



RESULTS OF EXTERNAL REVIEWS CARRIED OUT IN MUNICIPAL CONTROL AND AUDIT SERVICES IN 2020

28 May 2020

No IPE-21

SUMMARY

Objective and Scope of the Review

The objective of the external review is to assess the audit quality control system established by the municipal control and audit services and the quality of the audits carried out and to issue an opinion thereof. The 2020-year external review assessed the audit quality control systems in nine municipal control and audit services¹. To assess the quality of the audits carried out by these services, all financial (regularity) audits of the 2018 sets of annual consolidated statements and one performance audit completed in 2019² (one in each of the two selected services³) were selected.

Key results of the Review

The external review of the assessment of the audit quality control systems and the external review of the audits carried out revealed significant and insignificant non-compliance with legal acts regulating conduct of an audit and, as a result, the audit quality control systems established by the municipal control and audit services of nine municipalities were assessed as follows:

- two services⁴ as having insignificant weaknesses, but in principle, quality control systems in place are effective and ensure that audits are carried out in accordance with legal acts regulating conduct of an audit;

¹ Kelmė district, Pasvalys district, Šilutė district, Druskininkai, Kaunas district, Rietavas, Jurbarkas district, Birštonas and Kaunas city.

² Performance audits have been completed prior to the preparation of the external review plan.

³ Kaunas district and Klaipėda city.

⁴ Pasvalys district and Klaipėda city.

- seven services⁵ as having significant weaknesses, i.e. existing quality control systems do not ensure that audits are carried out in accordance with legal acts regulating conduct of an audit;
- The quality of nine financial audits by these services selected for the review was assessed as follows: two audits⁶ were assessed at level I, i.e. no significant non-compliance with legal acts regulating conduct of an audit;
- five audits⁷ were assessed at level II, i.e. having significant non-compliance with legal acts regulating conduct of an audit;
- two audits⁸ were assessed at level III, i.e. having significant non-compliance with legal acts regulating conduct of an audit and proper and sufficient audit evidence has not been gathered in material respects.

The quality of the performance audits of the two services selected for review⁹ was assessed at level I, i.e. insignificant non-compliance with legal acts regulating conduct of an audit was identified.

The audits by the municipal control and audit services assessed are presented in Annex 1 “The scope of the external review” (page 15), the quality level assessment of the quality control systems of the services and the carried out audits are presented in Annex 2 “The assessment of quality control systems and quality level of audits carried out by municipal control and audit services” (page 18)

⁵ Birštonas, Rietavas, Šilutė district, Kelmė district, Kaunas district, Druskininkai, Jurbarkas district.

⁶ Pasvalys district and Klaipėda city.

⁷ Birštonas, Rietavas, Šilutė district, Kelmė district, Kaunas district.

⁸ Druskininkai ir Jurbarkas district.

⁹ Klaipėda city and Kaunas district.