



NATIONAL AUDIT  
OFFICE OF LITHUANIA  
• BRINGING BENEFITS •

## Summary Report of the Results of Audits of Municipal Control and Audit Services

# MANAGEMENT OF MUNICIPAL REAL ESTATE

16 November 2020

No. YE-9

## SUMMARY

### Relevance of the Summary

In 2018, the National Audit Office of Lithuania (NAOL) carried out an audit of the state real estate management<sup>1</sup>, during which it was found that the management of state real estate does not generate adequate benefits, poorly linked to efficiency, and there are no long-term real estate management guidelines. In 2019, having assessed that the municipalities in the country may face similar problems, the NAOL invited municipal control and audit services to carry out a coordinated audit of the real estate managed by municipalities, the aim of which was to assess whether real estate is managed in municipalities in a targeted and complex manner, whether it is used efficiently and serve the greatest benefit to the public.

The coordinated audit was joined and carried out by 55 out of 60 municipal control and audit services<sup>2</sup>. Municipal control and audit services (hereinafter SKATs) assessed the management of real estate held by municipalities by the right of ownership, while the NAOL assessed the management of the state-owned real estate transferred to municipalities by the right of trust. The results of the audit carried out by the NAOL are

---

<sup>1</sup> Public Audit Report "The Management of State Real Estate", 24/01/2018 No. VA-2018-P-60-8-1.

<sup>2</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Druskininkai, Elektrėnai, Jonava district, Joniškis district, Jurbarkas district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda city, Klaipėda district, Kretinga district, Kupiškis district, Lazdijai district, Marijampolė., Mažeikiai district, Molėtai district, Pakruojis district, Panevėžys city, Panevėžys district, Pasvalys district, Plungė district, Prienai district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Skudadas district, Šakiai district, Šalčininkai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

presented in the public audit report<sup>3</sup>. The results of the audits carried out by the control and audit services of individual municipalities can be found [here](#).

## Objective and Scope of the Summary

The NAOL summarised the results of the audits carried out SKATs and prepared an overview of the management of real estate held by municipalities by the right of ownership, the purpose of which is to provide generalised information, to what extent and what real estate (hereinafter RE) is held by municipalities by the right of ownership and how effectively municipalities manage it. Efficient RE management meeting public needs starts with targeted planning of the management of this real estate, therefore, in the report, we present not only the country's municipalities but also international experience in planning and organising RE management. We hope that this report will become a valuable source of generalised information about the property held by municipalities by the right of ownership to the public and decision-making institutions, will provide conditions for the municipalities themselves and the Association of Lithuanian Municipalities to obtain a more detailed overview of the general situation of RE management in municipalities, encourage the application of good RE management practice and adoption of justified decisions on RE management.

The key questions of the audits carried out by SKATs are as follows:

- is the management of municipal real estate planned to serve the public interest;
- is municipal real estate managed, used, and disposed in compliance with the principles of the asset management<sup>4</sup>;
- do municipalities possess information on the managed real estate.

Audited entities of municipal control and audit services are 55 municipalities, their institutions, enterprises, agencies, and organisations managing real estate held by municipalities by the right of ownership.

The subject of the audits of SKATs – real estate managed by municipalities by the right of ownership: buildings (including buildings classified as immovable cultural property), premises and parts thereof, and state-owned land under buildings.

The audited period is 2017 – the first half of 2019. The real estate inventory was assessed on the basis of the results of the inventories of 2018 and 2019.

---

<sup>3</sup> 15/07/2020 No. VAE-6 "Management of State Real Estate Transferred in Trust to Municipalities" Internet access: <https://www.vkontrole.lt/failas.aspx?id=4099>.

<sup>4</sup>The principles of public benefit, efficiency, rationality, and public law, Law on the Management, Use and Disposal of State and Municipal Assets, Article 9.

The report on the summary of audit results was prepared on the basis of the reports of 48 (out of 55) performance audits carried out by SKATs <sup>5</sup>, which were made public and submitted to the NAOL by 13/10/2020.

During the audit, SKATs relied on data managed by municipalities<sup>6</sup> about the real estate held by them by the right of ownership. SKATs <sup>7</sup> have established that these data are not accurate and not in all cases reliable, therefore, the risk persists in relation to the completeness and accuracy of the generalised data presented in this report.

The scope and methods of the summary of the results of audits are described in more detail in Annex 1, “Scope and Methods of the Summary Report on the Results of the SKATs Audits” (p. 74).

## Key Results of the Audit:

In the period between 2017 and the first half of 2019, 55 municipalities owned 46.1 thousand real estate objects (buildings, premises, and parts thereof) with an area of 12.1 million sq. m, residual value – EUR 2.2 billion. The results of audits of 48 (out of 55) SKATs revealed that municipal real estate is not always managed efficiently, in a targeted and complex manner, the maximum benefit to the public is not ensured.

### 1. In most of the municipalities, conditions are not ensured for more efficient management of RE

The guidelines on the promotion of good management of public assets provide that in order to manage assets efficiently, an asset management strategy must be developed, including objectives for assessing what optimal asset base is needed.<sup>8</sup> In 3 (out of 48) municipalities, the directions of management of real estate held by 9 of <sup>9</sup>them by the right of ownership are approved; however, the directions of management of 2 municipalities<sup>10</sup> do not cover all managers of municipal RE and all activities the implementation of which serve the public interest. The goals, objectives, and assessment criteria of RE management in 40 (out of 48) municipalities<sup>11</sup> are set out in strategic planning documents in a

<sup>5</sup> Druskininkai, Jurbarkas district, Kupiškis district, Molėtai district, Plungė district, Skuodas district. The audit reports of Šalčininkai district municipalities were not publicly published or submitted to the NAOL by 13/10/2020, therefore their data have not been included.

<sup>6</sup> Akmenė district, Biržai district, Elektrėnai, Kalvarija, Kėdainiai district, Klaipėda city, Klaipėda district, Lazdijai district, Panevėžys city, Panevėžys district, Radviliškis district, Rokiškis district, Ukmergė district, Vilnius city, Zarasai district.

<sup>7</sup> Akmenė district, Biržai district, Kalvarija, Kėdainiai district, Klaipėda city, Klaipėda district, Lazdijai district, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Rietavas, Rokiškis district, Šiauliai city, Telšiai district, Trakai district, Vilnius city.

<sup>8</sup> INTOSAI GOV 9160 Standard, The Guideline of Enhancing Good Governance for Public Assets, 2016. Internet access: [https://proxyspare.crushus.com/www.issai.org/en\\_us/site-issai/issai-framework/intosai-gov.htm](https://proxyspare.crushus.com/www.issai.org/en_us/site-issai/issai-framework/intosai-gov.htm).

<sup>9</sup> Klaipėda city, Vilnius city, Vilnius district

<sup>10</sup> Vilnius city, Vilnius district

<sup>11</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kazlų Rūda, Kelmė district, Klaipėda district, Kretinga district, Marijampolė, Mažeikiai district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Utena district, Varėna district, Vilkaviškis district, Visaginas, Zarasai district.

fragmented manner. Therefore, these municipalities did not ensure the conditions for more efficient management of the RE held by municipalities by the right of ownership (Sub-section 1.1, p. 15).

In order to ensure that RE management would bring the maximum benefit to the public, municipalities must involve the public in the planning processes of real estate management, inform about the planned directions of real estate management and the decisions taken. It is not specified what information related to real estate is to be published, therefore, the right of the community to receive information about the management of municipal RE and to actively participate in decision-making is not guaranteed. 98% of municipalities<sup>12</sup> (42 out of 43, which were reported by SKATs<sup>13</sup>) reported various information on real estate held by them, while 60% of consultations with the community<sup>14</sup> were considered incomplete (Sub-sections 1.2 and 1.3, pp. 22–23).

---

<sup>12</sup> Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kelmė district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Švenčionys district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

<sup>13</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kelmė district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Švenčionys district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

<sup>14</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Elektrėnai, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Klaipėda city, Klaipėda district, Marijampolė, Panevėžys city, Panevėžys district, Prienai district, Radviliškis district, Šiauliai city, Šilutė district, Trakų district, Ukmergė district, Utena district, Varėna district, Vilnius district, Visaginas, Zarasai district.

## 2. In almost half of municipalities real estate has been transferred for management in trust in violation of the requirements of legal acts

The rights and duties of the owner of municipal real estate are exercised by municipal councils<sup>15</sup>, and municipal institutions, enterprises, agencies and organisations manage these assets by the right of trust. The assessment of 19 municipalities<sup>16</sup> (out of 47 in which RE was managed by the right of trust) showed that the transfer of real estate for management by the right of trust did not comply with the provisions of the law: municipal councils had not made decisions on the transfer of real estate management by the right of trust or decisions had been made, however, the delivery and acceptance acts of real estate have not been signed, real estate was not transferred for management by the right of trust, although it had to be transferred under loan-for-use basis. Municipal councils implementing the functions of the owner of the real estate held by municipalities by the right of ownership must ensure that the decisions taken by them concerning the management of real estate comply with the requirements established by law (Sub-section 2.1, p. 26).

## 3. Control of the conclusion and execution of loan-for-use and lease agreements is not always ensured

In 10 (out of 48) municipalities<sup>17</sup>, there were cases where loan-for-use agreements were concluded with entities that cannot be the beneficiaries of loan-for-use (2.4 thousand sq. m out of 1.2 million sq. m), in 26 municipalities<sup>18</sup> the loan-for-use term for 185.2 thousand sq. m (out of 1.2 million sq. m) indicated in loan-for-use agreements is longer than established by legal acts, the purpose of the transferred RE is not specified and/or not all obligations of the beneficiary of loan-for-use are specified. In 39 (out of 48) municipalities<sup>19</sup>, the execution of loan-for-use agreements was not sufficiently controlled, therefore, the beneficiaries of loan-for-use used the real estate, although the loan-for-use agreements were terminated and 25% of RE (96,3 thousand sq. m. from 1.2 million sq. m) was not insured by beneficiaries of loan-for-use in 38 (out of 48) municipalities<sup>20</sup> (Sub-section 2.2. p. 28).

<sup>15</sup>Law on the Management, Use and Disposal of State and Municipal Assets, Article 8(2), Article (12) (amended version, valid from 01/10/2014 till 30/09/2019)

<sup>16</sup> Birštonas, Joniškis district, Kaunas city, Kėdainiai district, Klaipėda district, Mažeikiai district, Panevėžys city, Panevėžys district, Pasvalys district, Plungė district, Raseiniai district, Rietavas, Skuodas district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Varėna district, Zarasai district.

<sup>17</sup> Akmenė district, Biržai district, Jonava district, Kaunas city, Kazlų Rūda, Kelmė district, Prienai district, Raseiniai district, Šiauliai district, Utena district.

<sup>18</sup> Akmenė district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda city, Kretinga district, Lazdijai district, Mažeikiai district, Panevėžys district, Pasvalys district, Prienai district, Raseiniai district, Rokiškis district, Šiauliai city, Šiauliai district, Tauragė district, Telšiai district, Trakų district, Utena district, Vilnius city, Vilnius district.

<sup>19</sup> Akmenė district, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas district, Kelmė district, Kėdainiai district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Varėna district, Vilnius city, Visaginas, Zarasai district.

<sup>20</sup> Akmenė district, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas district, Kelmė district, Kėdainiai district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys district,

22 (out of 48) municipalities<sup>21</sup> in their lease agreements do not specify or set the term of lease longer than stipulated in legal acts, lease price is not indicated, or the lease actually paid by the lessees did not correspond to those specified in the agreement. Shortcomings were also identified in the control of the implementation of lease agreements, therefore in 4 (out of 48) municipalities<sup>22</sup> lessees used the municipal real estate outside the scope specified in the lease agreement, and in 17 out of 48 municipalities<sup>23</sup> lessees owed EUR 900.8 thousand.

26% (91,3 thousand sq. m. out of 0.3 million sq. m) of the leased municipal non-residential RE was leased under preferential conditions, of which 80.3 thousand sq. m. were leased at lower than market prices. According to the assessment of SKATs, municipalities<sup>24</sup> do not carry out calculations of the amount of income received from real estate leased on preferential terms at market prices, and without alternative assessments of the use of the leased real estate, municipal budgets lose part of possible rental income (Sub-section 2.3, p. 32).

#### 4. Management of municipal housing does not address housing problem

58% (25,4 thousand out of 43,3 thousand RE objects) of total real estate managed by 48 municipalities by the right of ownership consists of residential buildings and premises the purpose of which is socially significant – to increase the possibilities to provide housing for families and persons living in the municipality. 15 (out of 48) municipalities<sup>25</sup> housing regulation has shortcomings, the lists of 17 out of 48 municipalities<sup>26</sup> housing and social housing funds do not correspond to the actual housing situation in municipalities; therefore, municipalities do not have accurate and reliable information on the municipal and social housing, their condition and possibilities to provide such housing to persons or families waiting for it. Shortcomings identified in 11 (out of 48) municipalities<sup>27</sup> are related to the conclusion of housing lease agreements, shortcomings identified in 11 (out of 48) municipalities<sup>28</sup> are related to the determination of the amount

---

Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Varėna district, Vilnius city, Visaginas, Zarasai district.

<sup>21</sup> Akmenė district, Anykščiai district, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kėdainiai district, Lazdijai district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rokiškis district, Šiauliai city, Tauragė district, Utena district, Vilkaviškis district, Vilnius city, Visaginas, Zarasai district.

<sup>22</sup> Anykščiai district, Kaunas city, Pakruojis district, Rokiškis district.

<sup>23</sup> Alytus city, Elektrėnai, Joniškis district, Kaunas district, Kelmė district, Klaipėda district, Kretinga district, Lazdijai district, Pakruojis district, Prienai district, Rokiškis district, Šiauliai city, Telšiai district, Ukmergė district, Vilkaviškis district, Vilnius city, Zarasai district.

<sup>24</sup> Elektrėnai, Kaunas city, Mažeikiai district, Prienai district, Rietavas, Šiauliai city

<sup>25</sup> Akmenė district, Biržai district, Elektrėnai, Kalvarija, Kazlų Rūda, Kelmė district, Klaipėda city, Lazdijai district, Mažeikiai district, Pakruojis district, Pasvalys district, Prienai district, Rietavas, Šiauliai city and Telšiai district.

<sup>26</sup> Akmenė district, Anykščiai district, Biržai district, Kalvarija, Kaunas district, Kretinga district, Lazdijai district, Mažeikiai district, Pakruojis district, Pasvalys district, Prienai district, Šiauliai city, Šiauliai district, Tauragė district, Trakai district, Telšiai district, Vilkaviškis district

<sup>27</sup> Birštonas, Biržai district, Kaunas city, Kazlų Rūda, Klaipėda district, Mažeikiai district, Panevėžys city, Prienuj district, Rokiškis district, Ukmergė district, Vilnius city.

<sup>28</sup> Anykščiai district, Birštonas, Joniškis district, Kaunas city, Klaipėda city, Panevėžys city, Radviliškis district, Šiauliai city, Telšiai district, Utena district, Zarasai district.

of the rent, and 25 (out of 48) municipalities<sup>29</sup> did not ensure effective control of the execution of contractual lease obligations. Municipalities do not ensure the conclusion of housing lease agreements in compliance with the provisions of legal acts and effective control of the use of housing and the fulfilment of contractual lease obligations, therefore, there is a risk that municipal and social housing will be misused and socially vulnerable persons and families will not be provided with housing.

Municipalities are attributed to institutions providing support for acquiring or renting housing. The function assigned to municipal councils by the Law<sup>30</sup> is to prepare and implement social housing development programmes in municipalities. All the 24 municipalities assessed had approved programmes for the development of social housing, or the development of social housing had been embedded in other municipal strategic planning documents. However, according to the SKATs, in 6 out of 26 municipalities<sup>31</sup> the development of social housing is not sufficient and does not address housing issues: municipalities do not provide sufficient funds for the purchase of social housing and the queue of people waiting for housing is shortening slightly (Sub-section 2.4, p. 39).

## 5. More than half of municipalities have not taken decisions on 64% of unused real estate

646 thousand sq. m (out of 6.2 million sq. m) of real estate was not used in 46 (out of 48) municipalities<sup>32</sup>. 30 out of 46 municipalities<sup>33</sup> have not taken a decision to declare it unnecessary or not fit (not possible) for use regarding 416 thousand sq. m. of real estate not used. 18 (out of 46) municipalities<sup>34</sup> decided to write off and liquidate 55 thousand sq. m of RE, which the municipalities recognised as unnecessary or not fit (not possible) for use; however, in 12 (out of 18) municipalities<sup>35</sup> decisions were not implemented. If municipalities do not take decisions on the costs incurred due to the unused real estate, no income is received from the realisation of the real estate, such real estate is deteriorating, and this does not ensure serving public interests (Sub-section 2.5, p. 49).

<sup>29</sup> Akmenė district, Alytus district, Anykščiai district, Birštonas, Elektrėnai, Jonava district, Joniškis district, Kaunas district, Kazlų Rūda, Kelmė district, Klaipėda district, Kretinga district, Mažeikiai district, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šiauliai district, Širvintos district, Telšiai district, Trakai district and Ukmergė district.

<sup>30</sup> Law on State Support for the Rent or Lease-Purchase of Housing, Article 4(5)(2) (amended version, valid from 25/01/2017 till 31/08/2019)

<sup>31</sup> Birštonas, Panevėžys district, Pasvalys district, Tauragė district, Telšiai district, Vilnius city.

<sup>32</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda district, Kretinga district, Lazdijai district, Mažeikiai district, Pakruojis district, Panevėžys district, Panevėžys district, Pasvalys district, Prienų district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

<sup>33</sup> Akmenė district, Alytus city, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Joniškis district, Kaišiadorys district, Kalvarija, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda city, Kretinga district, Lazdijai district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rokiškis district, Šiauliai city, Švenčionys district, Tauragė district, Telšiai district, Utena district, Vilnius city, Vilnius district, Zarasai district.

<sup>34</sup> Akmenė district, Alytus district, Biržai district, Elektrėnai, Joniškis district, Kalvarija, Kaunas city, Klaipėda city, Lazdijai district, Pakruojis district, Pasvalys district, Prienai district, Raseiniai district, Šiauliai city, Švenčionys district, Varėna district, Vilkaviškis district.

<sup>35</sup> Alytus district, Biržai district, Kalvarija, Kaunas district, Kretinga district, Lazdijai district, Pasvalys district, Raseiniai district, Šiauliai city, Šiauliai district, Švenčionys district, Vilkaviškis district.

## 6. In all municipalities, there are cases where state-owned land used for the operation of RE has not been formed and loan-for-use agreements have not been concluded

During the audited period, 48 municipalities had 33% of real estate objects (3 thousand out of 9.2 thousand) for which state-owned land parcels were not formed, and 16% of RE objects (1.4 thousand out of 9.2 thousand) for which the state-owned land parcels were formed in 47 municipalities<sup>36</sup>, however, the state-owned land loan-for-use agreements were not concluded. Special land use conditions are not applied to the unformed land parcels, the users do not know what activity on the land parcel is possible or what restrictions apply, therefore, there is a risk of illegal use of state-owned land. If the state-owned land-for-use agreements are not concluded and not registered in the Real Property Register, accurate and detailed information on the state-owned land managed on the loan-for-use basis is not available (Sub-section 2.6, p. 54).

## 7. Part of municipalities delay adoption of decisions regarding the owner of RE

During the audited period, 42 out of 48 municipalities had 1,614 ownerless real estate objects. The duty attributed to municipalities is to collect information about the property located in the territory of the municipality which does not have the owner or whose owner is unknown and to initiate the process of recognition of such property as ownerless property. Assessments of SKATs<sup>37</sup> show that 20% of real estate objects (313 out of 1,532) that do not have the owner (or whose owner is unknown) were recognised as ownerless and transferred for the ownership of 13 (out of 35) municipalities<sup>38</sup>. For 13% of ownerless RE objects (202 out of 1 532), the process of recognising RE as ownerless in 6 (out of 35) municipalities<sup>39</sup> has not been initiated, and procedures of recognising 67% of RE having no owner as ownerless have been initiated but not completed. The ownerless real estate is deteriorating, polluting the environment and posing a danger to residents, while municipalities do not take action on recognising RE as ownerless, the possibility of using RE to perform its functions, lease or receive additional income when selling it is lost (Sub-section 2.7, p. 58).

## 8. Municipalities do not have accurate information on the real estate held

Reports on the management, use, and disposal of real estate are prepared on the basis of the data of real estate accounts, inventories, and the Real Property Register; therefore, the accuracy and completeness of these data are of utmost importance. The results of the assessments of SKATs that municipalities do not have accurate information to adopt management decisions as

<sup>36</sup> In all audited municipalities, except Kaišiadorys district.

<sup>37</sup> Akmenė district, Alytus district, Anykščiai district, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kalvarija, Kaunas district, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda city, Kretinga district, Lazdijai district, Pakruojis district, Panevėžys city, Panevėžys district, Pasvalys district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Širvintos district, Tauragė district, Telšiai district, Utena district, Varėna district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

<sup>38</sup> Akmenė district, Elektrėnai, Kaunas district, Kelmė district, Kretinga district, Lazdijai district, Radviliškis district, Rokiškis district, Šiauliai district, Zarasai district.

<sup>39</sup> Akmenė district, Jonava district, Kazlų Rūda, Klaipėda city, Kretinga district, Raseiniai district.



- 16 municipalities<sup>40</sup> did not include into accounts 262 real estate objects registered in the Real Property Register, held by the right of ownership or recognised by court decisions, and 4 municipalities<sup>41</sup> accounted the real estate that according to the Real Property Register data was held by municipalities without having the right of ownership (Sub-section 3.1, p. 63).
- 25 (out of 43 whose inventory data is reported<sup>42</sup>) municipalities<sup>43</sup> did not carry out an inventory of all the RE held by them by the right of ownership; in the 16 (out of 43) municipalities<sup>44</sup>, real estate inventory was carried out in violation of the inventory rules<sup>45</sup>, as the inventory was not carried out according to the inventory descriptions submitted by lessees and providers of loan-for-use. The inventory descriptions are not based on each real estate object, they do not include any notes regarding real estate depreciation, etc. (Sub-section 3.1, p. 63).
- The right of ownership of 23 municipalities<sup>46</sup> to 201 real estate objects is not registered in the Real Property Register; 5 municipalities<sup>47</sup> did not specify the data on the right of ownership to 46 real estate objects: The Real Property Register indicates that the ownership right to this real estate is held by the municipal council and not by the municipality. The data of the Real Property Register of 45 municipalities<sup>48</sup> on their real rights (in rem) are not registered, and legal facts have not been updated; the data of the Real Property Register

<sup>40</sup> Akmenė district, Birštonas, Biržai district, Kaunas city, Kaunas district. Kėdainiai district, Lazdijai district, Panevėžys city, Pakruojis district, Pasvalys district, Prienai district, Rokiškis district, Šiauliai district, Telšiai district. Trakai district, Vilnius city.

<sup>41</sup> Akmenė district, Panevėžys district, Pasvalys district, Vilkaviškis district.

<sup>42</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district, Kelmė district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys city, Panevėžys district, Prienai district, Radviliškis district, Raseiniai district, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Tauragė district, Telšiai district, Trakai district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district, Visaginas, Zarasai district.

<sup>43</sup> Akmenė district, Birštonas, Biržai district, Elektrėnai, Joniškis district, Kalvarija, Kaunas city, Kaunas district, Kelmė district, Klaipėda city, Kretinga district, Lazdijai district, Pakruojis district, Panevėžys city, Panevėžys district, Prienai district, Radviliškis district, Raseiniai district, Rokiškis district. Tauragė district, Trakai district, Utena district, Varėna district, Vilnius city, Visaginas.

<sup>44</sup> Akmenė district, Anykščiai district, Biržai district, Jonava district, Kaunas city, Kaunas district, Klaipėda district, Mažeikiai district, Raseiniai district, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Širvintos district, Telšiai district

<sup>45</sup> Inventory Rules approved by the Government Resolution No. 719 of 30/06/1999 (version valid from 20/12/2017 till 31/05/2018).

<sup>46</sup> Akmenė district, Anykščiai district, Birštonas, Biržai district, Jonava district, Joniškis district, Kalvarija, Lazdijai district, Mažeikiai district, Pakruojis district, Panevėžys district, Pasvalys district, Radviliškis district, Raseiniai district, Rokiškis district, Šiauliai city, Šiauliai district. Švenčionys district, Tauragė district, Ukmergė district, Vilkaviškis district, Vilnius district, Zarasai district.

<sup>47</sup> Biržai district, Jonava district, Kalvarija, Klaipėda district, Pasvalys district.

<sup>48</sup> Akmenė district, Alytus city, Alytus district, Anykščiai district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas city, Kaunas district. Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda district, Kretinga district, Lazdijai district, Marijampolė, Mažeikiai district, Pakruojis district, Panevėžys district, Panevėžys district, Pasvalys district, Prienų district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Širvintos district, Švenčionys district, Tauragė district, Telšiai district, Trakai district, Ukmergė district, Utena district, Varėna district, Vilkaviškis district, Vilnius city, Visaginas, Zarasai district.

of 15 municipalities<sup>49</sup> are inaccurate, as the RE objects demolished (liquidated) have not been registered (Sub-section 3.2, p. 68).

Not all 47 assessed municipalities have legal preconditions for drawing up a report on the use and disposal of real estate management: 7 municipal councils<sup>50</sup> have not approved the procedure for drawing up a report on the management, use, and disposal of the RE held by a municipality by the right of ownership, therefore, 6 (out of 7) municipalities<sup>51</sup> had been drawing up such reports neither in 2017 nor in 2018. These reports were also not prepared by 2 (out of 38) municipalities<sup>52</sup> whose councils have approved the procedure for drawing up the report. In all 38 municipalities<sup>53</sup> where these reports have been drawn up, decisions on real estate management are not adopted on the basis of the data of the report, as these reports are drawn up on the basis of financial statements or form part of financial statements, they do not contain data on the change, structure, and volume of the real estate, the area of objects, distribution by the intended use. This does not create preconditions for the timely adoption of RE management decisions based on objective data and ensuring efficient management of this real estate (Sub-section 3.3, p. 70).

---

<sup>49</sup> Anykščiai district, Elektrėnai, Jonava district, Joniškis district, Kėdainiai district, Lazdijai district, Pakruojis district, Prienai district, Raseiniai district, Rokiškis district, Švenčionys district, Tauragė district, Vilkaviškis district, Vilnius city, Vilnius district.

<sup>50</sup> Anykščiai district, Kaunas city, Kaunas district, Pakruojis district, Telšiai district, Utena district, Zarasai district.

<sup>51</sup> Anykščiai district, Kaunas city, Pakruojis district, Telšiai district, Utena district, Zarasai district.

<sup>52</sup> Mažeikiai district, Visaginas.

<sup>53</sup> Akmenė district, Alytus city, Alytus district, Birštonas, Biržai district, Elektrėnai, Jonava district, Joniškis district, Kaišiadorys district, Kalvarija, Kaunas district, Kazlų Rūda, Kelmė district, Kėdainiai district, Klaipėda city, Klaipėda district, Kretinga district, Lazdijai district, Panevėžys city, Panevėžys district, Pasvalys district, Prienai district, Radviliškis district, Raseiniai district, Rietavas, Rokiškis district, Šakiai district, Šiauliai city, Šiauliai district, Šilutė district, Švenčionys district, Tauragė district, Trakai district, Ukmergė district, Varėna district, Vilkaviškis district, Vilnius city, Vilnius district.