



Providing a distance learning process during an emergency

Interim report

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Providing a distance learning process during an emergency.

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Inspections carried out and an interim report drafted within the framework of the financial audit “On the accuracy of the 2020 annual report of the Ministry of Education and Science” (Audit schedule No 2.4.1-13/2020 of the First Audit Department of the State Audit Office of 18 May 2020) and following Sub-paragraph c), Paragraph 3, Section 3 of the State Audit Office Law.

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Why have we drafted this interim report?

Since International Standard on Auditing (ISA) 701, Communicating key audit matters in the independent auditor's report¹, has taken effect, the State Audit Office is required to assess the need to include key audit matters in the audit opinion on the financial statements.

For the purposes of those standards, key audit matters are matters that, in the auditor's professional judgment, are significant in the context of the audit of the financial statements of the reported period that one reports to the management of an audited entity and that have been the focus of the auditor's attention. There is no separate opinion on the key audit matters issued.

The information provided on key audit matters serves as additional information for potential users of the financial statements. It helps apprehend both matters that the auditor has identified as significant in the professional judgment and the audited entity and the areas where the management of the audited entity has made significant judgments while drafting the audited financial statements. This information may also serve as a basis for potential users to communicate further with the management of the audited entity about specific aspects of governance, audited financial statements, or audits performed.

The solidity and actual spending of the requests for additional funds allocated to address the consequences of COVID-19 are the key audit matter, which is crucial in all financial audits on the accuracy of the drafting of the annual consolidated financial statements for 2020 of the ministries and central governmental agencies.

In 2020, COVID-19 pandemic affected Latvia like the rest of the world. The Cabinet of Ministers adopted a decision² on declaring a state of emergency on 12 March 2020, and the state of emergency continued until 9 June 2020. The extraordinary circumstances caused by COVID-19 affected the daily lives of the government, the public, and everyone both during and after the emergency. The new conditions required the ability to react and adapt quickly, as well as caused deviating from the usual order. Under the new conditions, the institutions should have been able to coordinate their activities more intensely and to co-operate with each other by avoiding legal formalism and the departmentalism to ensure the functioning of the state and the protection of each individual in emergency conditions³.

Overcoming the COVID-19 pandemic and dealing with its consequences have required significant funds from the state budget. Since the declaration of the state of emergency, the Cabinet of Ministers has made decisions in connection with overcoming the crisis caused by COVID-19 and eliminating its consequences on the allocation and reallocation of state budget funds for the implementation of basic functions for 806,907,224 EUR in total by 30 June 2020 and has examined proposals for reallocation of funds for the implementation of projects and measures co-financed by European Union policy instruments and other foreign financial assistance for 496,000,000 euros⁴. The State Audit Office pays special attention to assessing the spending of state budget funds allocated for overcoming the COVID-19 pandemic, preventing, and mitigating its consequences.

The Cabinet of Ministers has allocated additional financial resources of 568,368 euros to the Ministry of Education and Science (hereinafter referred to as the Ministry) regarding the

overcoming, mitigating, and preventing the consequences of COVID-19 crisis between 12 March 2020 and 20 June 2020.

To provide information on the key audit matter raised in the financial audit “On the accuracy of the 2020 annual report of Ministry of Education and Science”, that is, the solidity and actual spending of the requests for additional funds allocated to address the consequences of COVID-19, the State Audit Office performed an audit and drafted this interim report on the actual spending of the funding of 568,368 euros allocated to the Ministry from the State Budget Program “Contingency Funds” for the following measures:

- 203,160 euros for the purchase of smart devices required for the distance learning process;
- 365,208 euros for the production and distribution of audio-visual content for distance learning on free-to-air television channels, and for the development of an Internet platform and digital solutions.

Summary

The Ministry of Education and Science has followed Cabinet Order of 14 March 2020⁵ on non-application of the provisions of the Public Procurement Law for the prevention of the COVID-19 crisis in order to ensure the purchase of goods and services necessary for the prevention of an emergency situation, with the procurement process being based on prompt action and immediate conclusion of contracts. When assessing the procurement process to ensure a distance learning process during an emergency, the auditors were able to follow the decision-making process.

The Ministry has ensured the purchase of the necessary goods and services to overcome the COVID-19 crisis and prevent its consequences, however, the audit did not provide sufficient assurance whether the Ministry’s actions with the state budget funds to ensure distance learning were economical and efficient in all cases due to the following:

} At least 295 smart devices worth 28,665 euros purchased by the Ministry were not handed over to learners, but remained at the disposal of individual local or regional governments;

} A payment of 475 euros was made for unreceived sign language interpretation for 13 lectures in the project “*Tava klase*” (Your class).

In order to ensure the distance learning process during the state-declared emergency situation and to purchase the goods and services necessary to ensure the learning process, the Ministry used state budget funds in the amount of 801,940 euros, including 568,368 euros from the

additional funding allocated to the Ministry from the State Budget Program “Contingency Funds”.

The Ministry spent the state budget funds of 436,732 euros for the purchase of smart devices with an Internet connection necessary for the learning process including 203,160 euros from the contingency funds.

The local and regional governments handed over most of the smart devices purchased by the Ministry and received as a donation to the learners for the provision of distance learning process. However, at least 295 smart devices worth 28,665 euros purchased by the Ministry were not handed over to the learners, but remained at the disposal of particular local and regional governments, as the Ministry had not verified whether a local or regional government needed them in the amount indicated in the initial survey organised by the Ministry. At the same time, some local and regional governments were not provided with the required amount of smart devices. Some local and regional governments handed over not only smart devices received from the Ministry, but also at least 2015 devices (computers, tablets) by handing them out from devices in educational institutions, and purchasing at least 139 new devices and receiving at least 144 devices as a donation.

Municipalities have acted differently without receiving information from the Ministry about the further action with the smart devices after the end of the emergency. The smart devices have been both returned to educational institutions, which will use them to ensure the further learning process, and left for use to the learners by keeping them in the accounting records of local and regional governments⁶.

For the production and distribution of audio-visual content for distance learning on free-to-air television channels and the development of an Internet platform and digital solutions, the Ministry received funding from the State Budget Program “Contingency Funds” in the amount of 365,208 euros. The audit found that the funds of 475 euros were paid for non-received sign language interpretation for 13 lectures within the framework of the purchased services in the project “*Tava klase*”.

The State Audit Office’s recommendation

The audit provides one recommendation, whose implementation will result in the recovery of the state budget funds of 475 euros, which have been paid for non-received sign language interpretation for 13 lectures within the project “*Tava klase*”.

References

- ¹ The International Organisation of Supreme Audit Institutions (INTOSAI) also uses International Standards on Auditing for the financial audits; hence the latter are binding on the State Audit Office, which conducts audits in accordance with international standards on public sector auditing.
- ² Cabinet Order No 103 “On Declaring a State of Emergency” of 12 March 2020 (valid until 9 June 2020).
- ³ Communication of the President of Latvia No 8 “Basic Principles of Activities of State Constitutional Bodies in an Emergency Situation” of 23 March 2020.
- ⁴ Informative report of the Ministry of Finance on reallocation of the financing from the EU Structural Funds and the Cohesion Fund and solutions for mitigating the consequences of COVID-19, reviewed by the Cabinet Meeting on 19 May 2020.
- ⁵ Cabinet Order No 105 dated 14 March 2020 amending the Cabinet Order No 103 “On Declaring a State of Emergency” of 12 March 2020 (valid until 9 June 2020).
- ⁶ Except Olaine Regional Government, which did not provide information on accounting of one smartphone, and Riebiņi Regional Government, which did not provide information on accounting of four tablets.