



Compliance Assessment of the Latvian Maritime Academy

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Audit report

Compliance Assessment of the Latvian Maritime Academy

8 March 2021

Compliance audit “Does the operation of the Latvian Maritime Academy comply with the requirements of laws and regulations and is the implementation of its mandate ensured?”

The audit was performed based on audit schedule No 2.4.1-29/2020 of the First Audit Department of the State Audit Office of 1 July 2020.

The cover design includes an image from the website *Depositphotos*.

Dear Reader,

The State Audit Office continues to conduct audits in higher and vocational education and training and continues to provide recommendations for improvement.

In 2017, during the audit on the financing of higher education, we called for setting ambitious goals in policy planning, improving the system for funding higher education, and developing the policy of renewal and succession of academic staff dynamically. In the audits of vocational education, we recommended promoting its attractiveness, efficiency and improving the internal control system in educational institutions.

It has been almost four years since we provided recommendations on higher education policy planning, implementation monitoring and funding arrangements, but the Ministry of Education and Science has only partially succeeded in implementing the recommendations.

The report prepared by the auditors on the activities of the Latvian Maritime Academy and its Maritime School continues to shed light on the problems of both higher and vocational education and calls on the relevant institutions not to postpone the solution of the problems once again.

The Latvian Maritime Academy must ensure the compliance of its educational process with laws and regulations and make significant improvements in the internal control system. The responsible ministries, the Ministry of Education and Science and the Ministry of Transport, and the management of the Latvian



Maritime Academy must find the best solution and resources for the dynamic development of this field of education.

During the audit, we have also provided suggestions for improvements in the process of implementing education policy. We have proposed to abandon activities that have already lost their significance and become redundant. We called on the Ministry of Education and Science to improve the situation following the audit findings in relation to the supervision of the activities of educational institutions by forging a common understanding of the education quality management and reassessing the tasks of the responsible institutions, as it can have a significant impact on the learners' career and reputation of the education system.

Specialists trained by our maritime education institutions are always in demand for work in the industry, both at sea and onshore. No doubt is admissible about the compliance and high quality of maritime education in Latvia.

We thank the responsible employees of the Latvian Maritime Academy, the Ministry of Education and Science, the State Education Quality Service, the National Centre for Education, the Ministry of Transport, representatives of the Academic Information Centre, the Seamen's Register of state-owned Latvian Maritime Administration Ltd, Liepāja Maritime College, Liepāja Special Economic Zone, and a certified auditor for cooperation.

Respectfully
Ms Inese Kalvāne
Department Director

Summary

Maritime education has deep roots in Latvia. The first Latvian maritime school in Ainaži was founded as far back as 1864, and maritime education still forms part of the Latvian education system according to the policy planning. Therefore, the responsible institutions must take care of and promote the development and quality of this field of education by complying with the legal framework established in the country.

The basic task of maritime education is to provide young specialists with the necessary skills and competencies to become professional seafarers and specialists demanded by employers. However, the audit findings show that the Latvian Maritime Academy has not fulfilled its responsibilities properly during the audited period, which may affect the quality of education provided and/or the appropriate use of state budget funding. The activities of the Ministry of Education and Science, the State Education Quality Service, and the National Centre for Education in the introduction of the education implementation control and monitoring system have not been sufficient to prevent the discrepancies and shortcomings identified in the audit.

To eliminate the discrepancies identified during the audit, the State Audit Office provided recommendations to the Latvian Maritime Academy to eliminate discrepancies and improve its internal control system, and to the Ministry of Education and Science to improve the education policy implementation process in the audit report, thus reducing the risk that the students of the Latvian Maritime Academy would not obtain a high-quality education and facilitating the use of state budget funding under the laws.

Main conclusions

In Latvia, five educational institutions offer higher education and secondary vocational curricula in the seafaring sector. However, the Latvian Maritime Academy (hereinafter – the Academy) is the only one whose offer of curricula includes both bachelor's and master's, and now also doctoral study programs in maritime activities. The Academy has a subordinate Latvian Maritime School, where one can acquire secondary vocational curricula in the seafaring sector.

The Academy has one of the top employment rates of graduates by reaching 88%¹ in 2018, which seems to indicate the effective operation of LMA. However, the audit findings regarding the educational institution's late accreditation, inconsistencies in the education of the teaching staff, and improvement of competence indicate shortcomings in the operation of the LMA, which might endanger the quality of the education provided by the educational institution in the future. In their turn, the identified discrepancies in the development of work organisation, salaries, teaching staff tariffs, and the implementation of the curricula raise concerns about the appropriate use of state budget funding.

The Academy has also allowed deficiencies in its internal control system by not determining a clear division of responsibilities between the management of the Academy and the LMA Maritime School, not elaborating and establishing procedures for entering information in the National Education

Information System and information system “e-class”, calculation of tuition fees and apartment rent, and not ensuring sufficient control measures regarding the fulfilment of the duties of the responsible employees. Thus, non-compliances in its activities have not been eliminated in time.

The audit also identified irregularities and shortcomings in the operation of the State Education Quality Service (hereinafter referred to as the Service). Although the Service has an extensive area of responsibility and rights stipulated to ensure control over the compliance with the law and regulations in the activities of secondary education institutions, the Service’s actions have not been sufficient to prevent non-compliance with the laws and regulations in the work of the LMA Maritime School as soon as possible. Besides, the Service has granted the status of the scientific institute to the Academy unreasonably.

The above shows that the activities of the Ministry of Education and Science (hereinafter referred to as the Ministry), which is responsible for the implementation of education policy, in implementing the education implementation control and introduction of monitoring system have not been sufficient to prevent irregularities and deficiencies detected during the audit.

The accreditation of the LMA Maritime School

The accreditation in the field of education stipulated in the country must serve as a guarantor of the quality of education by certifying the compliance of education with the requirements and standards set in the country. For a learner to acquire a curriculum, obtain a state-recognised educational document, both the curriculum and the educational institution must be accredited at the time of graduation.

Although two of the four curricula were accredited, the LMA Maritime School has worked for almost a year (from 27 May 2019 to 13 April 2020) without a valid accreditation of the educational institution both by organising centralised vocational qualification examinations and thus not complying with the requirements of the law² and issuing graduation documents to 30 learners (the opinion of the Ministry and the Service on the accreditation of the LMA Maritime School is provided in Section 1.1 of the audit report).



A non-accredited educational institution organises final exams and issues 30 diplomas.

The State Audit Office presumes that the situation occurred because of:

- ✓ The principal of the LMA Maritime School (in the employment relationship with the Academy until 15 May 2020) did not submit an accreditation application coordinated by the Academy to the Service for a year, thus violating the requirements of the law³, and he did not comply with the statutory requirements⁴ on the assessment of the principal;
- ✓ The lack of control of the LMA Rector regarding the compliance with the laws in the operation of the LMA Maritime School, which is subordinated to it under the LMA

Constitution⁵ and insufficient supervision over the performance of the duties of the principal of the LMA Maritime School.

In its turn, the Service was obliged and able to act for preventing non-compliance with the statutory requirements in the operation of the LMA Maritime School promptly and ensuring the legality of its activities, as the institution has a wide mandate by law, including control over compliance with the Law on Vocational Education and Training and other laws and regulations for safeguarding high-quality and legitimate education.

The responsible institutions such as the Ministry and the Service have indicated unanimously that the lack of accreditation cannot impact the students of the LMA Maritime School by referring to the students' legitimate expectations. An individual cannot be subjected to unfavourable consequences (cannot be denied the reception of a relevant educational document) due to an error made by a public administration institution. However, the State Audit Office considers that the above shows that the Ministry has not established an effective system for monitoring the activities of educational institutions, and it must find the most appropriate solution to prevent such a situation from recurring in the future.

Operation of educational institutions in violation of the accreditation procedure established by law or national educational standards is inadmissible so that when hiring professionals educated in our country, employers and other educational institutions can trust the educational documents issued and education system in Latvia in general when admitting students for further education levels,.

The education, qualification, and improvement of competence of the LMA teaching staff

The State Audit Office considers that the education acquired qualification and regular and appropriate further training of the teaching and academic staff involved in the implementation of educational programs performed in accordance with the statutory requirements⁶ is an essential element in ensuring and strengthening the quality of education.

Although the quality of curricula and vocational secondary education programs was not assessed during this audit, the auditors point out that the non-compliance of LMA activities with the laws and regulations may affect the quality of education provided by the LMA.

The audit has discovered that LMA has not taken sufficient actions to ensure that all teaching and academic staff of the Academy have education compliant with the statutory requirements⁷ and the necessary further training has been performed because:

- ✓ When checking the compliance of the education, qualification, and further training with the statutory requirements⁸ of 21 LMA Maritime School teachers included in the sample:
 - No assurance has been gained on the compliance of the education of nine teachers with the statutory requirements⁹, which determines the education and/or qualification requirements;



Further training of the LMA teaching staff is not ensured.

- Insufficient further training was found for six teachers;
- ✓ The auditors could not gain confidence in the adequacy of the competence development of the LMA academic staff because the LMA does not provide a clear and complete record of it.

Implementing the curricula of the LMA Maritime School

Licensing of vocational education curricula means that the responsible institutions have performed an evaluation of the curriculum by determining whether it complies with the requirements of laws and regulations, professional standards and professional qualifications established in the country¹⁰. Consequently, the State Audit Office finds that ensuring the compliance of the study process with the provisions of the licensed educational curriculum without allowing the slightest deviations is essential for an educational institution.

However, the audit does not provide assurance that the LMA safeguards compliance with the statutory requirements¹¹ stipulating the implementation of curricula under the content of the licensed curriculum. For example, the number of teaching hours implemented for some subjects does not comply with the curriculum of licensed educational programs and teachers' tariffs (the difference reached as much as 49% in the 2019/2020 academic year).

The above prevents one from gaining confidence that all teachers have performed their duties in full according to the rating and that the calculated and paid remuneration is justified.

The LMA Maritime School following the Transport Development Guidelines 2014–2020,¹² began implementing a new vocational secondary education program in 2018 by raising the professional qualification to be awarded as a result of mastering the curricula of the LMA Maritime School. However, the material resources, which the sectoral professionals recognised as essential for the appropriate acquisition of such curricula in 2017, have not been included in the curriculum and have not yet been purchased.

The State Audit Office considers that the Ministry, which is the institution responsible for the implementation of the activity 1.4.4.2 according to the Transport Development Guidelines 2014–2020¹³, that is, *to review the operational concept of secondary vocational maritime schools, to restructure the implementation of curricula following the requirements of the labour market*. However, the Ministry has not taken the necessary steps to provide such material resources for the implementation of curricula, as a result of which



The lessons provided in the curriculum are not delivered in full.



The LMA Maritime School has outdated material resources for the implementation of the curricula.

higher qualifications are awarded, that ensure the quality of the study process and meet the requirements of the labour market.

The audit findings inter alia inconsistencies in the number of lessons and non-provision of material resources for the licensed curricula may affect the quality of curricula delivered by the LMA Maritime School and their compliance with nationally approved subject standards and statutory requirements¹⁴ in the field of maritime education.

As the law¹⁵ obliges the Seafarers' Register of state-owned Latvian Maritime Administration Ltd to monitor the compliance of the implementation of curricula with the licensed and previously coordinated¹⁶ curricula in the Seafarers' Register. The State Audit Office will draw the attention of the Ministry of Transport to the discrepancies in maritime education identified in the audit and will call for the evaluation of the effectiveness of the implemented monitoring measures and compliance with the law¹⁷ to facilitate the appropriate implementation of LMA Maritime School's curricula.

Compliance of the Academy with the criteria of a scientific institution

Scientific research must be an integral part of the work of any higher education institution aiming to acquire scientific knowledge, scientific substantiation and further development of teaching and studies and to solve practical tasks with research methods¹⁸. In its turn, the granting of the status of a scientific institution testifies to the achievement of a certain level of development and capacity of the higher education institution in scientific activity - science, research, and innovation¹⁹.

For a higher education institution to be registered in the Register of Scientific Institutions, it must comply with the criteria specified in the Law on Scientific Activity.

The Service has the right to ascertain the compliance of an applicant with the criteria for the status of a scientific institution by requesting additional information or evidence if necessary²⁰ and to register scientific institutions in the Register of Scientific Institutions²¹.

The State Audit Office found in the audit that the Academy did not meet two of the four criteria for obtaining the status of a scientific institution as of 6 June 2019, namely:

- ✓ The higher education institution is accredited and has at least half of the elected academic staff with a doctoral degree;
- ✓ The higher education institution implements at least one accredited doctoral study program.

However, failing to meet the statutory requirements²², the Service adopted a decision²³ and registered the Academy in the Register of Scientific Institutions on 6 June 2019.

Acquisition of the status of a scientific institution entitles a higher education institution to participate in various calls for research and projects and apply for funding from the state budget and/or EU



Initially, the status of a scientific institution was granted to the Academy unreasonably. Later, the problem was eliminated, and the Academy meets the criteria and status of a scientific institution.

funds²⁴, as it confirms the ability of the higher educational institution to ensure the achievement of the goals for research development set in such calls.

Starting from 6 June 2019, the Academy, as a scientific institution, has submitted three projects and received funding of 567,456 euros, which has been allocated for the purpose of promoting the development of science. As the audit revealed that the Academy did not comply with the criteria for the status of a scientific institution, and the status of a scientific institution was granted to it unreasonably, there is a risk of effective use of funding for research projects because the Academy had not ensured the level of development and capacity in the field of science specified in the laws and regulations²⁵.

The State Audit Office considers that the Ministry has not ensured the observance of the statutory requirements²⁶ in the activities of the Service under its supervision and the appropriate fulfilment of the obligations set for it.

The Academy's work organisation system and remuneration

Everyone has the right to work, to fair, safe, and healthy working conditions, and to fair remuneration²⁷. Employers are obliged to comply with the laws and regulations stipulating employment relations²⁸. The State Audit Office finds that the LMA employees cannot rely on the compliance of the work organisation system and remuneration calculation implemented by the LMA management as their employer with the legal framework and the receipt of fair remuneration.

The LMA has not ensured compliance with the requirements of the laws and regulations²⁹ regulating employment relations and setting the procedure for determining teachers' remuneration, the amount of remuneration, and teachers' workload, as the audit revealed several discrepancies. For example, in 2019 and 2020, several teachers worked overtime for a long time by exceeding their permissible amount and not receiving the 100% overtime bonus specified in the law, personal income tax was calculated inadequately, as well as average earnings were calculated inadequately, etc.

In addition, the LMA might not have complied with the requirements specified in the law³⁰ regarding the prevention of conflicts of interest in the activities of public officials and has paid bonuses of 3,600 euros from the state budget unjustified. During the audit, the State Audit Office informed the Corruption Prevention and Combating Bureau about the fact.



The LMA employees work overtime, but do not receive bonuses

Key recommendations

Based on the audit findings and the conclusions of the State Audit Office, there are recommendations provided to the Latvian Maritime Academy:

- ✓ Ensure the implementation of curricula according to the study programs, incl. by purchasing the necessary material resources and ensuring the teaching staff with appropriate education, qualification, and further training;
- ✓ Streamline the work organisation and remuneration according to the statutory requirements³¹ and ensure recalculation and payment of remuneration to employees who have been assigned additional duties in accordance with LMA orders, resulting in overtime work but uncalculated overtime bonuses;
- ✓ Act to improve the LMA internal control system and eliminate the discrepancies and deficiencies identified during the audit.

Following the audit findings and conclusions of the State Audit Office, there are recommendations provided to the Ministry of Education and Science:

- ✓ Improve the process of implementation of education policy;
- ✓ Evaluate the wording of criteria in the law³² established for registration of a higher education institution in the register of scientific institutes and the MES to evaluate the accreditation of educational institutions specified in Section 27, Paragraph one of the Education Law as a separate procedure and the need for its cyclicity by amending laws if necessary;
- ✓ Assess the compliance of material resources and the necessity to purchase them for the implementation of the LMA Maritime School's curricula and act to ensure the purchase of the necessary material resources;
- ✓ Act to ensure the use of the state budget financing granted to the LMA in accordance with the statutory requirements³³.

References

- ¹ Employment rates among graduates of 2017 in 2018. Available at <https://www.csb.gov.lv/lv/statistika/statistikas-temas/socialie-procesi/nodarbinatiba/meklet-tema/2858-absolvenu-monitoringa-rezultati-2020>, viewed on 7 October 2020.
- ² Section 29.4 of the Vocational Education and Training Law.
- ³ Paragraph 3, Cabinet Regulation No 831 “Procedures for Accreditation of Educational Institutions, Examination Centres, Other Institutions Specified in the Education Law, General and Vocational Education Curricula, and Assessment of Professional Activity of Heads of Educational Institutions” of 20 December 2016 (valid until 8 October 2020).
- ⁴ Paragraph 42.2, 43, Cabinet Regulation No 831 “Procedures for Accreditation of Educational Institutions, Examination Centres, Other Institutions Specified in the Education Law, General and Vocational Education Curricula, and Assessment of Professional Activity of Heads of Educational Institutions” of 20 December 2016 (valid until 8 October 2020).
- ⁵ Section 43 of the LMA Constitution (approved by the Law on the Constitution of the Latvian Maritime Academy).
- ⁶ Section 28.1, 30.1, 30.3., 32.2, 36.1, 37.1, and 39 of the Law on Higher Education Institutions, Cabinet Regulation No 569 “Regulations on the Education and Professional Qualification of Teachers and the Procedure for Improving the Professional Competence of Teachers of 11 September 2018, Section 59, 60, and 61 of the LMA Constitution (approved by the Law on the Constitution of the Latvian Maritime Academy).
- ⁷ Section 28.1, 30.1, 30.3., 32.2, 36.1, 37.1, and 39 of the Law on Higher Education Institutions, Section 15, 16 of Cabinet Regulation No 569 “Regulations on the Education and Professional Qualification of Teachers and the Procedure for Improving the Professional Competence of Teachers of 11 September 2018, Section 59, 60, and 61 of the LMA Constitution (approved by the Law on the Constitution of the Latvian Maritime Academy).
- ⁸ Section 2, 4, 6-8, 15, and 17 of Cabinet Regulation No 569 “Regulations on the Education and Professional Qualification of Teachers and the Procedure for Improving the Professional Competence of Teachers of 11 September 2018.
- ⁹ Section 2, 4, 6-8, 15, and 17 of Cabinet Regulation No 569 “Regulations on the Education and Professional Qualification of Teachers and the Procedure for Improving the Professional Competence of Teachers of 11 September 2018.
- ¹⁰ Cabinet Regulation No 218 “Procedure for Licensing General and Vocational Education Curricula” of 28 May 2019.
- ¹¹ Section 30.2 of the Vocational Education Law, Subparagraph 8.4 of Cabinet Regulation No 710 “Regulations on Certification, Implementation, and Supervision of Seafarers’ Vocational Training Programs” of 15 December 2015.
- ¹² Transport Development Guidelines 2014-2020 (approved by Cabinet Order No 683 of 27 December 2013).
- ¹³ Transport Development Guidelines 2014-2020 (approved by Cabinet Order No 683 of 27 December 2013).
- ¹⁴ Paragraph 6 of Cabinet Regulation No 710 “Regulations on Certification, Implementation, and Supervision of Seafarers’ Vocational Training Programs” of 15 December 2015.
- ¹⁵ Sub-paragraph 9.6.6, Annex 4 of Cabinet Regulation No 710 “Regulations on Certification, Implementation, and Supervision of Seafarers’ Vocational Training Programs” of 15 December 2015.
- ¹⁶ Paragraph 15 of Cabinet Regulation No 710 “Regulations on Certification, Implementation, and Supervision of Seafarers’ Vocational Training Programs” of 15 December 2015.
- ¹⁷ Annex 4 of Cabinet Regulation No 710 “Regulations on Certification, Implementation, and Supervision of Seafarers’ Vocational Training Programs” of 15 December 2015.
- ¹⁸ Section 60.1 of the Law on Higher Education Institutions.
- ¹⁹ Section 1.1.4, 1.1.7, 28.3 of the Scientific Activity Law.
- ²⁰ Section 28, 29.2 of the Scientific Activity Law.
- ²¹ Sub-paragraph 3.2 of Cabinet Regulation No 225 “Regulations on the State Education Quality Service” of 23 April 2013.
- ²² Section 28.3 of the Scientific Activity Law.
- ²³ Decision No 2-29/9 of the State Education Quality Service of 6 June 2019.
- ²⁴ Sub-paragraph 2.7 of Cabinet Regulation No 725 “Procedures for Evaluation of Fundamental and Applied Research Projects and Administration of Funding” of 12 December 2017.
- ²⁵ Section 1.1.4, 1.1.7, 28.3 of the Scientific Activity Law.

²⁶ Section 29.2 of the Scientific Activity Law, Sub-paragraph 3.2 of Cabinet Regulation No 225 “Regulations on the State Education Quality Service” of 23 April 2013.

²⁷ Section 7.1 of the Labour Law.

²⁸ Section 2.1 of the Labour Law.

²⁹ Section 131.1, 136.3, 136.5, 137.1., 68.1, 75.1, 75.4, 75.7, 75.8 of the Labour Law, Section 11, 11¹, 12, 25, 26, 32, and 34 of Cabinet Regulation No 445 “Regulations on Teachers’ Remuneration” of 5 July 2016.

³⁰ Section 11.1 of the Law on Prevention of Conflict of Interest in the Activities of Public Officials.

³¹ Law on Prevention of Conflict of Interest in the Activities of Public Officials, Law on Remuneration of Officials and Employees of State and Municipal Institutions, Labour Law, Cabinet Regulation No 445 “Regulations on Teachers’ Remuneration” of 5 July 2016, Law on Personal Income Tax.

³² Section 28.3 of the Scientific Activity Law.

³³ Law on Prevention of Conflict of Interest in the Activities of Public Officials, Law on Remuneration of Officials and Employees of State and Municipal Institutions, Labour Law, Cabinet Regulation No 445 “Regulations on Teachers’ Remuneration” of 5 July 2016, Law on Personal Income Tax.