VALSTYBĖS KONTROLĖ

2022 Activity Report

NATIONAL AUDIT OFFICE OF LITHUANIA

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MISSION

We promote public sector progress and the necessary changes for society

VALUES

Professionalism
Ethical behaviour
Cooperation
Innovation

BUDGET

9693
thousand EUR

STAFF

239

The report contains active links *additional information is available* *access to the report section or external information*

MESSAGE FROM THE AUDITOR GENERAL

The past year has shown that the changes introduced by the new Law on the National Audit Office, which have led to the creation of an effective governance system, have been effective. The 2022 targets were met with 40 products, four more than planned, and the average duration of a public audit decreased by 5.3 months, to 8.5 months. The current activities of the institution deserve the trust of our international partners. The results of the external financial audit of the International Organisation of Supreme Audit Institutions (INTOSAI), led by our auditors, have been approved by the INTOSAI Governing Board. Professional and expert knowledge was recognised with colleagues from Denmark and Slovenia in the peer review of the State Audit Office of Latvia.

Geopolitical developments in the world, which have changed the economic and social situation in the country, have once again encouraged us to search for new prospects in assessing fiscal policy and financial sustainability, economic development measures, national security, social inclusion and energy development. In our reports we highlighted the importance of targeting economic development measures to the most vulnerable groups in society, increasing the employment of the unemployed and people with disabilities, strengthening the resilience of the health system, paying more attention to emergency management, and reducing energy consumption and losses. I also want to congratulate the staff of the National Audit Office on being one of the most energy-saving institutions, following their active participation in the nationwide energy saving initiative.

To achieve the State's objectives and bring about positive changes in public governance, we constantly stress the importance of implementing the recommendations made by the National Audit Office. In cooperation with the Parliament and the government institutions, we are monitoring progress towards fundamental changes, but there are still delays in implementing major recommendations that would help tackle the shadow economy, access to health services and responsible budget governance. The implementation of the recommendations would improve the quality of one of the most important sources of government data - financial reporting. Accounting processes would be simplified and standardised across public bodies, internal control systems would function effectively and methodological support would be systematic and timely.

A year that demanded new business models and solutions opened the door to new thinking, planning and opportunities. In the National Audit Office's Activity Plan for 2023, we have identified activities to address the most important changes in the public sector and the most pressing, long-standing public sector challenges.

As we start the new year, I would like to thank the staff of the National Audit Office, the auditees, the national and international partners, and invite you to be open to new perspectives and constructive cooperation.

Mindaugas Macijauskas

Auditor General

INDICATORS 2022

RESULTS

RELEVANT, objectively informed audits and assessments driving timely and sustainable change

- **20** public audits
- **5** assessments
- **1** EU investments audit
- **10** Budget monitoring opinions
- + **6.51** (out of 10) relevance index

QUALITY, revealing root causes of problems, best practices and reaching major stakeholders. We share our results in a way that is understandable and engaging, so that we can reach the widest possible public

- + **9.22** (out of 10) performance quality index
- + **83.1 %** implemented recommendations

TIMELY responding to changes, providing insights through audits and assessments

- + **8.5 months** average duration of audits and assessments
- + **50 %** recommendations implemented within the agreed timeframe

PERFORMANCE

EFFICIENT, application of good management practice, advanced performance management models and methods help us to make efficient use of available organisational resources

- + **3.3** (out of 5) process management maturity

DIGITALIZED, our daily work is easier with modern performance management tools based on digitalization, automation and robotics

- + **68 %** innovative staff behaviour*
- + **100 %** compliance of the website with the general requirements

INCLUSIVE and engaging working environment allowing to work comfortably and smartly. Our working environment and ways of work organisation are environmentally friendly

- **70 %** of public procurement is green
- + **66 %** staff engagement*

TEAM

COMPETENT, professional community, the knowledge we need today and will need in the future, are brought together by investing in the professional competences of the team

- **239** staff
- **69** training hours per employee
- **60 %** training in the professional field

SHARING our experience, knowledge and skills, working together as a team, in cooperation

- + **8.9** (out of 10) expert score
- **7.8** (out of 10) internal communication index
- **8** seminars and conferences organised

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

- + **85 %** good communication from managers*
- + **6 principles** basis for the NAOL's equal opportunities, diversity and inclusion policy

* Employee wellfare survey results are expressed as a percentage, where 100% corresponds to the maximum possible score for the indicator

RESULTS, MAKING A POSITIVE DIFFERENCE FOR THE STATE AND SOCIETY

2022

JANUARY
- Audit "Preparedness of institutions to respond to emergencies"
- Audit of the regularity of the use of 2021 compensation by the Good Will Foundation
- Overview of scientific research and experimental development
- Assessment of the district heating supply
- EU investments audit

FEBRUARY

MARCH
- Audit "Ensuring sustainability of health care in emergencies"
- Opinion on the draft law amending the Article 14 of the Law on financial indicators of the state budget and municipal budgets for 2022
- Report on the implementation of public audit recommendations

APRIL
- Opinion on the endorsement of the Economic Development Scenario

MAY
- Audit "Protection of Lithuanian Forestry resources"
- Opinion on the structural adjustment target set out in the draft law on the approval of financial indicators of the state budget and municipal budgets and on the need for additional measures (in monetary terms) to fulfill this target
- Assessment of Lithuania's Stability programme for 2022
- Assessment of regularity of the 2021 set of accounts of the Pension Annuity Fund

JUNE
- Audit "Organisation of official statistics"
- Opinion on the compliance with the fiscal discipline rules of municipal budgets during 2021–2022
- Audit "Assessment of the state of the ambient air"

JULY
- Audit "Management of Klaipėda seaport infrastructure"
- Opinion on the endorsement of Economic Development Scenario
- Assessment of changes in the pension system
- External review of audits carried out by municipal control and audit services

AUGUST

SEPTEMBER
- Assessment "Are we prepared to conduct green procurement 100% ?"
- Audit "Ensuring the rights and interests of the child in the child care and adoption"
- Opinion on the structural adjustment target
- Assessment of the reform of the civil service system
- Opinion on the compliance of the current situation with the definition of exceptional circumstances
- Report on the implementation of public audit recommendations

OCTOBER
- Audit "Ensuring cybersecurity"
- Audit "Centralisation of accounting management and personnel administration functions"
- Audits and opinions on the sets of state consolidated and national financial statements and six resources funds
- Opinion on the structural adjustment target

NOVEMBER
- Audit "Performance of crisis management, specialized assistance centres"
- Opinion on the endorsement of Economic Development Scenario

DECEMBER
- Audit "Achievement of milestones and targets of the Lithuania's Recovery and Resilience Plan"
- Opinion on the endorsement of the Economic Development Scenario

ENVIRONMENT

PERFORMANCE AUDIT

Ambient air monitoring should be systematic and comprehensive

The authorities responsible for air monitoring do not have enough up-to-date and comprehensive data on air quality in all municipalities in Lithuania, and the population is not informed about increases in air pollution.

Although Lithuania is attributable to one of the cleanest countries in Europe, the state of ambient air and its changes show that there are pressing issues to be addressed at national, municipal and local levels. According to Eurostat, Lithuania ranks 14th out of 27 EU countries in terms of particulate matter pollution (PM 2.5) and 20th in terms of PM 10. The Government's programme aims to halve air pollution harmful to human health in Lithuanian cities and towns by 2030, and to support municipal and public initiatives to measure and improve air quality in urbanised areas.

In **29** municipalities

air quality is not monitored at either national or municipal level.

In **11** municipalities

particulate matter concentrations are higher than the World Health Organisation's recommended standards.

61 %

of operators have not reported on air monitoring.

2022 audit "Assessment of the state of the ambient air"

To ensure that air quality is monitored in the most polluted areas of Lithuania and that as many people as possible are informed about the state of air quality in their area, it is necessary to:

- ✓ expand the number of municipalities where air quality is measured at national or municipal level;
- ✓ develop a common information system to organise and analyse ambient air monitoring data at the three levels - state, municipal and economic operators;
- ✓ assess monitoring data from economic operators so that the State and municipalities have up-to-date information on the unacceptable negative environmental impacts caused by their activities and can take timely measures to reduce them.

IMPACT

Creating conditions for safer management of hazardous waste

A Unified Methodology for the Identification of Hazardous Wastes has been developed to prevent hazardous waste from being treated as non-hazardous waste, allowing hazardous waste to be managed in a safe way without endangering public health and the environment.

2018 audit "Hazardous waste management"

Legal prerequisites are in place to compensate property and the environment for damage caused by waste management

The adopted Law amending Law on Waste Management provides that undertakings collecting, transporting and treating hazardous waste shall insure their civil liability, which will enable them to compensate for damage to third parties' property and/or the environment that may result from such activities.

2020 audit "Efficiency and effectiveness of environmental protection and pollution prevention activities"

ENVIRONMENT

PERFORMANCE AUDIT

To preserve Lithuanian forests, a timely response to changes in biodiversity is essential

Lithuanian forests and the natural values they contain are not being adequately protected: forest cover targets have not been met, the number of trees damaged by animals, insects, disease or other damage is increasing, and the identification of areas of importance for habitat protection is lagging behind.

In Lithuania, forest land accounts for one third of the country's land area - 2 202 000 ha. The Environmental Strategy envisaged that, in order to ensure ecological balance and reduce carbon dioxide emissions, the country's forest cover should reach 35% or 2 286 000 ha by 2030. However, over the period 2016-2020, forest cover increased by an average of only 0.04% or 3 000 ha per year. If forest cover continues to increase at this rate, the target will not be reached until 2047.

15.5 thousand ha

self-sustaining forests with an average age of 20 years or more, not included in the Forest Cadastre.

6.4 percentage points

increase in the number of trees affected by forest diseases, pests, or other factors over 5 years.

34 %

of sites important for habitat conservation identification took more than 12 years - 2 times longer than the maximum time limit.

2022 audit "Protection of Lithuanian Forestry Resources"

To protect forests and the biodiversity they contain it is necessary to:

- ✓ in the case of large-scale forest damage, identify the causes of the damage, assess the risk of mass outbreaks, recommend the most appropriate measures and monitor their effectiveness;
- ✓ protect forest habitats in the context of specific, clear and measurable conservation objectives;
- ✓ implement measures to accelerate forest cover expansion.

IMPACT

Measures to reduce environmental pollution are increasing

To ensure that economic operators start operations only after they have implemented all the measures provided for in the environmental impact assessment documents and/or integrated pollution prevention and control permits and pollution permits for the prevention of pollution and the mitigation of other adverse effects, a Description of the Procedure for Inspection of the Site of a Planned Economic Activity Before Starting Operation has been approved.

2020 audit "Efficiency and effectiveness of environmental protection and pollution prevention activities"

Residents will benefit from centralised drinking water services and reduced sewage pollution

The new version of the Law on Drinking Water Supply and Wastewater Management (No. XIV-1466 of 27 October 2022) will encourage the development of drinking water supply and wastewater management infrastructure and the implementation of the objectives set out in strategic planning documents. This will enable the population to benefit from centralised drinking water supply services that meet safety and quality requirements, reduce wastewater pollution and its negative impact on the natural environment.

2020 audit "Water supply and waste-water management"

ENVIRONMENT

PERFORMANCE AUDIT

Green procurement development objectives are ambitious, but not ready for implementation

The environmental impact, the impact on national finances and the short-term feasibility of sourcing sustainable products have not been assessed to create a 100% green public procurement system. Green goods are up to 3.5 times more expensive than those without this characteristic and have a much narrower choice. It is difficult for contracting authorities to apply environmental criteria.

To tackle the climate change challenges that are becoming more acute every year, the Lithuanian Government is committed to supporting the EU's most ambitious climate change targets and to ensure that, from 2023, all goods, works and services for the public sector will be procured only through green procurement and that public bodies will use only green electricity and heat and clean transport.

66 %
of procurers surveyed indicated that they would not be ready to go fully green in 2023.

38 %
of procurers surveyed did not ensure a sufficient supply of green products between 2021 and 2022.

22 %
of suppliers did not participate in procurement due to environmental requirements.

2022 assessment "Are we prepared to conduct green procurement 100%?"

To make green public procurement an effective tool for tackling climate change and remaining mainstream in the most polluting areas:

- ✓ it is appropriate to review the established objective (timeframe, scope, application) and to abandon the use of environmental criteria in the procurement of product groups for which the greening may only be formal and increases the administrative burden for procurers;
- ✓ provide for measures aimed at up-skilling all procurement actors, wider dissemination of good practice, and encouraging suppliers to take an active role in ensuring the supply and production of green products.

INFORMATION RESOURCES MANAGEMENT

PERFORMANCE AUDIT

There is scope for improving the cybersecurity framework

Cybersecurity exercises, training and consultancy contribute to enhancing cyber resilience, but are not yet sufficient to strengthen institutions' capacity to manage cyber incidents.

According to the National Cyber Security Centre, 11,659 cyber incidents were recorded between 2019 and 2021. Lithuania ranks sixth in the world according to the United Nations International Telecommunication Union's 2021 Cyber Security Index.

38 %

of the 212 surveyed managers and administrators of state information resources and critical information infrastructure did not carry out a cybersecurity risk assessment in 2019-2021.

81 %

(out of 403 public information re-sources) of information technology security compliance assessment reports were not submitted to the National Cyber Security Centre in 2021.

7 years

since 2016, a common framework for electronic information security and cybersecurity has been developed.

2022 audit "Ensuring cybersecurity"

To improve the cybersecurity framework, it is necessary to:

- ✓ carry out more comprehensive monitoring and analysis of cybersecurity risks at the national level;
- ✓ digitalise the assessment and monitoring of security compliance;
- ✓ set out consistently in legislation the requirements for cybersecurity and the security of electronic information.

IMPACT

Improving conditions for the development of public information resources managed by the Centre of Registers

The implementation of the envisaged measures has strengthened control over project implementation and monitoring, increasing from 0% to 81% the proportion of projects that comply with the requirements of the approved Project Management Methodology. All public information resource managers are involved in strategic decision-making on the development of information resources, with an increase from 22% to 100%.

Increasing availability and speed of public information resources managed by the Centre of Registers

The request management process has been strengthened, with the proportion of requests that are dealt with in accordance with the deadlines set (Service Level Agreement) increasing from 46% to 85.1%. Ensuring that security compliance and risk assessments are carried out for all State information resources managed by the Centre of Registers at the required frequency: 100% of the security compliance and risk assessments for State information resources managed by the Centre of Registers were completed by 2022 (compared to the baseline of 53% for the assessments carried out at the time of the audit).

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

SOCIAL SECURITY AND EMPLOYMENT

PERFORMANCE AUDIT

More help is needed for child carers

Although the child care and adoption system has measures in place to prevent unjustified removal from the family, and 24-hour protection of children's rights is ensured, there is still insufficient provision of the necessary support and services for the child and the family, with temporary care lasting longer than it should, a shortage of carers for older children, and insufficient attention paid to the child's transition to independent life.

Since 2018, the country has seen major changes in the areas of the child's temporary and permanent care and adoption, the proportion of children placed in children's institutions in the current year decreased more than twofold, from 42% to 17%, and the number of children in permanent care in children's institutions has decreased year on year, from 29.3% to 22.6%, however, the 2021 target of 10% of children being placed in children's institutions has not been reached. More than 80% of families willing to adopt are ready to adopt children up to the age of 4.

22.6 %

of children were placed in permanent care in children's institutions (7.6% in children's homes, 15% in community-based children's homes) at the end of 2021.

6 times

more money is spent per child in residential care than in family care in 2021.

27 %

of the temporary care lasted more than 12 months (after the decision is taken, the care can be continued for up to 18 months, according to the Civil Code) at the end of 2021.

2022 audit "Ensuring the rights and interests of the child in the child care and adoption"

To better ensure the best interests of the child and better targeted services for families and children, we propose:

- ✓ education, health and social services for guardians (caregivers), adoptive parents and children in their care or adopted by their families are included in the Basic Family Services Package;
- ✓ develop monitoring indicators and methodological guidance for municipalities on assessing the need for and effectiveness of services;
- ✓ provide measures to encourage people to protect or adopt older children (aged 10 or over), children with disabilities or health problems, and siblings.

IMPACT

Making State assistance more accessible to people with disabilities

The adoption of the new version of Law on Fundamentals of Protection of the Rights of Persons with Disabilities has created the conditions for the establishment of an integrated system for assessing the needs of the person and providing assistance in line with them, public authorities will provide assistance to people with disabilities in a coordinated manner. To increase the accessibility of public transport for people with disabilities, the Minister of Transport and Communications has approved the Requirements for the Adaptation of Public Transport Vehicles for Persons with Disabilities and Persons with Reduced Mobility, which must be followed by municipalities and other transport service providers when acquiring new vehicles. All portal „My Government" websites are accessible to people with disabilities.

2020 audit "Social integration of persons with disability"

SOCIAL SECURITY AND EMPLOYMENT

PERFORMANCE AUDIT

Proactive action is needed to identify people in crisis

Social assistance to people in crisis situations would be more effective if they were proactively identified, the services provided were publicised, the necessary legal and psychological support was provided, the physical accessibility and effectiveness of the services were ensured, and those who are at risk of violence were involved in programmes to change their violent behaviour.

Crisis situations occur when a person (family) is unable to resolve social problems on their own or with the help of their relatives, to take care of their personal (family) life, to maintain relationships and to participate in society on their own, because of the social risks they face. In 2020, 61 crisis centres were operating in municipalities, but 14 municipalities still did not have such centres.

37 %

of municipalities have not applied any proactive measures to identify people in crisis situations in the period 2019-2021.

10 and 14 %

of persons who had experienced domestic violence received assistance from a lawyer and a psychologist accordingly.

80 %

of municipalities and none (out of 15) of the specialised integrated assistance centres have assessed the effectiveness of assistance in 2019-2021.

2022 audit "Performance of crisis management, specialized assistance centres"

To identify the people most in need and take timely action to help them, it is necessary to:

- ✓ expand information means on the services provided, taking into account the results of public opinion surveys;
- ✓ establish a basic package of services for the institutions providing these services, with requirements on the scope of contact services, psychological and legal counselling, physical accessibility;
- ✓ establish a mechanism (algorithm) for the inclusion of perpetrators of violence in Ministry-funded programmes to change violent behaviour.

IMPACT

Improving the services provided by the Employment Service

To increase accessibility and satisfaction of jobseekers and employers with the services of the Employment Service, a methodology for the provision of labour market services to employers and for the provision of labour market services to jobseekers has been adopted, which establishes the individualised provision of such services to jobseekers and those preparing for the labour market.

2021 audit "Employment Service activities to increase employment"

SOCIAL SECURITY AND EMPLOYMENT

ASSESSMENT

Changes to the pension system should focus on greater replacement of past income in old age

In Lithuania, there is no incentive to pay more state social insurance contributions in order to receive a higher pension, and additional saving for pensions in Pillar II and Pillar III is insufficient. Social insurance does not have a stronger link between contributions and benefits, participation is compulsory, and it makes it unattractive for higher contributors.

In 2021, 615.6 thousand people received a social security old-age pension. EUR 3 067.6 million was spent on these pensions. According to the Organisation for Economic Co-operation and Development, retired Lithuanians receive about a third of their former net salary, one of the lowest rates among the Organisation's countries.

63 %

of the old-age pension consisted on average of a non-contributary general part in 2021.

36.1 percentage points

lower replacement rate of pension income for those who earned over EUR 3 005 and contributed more than those earning up to EUR 501 in 2021.

72.6 %

of Pillar II retirees have not accumulated sufficient assets to receive a periodic benefit in 2021.

2022 "Assessment of changes in the pension system"

To enable people to earn higher incomes in old age, it is necessary to:

- ✓ ensure a higher weighting of the individual pension component and an even income replacement across all pay groups;
- ✓ assess and publish information on the real benefits of accumulation for participants at retirement and the reasons that affect the level of accumulated pension assets;
- ✓ encourage greater involvement of employers in employees' supplementary saving for future retirement.

HEALTH

PERFORMANCE AUDIT

Strengthening health system human and material resources is key to more effective emergency management

The pandemic has highlighted gaps in the resilience of the health system: the processes of managing health emergencies and access to and safety of health services, the organisation of medical stockpiling and distribution, and the provision of human resources and competences need to be improved.

The COVID-19 pandemic in 2020-2021 has had a major impact on the health of the Lithuanian population. The disease has reduced life expectancy in our country by 17 months (from 76.5 to 75.1 years) and has become the third most common cause of death in 2020.

30.6 %

of the population indicated that they did not seek medical treatment during the pandemic.

39 %

of public healthcare institutions did not assess emergency risks before the pandemic.

49 %

of the 53 responding municipalities do not contribute to the accumulation of personal protective equipment for subordinate healthcare institutions.

2022 audit "Ensuring sustainability of health care in emergencies"

Sustainable provision of health services during emergencies would be supported by:

- ✓ increased use of private medical institutions;
- ✓ training of health professionals linked to potential emergency risks;
- ✓ improving the process of stockpiling and utilisation of medical supplies.

IMPACT

Strengthening measures to ensure child health

A system for planning and monitoring the implementation of municipal child health promotion measures according to priority areas has been developed to ensure that municipalities plan and implement child health promotion measures in line with identified priorities.

2019 audit "Is promotion of child health ensured"

EDUCATION, SCIENCE AND SPORT

OVERVIEW

Sustainable science-business collaboration is essential for a breakthrough in science and innovation

Despite the national goal of moving towards sustainable economic development based on scientific knowledge, high technology and innovation, and increasing the country's international competitiveness, there has been no breakthrough in this area. Without systematically addressing the underlying problems, the EUR 756 million of EU funds earmarked for science and innovation until 2027 will not change the situation. Without additional measures to foster cooperation between science and business, these funds are unlikely to translate into breakthrough innovations.

Lithuania still lags behind other countries of similar development and size in terms of innovation performance. Lithuania is ranked 18th in the European Commission's European Innovation Scoreboard 2021, which compares the situation of EU Member States in terms of research and innovation activity.

80 %

of doctoral students consider that doctoral studies should be improved.

24 th place

ranks Lithuania (out of 27 EU countries) in the number of foreign PhD students.

70 %

of the research funding came from government and EU structural assistance.

2022 "Overview of scientific research and experimental development"

To build a competitive economy and national prosperity, it is important to:

- ✓ promote technological and social innovation, which drives progress, helps attract private domestic and foreign investment and contributes to the sustainability of economic development;
- ✓ strengthen cooperation between science and business;
- ✓ ensure the quality of doctoral studies, so that research is of a high standard and the attraction of foreign doctoral students contributes positively to the necessary competences of the researchers.

IMPACT

Increasing the internationality of higher education studies

The progress measure "Creating Conditions for Quality, International and Accessible Studies", approved by the Minister of Education, Science and Sport, sets out the actions to promote the internationality of studies, the timeframe for implementation, the funds and the results to be achieved by 2025-2030. The envisaged actions and the measures for their implementation will promote the international competitiveness of higher education institutions, the implementation of joint international projects, the improvement of the qualification of teachers, and will help to ensure the integration of foreign students.

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

Teacher qualification development will be better targeted

Priorities for the qualification development of teachers for the period 2023-2025 have been set, and the requirements for national programmes for the qualification development of teachers and the procedures for their assessment, accreditation and registration have been approved. Recommendations have been made to institutions carrying out in-service training for teachers for their quality self-assessment. The National Education Agency has been delegated the function of monitoring the qualification development of teachers.

2016 audit "Qualification development for teachers"

TRANSPORT AND COMMUNICATION

PERFORMANCE AUDIT

Klaipėda Seaport would add even more value if infrastructure and land management were improved

The condition of the Klaipėda State Seaport quays and the management and control of the port's land need to be improved, and decisions on the need for reserve areas and their annexation to the port should not be postponed.

Klaipėda State Seaport is Lithuania's most important and largest transport centre, connecting sea, land and rail routes from east and west. The port covers an area of 554.1 hectares of land and 31 734 hectares of water area. More than 800 companies are directly involved in the port's activities, generating over 58 000 jobs and 6.1% of the country's total GDP. The port handles an average of around 45 million tonnes of cargo per year.

43 %

of the land lease agreements did not indicate the specific port-related activities that the port land tenants undertook to carry out.

25.8 %

(6 out of 23.3 km) of harbour quays were still in unsatisfactory condition as of 31.12.2021, i.e. they did not meet the essential requirements of the structure and the design of the structure.

5.6 ha

(out of 415.4 ha) of leased port land as of 31.12.2021 might have been used by tenants for non-port activities

2022 audit "Management of Klaipėda Seaport Infrastructure"

To ensure the efficiency and effectiveness of the port, it is important to:

- ✓ improve the management and control of port land;
- ✓ assess the need for port reserve areas and, taking into account the potential use of these areas, take decisions on their necessity;
- ✓ improve the condition of the port quays.

IMPACT

Achieving better road quality through a targeted policy for managing road infrastructure

The Strategic Guidelines for the Maintenance and Development of National Roads 2022-2035 have been approved. Taking into account key transport needs, to improve traffic conditions and safety, and to promote sustainable mobility, the Strategic Guidelines set out priorities, objectives and actions for road maintenance and development.

2020 audit "Management of road infrastructure"

PUBLIC FINANCES AND ASSETS

FINANCIAL AUDITS

Material errors remain in the most important public accounts

While reporting is improving, significant and pervasive misstatements are still found in the sets of public financial accounts. This has resulted in adverse auditor's opinions on the 2021 national and state sets of financial statements. Significant deficiencies were also identified in the financial statements of four social security funds (Compulsory Health Insurance (PSDF), State Social Insurance (VSDF), Long-term Employment Benefits and Guarantee Fund), resulting in qualified audit opinions. The Reserve/Stabilisation Fund is subject to an unqualified auditor's opinion, which means that the set of financial statements is fair in all material respects.

As part of its constitutional duty, the National Audit Office annually issues opinions on the national set of financial statements and on the sets of accounts of the State and the six resource funds - the Compulsory Health Insurance Fund, the State Social Insurance Fund, the Pension Annuity Fund, the Pension Guarantee Fund, the Long-Term Employee Benefits Fund and the Reserve/Stabilisation Fund. Their objective is to assess whether the financial statements present a true and fair view of the financial position and performance and whether the sets of budget execution reports have been prepared and presented in accordance with the legislation of the Republic of Lithuania governing the preparation of these sets.

2022 audit "Results of financial audit of 2021 set of national financial reports and data of public debt"

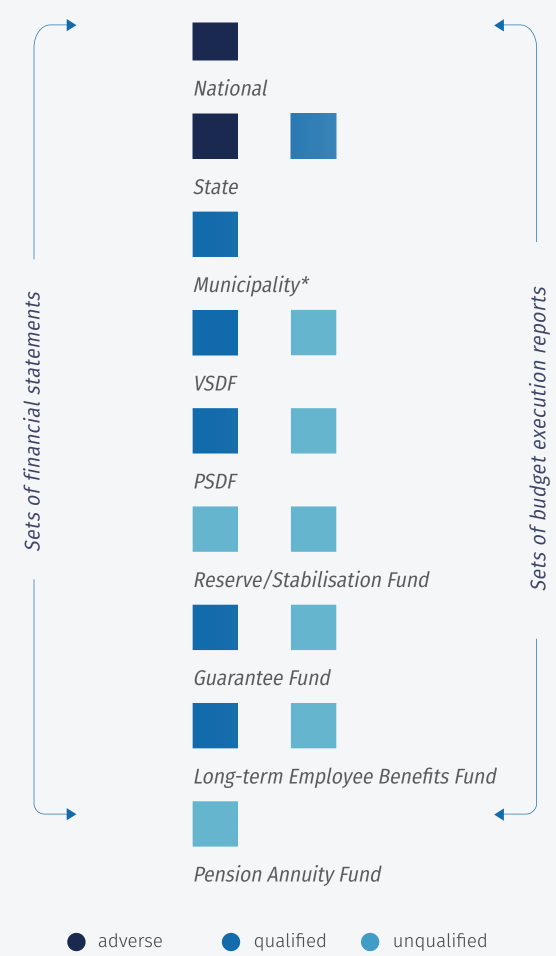
10 years
in turn we identify material misstatements in the national set of financial statements.

5.1 billion EUR
unreliable data on reported assets.

0.8 billion EUR
unreliable data on reported commitments.

The quality of the financial accounts would be improved if:

- ✓ recommendations made by the National Audit Office are implemented to reduce the administrative burden on public sector entities, facilitate accounting processes and reduce extent of errors;
- ✓ internal control systems in public bodies operate effectively and methodological support is systematic and timely.



(municipalities*): 14 unqualified and 46 qualified

PUBLIC FINANCES AND ASSETS

COMPLIANCE ADIT

We still need to do more to meet the Recovery and Resilience Plan milestones and targets

Most of the audited milestones (20 out of 26) for the first payment request have been achieved in line with the commitments agreed in the EU Council Decision, but three of them may not be having the expected impact on Lithuania‘s important reforms to promote cleaner vehicles, rebalance the tax system and reform the school network. The achievement of the remaining six audited milestones still needs to be improved. Further action is needed to strengthen the Sustainable Mobility Fund, to implement the digitalisation of the public sector, to establish a framework for the provision of vocational guidance services for adults, to consolidate innovation promotion functions in the public sector, to implement the development of taxation of sources that do not hinder economic growth, and to promote public-private partnerships.

In 2021, the European Parliament and the Council of the EU introduced the Recovery and Resilience Facility. To benefit from this instrument, Lithuania has prepared and submitted to the European Commission a plan “Next Generation Lithuania“. A total of EUR 2 224 million of this EU support is earmarked for Lithuania. In order to receive the financial support, we have committed to implement the National Recovery and Resilience Plan and to achieve the 191 milestones and targets by 31 August 2026.

6 milestones

(out of 26 audited) require additional action in accordance with the EU Council Decision.

3 milestones

(out of 26 audited) may not have the expected impact, although achieved under the EU Council Decision.

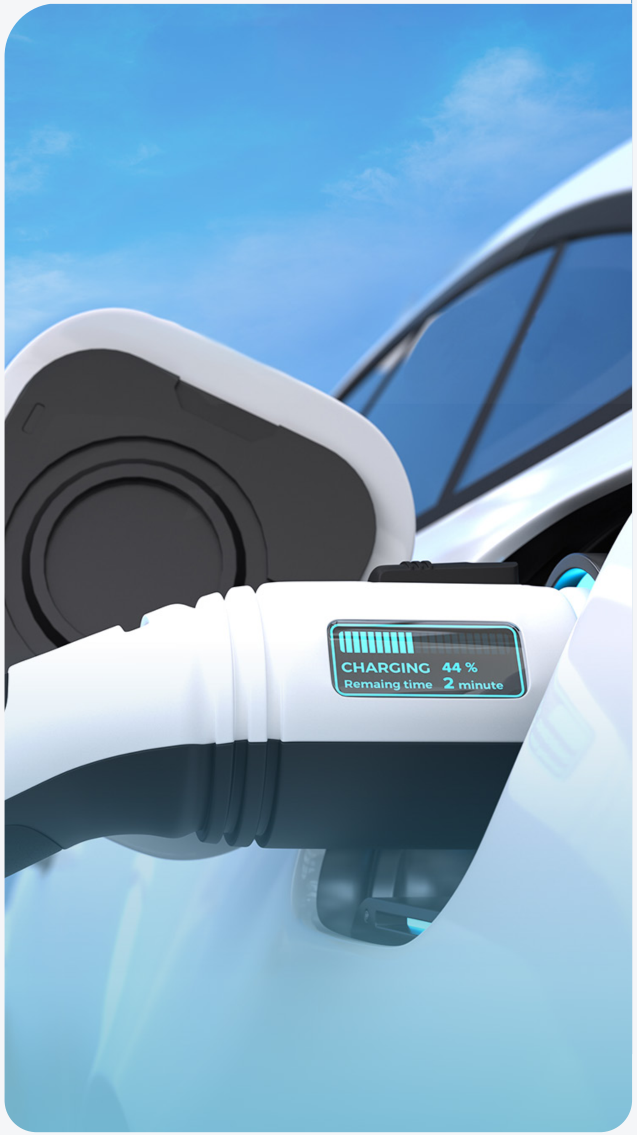
60 %

of audited milestones have unregulated and mostly undocumented internal control measures in ministries.

2022 audit “Achievement of milestones and targets of the Lithuania‘s Recovery and Resilience Plan”

For all milestones and targets to be achieved and for Lithuania to effectively implement the reforms of the Recovery and Resilience Plan, we need to:

- ✓ implement changes to promote sustainable mobility, digitalisation of the public sector and lifelong learning;
- ✓ improve internal controls within ministries to reduce the risk of non-achievement of milestones and targets.



PUBLIC FINANCES AND ASSETS

PERFORMANCE AUDIT

Official statistics should be organised in such a way as to be valuable for management decisions

Almost a third of the statistical surveys in 2019-2021 were carried out in the absence of, or in accordance with methodologies not agreed with the Lithuanian Department of Statistics. In a quarter of the surveys carried out, the information is not published on the Official Statistics Portal, and in a third of the cases, the reasons for the adjustment are not provided when adjusting the data entered.

In Lithuania, 19 institutions are responsible for the production of official statistics and the State Data Agency is the coordinating body for the organisation of official statistics. In 2021, EUR 10.6 million was allocated for the organisation of these statistics and 234 statistical surveys were carried out.

25 %

of the 44 assessed statistical surveys included in the official statistics programmes 2019-2021, the legal basis is inadequate.

68 %

of the 44 statistical surveys assessed in 2019-2021 were carried out according to methodologies approved or agreed with the Lithuanian Statistical Department.

64 %

of the 44 assessed statistical surveys, meta-information descriptions are published on the Official Statistics Portal.

2022 audit "Organisation of official statistics"

To ensure the quality of statistical data production, it is necessary to:

- ✓ ensure that all statistical surveys are mandated by European Union legislation, laws of the Republic of Lithuania and government decrees;
- ✓ strengthen the role of the State Data Agency;
- ✓ publish all official statistical information on the Official Statistics Portal.

ECONOMY AND COMPETITIVENNESS

ASSESSMENT

The most reliable way to reduce district heating prices is to reduce energy consumption and losses

The amount of heat consumed has the biggest impact on heat bills, and it can vary by several times in the same city due to the energy efficiency of buildings. Around 75% of district heating energy is consumed by multi-apartment buildings, most of which (around 83%) are still energy inefficient. Around 15% of the energy produced is lost annually in heating networks, with losses of up to 27% in some municipalities.

Heating services are a daily and vital necessity for residents. The district heating system serves 716,000 consumers, who consumed 6.8 TWh in 2020. There are almost 3,000 km of heat supply networks in Lithuania, of which, according to the Lithuanian Association of Heat Suppliers, almost 541 km have been renovated or newly constructed in 2014-2020.

33 municipalities

have not updated their heat management plans for more than 7 years.

1.2 TWh

is the amount of heat lost in the district heating networks in 2020, which would be sufficient to provide enough heat for a year, for example, for district heating in Kaunas city.

In **6** municipalities

the share of renewable energy sources in heat generation is between 3 and 65%, falling short of the 2020 national target of at least 70%.

2022 "Assessment of the district heating supply"

For the development of district heating to provide consumers with a reliable and competitively priced heat supply, it is necessary to:

- ✓ accelerate the modernisation of building stock and upgrading their heating systems;
- ✓ ensure proper investment planning, reliable supply of thermal energy and reduced consumption;
- ✓ improve the efficiency of maintenance of district heating supply systems and internal heating and hot water systems in multi-apartment buildings.

IMPACT

Providing possibilities to reduce energy consumption

To reduce residents' heating bills and accelerate the modernisation of heat points in multi-apartment buildings, EUR 4 million has been allocated in 2022, increasing the funding intensity to 80% and financing the modernisation of 82 heat points. A renovated heat point with redesigned heating and hot water supply systems reduces heat consumption by 15-20% and the investments are paid back in 3-5 years.

2022 "Assessment of the district heating supply"

Possibility to better identify State objectives and objectively measure results

The Minister of Economy and Innovation has approved a description of the procedure and content requirements for the drafting of a letter from the State representative body on the State's objectives and expectations for a State-owned enterprise, which will help the State representative body to formulate and identify the State's objectives and expectations for State-owned enterprises.

2021 audit "Governance of the state and municipally owned enterprises and public bodies"

PUBLIC SECURITY

PERFORMANCE AUDIT

Emergency management requires more attention

Effective planning and preparedness for emergency management lacks clarity on the competences and responsibilities of the institutions coordinating preparedness, and there is insufficient inter-institutional coordination and cooperation. The National Emergency Management Plan does not include management actions, measures and risks such as: cyber-attacks, mass disturbances, terrorist attacks, threats to national security, major industrial accidents.

The country is confronted with around 660 emergencies every year. In the last three years, 4 national and 64 municipal emergencies have been declared in Lithuania.

4 TO 6 YEARS

risk analyses of potential hazards were not updated in two of the six ministries audited and in two of the six municipalities audited.

3 TO 13

necessary actions for state-level emergency management were not planned by four of the six audited ministries designated as responsible or supporting authorities.

7 TO 8

necessary actions for state-level emergency management were not planned by four of the six audited ministries designated as responsible or supporting authorities.

2022 audit “Preparedness of institutions to respond to emergencies“

To improve emergency preparedness, it is necessary to:

- ✓ specify the competences and responsibilities of the entities coordinating emergency preparedness;
- ✓ identify at state level all potential high and very high risk hazards and plan actions to manage them;
- ✓ provide the preconditions for municipalities to declare emergencies in a timely manner.

IMPACT

Improving institutional preparedness for emergency management

The new version of the Law on Crisis Management and Civil Protection specified the competences and responsibilities of the entities coordinating crisis and emergency preparedness, the responsibilities of the entities (institutions) of the crisis management and civil protection system for crisis management and civil protection, established the process for assessing the compliance of a declared emergency with the conditions or criteria for declaring an emergency, clarified the conditions for municipal and state-level emergencies, and specified the national risk assessment of potential hazards and emergencies.

2022 audit “Preparedness of institutions to respond to emergencies“

Crime prevention measures envisaged, based on an analysis of the criminogenic situation

Ten district chief police commissariats have approved plans for the implementation of situational prevention measures in the areas under their supervision, which include situational prevention measures, the results to be achieved and the criteria for their evaluation. Description of prioritisation of pre-trial investigations in the police gives the highest priority to Category AA cases where: - suspects are arrested; - suspects or victims are minors.

2021 audit “Police activity in crime prevention and investigation”

PUBLIC GOVERNANCE, REGIONAL POLICY, AND PUBLIC ADMINISTRATION

PERFORMANCE AUDIT

Preparations for centralisation of shared functions had shortcomings

The first phase of centralisation of the shared functions involved the transfer of functions to the National Centre for Shared Functions, without changing the information systems used, resulting in the use of 17 accounting and 9 payroll information systems. In the second phase, the development and enhancement of the common information systems for personnel administration and document management and the financial management and accounting information systems are not complete. Completion of the centralisation of accounting and personnel administration functions has been delayed three times.

To ensure that public administration institutions perform shared functions that are not directly related to meeting public needs efficiently and cost-effectively, the Government has decided to optimise them, and to continuously assess and improve their management and capacity. Following the establishment of the National Centre for Shared Functions and the transfer of accounting and personnel administration functions to the Centre, the centralisation of shared functions within the institutions reporting to the Government started in 2018.

In **58** %

of the institutions (out of the total planned), the accounting and personnel administration functions were carried out centrally by the Centre at the end of 2021, against a target of 71%.

50 %

(54 out of 109) institutions found errors made by the Centre in the calculation of the salaries of their staff

75 %

(82 out of 109) institutions rate the centralised personnel administration function as good or very good.

2022 audit "Centralisation of accounting management and personnel administration functions"

A more efficient implementation of centralised accounting and personnel administration function requires:

- ✓ improving the oversight of the National Centre for Shared Functions;
- ✓ identifying criteria for the centralisation of bodies, creating missing and improving existing information systems;
- ✓ increasing the focus on attracting human resources and ensuring the necessary professional competences.

IMPACT

Changes to the funding arrangements for specialised integrated care centres

The project-based financing of specialised centres for integrated care through the state budget has been abandoned. Following the adoption of the Law amending the Law No XI-1425 on Protection against Domestic Violence, these centres will be financed from the State budget based on contracts concluded with the body authorised by the Minister of Social Security and Labour, in accordance with the procedure laid down by the Minister. This will ensure continuity of funding and create the conditions to ensure the continuous and effective provision of assistance to all target groups of society.

2019 audit "Assessment of regularity of 2018 sets of state consolidated financial and budget execution reports and legality of management, use and disposal of state budget funds and property"

PUBLIC GOVERNANCE, REGIONAL POLICY, AND PUBLIC ADMINISTRATION

ASSESSMENT

In the context of civil service reform, it is important that all the institutions involved in the process are ready to implement it properly

By reforming the civil service, strengthening management and leadership capacity, increasing the professionalism, flexibility, and efficiency of the civil service, modernising human resource management, and introducing innovation, the State would ensure more efficient and professional management of its processes, and provide better quality services to the public.

One of the key public sector priorities in the Government Programme is to implement a comprehensive reform of public governance. The Concept for the Restructuring of the Civil Service was approved on 28 February 2022. A draft Law on the Civil Service and a package of accompanying legislative amendments have been prepared to implement it.

2022 "Assessment of the proposed reform of the civil service system"

The measures chosen to achieve the objectives of the reform would be even more effective if:

- ✓ managers are empowered to use all the resources entrusted to the institution in order to achieve the measurable objectives set for their institutions;
- ✓ basic salary (remuneration) level, which links the private and public sector labour market, would be unequivocally equivalent to the average gross monthly salary;
- ✓ all institutions involved in the process are adequately prepared for the implementation of the reform and receive timely methodological support.

EU INVESTMENTS AUDIT

The European Commission has accepted Lithuania's accounts for the reporting period 2020-2021 and approved the Annual Control Report without any remarks

The management and control system, which comprises 30 institutions, was operational during the audit period but needs some improvement. The auditors issued a qualified opinion.

The EU Investments Audit Department assesses the Management and Control system created for the implementation of the Operational Programme for European Union Funds investments for 2014-2020, and eligibility of expenditure declared in the accounts for the audited period for which reimbursement has been requested from the European Commission.

1.07 bilion EUR

declared to the European Commission.

40 projects

39.07 million EUR

projects and funds audited by the AA.

2 %

the residual overall error rate does not exceed the materiality threshold set by the EC.

"Assessment of Functioning of the Management and Control system created for the implementation of Operational Programme for European Union Funds Investments for 2014–2020, expenditure declared in the accounts for the period from 1 July 2020 to 30 June 2021 for which reimbursement has been requested from the European Commission"

Processes with the highest occurrence of inconsistencies:

- ✓ assessment of the establishment and functioning of public procurement controls;
- ✓ assessment of the eligibility of project applications;
- ✓ inadequate provision of information in the descriptions of the Project Financing Conditions.

BIUDGET MONITORING

Economic outlook for 2023 is clouded by geopolitical risks and energy prices

The Lithuanian economy is characterised by a high degree of openness, and we have projected that the slowdown in the economies of the country's main export partners will dampen its growth in 2023. On the other hand, we believe that Lithuania's GDP growth will be supported by investment and household consumption, which will be negatively affected by persistently high inflation. Despite the sluggish economic growth, the GDP level in 2023 will be higher than projected in September 2022, which could result in better revenue collection for the state budget than the National Audit Office (NAO), implementing the function as the budget policy monitoring authority, projected in October when assessing the draft budget.

0.7 %

the potential real GDP growth in Lithuania in 2023 as projected in the December Economic Development Scenario.

3.6 %

the possible average annual increase in Lithuania's potential GDP between 2022 and 2025, according to our assessment.

2022 December "Opinion on the endorsement of the Economic Development Scenario"

Lithuania's economic development can be improved by:

- ✓ planned implementation of measures funded by European Union assistance;
- ✓ the number of people in employment, which may not decrease due to the arrival of war refugees from Ukraine and an increase in population activity;
- ✓ development of Lithuanian exporting companies as they succeed in gaining market share;
- ✓ development of alternative energy sources and the European Commission's interventions to tackle high energy prices.

IMPACT

The basis for the exceptional circumstances changed in 2023

In an environment of continuing uncertainty, we have endorsed the cancellation of the exceptional circumstances initiated by the Ministry of Finance and based on the COVID-19 pandemic. Taking into account the geopolitical situation in 2022 and its potential negative impact on the financial position of the general government, we have confirmed that the current situation is consistent with the definition of exceptional circumstances. During a period of exceptional circumstances, deviations from the normal requirements for the general government budget are allowed. This may provide room for national fiscal policy to respond swiftly to emerging challenges when needed.

2022 "Opinion on the compliance of the current situation with the definition of exceptional circumstances"

BUDGET MONITORING

Economic stimulus is needed, but measures should be targeted at the most vulnerable groups in society

Under the conditions of exceptional uncertainty, a strong stimulus to the domestic economy is projected in 2023 without the application of fiscal discipline rules. As rising interest rates lead to more expensive deficit financing, it is important to note that, in the face of rising expenditure that is not covered by long-term revenues, specific measures are needed in the future to achieve a reduction of the general government deficit in the period 2024-2025.

1.6 %

or EUR 1 153.3 million increase in the amount of long-term expenditure in 2023 that is not covered by sustaina-ble sources of revenue.

0.9 % GDP

on average, this type of expenditure accounted for between 2017 and 2021.

42.8 %

the general government debt-to-GDP ratio will reach in 2023.

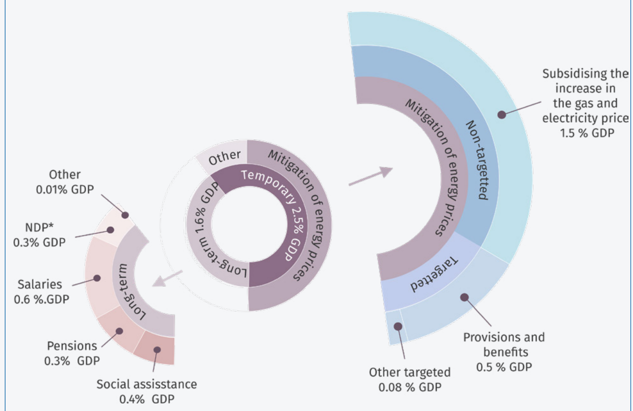
2022 "Opinion on the structural adjustment target"

The measures in the draft budget for 2023 could have been designed more in line with the principles recommended by international organisations, to apply energy saving, targeted and temporary support measures, as:

- ✓ most of the temporary energy-related measures (71%), although temporary, are not well-targeted;
- ✓ significant part of the planned measures negatively affecting the general government balance in 2023 are long-term;
- ✓ long-term measures will continue to contribute significantly to the growth of long-term expenditure not covered by revenue, therefore specific measures are needed in the future to achieve a reduction of the general government deficit in the mid-term.

IMPACT

Most of the expenditure measures to mitigate the impact of energy prices in the 2023 State Budget are broad-based and revenue measures are targeted



* NDP - tax-exempt amount of income

ACTIVITIES SETTING AN EXAMPLE OF INTELLIGENT ORGANISATIONAL MANAGEMENT

2022

JANUARY
- NAOL Activity Plan for 2022 approved
- IMF experts' meeting with NAOL representatives

FEBRUARY
- Meeting of experts of Estonian and Lithuanian SAIs
- Meeting with representatives of American Development Bank
- Cooperation with the Accounts Chamber of the Russian Federation suspended

MARCH
- Independent auditor's report
- ISO9001 supervisory audit

APRIL
- International seminar "Lessons of pandemic"
- EUROSAI ITWG seminar
- Mixed (hybrid) work organisation method selected

MAY
- EUROSAI WGEA spring session
- Conference "Emergency management: good lessons – lessons learnt"
- XI EUROSAI Post Congress (seminar part)

JUNE
- First meeting of the EUROSAI Project Group "Travelling Club of Experts"
- INTOSAI external financial audit completed
- European Court of Auditors' Conference on the Future of Europe

JULY
- Seminar on economic support during pandemic

AUGUST

SEPTEMBER
- NAOL HRM Strategy approved
- NAOL Communication Strategy 2025 approved
- Digital Transformation Strategy 2022–2025 approved
- Second seminar of the EUROSAI Project Group "Travelling Club of Experts"

OCTOBER
- Sixth EUROSAI TFMA seminar and annual meeting
- NAOL Energy reduction plan launched
- Renewal of the five-party agreement on cooperation between auditors carrying out audits in the public sector

NOVEMBER
- Presentation of INTOSAI external financial audit at the XXIV INCOSAI
- EUROSAI Project Group "Travelling Club of Experts" discussion on SAI innovations
- Seminar-discussion of NAOL representatives and public sector financial accounting professionals

DECEMBER

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

Emergency and pandemic management issues at joint events

Our audits and assessments show that the emergency preparedness of institutions needs to be improved, and provide a basis for discussing what lessons we have learned from the emergencies that have struck Lithuania and the world in recent years.

We have been actively involved in the EUROSAI Project Group "Auditing the response to the COVID-19 pandemic", led by the UK NAO, and organised an international workshop on learning from the COVID-19 pandemic. Representatives from the SAIs of Estonia, Spain and the United Kingdom shared their experiences in audits related to pandemic management. We presented the results of four audits and one assessment to assess emergency and pandemic management arrangements and recommendations for improving institutional emergency preparedness.

The conference "Emergency management: good lessons - lessons learnt", organised jointly with the Committee on Audit of the Seimas, brought together policy makers, experts in emergency and crisis management, and business representatives to highlight the insights of the public audits related to emergency and pandemic management.

Digitalisation of services and administration brings benefits to society, increases efficiency and speeds up processes

The pandemic has become a challenge and a catalyst for the digitalisation of a wide range of public services, including municipal work.

The EUROSAI Task Force on Municipality Audit organised a seminar on "Digitalisation of Administration and Public Service Delivery in Municipalities" and its annual meeting in Vilnius.

In a hybrid format, over a hundred participants from more than 27 countries shared practices on how the EU is helping Europe's regions and cities to go digital, reviewed the state of digitalisation of public services in the EUROSAI countries, explored what is needed to make the public sector more digital, and how to ensure the availability of municipal services.

In addition to expert presentations, the seminar also included a panel discussion, with auditors from SAIs of Albania, Israel, North Macedonia and Spain sharing the results of their audits on the digitalisation of services.

A responsible task for the National Audit Office - auditing the financial statements of an organisation with 195 members

The National Audit Office was elected as an external auditor of the Organisation of International Supreme Audit Institutions (INTOSAI) for the first time in 2016 for a three-year term, and conducted the 2016-2018 INTOSAI external financial audits as part of an international audit team. The second assignment was in 2019, when the National Audit Office was entrusted with the role of Audit Team Leader.

At the XXIV INCOSAI, we presented the results of the INTOSAI financial audits for 2019-2021 carried out jointly with the SAI of Jamaica. The INTOSAI financial statements for 2021 were presented to the INTOSAI Governing Board and the Congress, which approved them after considering the audit results.

During the XXIV INCOSAI, we participated in a seminar on cyber security organised by the SAI of Israel, during which the Auditor General presented the results of the audit "Ensuring cyber security". Together with the SAIs of the Czech Republic, Estonia and Israel, we participated in a discussion on this topical issue.

TEAM THAT IS PROFESSIONAL, COLLABORATIVE, OPEN AND ETHICAL

2022

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

JANUARY
- EUROSAI Project Group "Preparing for future risks and climate crisis: Time for audit to take a long-term view?" meeting

FEBRUARY
- EUROSAI TFMA Q1 knowledge sharing seminar

MARCH
- Staff welfare survey

APRIL
- Meetings with representatives of the SAO of Latvia

MAY
- Memorandum of Understanding with the SAO of Latvia on the Peer Review of the SAO of Latvia

JUNE
- Capacity building seminar "Municipality and local government audit"
- EUROSAI Project Group "Preparing for future risks and climate crisis: Time for audit to take a long-term view?" meeting

JULY

AUGUST
- Study visit of Croatian Audit Authority to the European Union Investments Department

SEPTEMBER
- Training for Municipal control and audit services (SKAT)
- Insights of young auditors on the future of auditing at the Young EUROSAI (YES) conference
- EUROSAI ITWG expert meeting

OCTOBER
- INTOSAI and Inter-Parliamentary Union High-level virtual event
- Conference to share experiences in EU investments audit

NOVEMBER
- Memorandum of Understanding with the SAI of Kazakhstan

DECEMBER
- Peer Review of the SAO of Latvia completed
- NAOL experience shared with SKAT auditors

We are valued as experts at the international level

Together with the SAIs of Denmark and Slovenia we carried out a peer review of the State Audit Office (SAO) of Latvia.

The peer review found that the SAO's audit practices to be generally compliant with the ISSAIs. Together with the Latvian colleagues, measures to increase the focus on performance audits, the significance of the materiality criterion in the selection of audit topics, audit planning and reporting were discussed.

A recommendation was also made to reduce the scope of the regulatory and control mechanisms following an assessment of the institutional maturity of Latvian public auditors. During the peer review, experience and good practices in audit planning were shared with representatives of the SAO of Latvia, audit criteria and quality supervision mechanisms applied in institutions were analysed.

Insights of young auditors on the future of auditing

The auditors of the National Audit Office, together with their colleagues from the SAIs of Germany and Sweden, organised a seminar on "How will we audit in the future?" at the international Young EUROSAI (YES) conference held this year in Stockholm, Sweden.

After sharing our experience on how we currently conduct audits, we invited the young leaders to a discussion, sharing insights on how to make audits more technology-enabled in the future, what steps could be eliminated, and what should be given more attention.

The key message that summarises these discussions is that technology can replace the current audit process and can help to focus on other, more analytical work, but that auditing is not going away.

This year's event was aimed at bringing together young auditors and inviting them to share ideas, foster a culture of experimentation, discuss the future of auditing, and explore the following issues:

How can technology improve audit efficiency?

Which steps in the audit process should be eliminated to speed up the process?

What should auditors focus on in the future?

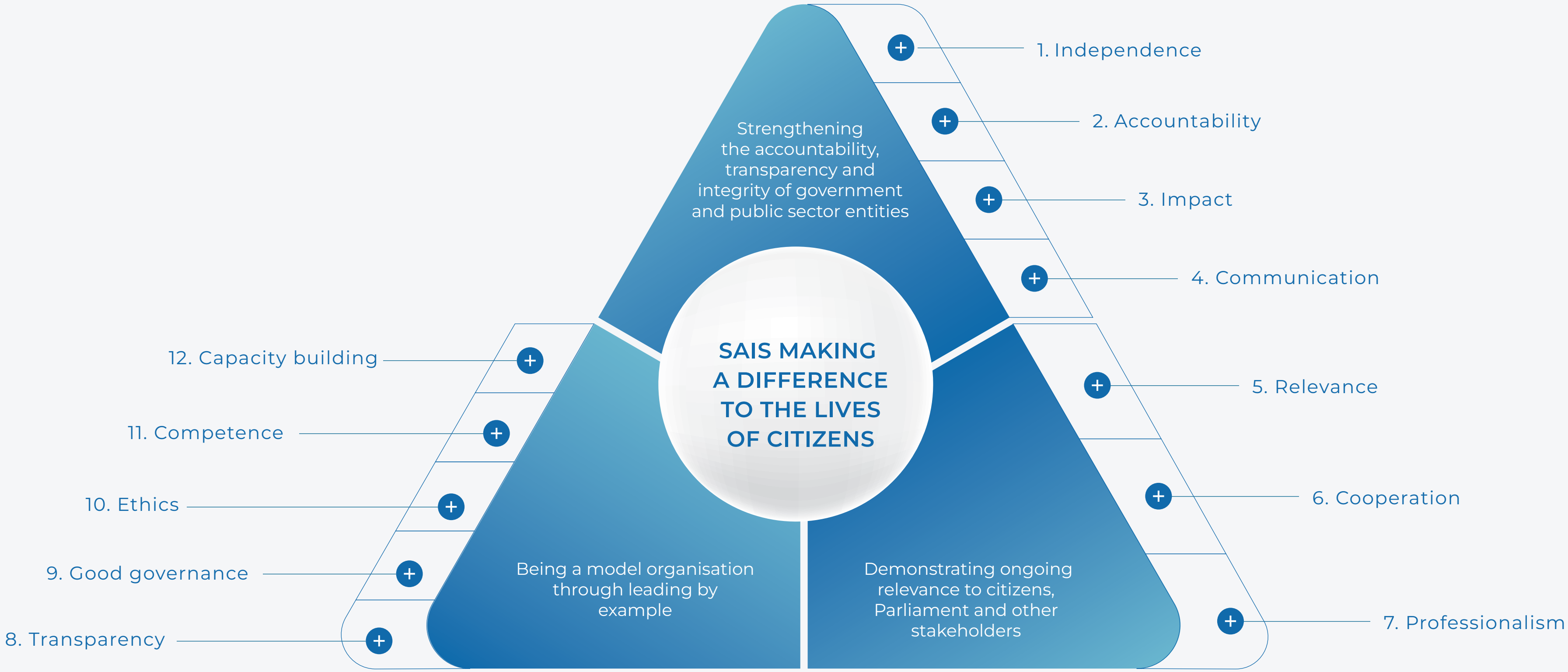
Cooperation between the Supreme Audit Institution and Parliament - the key to transparent and efficient public finances

Successful cooperation between the supreme audit institutions and Parliament depends on the common goal of strengthening the accountability, transparency and integrity of government and public sector entities.

At the INTOSAI and Inter-Parliamentary Union High-level virtual event, we presented to the international community of auditors and representatives of parliaments Lithuania's experience in developing cooperation between the parliament and the supreme audit institution, the new National Audit Office Law including the aspect of cooperation with the parliament defined therein, and the system for monitoring the implementation of recommendations.

Last year, after presenting the results of public audits and assessments at 130 sittings of the Seimas committees and commissions, we invited Members of the Seimas to actively discuss the country's problems and possible solutions.

COMPLIANCE WITH THE PRINCIPLES OF SAI VALUE AND BENEFITS (INTOSAI 12P)



FINANCIAL DATA

	2021	2022
Budget allocations	**9 693 thousand EUR**	**9 591 thousand EUR**
Used allocations	8 873 thousand EUR	8 760 thousand EUR
Out of which:		
Salaries and social insurance	7 531 thousand EUR	7 670 thousand EUR
Fixed assets	179 thousand EUR	82 thousand Eur
Utility expenditure	86 thousand. EUR	125 thousand EUR
Transport maintenance	12 thousand EUR	5 thousand EUR
Travel expenditure	13 thousand EUR	81 thousand EUR
Other expenditure	1 052 thousand EUR	797 thousand EUR

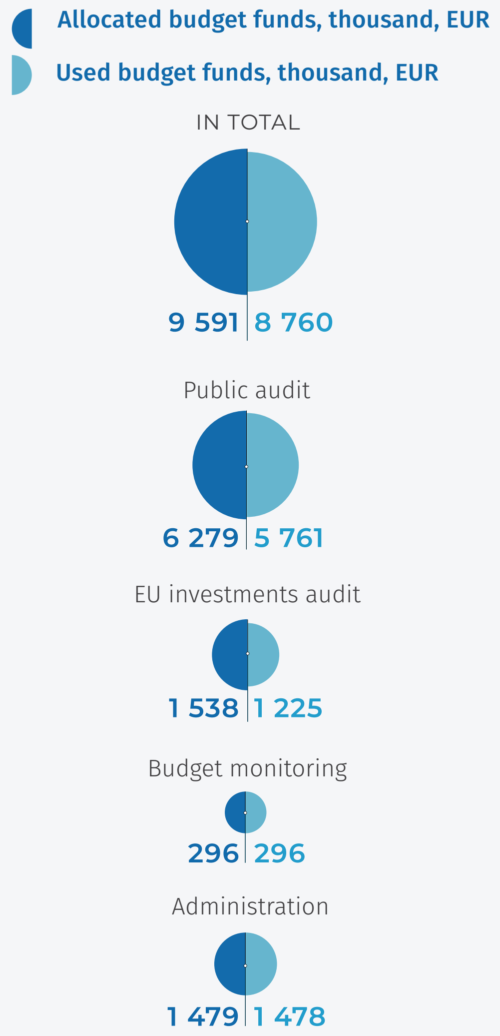
32 % ↓
decrease in the average cost of an audit

7 mwh ↓
electricity savings

3 mwh ↓
heat savings

13 % ↑
increase in average salary

Auditor's opinion: The financial statements of the National Audit Office for 2022 present fairly, in all material respects, its financial position as at 31 December 2022 and the financial results and cash flows of the year then ended in accordance with Public Sector Accounting and Financial Reporting Standards.



2023