND VERY BAD CODITION IN 2019

EUR 272 MILLION

USED FOR WORKS WHICH WERE NOT INCLUDED IN THE PLANS

In order to ensure a targeted road infrastructure management policy, performance-based assessment and improved road quality, it is important to provide directions and measures to improve the current state of infrastructure of roads of national significance.

2020, Management of road infrastructure

THREAT RISK MANAGEMENT



35%

OF MUNICIPALITIES DID NOT ADDRESS THREAT MANAGEMENT ISSUES IN 2019

IN THE 30 KM

ZONE FROM THE OPERATIONAL ASTRAVETS NPP DETAILED EVACUATION OF THE POPULATION WAS NOT FULLY PLANNED IN 2019.

In order to ensure a state-wide response (to a crisis) or armed aggression, it is necessary to reform the system of preparedness of state, municipal institutions and economic operators for individual or collective state defence.

2017, Preparedness of the state, municipality institutions and economic entities for individual or collective state defence (classified)

LEGISLATION



330 LAWS

ADOPTED (BETWEEN 11-2020 AND 09-2021)

2018, Legislative process

20%

OF LAWS ADOPTED UNDER THE URGENCY OR EXTREME URGENCY PROCEDURE (BETWEEN 11-2020 AND 09-2021)

In order to achieve responsible legislation effective regulatory monitoring and impact assessment tools need to be put in place. New legislation or amendments to it must be subject to an actual rather than a formal impact assessment.

JUDICIAL SYSTEM



12 YEARS

NO SYSTEMATIC DECISIONS ADOPTED ON THE DELEGATION OF NON-JUDICIAL FUNCTIONS

2020, Judicial system

1.4 TIMES

DIFFERENCE IN WORKLOADS OF JUDGES IN DISTRICT COURTS IN 2019

In order to ensure that cases are dealt with within the shortest possible time, without compromising the quality of the decisions taken, it is necessary to ensure the creation of legal and organisational preconditions for the enforcement of justice.

In order to ensure more efficient dispute resolution, it is necessary to reform or extend the out-of-court settlement system.

IMPLEMENTATION OF NOTARY AND BAILIFF FUNCTIONS



EUR 30 MILLION

THE PARTIES TO THE PROCEEDINGS PAY EACH YEAR TO BAILIFFS FOR THE EXECUTION OF ENFORCEMENT DOCUMENTS

2020, Is it ensured that functions delegated to bailiffs and notaries were performed effectively

EUR 45 MILLION

PERSONS PAY EACH YEAR TO NOTARIES FOR CARRYING OUT NOTARIAL ACTS

In order for a fair price to be paid for acts carried out by bailiffs and notaries, the pricing mechanism needs to be reformed.

RURAL DEVELOPMENT



EUR 2.1 MILLION

FUNDS OF THREE RURAL DEVELOPMENT PROGRAMME 2014-2020.

2017-2020 Assessment of regularity of sets of State consolidated financial and budget execution reports and legality of management, use and disposal of State assets

50%

OF URAL DEVELOPMENT PROGRAMME MEASURES IMPLEMENTED IN 2017-2020.

In order to make efficient use of the funds allocated to rural development, it is necessary to assess where it is most useful to channel funds and to implement the measures envisaged for development intensively.

STATE LAND MANAGEMENT



22%

OF TOTAL AREA OF LITHUANIA (1.41 MILLION HA) CONSISTS OF STATE-OWNED LAND

2017-2020 Assessment of regularity of sets of State consolidated financial and budget execution reports and legality of management, use and disposal of State assets

LAND LEASE AGREEMENTS ARE NOT ALWAYS CONCLUDED AND RENT IS NOT ALWAYS PAID

The rational use of state land must be pursued with a clear and targeted policy geared towards ensuring the best value for the state and society.

EU INVESTMENTS AUDIT

As part of the procedures for the seventh reporting period (01-07-2020 - 03-06-2021), we assessed the eligibility of expenditure of EUR 39.07 million and the functioning of the management and control system administering these funds.

BILLION **1.07** EUR

DECLARED TO THE EUROPEAN
COMMISSION.

40

PROJES FINANCED FROM THE EU FUNDS.

44

PAYMENT REQUESTS EXAMINED DURING
THE AUDIT.

The EU Investments Audit Department carries out audits of the management and control system created for the implementation of the 2014-2020 Operational Programme for investments from EU funds, the information provided in the accounts and the expenditure declared for which reimbursement is requested from the European Commission during the audited period.

BUDGET MONITORING

In 2021, the temperature of the Lithuanian economy rose and exceeded the pre-pandemic level

- Strong domestic demand stimulated Lithuania's real GDP growth in 2021.
- The output gap in 2021-2024 is projected to be positive.
- The return of economic activity to potential levels will lead to structural deficits as cyclical revenues are used to finance excessive current long-term expenditure.

3.7 %

THIS IS THE PERCENTAGE OF LITHUANIA'S REAL GDP GROWTH IN 2022 ENVISAGED IN THE DECEMBER ECONOMIC DEVELOPMENT SCENARIO.

3.4 %

LITHUANIA'S POTENTIAL GDP IS EXPECTED TO INCREASE ON AVERAGE ANNUALLY IN 2021-2024.

Opinion on the endorsement of economic development scenario for 2021

Favourable economic developments lead to increased cyclical revenues

- As temporary expenditure decreases for further containment of the COVID-19 pandemic, they are replaced by long-term commitments.
- The general government debt-to-GDP ratio is projected to decline moderately in 2022 with favourable real GDP and interest rate dynamics.
- The application of fiscal discipline rules has been temporarily reduced due to exceptional circumstances.

EUR 696 MILLION

OR 1.2 % OF GDP INCREASE IN LONG-TERM EXPENDITURE IS PROJECTED IN 2022, WHICH IS NOT COVERED BY SUSTAINABLE SOURCES OF REVENUE

1.0 % OF GDP

EXPENDITURE OF THIS TYPE WAS INCURRED ON AVERAGE IN THE PREPARATION OF THE 2017-2021 BUDGETS

2.9 % OF GDP

THE PROJECTED GENERAL GOVERNMENT DEFICIT WILL MAKE IN 2022

6.9 % OF GDP

GOVERNMENT DEBT-TO-GDP RATIO WILL REACH IN 2022

Assessment of draft general government budgets for 2022

As part of its functions as the budget policy monitoring institution, the National Audit Office endorsed all economic development scenarios for 2021-2024 prepared by the Ministry of Finance in 2021.

Consideration should be given to the appropriateness of continuing to apply exceptional circumstances, as:

- In Q1 2021 Lithuania's economy returned to pre-pandemic levels.
- Uncertainty due to the COVID-19 pandemic reduces and its management costs will have an ever-decreasing impact on public finances.

As part of its functions as the budget policy monitoring institution, the National Audit Office carried out monitoring of compliance with the rules and tasks laid down in the Constitutional Law on the implementation of the Fiscal Treaty of the Republic of Lithuania and submitted to the Parliament of the Republic of Lithuania its opinions on compliance with these rules.

Responsible fiscal policies remain important:

- The allocation of COVID-19 expenditure as one-offs allows for a more accurate assessment of the fiscal situation. In that case, the structural primary deficit is expected to increase in 2022 and the fiscal policy will be pro-cyclical.
- When adopting changes that may affect the sustainability of the pension system, it is important to take into account demographic challenges and to anticipate long-term sources of income.

The information is based on the data for 2021 and on the assumptions used at that time. Their change would lead to a corresponding change in the indicators projected by the fiscal institution.

PERFORMANCE

showing an advanced example of organisation management

EFFECTIVE

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



3.3 (OF 5)

MATURITY OF THE PROCESS MANAGEMENT (ACCORDING TO ISO9004)

69%

REDUCTION IN THE NUMBER OF COMMITTEES AND OTHER WORKING GROUPS, WITH A SEPARATION OF FUNCTIONS FOR DEFINING, IMPLEMENTING AND EVALUATING OPERATIONAL ACTIVITIES

DIGITALISED

our daily work is easier with modern operational management tools based on digitalisation, automation, and robotics.



21

NUMBER OF THE INFORMATION SYSTEM MANAGEMENT TOOLS USED

100%

MANAGEMENT OF INTERNAL AND EXTERNAL DOCUMENTS IS CARRIED OUT ELECTRONICALLY

ONGOING PROJECT – DEVELOPMENT OF AN OPEN DATA PLATFORM, ENABLING EFFICIENT RE-USE OF PUBLIC SECTOR INFORMATION FOR BUSINESS, AND ITS MANAGEMENT TOOLS

HARMONIOUS

and inclusive work environment that enables working together comfortably and smartly. Our working environment and ways of organising our work are environment-friendly.



78.2%

EMPLOYEES BELIEVING THAT REMOTE WORKING HAS HELPED TO ACQUIRE NEW SKILLS, TO INCREASE EFFICIENCY

THE COMMITTEE ON HEALTH AND SAFETY AT WORK IS RESPONSIBLE FOR THE HEALTH AND SAFETY STATUS OF STAFF, ASSESSES THE RESULTS OF OCCUPATIONAL RISKS, EXAMINES MEASURES TO ENSURE THE HEALTH AND SAFETY OF STAFF, MAKES PROPOSALS FOR PREVENTION MEASURES TO IMPROVE STAFF HEALTH



Information resources management

In order to ensure the functioning and consistency of the various data flows, the designated information resource managers coordinate over 20 information systems, subsystems, modules and ensure information security within the institution. Monitoring and analysis of information resources for improvement of information flow management and modernisation and development of information systems helps the employees of the National Audit Office to use the available data, audit and assessment relevant information more conveniently and quickly. The availability of information systems reaches 94 %.

An updated website adapted to mobile devices, a user-friendly search of open data helps external readers easily find information about the institution's activities and the results of audits.

Fulfilment of IT requests

In order to provide timely and high-quality IT services, we register and resolve all IT requests of employees through single Quality Management System. A request received is given a priority depending on its type, importance, related service. For the second year of remote working, this helps to rationalise the distribution, monitoring and implementation of IT work, and to respond more quickly to particularly urgent requests.

Environment-friendly

The National Audit Office contributes to the "greening" of the public sector and has abandoned its polluting service car by replacing it with an electro-mobile vehicle. This not only saves the institution's costs of fuel and transport maintenance, but also contributes to the reduction of environmental pollution.

We are a socially responsible institution: we sort, do not print paper audit reports or other documents. Joining the tree and forest conservation initiative, we abandoned wall calendars, paper workbooks and table calendars. Considering the possibilities of remote working and flexible working hours, the creation of common meeting and working spaces not only helps to optimise and diversify workplaces, but also reduces the use of the institution's resources.

The benefits of technology when working remotely

With the coronavirus pandemic continuing, technology has become an integral part of everyday life. The use of information and communication technologies has led to the emergence of a new culture of work organisation. Remote meetings of auditing and other working groups replacing in-person meetings, help staff to avoid insignificant meetings, provide flexibility and opportunities to perform the tasks entrusted to them faster and quickly address the emerging issues.

The preparation and management of internal and external documents has been fully transferred to the electronic space and the use of the electronic signature function contributes to the modernisation of the entire public sector.

Quality management system meeting the highest requirements

The audit of the quality management system of the National Audit Office confirmed for the third time that the system complies with ISO 9001:2015 Quality Management System standards and operates successfully. The institution's management is based on risk assessment, the establishment and monitoring of operational and process objectives and their measurement indicators, continuous improvement and the involvement of managers.

Possibilities for digitalising audit

During the webinar with representatives of the European Court of Auditors we became familiar with digital leadership, the current state of audit digitalisation, the next five-year plans in this field, concrete digitalisation projects and cooperation opportunities for auditors with ECALab, a hub for innovation, technology research and exploitation of the new opportunities offered by digitalisation.

Innovations in the international community

Together with the UK NAO team, a new format workshop was initiated, where representatives of the NAOL team "interviewed" the colleagues from the UK NAO on the issues of interest to us. Such an interview format event was organised for the first time in the EUROSAI community, also a new project group "Clubs of experts" - was initiated.

TEAM

professional, cooperating openly and ethically

COMPETENT

professional community, the knowledge that we need today and will need in the future, are brought together by investing in the team's professional competences



55

ACADEMIC HOURS PER
EMPLOYEE

54%

OF TRAINING ORGANISED IN
PROFESSIONAL AREA

12%

OF TRAINING ORGANISED
BY THE INSTITUTION'S
LECTURERS

SHARING

acquired experience, knowledge, and skills, working together as a team through cooperation



3

NEW COOPERATION
AGREEMENTS WITH
LITHUANIAN INSTITUTIONS
AND ORGANISATIONS

4

INTOSAI WORKING GROUPS OF
WHICH WE ARE A MEMBER

9

EUROSAI FORMATS OF WHICH
WE ARE A MEMBER

CREATING

a working culture based on openness, trust, respect, and equal opportunities



65%

STAFF ENGAGEMENT AT
WORK

STAFF WELFARE SURVEY

71%

LOYALTY TO THE
ORGANISATION

79%

GOOD COMMUNICATION
WITH MANAGERS



Responsibilities in the EUROSAI Governing Board

At the XI Congress of the European Organisation of Supreme Audit Institutions (EUROSAI), the National Audit Office was elected to the EUROSAI Governing Board for a period of 6 years. In the period 2021-2024, the institution will be responsible for the implementation of the EUROSAI Strategic Goal 1 “Professional Cooperation”.

The EUROSAI Governing Board meeting discussed the strategic goals of the organisation for the period 2017-2024, the role of supreme audit institutions in the post-pandemic recovery, preparedness for similar risks in the future, climate crisis and cybersecurity challenges.

Improving audit methodology and practices

The EUROSAI project group “Monitoring the implementation of audit recommendations”, in cooperation with the SAIs of Belgium, Germany, Spain, and the Netherlands, collected, summarised and presented information to EUROSAI on the monitoring of the implementation of audit recommendations by the different members of EUROSAI, shared the practice of the National Audit Office in monitoring the implementation of audit recommendations and assessing the impact of the audit. During the project, using the scientific literature, factors were identified which determine the successful implementation of audit recommendations and increased audit benefits. The project report presents these factors, the results of the survey carried out and the practices that allow SAIs from other countries to improve the monitoring of their audit recommendations.

For the first time, an external financial audit of the International Organisation of Supreme Audit Institutions (INTOSAI) for the years 2019 and 2020 was carried out remotely together with Jamaica’s Supreme Audit Institution. This audit was led by the National Audit Office.

Professional support for municipal auditors

Activities of the EUROSAI Task Force on Municipality Audit (TFMA), chaired by the Lithuanian SAI, were dedicated to real estate management in municipalities in 2021. It was considered how to rethink investment priorities for municipalities, find new ways of using real estate, providing public services, and finding solutions to strengthen self-government, which is a guarantee of the strength of each state. A compendium was prepared on the topic of municipal real estate audit, and a newsletter on COVID-19 was published.

Annual external review is carried out by the National Audit Office of audits carried out by municipal control and audit services (SKAT). In 2021, the evaluation of the financial (regularity) audits carried out on the consolidated accounts for 2019 rated the quality of the four SKAT audits at level 1, i.e. there were no significant deviations from the legislation governing the conduct of the audit, the quality of one SKAT audit was rated at level 2, with significant deviations identified. The quality of the performance audit of one SKAT was rated at level 1 and one performance audit was rated at level 3, i.e. significant deviations from the legislation governing the audit were identified. Examples of good audit practice have also been identified during the external review. We invited colleagues in municipalities to the training “Structuring the evidence of performance audit”, presenting the results of the external review, together with the presentation on theoretical subjects of performance audit.

Results of external reviews carried out in municipal audit and control services in 2021

Cooperation with Lithuanian institutions

We share professional experience, innovative ideas with various institutions, discuss topical issues, working together to address complex problems. In 2021, we signed three more cooperation agreements.

With the Bank of Lithuania, we plan to provide peer-to-peer consultations, share expert opinions, expert assessments, methodological assistance, and carry out employee peer internships in accordance with our competences.

Having signed a cooperation agreement with the Chief Official Ethics Commission, we committed to share expert assistance, expert assessments and best practices in the organisation of activities in the fields of coordination of public and private interests, management of potential conflicts of interest, integrity policy-making, corruption prevention and strengthening the anti-corruption environment, regulation of lobbying activities.

We have agreed with Statistics Lithuania to provide mutual assistance and strengthen professional cooperation by sharing the necessary information, organising meetings and discussions, providing expert opinions and assessments, improving employee qualifications.

Organisational changes

Following the adoption of the new version of the Law on National Audit Office, the modified structure of the institution allowed certain competences to be concentrated in the divisions. After evaluating their knowledge and experience, the employees chose those competence centres where they could best realise themselves. These changes have led to the development of an effective management system, helping to set up a competent team to achieve the set objectives.

Staff inclusiveness and motivation

The National Audit Office community is active, engaging in activities, creating and fostering internal cultural traditions.

An annual Staff Welfare Survey showed that we have reached an average level of engagement at work (based on trends in the EU and Lithuanian public sector). A balanced working environment is demonstrated by the positive assessment of the work demand and resources by employees of the National Audit Office. The survey revealed an excellent adaptation of employees to remote working.

During the quarantine, traditional events dedicated to the institution's values, community meetings, celebrations of public holidays did not cease. They went remotely. The only live event dedicated to the communication and cooperation of team members, to honour long-term employees, has strengthened confidence and the importance and benefits of working together.

Induction of new staff

The induction of the new staff of the National Audit Office has also been addressed in the context of the pandemic.

In order for new colleagues to feel part of the team from the very first working days, they are provided with an electronic "Newcomer's Book", which contains the most important information about work at the National Audit Office, general procedures and opportunities for development. There is in place an individual 3-month induction programme - tasks aimed at familiarizing with the activities of the departments, the institution's processes, existing IT capabilities and colleagues. The introductory 2-week training is completed with the "Newcomer's Day".

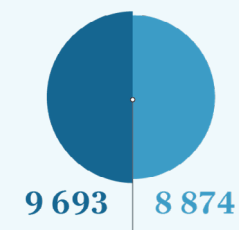
FINANCIAL DATA

	2020	2021
Budget allocations	EUR 9 645 thousand	EUR 9 693 thousand
Used allocations	EUR 9 260 thousand	EUR 8 873 thousand
Out of which:		
Salaries and social insurance	EUR 8 417 thousand	EUR 7 531 thousand
Fixed assets	EUR 120 thousand	EUR 179 thousand
Utility expenditure	EUR 79 thousand	EUR 86 thousand
Transport maintenance	EUR 11 thousand	EUR 12 thousand
Travel expenditure	EUR 8 thousand	EUR 13 thousand
Other (non-mentioned earlier) expenditure	EUR 625 thousand	EUR 1 052 thousand

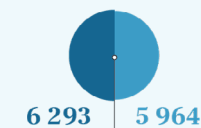
Auditor's report: The financial statements of the National Audit Office for 2021 present fairly, in all material respects, its financial position as at 31 December 2021 and the financial results and cash flows of the year then ended in accordance with Public Sector Accounting and Financial Reporting Standards.

ALLOCATED BUDGET FUNDS, THOUSAND EUR
USED BUDGET FUNDS, THOUSAND EUR

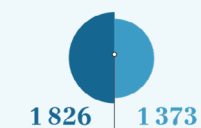
IN TOTAL



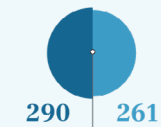
Public audit



EU investments audit



Budget monitoring



Administration

