NATIONAL AUDIT OFFICE OF LITHUANIA
2016 ANNUAL REPORT

SUPREME AUDIT INSTITUTION
EUROPEAN UNION INVESTMENT AUDIT INSTITUTION
FISCAL INSTITUTION
A WORD FROM THE AUDITOR GENERAL

What was the National Audit Office of Lithuania looking at? We often hear this question when more or less resonant events ripple across Lithuania. We may start counting that in the public sector there are more than 4,000 bodies with their respective managers, competencies, and obligations to react, however, let each of us begin with himself. We follow this principle in our audits and recommendations, in our striving to be a model for the public sector, to serve as an independent and competent adviser to decision makers and Parliamentary scrutiny. That is our attitude when monitoring key national problems and, often, when a certain case surfaces, it appears that auditors have already emphasised it and notified about it several or more years ago.

What is the price of a good advice? 8.7 million Euros – this is the amount of taxpayer money we spent on our activities in 2016. The National Audit Office is the only institution that unites three important functions which are often assigned to separate organisations in other countries: we supervise the lawfulness and effectiveness of the management of the State property and use of state funds, we audit the use of EU investments and carry out budget policy monitoring. In exercising all these functions, we aim to not only see the problems but also come up with means to eliminate their causes. The decision to include in our activity plans horizontal audit allowing us to identify problems not limited to one project or institution, but systemic public sector problems was probably one of the most successful in 2016. We have already
conducted a number of such audits in the fields of strategic planning, public land, investment management, etc. Audit results suggest an unpleasant thought: no one would handle their family funds in the same way as public investments worth billions of euros, nationally significant economic projects of public finances are managed. Our recommendations could help change that.

**What kind of impact do we expect?** The proper implementation of recommendations made by auditors in 2016 alone could result in increased focus of the programme budgeting on the achievement of results and management suited to meeting people’s needs, a comprehensive review of the process and priorities of state funds investment, and more efficient management and administration of public land. Open public sector data would also generate more benefits to the State. It is estimated that accessible and actively used open data in Lithuania could generate benefits equivalent to almost 2 per cent of GDP. It is a huge and still untapped potential. In 2016, we opened information on how the public sector implements audit recommendations. Publicity is undoubtedly one of the key means that may prove helpful in encouraging the public sector bodies to function more efficiently, to address weaknesses and make decisions without repeating the past mistakes.

**What should we focus on to maximise the positive impact?** To develop a regional policy strategy, to fix State investment programme and to keep on working while focusing on the desired outcomes. These three elements are interconnected: without the regional policy agreement, it is not possible to reasonably plan the investments, without the programme budgeting – to efficiently implement projects and monitor the achievement of outcomes. It is easier to deal with consequences; however, we need to see the causes. We may dig yet another pit for one more multifunctional swimming pool within a radius of over a dozen kilometres, but maybe we should rather build new paths for innovations that in substance cover not only technologies, material and financial aspects? Smart budgetary governance would not only make our country more competitive, but it would also provide a basis for national security.

**Should we think and talk about tomorrow?** In 2016, we made a careful assessment of the long-term perspective: in implementing the function of fiscal institution we presented to the public the report on the financial sustainability of the government sector, which analysed the biggest challenges that may arise in 20 or more years’ time. Population ageing, the level of public debt, rules of fiscal discipline and a threat that increasing numbers of people will find themselves below the poverty line – this is what needs to be considered when making decisions already today. Future generations will ask us many questions about that. Will we have the answers?

**Could we do more?** Many of our audits reveal that organisations responsible for making certain decisions often lack cooperation, mutual trust, and strong leadership. Our thinking should go beyond the boundaries of individual institutions. We should combine best management practices, to develop a culture of high-quality planning in the public sector as well as to change the approach to reporting on how money is spent. On 28 November 2017, we will hold the first international sustainable development conference “SIGNALS”. The conference will welcome audited entities, authorities, business and media representatives as well as various experts. In the future, we plan to present public sector risks and their analysis on an annual basis. Maybe it will serve as an impetus for more open sharing of insights and seeking of consistent solutions. And, as regards their implementation – we should all begin with ourselves.

I would like to sincerely thank the audited entities and my team of auditors!
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OUR VALUES

We base our activities on the values that we have identified as the most representative of our professional attitude to work and the mission to be implemented.

PROFESSIONALISM
We apply best practices and are committed to continuous development so that we can make objective decisions and produce quality results.

RESPONSIBILITY
We are honest and take responsibility for our own and our team results as well as for our institution.

COOPERATION
We work together towards a common goal and foster relationships with stakeholders based on respect and trust.

INNOVATION
We are inquisitive and daring as we search, try, discover and apply.

One year ago, as we began to change and develop a new organizational culture, we understood that it is a long-term process. The specification of an institution’s values and working principles is the beginning of change, which requires a specific action plan. During the span of a single year, we have clarified our core values and behavioural models, and developed a plan for their implementation. We have decided to meet in common events four times per year, which corresponds to the number of our key values. This helps us develop a harmonious office, review and assess changes, and, if necessary, change our direction.
FUNCTIONS OF THE
NATIONAL AUDIT OFFICE
The practice whereby the functions of three independent institutions are contained within another is exceptional. We are currently implementing the functions of the Supreme Audit Institution, the European Union Investment Audit Institution, and the Fiscal Institution at the same time. The way we see, these commitments denote trust in our current independence and ability to ensure the quality and maturity of products under development.

The Supreme Audit Institution

During financial and regularity audits, we assess the regularity of the audited entities’ sets of annual consolidated financial and budget implementation statements, management and use of data, funds and property for the purposes specified by the law, as well as the implementation of budgets.

During performance audits, we assess the audited entities’ activities related to public and internal administration from the perspective of effectiveness, efficiency and economy.

The European Union Investment Audit Institution

During audits, we assess the use of funds and the systems created for the implementation of the operational programme for the use of EU Structural Assistance for 2007-2013 towards achieving the convergence objective and the operational programme for the 2014-2020 EU funds investment.

The Fiscal Institution

We are responsible for the monitoring of the compliance with the fiscal discipline rules and the implementation of tasks assigned to the budget policy monitoring institution – the Fiscal Institution – in the Constitutional Law on the Implementation of the Fiscal Treaty.
The aim of the Supreme Audit Institution today is not to only professionally assess the management of state property and funds and to identify errors, but to also encourage the entire public sector to improve and implement positive changes in management by making recommendations.
Expected Changes after the Implementation of Recommendations Made in 2016

State budget should be more focused on the achievement of results

The Lithuanian model of programme budgeting is mostly finished, but still operates inappropriately. The budget is not properly focused on the achievement of results and positive changes to public life. Current structure of the state budget does not provide the basis for having a conversation about results, for the achievement of which about 8 billion Euros are assigned every year. When developing the national budget, it is imperative to set clear goals, estimate desirable results, and the expected impact.


Accounting for the used appropriations should also be tied to the achieved results

Money that was spent or is expected to be spent is rarely tied to the achievement of results. It is imperative to soon make a decision regarding the appropriate means of accountability of the managers of appropriations to the Seimas and the public for the achievement of annual strategic goals.


The process and priorities of the investment of state funds should be fundamentally reviewed

The several decades-old state investment management practice requires not minimal, but rather fundamental, long-term changes in the area of state fund investment. No nation-wide assessments of the most beneficial avenues for the investment of state funds are being implemented. Ministries lack information on which objects within their pur view received state investment programme funds assigned to them by other ministries. If no changes are initiated, it would be unreasonable to expect the chanelling of programme funds towards areas prioritised by the government.


If the recommendations made by the National Audit Office during the latter three audits were implemented:

- approved appropriations would be tied to the planned results within a given area, and the accountability for said results would be tied to the accountability for the used funds;
- the procedure of the planning of and accountability for all the state investment would be transformed, and the accountability-related processes of strategic and investment planning would be integrated;
- a clarification would be made regarding which financial indicators should be confirmed by the Seimas, and how much power should the Government have in changing and implementing the budget – this decision is imperative in order to ensure the observance of the Constitution.
Residents could be paying 27 million EUR less for medications

Making generic medications more available in Lithuania is still difficult because there is no explicit policy regarding the use of such medications. Consumers lack information about not only generic medications, but also the possibility to buy less expensive medications in pharmacies. The surcharge paid by consumers when buying cheaper, generic medications could be reduced by 50 percent – going down 54 million EUR to 27 million EUR. We are currently waiting for decisive action on the part of the Ministry of Health in making the monitoring of pharmaceutical services more effective and ensuring the supply of adequate information to consumers.


Open access to the data of the public sector could generate more value to the state

In 2011, Lithuania declared its aim to make the data of the public sector publicly available. Since 2012, the Seimas and the Government have been submitting propositions regarding means which were supposed to provide the conditions for making data publicly available, however the responsible institutions had failed to carry out more than a half of the planned activities over the following five years, and the maturity of publicising the data of the public sector in Lithuania is still in its infancy as a consequence. Publicly available and actively used data could generate value that is equivalent to almost 2 percent of the Lithuanian GDP. According to data from 2015, this would amount to around 800 million EUR. According to the current institutional plans, the results of publicising the data possessed by the public sector will only become visible by 2019. It is imperative to implement this processes as smoothly as possible.


State land should be managed and administered more effectively

The criteria of the land management and administration programme – the only strategic planning document regulating state policy in the area of land management – are planned unambitiously and do not allow for the measurement of the outcomes and impact of the entire programme, and do not encourage rational use of state land which could ensure larger income for the state. The National Land Service has not paid appropriate attention to the implementation of the functions of state land control that were assigned to it. It is imperative to ensure more effective control of rented out state land, its selling on the basis of instalment and the administration of debts related to such sales.

Audit report “Management of State Land in Implementing the Land Management and Administration Programme”, 10/10/2016.
We expect more efficiency and transparency in the state-owned enterprises

We are of the opinion that the systemic insights submitted to the Government regarding the activities of state-owned enterprises will be useful in ensuring the effectiveness of the activities of said enterprises, as well as optimal returns obtained from the managed property. The systemic issues and risks identified during the audit will be more comprehensively assessed during the audits “Return of the State-Owned Enterprises to the State”, “The Management and Activities of Enterprises Owned by Municipalities” and “Are there Conditions in Place for the Effective Functioning of the Internal Control System in the Public Sector”, as well as in the implementation of monitoring of the management of state property. We hope to encourage more rapid restructuring of state-owned companies towards more transparent and effective functioning that meets the needs of the state.

Audit report “Enactment and execution of the preliminary agreement between NT Valdos UAB and Karalienės Mortos Mokykla UAB on 11 September 2015”, 01/06/2016.

It is imperative to more appropriately prepare for emergency situations and the elimination of related consequences

State institutions responsible for civil protection and response in emergency situations are not sufficiently prepared for such instances. The greater part of such institutions have not implemented assessments of their readiness to react to real dangers, and their employees were not provided with even minimal knowledge regarding the actions to be taken in case of impending threat. Our safety in the face of disaster can only be ensured by cooperation between the Government, the Ministry of the Interior, the Ministry of Energy, and the Fire and Rescue Department.


The modernisation of places of inprisonment should be implemented purposefully and consistently

Lithuania has no clear and consistent strategy for the modernisation of places of inprisonment. The modernisation process has been going on for more than 10 years and while the strategy is being constantly changed and the expenses keep growing, no key results have been achieved to this day. The Modernisation Programme for Places of Inprisonment, approved by the Government in 2004 was changed three times, and every time, before any of the programmes were implemented, the objects to be modernized, the necessary expenses and the terms of modernization were changed. The conditions of incarceration still fail to meet the requirements of the European Union: in 2015, as compared to 2013, the number of individuals who received allowances increased six-fold, up to 935, and the paid out sum during this period increased more than 19-fold, reaching about 1 million Euro last year. The identified problems and deficiencies should be addressed because the financial load on the State is likely going to only increase.

Expected changes after the implementation of recommendations of earlier audits

In performing public audits, we strive to not only identify systemic deficiencies, but also propose possible solutions.

Even though, in 2016, we have seen some positive changes in the implementation of public audit recommendations, a responsible attitude towards addressing identified problems is still lacking. Changes could become more significant if the implementation of recommendations was to be seen from a systemic standpoint, because it is only cooperation between public sector institutions that can lead to desired outcomes.

Here, we present significant changes that took place in 2016 after implementing the recommendations of earlier public audits.

- A more effective system of minimum and medium supervision measures that ensures the rights and legitimate interests of children and meets the public need for safety, designed for socialising, educating and providing other types of help to children with behavioural problems was developed, which can help children to overcome defective behaviours and develop a concept of meaningful individual and public living. Minimum measures of supervision assigned to children will provide aid not only to the child, but also to his or her representatives.

- Social services will be assigned by first assessing an individual's need for them. Priority will be given to alternatives to long-term social care services provided within the community: social care, short-term social care, and a number of days of social care at the recipient's home or day centre.

- The ambiguous provision that currently results in individuals who have no right to receive social insurance payments receiving them (e.g., at the expiration of a temporary work contract) will be eliminated in the new version of the Law on Social Insurance of the Unemployed.

- A programme for renovating the ambulance vehicle park was implemented – this should lead to increased quality and availability of health care services in the provision of vital medical services.

- Physicians will be held more strictly accountable for the provision of incorrect data about the determination of disability and capacity for work – the procedure of responsibility of physicians who had provided incorrect medical data was determined, in accordance to which physicians may have their licenses terminated.

- After reviewing and approving the methods of the determination of the basic price of orthopedic equipment, the procurement of which is reimbursed from the Mandatory Social Security Fund, the prices of some orthopedic equipment were reduced.
- Sums adjudged to the state's benefit would be exacted more effectively, because courts would be obligatd to provide the State Tax Inspectorate with all of the writs of execution regarding the sums adjudged to the state's benefit.

- Increased fiscal discipline of municipalities – municipal borrowing arrangements, included into municipal debt and borrowing limits, would be specified in more detail; real municipal debentures would be revealed; and provisions to ensure the fiscal discipline of municipalities would be specified.

- Improvements in controls of the preferential renting out of state land by way of implementing stricter requirements and solvency assessments.

- More effective use of state funds in carrying out scientific research and experimental development projects.

- Enhanced attention to the elimination of crimes related to human trafficking by way of establishing a Fight Against Human Trafficking Coordination Commission and approving the Action Plan to Fight Against Human Trafficking in 2017-2019.

- More appropriate organisation of human resources in municipal fire services by way of specifying the general and special requirements to individuals who want to become firefighters.

- The approval of priorities, measures and funding sources for the elimination of products that contain asbestos; the specification of procedures for the accounting, disposal control and environmental impact assessment of such products.

- National forests (forest land and stands) will be accounted for and presented in state and national sets of financial statements.

- The approval of the Strategic Direction of Library Development 2016-2020.

- Higher quality animal breeding programmes and more effective state monitoring of breeding.
Challenges observed within the public sector

There is a need for an overhaul of civil service, beginning with an assessment of the functions implemented by State institutions: their redundancy, superfluous or insufficient State regulation, and the need for civil servants.

It is imperative to address the issue regarding the provision of information on the achievement of the annual strategic goals to the Seimas. Such information, provided together with the set of budget implementation reports, would help the Seimas to implement Parliamentary controls and ensure that its decisions are made in accordance with financial information, strategic goal achievement results and impact assessment.

Plan appropriations transparently, such that the Government or appropriations manager would not change the financial indicators approved by law of the Seimas. The current practice whereby the Government or appropriations manager changes the financial indicators approved by law of the Seimas by relying on the rights granted in the law of a specific year’s annual indicators, is defective. This indicates a lack of transparency in the planning of appropriations and creates the conditions for the Government or appropriations manager to change the budget indicators approved by the Seimas during budget implementation.

Ensure sustainable budgetary income – prepare for the period after 2020 at which point the extent of aid from the EU may decrease.

Given that the achievements of Lithuanian students have been among the lowest in Europe for a number of years, it is very important to ensure the quality of pre-primary, pre-school and general education. Investment is usually directed at improving the infrastructure rather than the quality of education and studies. No quality assessments of pre-school education establishments are being implemented, and the certification of teachers and heads of schools is not tied to the achievements of students.

Optimise the network of higher education institutions. The Ministry of Education and Science does not act as an institution responsible for the development of policy in this area, which addresses the issues related to the overhaul of higher education institutions and the optimization of their network. Even though the number of students is decreasing, funding remains the same, and the existent infrastructure is not used to its full potential – it is almost twice the size necessary for servicing the current number of students. There is a growing gap between the major and regional institutions of higher education. Even though international institutions are encouraging to undertake an overhaul of the network of higher education and study establishments, the encouragement to review the funding mechanisms, expressed by the International Monetary Fund, the OECD, and the European Commission is to no avail, which leads to stagnating quality of education and studies.

We continuously observe changes taking place within the public sector in order to identify developing challenges as soon as possible and encourage public sector institutions to manage them.
Address child care and adoption issues, and ensure the protection of the rights of children. Audit recommendations made in 2012 regarding the protection of the rights of children, and taking children away from unsafe environments, as well as recommendations made in 2014 regarding adoption and the development of a guardianship programme have not been implemented. Methodologies for determining individual (familial) needs and social security benefit indicators (basic social benefits and state-sponsored income) have been in development since 2011.

Reduce social exclusion by appropriately planning and effectively utilising funds intended for social support. Social support or the planning thereof fails to achieve strategic aims, therefore requiring a new approach. More than half of funds intended for financing social support (an independent municipal function) remain unused and therefore “wasted”, while social exclusion and poverty remain unchanged. It is imperative to ensure that social support be provided only to those who are unable to take care of themselves and therefore really need it, otherwise it fails to encourage employment and earning income. It is also imperative to determine the real national poverty level, to review the basic indicators and mechanisms of social benefits, tie social support to specific target groups, and ensure effective functioning of the public housing system.

Improve the effectiveness of the Lithuanian Labour Exchange. Labour market services are provided not to jobseekers, but to unemployed individuals. The legal obligation of the unemployed to register at the Labour Exchange to receive social benefits and compulsory health insurance increases the workload of regional labour exchange employees, which, in turn, reduces the quality of services provided to jobseekers and the unemployed.

Update the National Energy Strategy. This is especially important because the energy sector is integral to the development of the national economy as a whole, which means that any decision regarding the development of new projects related to the energy infrastructure or the expansion or modernisation of current capacities will inevitably affect the price of energy resources – such as electricity, natural gas and heating – which, in turn, will have an impact on the price of all other consumer goods and services.

Review the mechanism of municipal funding: encourage them to take an active part in generating public revenue in their respective territories, rather than asking to reimburse their foregone earnings. It is imperative to improve the currently valid legal regulation of the distribution of personal income tax across different budgets.

Reduce the debt of the State Social Insurance Fund Board (SSIF). There is currently a lack of budgetary resources assigned to finance the pension reform and the increasing expenditure of the SSIF. The Ministry of Social Security and Labour proposes draft legislative acts intended to increase the Fund’s expenditure, but fails to plan for its compensation.

Ensure the resources of the fund intended for financing the decommissioning of the Ignalina Nuclear Power Plant. The auditors recommend Lithuania to adopt the “polluter pays” principle and start increasing the general national funding in 2017 – the failure to do that will result in serious problems for the Lithuanian economy by 2020.

Ensure cyber security and the protection of e-information. It is imperative to implement the key recommendations of past audits regarding cyber security and the protection of e-information: set general strategic cyber security and e-information protection directions and the means necessary for their implementation, set nation-wide priorities, criteria and a monitoring and control mechanism for the allocation of funds necessary for cyber security and the protection of e-information, and consolidate the management of the protection of e-information.
Reduce redundant and irrational legal regulation which leads to disproportionate administrative load on individuals and economic operators, and increases the scope and management expenditures of public management institutions. Insufficiently clear and cumbersome regulation interferes with the public's ability to represent its own interests and understand and implement its rights and duties.

Address the relevant issues related to the management of state land – namely, issues regarding: the restoration of residential property rights in the cities of Vilnius and Kaunas, the use of rented state land as intended, the exaction of funds for land sold on the basis of installments, and the accounting for land.

Reduce the support assistance frequency of errors related to the use of EU support in the area of agriculture – the administration of such should be improved. The ability of national institutions to detect, prevent and correct such errors remains imperative.

Use the existent waste management infrastructure effectively. Even though more than 500 million Euro were invested into the national waste management infrastructure, non-recycled waste still ends up in dumps and their handling expenditures are not going down. It is imperative for the Ministry of Environment to assess the long-term prospects and estimate the way the infrastructure is going to be used, updated or developed after 2020, at which point EU support will be drastically reduced.

Integrate the management of emergency medical service establishments into the network of the general emergency call number 112, because the functions of said establishments are being duplicated, and the infrastructure developed at the Emergency Response Centre is not being used to its full capacity.

Reduce the price of medications. The issue is relevant both to the State Social Insurance Fund Board and the residents because of the expenses incurred. The price of medications depends not only on manufacturers, but also on suppliers and pharmacies. The measures implemented by the Ministry are still mostly related to negotiations with manufacturers of medications regarding the reduction of basic price for reimbursable medications and the application of discounts to Lithuania. The Ministry should take more decisive action: it is imperative to constructively cooperate with wholesale and retail distributors of medications by making use of all available leverage, and include them in the implemented measures designed to increase the availability of medications to residents (accomplished by way of reducing prices).

Ensure the transparency and validity of energy prices. Current legislation does not grant the National Commission for Energy Control and Prices (NCECP) the right to receive all the information it requires from subsidiaries and associates that service electricity companies, which makes it difficult to ensure the transparency and validity of energy prices. The risk will remain for as long as the Seimas does not introduce the necessary changes to the Law on Energy, which would grant the NCECP the right to receive all the information it requires from energy companies that have regulated prices applied to their activities, as well as the services, prices, contractual obligations, etc. related to their subsidiaries and associates.
We have confirmed that the management, internal control and information system developed for the administration of EU investments during the period between 2014 and 2020 meets the requirements set for them in regulations of the EU.
The period between 2007 and 2013

Operational Programmes Closure Audit

Procedures of the 2007-2013 EU structural assistance operational programme closure audit were continued in 2016 by auditing the functioning of the EU investment management and control system, and the expenditures declared since 1 January 2015. After the completion of the audit on 28 March 2017, the Final Audit Report and Closure declaration was submitted to the European Commission. These documents are part of the final document collection submitted to the European Commission.

The period between 2014 and 2020

The EU investment management and internal control system meets requirements

The management and control system of the EU investment operational programme of 2014–2020 is comprised of 30 institutions, and administers around 6.7 billion Euro of EU funds. The audit of the system had resulted in an unqualified opinion regarding the compliance of the management and control system of EU structural fund investment with the relevant criteria and requirements set in regulations (cooperation with the audited entities has lead to the correction of identified deficiencies before the conclusion of the audit itself). From this moment on, Lithuanian institutions can submit payment applications to the European Commission and receive EU funding necessary for the implementation of the operational programme.

Assessment has begun, but no expenditures were declared thus far

In implementing the requirements of the EU, the Audit Authority should conduct annual audits of the management and control system of EU structural fund investment of 2014-2020, the expenditures declared to the European Commission and the prepared bills. The audit report and opinions are to be submitted for approval to the European Commission:

- a report of the audit of the first financial period (1 January 2014 – 30 June 2015) was submitted to the European Commission in February 2016;

- a report of the audit of the second financial period (1 July 2015 – 30 June 2016) was submitted in January 2017.

No expenditures were declared during either of the periods because, during that time, the management and control system of EU structural fund investment of 2014-2020 was not yet established. For this reason, the scope of our audit was limited and we were not able to submit our opinion regarding the validity of the functioning and related expenditures of the management and control system.

An assessment of the third financial period (1 July 2016 – 30 June 2017) was commenced in 2016. The report of said assessment will be submitted to the European Commission by 15 February 2018.
The Economic Development Scenario has been approved

The Fiscal Institution has carried out an assessment of the economic development scenarios for 2016-2019 developed by the Ministry of Finance and published in September, and submitted its opinions to the Seimas regarding their approval.

The Fiscal Institution had endorsed the risk factors identified by the Ministry of Finance, as well as the idea that, in order to address them, immediate implementation of structural reforms and assurance of a favourable environment for investment are imperative.

The first assessment of the sustainability of general government's financial indicators was carried out in 2016, resulting in an independent forecast on the financial sustainability of general government by analyzing the period between 2016 and 2036.

Even though, compared to other countries of the European Union, the fiscal and macroeconomic situation of Lithuania is currently favourable, the prerequisites for maintaining such an environment in the long term are lacking, which necessitates structural re-organisation.
The current debt level of Lithuanian general government is not sustainable

According to the International Monetary Fund, the World Bank, and the Organisation for Economic Cooperation and Development (OECD), the monitoring of the long-term assurance of effective management of finances and financial discipline should be the core aims of independent fiscal institutions. The assessment of general government’s financial sustainability was implemented by the Lithuanian Fiscal Institution in accordance with the OECD recommendations. The aim of the assessment is to consolidate understanding about the long-term expenditures of the general government, related risk factors, macroeconomic stability, economic development, and reveal the burden of future obligations of the general government.

If the rules of fiscal discipline were to be upheld more strictly, the debt level would likely decrease. However, if no structural reforms were to be implemented at the same time, there would also be an increase in the risk of a greater part of the public sliding down below the poverty line. The risk of increased taxation is usually managed at the expense of increased debt level of the general government. Given the impossibility of ensuring a sustainable level of debt and a low risk of increased taxation and poverty at the same time, it is imperative to consider the estimated trajectories, make long-term decisions and address problems in a timely manner.

Compliance with the redundant general government rule was not ensured during the development of the national budget for 2017

According to the Fiscal Institution, the failure to set a structural incitement task while developing the Draft Law on the Approval of the Financial Indicators of the National and Municipal Budgets for 2017 was justified. However, compliance with the redundant general government rule was not ensured during the development of the draft law on the approval of the financial indicators of the national and municipal budgets for 2017.

The application of rule that limits the expenditures of general government was unjustified because of the emergence of exceptional circumstances specified in the Constitutional Law on the Implementation of the Fiscal Treaty, which were related to the indicator measuring the growth of the Lithuanian GDP.

The draft law on the approval of the indicators of the State Social Insurance Fund Board's budget for 2017 was developed in accordance with the rule of budgets allocated to the general government, which took place because of the estimated structural surplus of the Fund's budget for 2017.

It should be noted that the Seimas-approved three year estimated indicators of the consolidated whole's income and expenditures of state and municipal budgets, as well as the Government-approved mid-term fiscal indicators of stability programmes are merely indicative and therefore non-binding numbers which simply describe the potential developments three years into the future. In order to enhance fiscal discipline, the planning of general government’s expenses for a period longer than one year should be restricted.

Conditions necessary for the public to become more involved in budgetary management, bigger incentives to pay taxes, and demands to achieve more ambitious goals during the planned period.

The Lithuanian budget development system does not conform to the fundamental features of a result-oriented budget. The form of the submission of a draft budget is tied only to expenditures and fails to establish ties between the money paid by tax payers and the achievement of set goals and outcomes.
THE IMPROVEMENT OF THE INSTITUTION'S FUNCTIONING
THE NATIONAL AUDIT OFFICE
STRATEGY FOR 2020

WHAT IS OUR ROLE?
To help our state manage public funds and property wisely

WHAT DO WE WANT TO BE?
Visible. Valued. Beneficial

WHAT IS IMPORTANT FOR US?
Professionalism, Responsibility, Cooperation, Innovation

WHAT DO WE STRIVE FOR?
To increase the effectiveness of the public sector and the benefit it creates for society.

1 IMPACT
Our results are used in national decision-making on key issues that affect the public life.

3 COMMUNICATION
Recognisable as supreme audit institution, we communicate our results in a simple, sound and attractive manner.

2 QUALITY
We are a model institution in the public sector working to the highest standards of quality.
In 2016, the National Audit Office commenced its activities after developing a long-term plan for improving the functioning of the institution – the National Audit Office Strategy for 2016-2020.

In order to implement the strategic goal – namely, to increase the effectiveness of the public sector and the value it creates for the public – three strategic improvement directions were chosen in the Strategy for 2016-2020 of the National Audit Office: impact, quality, and communication. Fifteen measures are planned for the implementation of changes in these directions in 2016-2017, with almost 20 percent of all employees taking a direct part in their implementation.

The process of selecting these 15 measures was also affected by the recommendations obtained from the Peer Review of the National Audit Office performed in 2014 regarding the improvement of the functioning of our institution and the quality of audits. Some of these recommendations were implemented in 2015, and the rest will be implemented by way of applying the measures specified in the strategy.

Report of the 2014 Peer Review of the National Audit Office of Lithuania
https://www.vkontrole.lt/en/docs/NAOL_peer_reviewEN.pdf

In 2016, the National Audit Office commenced its activities after developing a long-term plan for improving the functioning of the institution – the National Audit Office Strategy for 2016-2020.
With the help of results of public audits and assessments we intend to change the attitude of the public sector towards organizational accountability, transparency, progress, and proper allocation and management of resources, as well as to encourage the practice of only making decisions after carefully assessing their necessity, potential usefulness, and positive or negative impact.

In order to increase the effectiveness of the institution, we have made plans to:

- Update the national audit planning and selection system.
- Develop a method for analysing the cost and usefulness of assessing the functioning of the National Audit Office.
- Develop a public sector risk map.
- Update the procedures of the monitoring of recommendations.
- Develop recommendation development guidelines.

- 42% of audits completed in 2016 are directly related to strategic aims of the state.
- 75% of audits of the plan are directly related to strategic aims of the state.
- 86 number of problems suggested to audits in 2016 by interested parties.
- 88% of implemented recommendations which contributed to positive changes in the public sector.
- 60% of recommendations implemented during the first term agreed upon with the audited subject.
- 35% percentage of errors and violations related to failure to comply with legislation that were eliminated before the completion of audits.
Audit topics are tied to the strategic aims of the state

In planning public audits and seeking to affect the development of the entire country, we select audit topics by assessing the relationship between the identified issues within the public sector and strategic state documents. Special attention is paid to Lithuania’s core future vision document – the Lithuania 2030 Strategy and the National Development Programme designed to implement it.

We believe that the outcomes of these audits will initiate systemic changes in knowledge development and comprehensive learning, the orientation of the economy towards better results and higher value added, and the improvement of public management.

For the purposes of assessing the functioning of public sector institutions, we have also selected another significant criterion – the OECD recommendations, which are associated with higher quality state management and the highest growth of certain areas of the economy.

Special attention to important areas

We continuously monitor the various areas of the public sector and look for ways of implementing fundamental systemic changes. Taking into account the challenges related to the management of state assets, we pay special attention and allocate sufficient resources to assessing this area. We have analysed the issues related to the assets managed by the state, the systemic problems related to property management, identified the risks, and specified (and even began implementing) an audit of the management of the state’s immovable property in the action plan of the institution for 2017.

Equal attention is also paid to the monitoring of the improvement of public governance. We observe the success or failure of ensuring the development and effective implementation of public policy that meets the needs of the public. We have noticed that the need for public sector employees and the necessity of the functions assumed by the public sector are not justified, the restructuring of public service is protracted, the policy regulating the payment and motivation of public sector employees is ineffective, and the use of budget resources intended for training is not ensured. This information had led us to include an audit on the improvement of public governance into the action plan of the institution for 2017, which we have already began implementing.
While planning the audit topics, we consult interested parties

Every year we ask public sector institutions, non-governmental organisations, and residents to name issues they have noticed within the public sector. While planning the public audit programme for 2017, we have received 86 suggestions regarding such issues. The majority of identified issues were related to the management of state property, the control of state market and economy, and the fields of education and studies.

All of the submitted proposals are important in monitoring the public sector and identifying related risks.

We strive to clearly identify the value of the impact of our work

In order to serve as model for the public sector, we have decided to measure the outcomes and impact of our activities by way of quantitative, rather than qualitative, indicators, and resolved to assess the ratio between the current costs and value of public audit, with the goal of regularly improving it. Every Euro we spend should bring about the most value to the state and its tax payers.

The National Audit Office of the United Kingdom (UK NAO) had agreed to guide us in implementing the cost-to-benefit assessment methodology for our activities. The UK NAO is known around the world for its audit traditions, exceptional professionalism and quality work.

We strive for more effective implementation of recommendations

We strive for the largest possible impact of public audit by encouraging the implementation of public audit recommendations.

In implementing the recommendations of the Peer Review of our institution that was performed by international experts in 2014, we have developed our first report on the implementation of public audit recommendations early this year, which was then submitted to the Seimas Audit Committee. The report concerns the most significant issues related to the various areas of the public sector, the state of the implementation of recommendations and related challenges, and encourages more decisive action in improving the management and effectiveness of the public sector.

The second report concerns an assessment of the actions taken by the audited institutions during the six months following the first report, as well as the impact of the audit. We have also paid a significant amount of attention to the recommendations that would be implemented if the Seimas were to approve the necessary draft laws that have already been developed and submitted.

These, as well as other, consistent actions taken by the National Audit Office brought about expected outcomes – the audited entities had undertaken the measures required for the implementation of recommendations.

While, currently, the indicator of the implementation of public audit recommendations is high, we strive for the recommendations to be not only implemented, but also implemented in a timely manner, as that leads to the biggest desired impact.

As many as 60 percent of recommendations were implemented during the first term agreed upon with the audited entity. We are always on the lookout for measures that might help encourage the audited entities to implemented recommendations on agreed upon time. The third recommendation implementation report (March 2017) is mostly focused on areas where the implementation of recommendations lags the most.

2016 saw the full or partial implementation of 88 percent of the recommendations submitted during the past three years, while the number of delayed recommendations was cut in half.
We recommend to correct the identified errors and observations immediately

Audited entities are informed about any errors and irregularities during the audit in order to allow for immediate correction and adopt measures that may prevent their recurrence in the future or to reduce the risk of their occurrence. These measures proved to be effective because 35 percent of errors and irregularities related to the failure to comply with the legislation had been eliminated before the completion of audits.

We strive to be a socially responsible institution

In our striving to promote the value of responsibility and to serve as a model not only in our professional, but also in public activities, we feel compelled to take an active part in various social projects.

We have signed a cooperation agreement with the association Mentor Lietuva, whereby we have agreed to educate the children and youth so they could grow up to be decent citizens, and to involve them in various activities that may help decrease the risk of drug abuse. To date, four of our employees have already served as mentors in the programme.

In order to support those who need help the most, every year we take part in blood donations and organise the Pie Day. All the proceedings collected during the Pie Day are used to improve the wellbeing, physical fitness and creative skills of gravely ill children or children growing up in foster care or in care homes. Our staff members also took part in the National Forest Planting Day, in the Let's Do It campaign, and in a number of other similar activities.

With these initiatives, we strive to serve as a model to others, to foster the idea of a harmonious society, and encourage all residents to be conscientious, create change and develop a better country together.
We cooperate to bring about systemic changes

In 2016, the NAOL signed a cooperation agreement with the Special Investigation Service. We expect their assistance and consultations regarding the identification of corruption risks in order to identify them in a timely manner and to contribute to the prevention of potential criminal activities.

We have also signed a cooperation agreement with the State Tax Inspectorate, which foresees the provision of comprehensive mutual aid to each other in order to protect the potentially violated rights and material interests of the State, exchange of information, expert opinions, and expert assessments.

In the renewed agreements with the Financial Crime Investigation Service (FCIS) and the Public Procurement Office (PPO) we have committed to provide methodological mutual assistance, general consultations, expert opinions and assessments. We plan to exchange the information on identified violations of legislation with the PPO, as appropriate, transfer any related materials as well as share other necessary information. The agreement with the FCIS obligates us to inform it about any allegations regarding the potential criminal activities within the state financial system, as well as violations of the law.

We have also agreed with the Competition Council to provide each other with professional aid, as well as to enhance the professional cooperation between employees of our respective institutions, to exchange information regarding the improvement of competitiveness, national economy, market control, the provision of state aid, internal agreements, and prohibited agreements.

In continuing the cooperation with auditors responsible for carrying out audit of the public sector, representatives of the NAOL, the Ministry of Finance, the Municipal Association of Ombudsmen, the Institute of Internal Auditors Lithuania, and the Lithuanian Chamber of Auditors signed a new cooperation programme for 2016-2020 designed for the improvement of the public sector management and the quality of external and internal audit, thereby increasing public trust in persons responsible for the implementation of audit.

The programme specifies such measures as conferences, seminars on the importance and place of internal audit within the public sector, review of audit-related programmes taught at higher education establishments and making of recommendations for their improvement, maturity assessment of each link of the audit system, and others – we believe that every one of these will contribute to the quality improvement of internal control and audit of the public sector, and therefore, more efficient management of the public sector.

The NAOL signed an agreement with the Vytautas Magnus University agreeing to provide each other with consultations and ensure opportunities for internship to students.

In order to provide the opportunity for gaining more professional knowledge and exchanging good practices, a cooperation agreement signed in 2015 by the Bank of Lithuania and the NAOL was supplemented with an opportunity for conducting mutual internships. Now, representatives of the Bank of Lithuania can take temporary positions at the NAOL, while the employees of the NAOL are already taking their internships at the Bank of Lithuania. We hope that this will enhance and foster the competency level of our staff members, and provide them with the conditions necessary for applying their work experience and sharing of good practices.
QUALITY

The quality of public audits is assessed in accordance with their compliance with international standards of supreme audit institutions, the achieved public audit impact, and the assessments of the audited entities.

To ensure the quality of the performance of the NAOL, we apply efficient methods of carrying out and managing of our work, and enhance cooperation with international partners. We believe that it is necessary to continuously improve the performance quality monitoring and assurance system.

In 2016–2017, we plan to:
- Develop a list of the products of the NAOL and their scope.
- Develop changes in the organisational structure model of the NAOL.
- Develop a format(-s) for enhancing the communication of the best practice of public audit within the NAOL.
- Update the templates of public audit reports and opinions.
- Develop a methodology for calculating the index of the organisational environment which encourages the quality (empowerment, satisfaction, involvement, and microclimate) and conduct the assessment.

- 8.6 of 10 score given to quality of our audits by audited entities
- 2.6 of 5 score of maturity of the NAOL processes
- 3 years we have been assigned to conduct external audit of INTOSAI
- 15 of 60 municipal control and audit offices where we conducted an annual external review of audits
- 349 average number of employees (maximum number of positions - 363)
- 5% decrease in the maximum number of positions (10% less than in 2015)
- 93% of the NAOL employees took part in various training sessions
- 47 average number of hours our employees spend on training every year
- 309 average number of Euros spent annually for the training of each employee
We are enhancing the quality of implementation and management of public audit

In 2016, in order to improve the efficiency and quality of public audit, we started to more actively monitor the implementation and management of public audit: every month, we carry out an external review of the management and documentation of every audit. This helps us identify the risks that may lead to the failure of implementing the NAOL action plan in a timely manner, clearly shows the state of the ongoing audits, and provides the opportunity to make the necessary decisions in a timely manner.

Quality of public audits is assessed by audited entities

Audited entities evaluated the quality of the audits by giving them 8.6 points out of 10, and as many as 9.4 points to the cooperation and ethical conduct of auditors.

While the work load has remained the same, we reduced the maximum number of positions assigned to the NAOL by 5 percent. In total, the maximum number of positions decreased by 10 percent since 2015. The efficiency of the audit process and the competence of auditors are an integral part of the public audit quality. In order to improve, we continuously analyse and assess the audit process – this is where knowing the opinion of audited entities regarding the value, quality and outcomes of audit becomes necessary. Every employee of an audited entity can submit an opinion in the audit quality assessment questionnaire.

In 2016, audited entities gave the relevance of audit topics, identified issues, conclusions and recommendations 8.6 points out of 10.

The quality system of the NAOL meets the requirements of the ISO 9001:2008 standard

After introducing a quality control system two years ago, we strive to continuously improve the effectiveness of our performance and assess the maturity of the NAOL processes against the requirements of ISO 9001. The process maturity is assessed from several different perspectives: process management, resources, process monitoring, and process improvement. In 2016, the average maturity of our processes was evaluated with 2.6 points out of 5.

Optimisation of managed resources

In 2016, we continued the optimisation of our resources. The premises of the Training Centre in Klaipėda were transferred over to the State Enterprise Turto Bankas. The maximum number of positions assigned to the NAOL was reduced by 5 percent (from 383 to 363). During the past two years, this number decreased by 10 percent. This had an impact on the increased employee turnover, which amounted to 11.2 percent in 2016.

While we highly value the staff members that we have trained, we are always pleased that they usually leave to assume equivalent or higher positions in other public sector institutions, thereby, in our opinion, contributing to the improvement of their functioning.

While the work load has remained the same, we reduced the maximum number of positions assigned to the NAOL by 5 percent. In total, the maximum number of positions decreased by 10 percent since 2015.
**We help in enhancing the quality of control and audit within the area of self-government**

As is the case each year, we conducted the external review of audits performed by control and audit offices in 15 out of 60 municipalities. The purpose of the monitoring was to assess the audit quality control systems developed by the offices, the quality of audits, and to provide help in improving the performance quality of those offices that struggle with it. The assessment carried out in 2016 showed that none of the assessed offices is performing flawlessly. It should be pointed out that, compared to the outcomes of prior external reviews, progress was noticeable only in the offices of Zarasai district and the city of Druskininkai, however, the overall quality of audit did not improve.

In eleventh year of external reviews of municipal control and audit offices, and with a view to the changes in the audit quality, the NAOL auditors noticed a significant disparity between the quality of audit carried out by offices with a differing number of employees. We have pointed out that some of the municipal control and audit offices have not conducted performance audit for several years now, even though this audit could help municipalities organize their activities more efficiently and save resources.

**We established an international Task Force on Municipality Audit**

The Governing Board of the European Organisation of Supreme Audit Institutions (EUROSAI) approved our initiative to establish a Task Force on Municipality Audit. The Task Force sent out invitations to all members of EUROSAI who seek to share their experience and good practice examples with foreign colleagues in the area of municipal audit. Currently, the Task Force unites the supreme audit institutions of 27 European countries. The sharing of experience and good practices will allow us to identify the priority areas of municipal audit relevant to the public and achieve results that will help us improve the finance management of the public sector and ensure the appropriate implementation of municipal functions.

The NAOL organised a seminar “Ground-Breaking Analysis in Auditing Municipalities – Timely Audit Impac” in Vilnius, which was attended by representatives of the supreme audit institutions from 24 EUROSAI countries. The seminar discussions ranged from the financial risks of effective resource management in municipalities, a new approach to strategic analysis within this sector, the presentation of open data on state and municipal finances to other topics. Exchange of experience in implementing audits of municipality – owned companies ran by municipalities and the methods of financial analysis of the state of companies also took place.
The NAOL was given confidence of international auditing community

During the XXIInd Congress of International Organisation of Supreme Audit Institutions (INTOSAI), the NAOL was elected by the majority of votes to act as external auditor of this organisation for the budgetary period of three years. This is the first time we have been assigned the responsible task of auditing INTOSAI, which unites 194 members.

The duties of external auditor include the assessment of the organisation's financial statements and the management of finances. The assignment to carry out an external audit of INTOSAI is a sign of recognition and a great responsibility, a challenge and an acknowledgement of our professionalism.

We strive to continuously improve

In planning annual training sessions, we seek not only their applicability in our everyday working life, but also the development of our employees’ personal skills. Involving employees in the process of improvement encourages their professional responsibility and provides the most value.

In 2016, 93 percent of the NAOL employees took part in various types of training. Some of the training we organised ourselves, relying on the special skills, experience and knowledge of our employees. For 309 Euro – an average amount spent for the training and qualification of an individual employee – each staff member spent around 47 hours in training.

The quality of our work is evidenced by the recognition earned in 2016

The NAOL employs professionals – experts in their field, dedicated employees characterized by their innovative thinking. We are proud of them all and we are glad that the contribution made by the NAOL and by our staff members is recognized not only in Lithuania, but also abroad – a representative of the NAOL was nominated as a member of the Audit Committee of the European Investment Bank, a position he will hold until 2022.

We are also happy to announce that the NAOL was elected the public institution of the year in 2016 – a title awarded annually by the weekly publication Veidas - for its competence, responsibility, excellent results as well as representation of the interests of the Republic of Lithuania.
COMMUNICATION

Unbiased and understandable to the public presentation of performance results of an institution is particularly important in achieving the expected impact. Enhancement of internal and external communication and application of modern means of communication help us increase the visibility of the NAOL as a supreme audit institution, as well as the availability of objective and important information to the public.

In 2016–2017, we plan to:

- Develop communication policy.
- Publish information on the process and results of implementation of recommendations on the website of the NAOL.
- Develop a concept for the collection and external communication of best practices.
- Update the style book of the NAOL.
- In 2017 hold the annual conference of the NAOL – SIGNALS.

87 number of times audit results were presented during meetings of the Seimas Committees (on average, results of 2 audits per meeting)

2846 number of mentions in the media (6.5% increase since 2015)

82% percentage of favourable public mentions of the NAOL

9.4 of 10 score given to us by audited entities regarding our cooperation and ethics of communication

12 place held in the rating of the credibility of institutions (public survey, research centre Vilmorus)

23 number of top management meetings broadcast live to the NAOL staff
Data on the implementation of recommendations was made public

On the website of the NAOL, we opened data on the implementation of recommendations made in public audits carried out in 2014 onwards: how specific institutions implement recommendations given to them during audit, and how timely and appropriate their implementation of the planned measures is.

Public audit recommendations are one of the key tools used by the NAOL to make a positive impact on the management of the public sector, while publicity is an important means that has the potential to encourage public sector institutions to function more efficiently and responsibly. In the future, we plan to open to the public even more data that is collected and managed by us.

The media shows interest in the results of audit and other assessments

The results of the NAOL are regularly published by the media, on television, radio, and online. In 2016, we published 91 press releases on audit results, and the NAOL was mentioned by the media a total of 2,846 times, i.e., almost every 45 minutes on every working day in 2016. We are pleased to say that 82 percent of such mentions were favourable and 16.5 percent were neutral, which indicates a level of trust in our institution and in the results achieved through hard and consistent work.

More active use of external communication means

All results of public audits and other assessments carried out by the NAOL are published on our website, and submitted to the Seimas and the media. We believe that a greater audit impact can be achieved by actively encouraging the public sector institutions and all citizens to take an interest in audit results and demand responsibility and implementation of the assumed commitments from responsible public sector institutions. Therefore, we are constantly looking for new means of communicating our audit insights: we both organise and take part in various conferences, hold meetings with the Seimas Committees, members of the Government, and active public individuals; we present our audit results in the publications and meetings of international auditing community.
More active cooperation with our partner – the Seimas

Active cooperation with Members of the Seimas opened new possibilities for discussion on national issues and potential solutions for them. In 2016, during the meetings of the Seimas Committees and Commissions, various audit results of the NAOL were mentioned a total of 87 times. We not only actively presented the results of our latest audits, but also worked with the Seimas Committees on encouraging the implementation of recommendations made in previous audits. We paid a lot of attention to amendments of legislation, which were initiated as a result of the implementation of the audit recommendations.

During the conference “Public Finance Management: Resources are Available, Now it’s Time for Wise Decisions” organised in partnership with the Committee on Audit of the Seimas, we discussed the necessity of structural, results-oriented budgetary reform in Lithuania. Representatives of both the public and private sectors shared their insights on the improvement of the efficiency of state investment, solving of budgetary governance issues, and the potential for striving towards the long-term sustainability of state finances.

In presenting the audit results, representatives of the NAOL revealed a number of significant systemic issues related to the management of national assets and funds, and invited Members of both the Seimas and the Government, as well as the academic community and audited entities to strive towards a completely new (results-oriented) responsible approach to the formulation and execution of the state budget, and the planning and implementation of national investments.

Two more conferences dealing with issues related to the energy sector and opening of data organised in partnership with the Seimas Committees, are planned for 2017. We are going to continue these initiatives in order to encourage a discussion on important topics that are relevant to many interested parties.

Application of new means of internal communication

Last year, a new measure was introduced at the NAOL. It has helped to ensure the smooth flow of information without excluding any division or member of the organisation and saving their time. Meetings of the NAOL Council focused on key strategic and activity-related issues can now be watched either in real time or in video recordings by all members of the NAOL.
SUSTAINABLE DEVELOPMENT CONFERENCE

Tomorrow's work, which has to be done today
Lithuanian and foreign experience
Decisions that might aid in improving the public sector

28/11/2017
FINANCIAL DATA
## Appropriations

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<tr>
<th>Amount</th>
<th>Description</th>
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<tr>
<td>9,390,000 Eur</td>
<td>Assigned annual appropriations</td>
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<tr>
<td>8,662,000 Eur</td>
<td>Used appropriations</td>
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<tr>
<td>87%</td>
<td>For payroll and social insurance</td>
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<tr>
<td>0,9%</td>
<td>For business trips</td>
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<tr>
<td>1,6%</td>
<td>For acquisition of tangible and non-tangible assets</td>
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## Assets and Liabilities

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<thead>
<tr>
<th>Amount</th>
<th>Description</th>
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<tbody>
<tr>
<td>3,312,000 Eur</td>
<td>Non-current assets</td>
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<tr>
<td>51%</td>
<td>Buildings</td>
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<tr>
<td>38%</td>
<td>Non-current financial assets (the payroll that was disproportionately reduced during the economic crisis that should be repayable to staff members)</td>
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<tr>
<td>1,459,000 Eur</td>
<td>Amount of completely worn out assets (procurement prime cost value provided) used by the NAOL</td>
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<td>998,000 Eur</td>
<td>Current assets</td>
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<td>95%</td>
<td>Entitled appropriations from the state budget for issued but unsettled suppliers’ invoices and accumulated employee holiday allowance expenditures in 2016</td>
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<td>2,219,000 Eur</td>
<td>Liabilities</td>
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<td>73%</td>
<td>Regarding the payroll that was disproportionately reduced during the economic crisis that should be repayable to staff members (59% non-current liabilities, 14% current year's part)</td>
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We are stronger together