



on the Annual Consolidated Financial Statement of the Republic of Latvia for 2021 Regarding the Outturn of the State Budget and the Municipal Budgets



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Audit report

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“On the Annual Consolidated Financial Statement of the Republic of Latvia for 2021 regarding the Outturn of the State Budget and the Municipal Budgets”.

Financial audit “On the Annual Consolidated Financial Statement of the Republic of Latvia for 2021 regarding the Outturn of the State Budget and the Municipal Budgets”.

The audit was performed by Senior State Auditors Guna Krūmiņa (until 31.05.2022), Ludmila Orlova, Edgars Sprukts (from 01.02.2022), Jānis Jankovskis (from 01.02.2022 to 04.03.2022), State Auditors Natalja Circene, Vineta Gapija, Inga Žarikova, Vineta Dmitrijeva (until 27.04.2022), Ieva Putniņa, Darja Turigina, Žanete Glaudiņa, Tatjana Mētriņa, Natālija Doņeckā (from 23.05.2022), Anda Ziemeļe (from 09.06.2022), Vija Gurkovska (from 12.07.2022), Information System Auditors Jānis Silinieks, Mikus Jēkabsons, Gints Kairiņš (from 20.06.2022), Methodology Expert Agnese Jaunzeme (until 30.12.2021), Head of Sector Ingrīda Kalniņa-Junga, Acting Head of Sector Dzintra Tripane (until 17.07.2022), Irita Kornete-Līva (from 18.07.2022) and Department Director Ilze Bādere based on audit schedule No 2.4.1-26/2021 of the Audit and Methodology Department of the State Audit Office of 17 August 2021.

The Audit Report shall take effect when the decision of the Audit and Methodology Department of the State Audit Office on approval of the Audit Report is approved.

The cover design includes an image from the website <http://depositphotos.com>, *Tree growing from coins*, author *aeaydenphumi*, ID 50689663.

Summary

The purpose of an annual financial statement is to present an accurate and fair view of the performance and financial position of the State on December 31 of the reported year. The Ministry of Finance drafts an Annual Consolidated Financial Statement; it is available in the section “Reports and Estimates” of the website of the State Treasury www.kase.gov.lv and consolidates 73 reports in total¹:

- ❖ In annual consolidated financial statements of ministries, central state institutions and local and regional governments submitted to the State Treasury:
 - Annual consolidated financial statement includes annual report of an individual ministry institution and annual reports of the state budget institutions involved in the consolidation, public entities partially financed from the state budget and institutions not financed by the budget²;
 - Local and regional governments include an annual report of an individual institution, annual reports of budgetary institutions involved in the consolidation and joint institutions (in terms of the Law [on local and regional governments](#)) in an annual consolidated financial statement report. An annual report of joint institution shall be included in the consolidated statement of a local or regional government for which such obligation is stipulated in the regulations of joint institution³;
- ❖ A report of the State Revenue Service (hereinafter - SRS) submitted to the State Treasury on taxes, fees and other payments attributable to the state budget administered by the institution; The report prepared by the State Treasury on the financial accounting of the state budget.

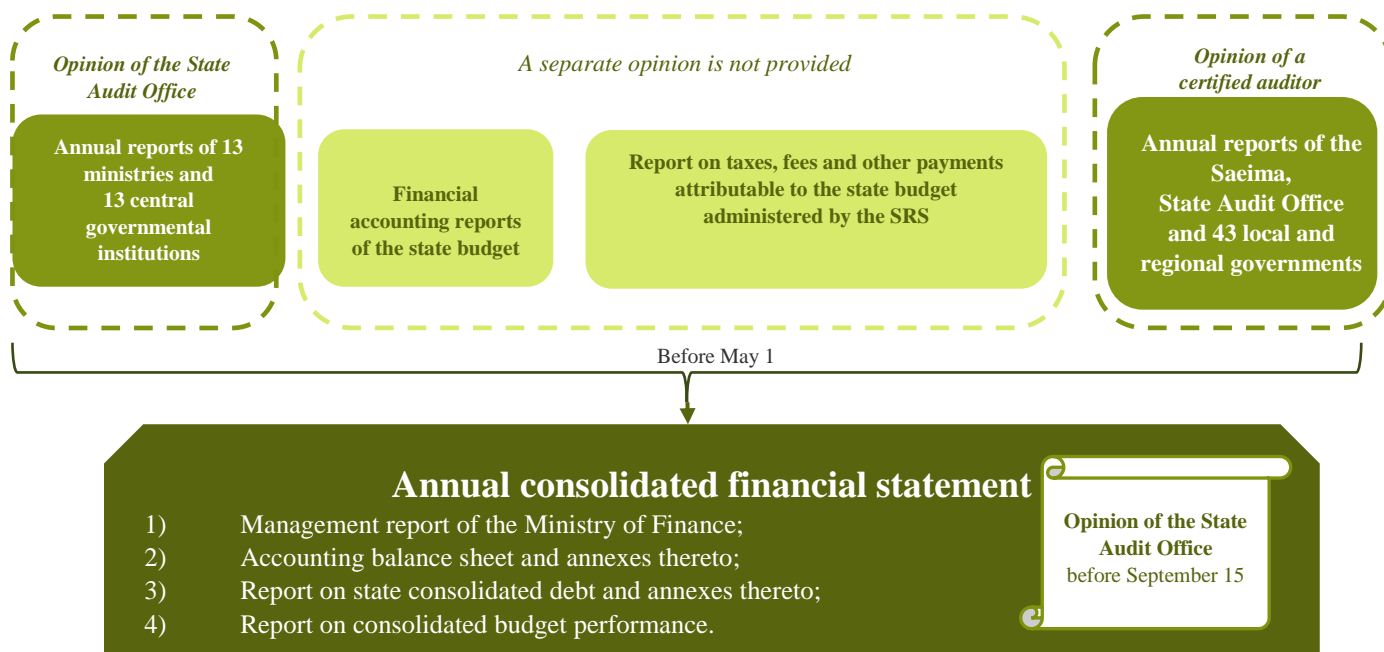


Figure 1. Scheme for drafting and verification of the annual consolidated financial statement (consolidated reports).

ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENT FOR 2021

The annual consolidated financial statement of the Republic of Latvia for 2021 regarding the outturn of state budget and municipal budgets (hereinafter - the 2021 ACFS) shows in figures that the balance sheet total, revenues, expenditure and government debt are increasing (thousands of euros) (see Figure 2: balance sheet, consolidated state debt):

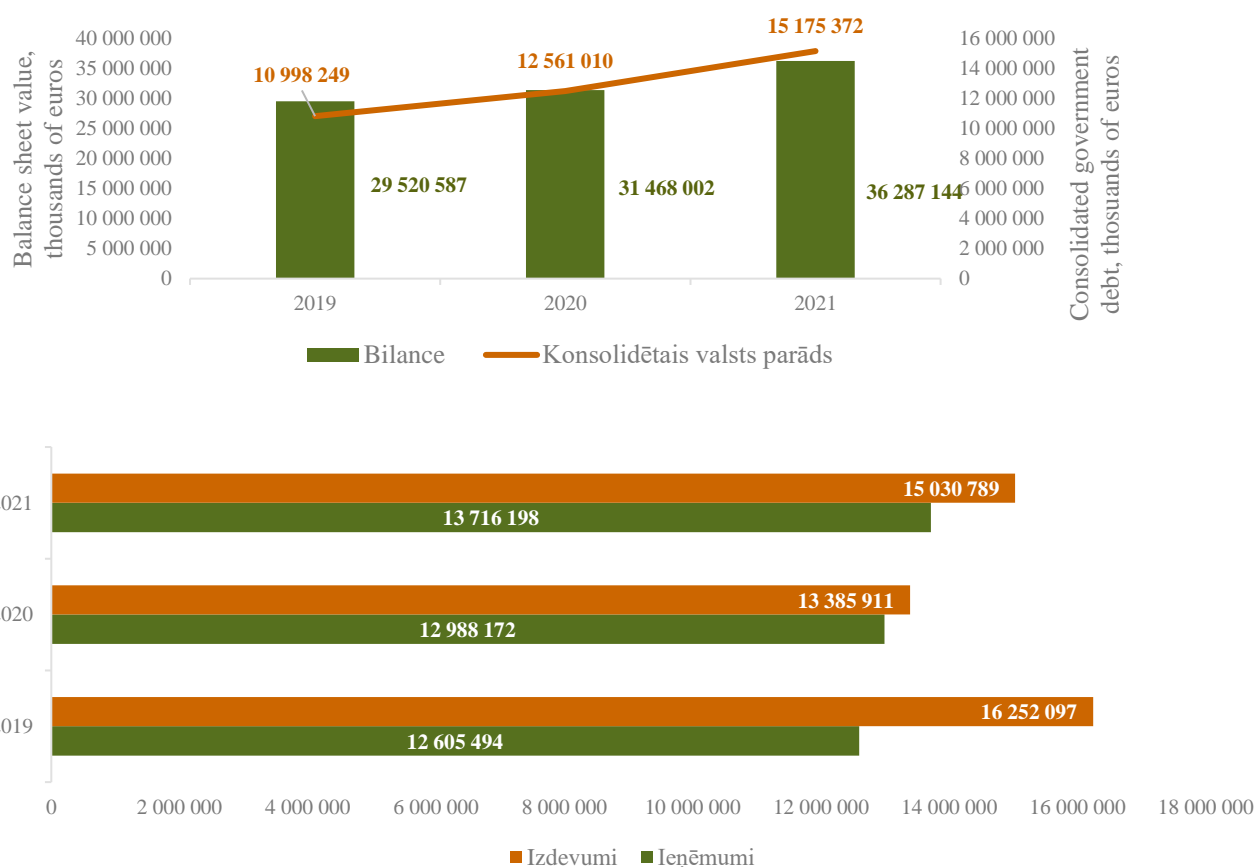


Figure 2. Balance sheet total, revenues, expenditure and consolidated public debt of the ACFS (thousands of euros) 2019, 2020 and 2021 /expenditure, revenues/.

Compared to 2020, the largest increase can be observed for the consolidated government debt.

Summary of audit findings affecting the opinion on the annual accounts

When auditing the Annual Consolidated Financial Statement of the Republic of Latvia for 2021, **there were significant limitations on scope** identified (*neither after the inspections performed by certified auditors, nor after appropriate audit procedures performed by the State Audit Office, it was possible to determine the exact amount of the necessary corrections*), which **are attributable to the following parts of the ACFS, on which we are unable to provide an opinion:**

- Items in the accounting **balance sheet assets** (as of 31 December 2021):

Table 1.

Balance item	Authority	Sum
Long-term investment	SRS	419,492,000 euros
	Local and regional government ⁴	305,988,000 euros
	Ministry of Culture	61,244,000 euros
	Ministry of Education and Science	10,406,000 euros

ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENT FOR 2021

Current assets	SRS	1,716,322,000 euros
	Local and regional government ⁵	2,017,000 euros
	Ministry of Education and Science	830,000 euros
Total limitation on scope of 2,516,300,000 euros or 7% of total assets		

- Items in the accounting **balance sheet liabilities** (as of 31 December 2021):

Balance item	Authority	Sum
Result of budget outturn	SRS	1,432,971,000 euros
Liabilities	SRS	953,181,000 euros
	Ogre Regional Government	200,000,000 euros
	Ministry of Education and Science	509,000 euros
Total limitation on scope of 2,379,551,000 euros or 7% of total liabilities		

See detailed information on audit limitations of scope as of 31 December 2021 in a chapter of this audit report [Limitations on scope](#).

The ACFS 2021 includes an annual report on taxes, fees and other payments administered by the SRS and attributable to the state budget for the first time. Based on the audit performed, the State Audit Office cannot determine the necessary amount of corrections in the SRS annual tax report. In addition, it was not possible to obtain sufficient and appropriate evidence and to determine the amount of necessary corrections to the amount of the state's contingent liabilities, which results from the obligation to cover post-employment benefits because of participation in international organizations. See the section of the audit report [Liabilities, contingent liabilities, Claims, Contingent claims \(SRS\)](#) for detailed information.

Summary of other significant issues covered by the opinion: reporting on audit matters in accordance with the International Standards on Supreme Audit Institutions (ISSAI)

Audit matters in accordance with the International Standards of Supreme Audit Institutions (ISSAI), which, according to the auditors' professional judgment, were the most significant when conducting the financial audit of:

- ❖ Solidity of requests and actual spending of additional allocated funds for the prevention of the consequences of COVID-19 and support measures for overcoming the crisis caused by COVID-19 and prevention of the consequences;
- ❖ The decision taken by the Competition Council in the case regarding builders' cartel and its impact on the ACFS.

Anti COVID-19 expenditure and support measures

In general, the State Audit Office has concluded that the ministries, central government institutions and local and regional governments have requested the funds allocated for overcoming the crisis caused by the COVID-19 pandemic for the prevention of the consequences of COVID-19 and for support measures for overcoming the crisis, have spent them in accordance with the purpose of the allocation and have administered the support measures pursuant to relevant legislation. However, irregularities have been identified in some cases, for example, there was a risk that enterprises, whose turnover decline was not directly

related to the spread of COVID-19 in the country, also received support for ensuring the flow of working capital; unequal allowances for care staff in social care centres; initial estimates of the necessary funding in 2021 or potential interest of shopping centre owners and their ability to qualify for support have not been accurate, and other shortcomings.

Therefore, the State Audit Office has made 19 recommendations to the ministries and one proposal to the Cabinet of Ministers in areas that require improvements, where a part of recommendations (10%) have already been implemented during the audit and improvements have been achieved, for instance, the Ministry of Education and Science has improved the existing control procedures over funding planning and costs in accordance with legislation, the Ministry of Transport, in cooperation with the Civil Aviation Agency, has reviewed the amount of the grant it actually needs to cover the costs of the delegated functions and has ensured the reimbursement of the funding determined as a result of the review to the state budget.

In its turn, most of the identified irregularities have been eliminated and improvements have been achieved with regard to the recommendations given when evaluating the COVID-19 issues in the previous financial audit because 35 recommendations/suggestions from the recommendations provided in the financial audit reports and interim reports have been implemented, and work continues on the implementation of five recommendations (Ministry of Culture⁶, Ministry of Transport⁷, and Ministry of Health⁸). Three of the five proposals presented to the Cabinet of Ministers have also been implemented.

Approximately one third, or 1,020,846,000 euros from the total funding used for the prevention of the consequences of COVID-19 and for support measures in 2020 and 2021 was as direct support for businesses and the employed in 24 support programs in the form of grants, scholarships, loans, guarantees, and investment in corporate capital. The investigation prepared by the State Audit Office⁹, which summarizes the facts without drawing conclusions and making recommendations, can help the decision-makers such as the Saeima and the Cabinet of Ministers to evaluate the previous support for mitigating the consequences of COVID-19 in order to learn from the experience when making future decisions.

One should remember that the need to provide financial coverage promptly for measures to mitigate the impact of the pandemic and support the economy led to a significant increase in both the government debt and the general budget deficit in 2021 similar to 2020. The government debt has increased by 2,800,171,000 euros in 2021 and is 15,258,909,000 euros¹⁰ at nominal value as of 31 December 2021, which is by 818,909,000 euros more than initially the Law on the state budget for 2021¹¹ stipulated the maximum government debt at the end of the year. Based on the right delegated to the Minister of Finance in the Law on Overcoming the Consequences of the Spread of the COVID-19¹² to increase a maximum permissible amount of the government debt at the end of a financial year, as determined by the annual state budget law, the maximum permissible amount of the government debt was increased by the order of the Ministry of Finance¹³ at the end of 2021 by setting it at 15,440,000,000 euros. The State Audit Office draws attention to the fact that the maximum government debt set by the annual state budget law¹⁴ at the end of the year has been increased for the second year in a row (for comparison, it was increased by 2,650,000,000 euros¹⁵ in 2020). When drafting the budget law for 2021, one knew that the spread of COVID-19 would continue in 2021 as well and it would require continued fight against the consequences of the crisis caused by the COVID-19 pandemic, thus a significant increase in the government debt for 2021, as well as a small part

of the funding for overcoming the crisis caused by the pandemic was already planned in the Law on the state budget for 2021.

Although Latvia has a relatively low level of government debt among the Member States of the European Union (hereinafter - EU), the State Audit Office has repeatedly called on the government while observing the downward trend of the population to follow up so that the level of government debt does not become excessive and society is able to ensure a stable GDP in order to maintain it growth. In the opinion of the State Audit Office, targeted support measures for the least protected groups of the society and thoughtful investments that would help reduce the risks of economic recession will also be the challenges of the next reporting period in conditions of high inflation and uncertainty when it is difficult to predict the impact of the geopolitical situation and the increase in energy prices on the national economy.

Regarding the impact of Decision No 22 of the Competition Council of 30 July 2021 on finding a violation and imposing a fine on the ACFS

The Competition Council found¹⁶ a long-standing prohibited agreement of 10 commercial construction companies on the conditions of participation in public and private procurements in Latvia. The construction companies agreed on the distribution of procurements and the conditions of participation in procurements, the customers received only offers that imitated the competition, not competing ones, which deformed the construction market in the entire territory of Latvia. As a result of the prohibited agreement, the effective, fair and legal use of public funds, including EU funds or other foreign financial assistance, was affected.

The State Audit Office has concluded that decision No 22 adopted by the Competition Council on 30 July 2021 on finding a violation and imposing a fine (hereinafter - the Decision) had a significant impact on several state administrative institutions and derived public entities (as well as their capital state-owned or municipal enterprises), as a large part of the 35 construction sites affected by the Decision have been financed from public funds. At the same time, these transactions will also have an impact on the financial indicators of the ACFS in the future, because for the contracting authorities: (1) 18 construction sites, which are co-financed from the EU and the state budget program for Emission Trading System (hereinafter - ETS) funds, are subject to financial correction of 18,410,000 euros as of 31 December 2021, (2) as a result of the violation of competition law, an increase in the cost of construction work might have occurred by 22,343,000 euros, as well as other expenses related to the violation.

In mutual cooperation with the State Treasury, the State Audit Office drew attention to the importance of information and the need to disclose these circumstances in the annual reports of budget institutions. As a result, for providing comprehensive and uniform information, the State Treasury has elaborated an explanatory note and sent an informative letter with explanations to the budget authorities.

Taking into account that the Cabinet of Ministers instructed the responsible and co-responsible institutions to implement measures for reducing the risk of violation of competition law and their implementation was planned until 1 January 2024, the State Audit Office will continue to monitor the progress of the implementation of measures and further decisions of the

government to reduce the risk of violation of competition law, as well as for the information to be properly disclosed in the annual reports of budget institutions.

Summary of the compliance issue - state funding for the implementation of the administrative and territorial reform

Funding of 8,495,455 euros was planned in the state budget for the successful implementation of the administrative and territorial reform (hereinafter - ATR), including 892,400 euros in 2020 and 7,603,055 euros in 2021. 28 local and regional government¹⁷ could apply for this funding for the development of the project of the joint administrative structure of the local governments of a newly formed region and one-time grant for the administrative expenses incurred as a result of the implementation of ATR. In their turn, 24 newly created regions¹⁸ and five cities with their adjoining counties¹⁹ could apply for funding for the development of draft planning documents for the territory of newly established local and regional governments.

When assessing a compliance issue in 32 local and regional governments²⁰, during the audit, **we provide an opinion without objections, while pointing out certain deficiencies:**

Assessed issue

Has the funding allocated to local and regional governments for the implementation of ATR been spent in accordance with the intended goals and the procedures specified in the laws and regulations?

Opinion:

UNMODIFIED

(with additional information on individual deficiencies)

After the audit, we concluded that the state funding for the implementation of ATR of 7,694,067 euros was spent for the intended purpose and in accordance with the procedures specified in the laws and regulations²¹ in general.

However, we draw your attention to the fact that 1) the Cabinet Regulation²² did not clearly define the deadline for the use of the allocated targeted grant for the development of territorial development planning document projects, therefore, taking into account the additional explanation provided by the Ministry of Environmental Protection and Regional Development, individual local and regional governments also included the costs that were planned to be made in 2022 in the Report on the use of the allocated state targeted grant in 2020 and 2021; 2) only 4 of the 15 local and regional governments included in the audit sample received the opinions of the planning regions on the development of draft planning documents for the territorial development of the newly established local and regional governments within the deadline specified in the Regulation²³; 3) local and regional governments used the form of a corporate contract unjustifiably in cases where a bonus of up to 30% of the monthly salary should be applied to employees for the performance of other duties in addition to those specified in the job description.

Summary of the assessment of progress in implementing the recommendation made in the previous audit of ACFS and still to be implemented

Since the recommendations given after the audits of the ACFS for 2013, there are still 34 recommendations to be implemented, half of which have been given to the Ministry of Finance, i.e., 17 recommendations. See Figure 3 for the number and proportion of recommendations to be implemented as of 3 August 2021:

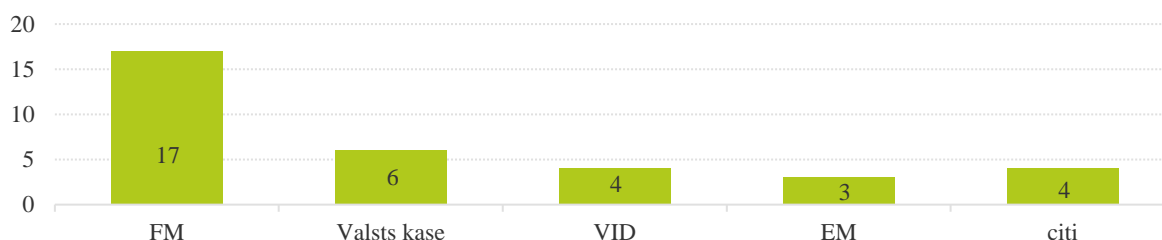


Figure 3. The number and proportion of recommendations given and still to be implemented after the audits of ACFSs (as of 3 August 2021) /Ministry of Finance, State Treasury, SRS, Ministry of Economics, other/

Detailed information on the recommendations to be implemented can be found on the website of the State Audit Office at [Recommendations platform](#).

Summary of recommendations made after the audit of ACFS for 2021

In total, the audit provides three recommendations to the SRS.

Table 2
Recommendations and proposals provided in the audit of the Annual Consolidated Financial Statement for 2021

Recommendation	Set timeframe for implementation	Actions
1. The SRS shall eliminate errors in the accounting data of the taxes, fees and other payments administered by the SRS that are attributable to the state budget for the year 2021 so that the comparable information for the previous reporting period in the annual tax report of the SRS for the year 2022 is correct and complete.	03.07.2023 03.04.2023 02.01.2025	1. Ensure that corrections are made to the identified inconsistencies in the accounting data of taxes, fees and other payments attributable to the state budget administered by the SRS for the year 2021. 2. Ensure that corrections are made to the identified inconsistencies in the accounting data of taxes, fees and other payments attributable to the state budget administered by the SRS for the year 2021. 3. Improve the accounting records of taxes, fees and other payments administered by the SRS gradually that are attributable to the state budget (including the transfer of CMIS data), in accordance with the development of MAIS.
2. The SRS should improve the traceability of financial transactions included in the "Tax accounting" items in the MAIS functionality and the built-in accounting control solutions or apply other options, using the data available to the SRS, to ensure that the year-end inventory can be carried out in substance, making sure of the completeness of the accounting data and correctness.	02.01.2023 03.07.2023	1. Improve the analysis of financial transactions included in the ledger items in the MAIS functionality "Tax accounting". 2. Obtain experience of other institutions, incl. international ones in studying automated accounting control system tools similar in terms of scope for defining potential requirements for the desired automated accounting system control tool, which would ensure automatic control of the

Recommendation	Set timeframe for implementation	Actions
	02.01.2024	correctness and completeness of accounting data. 3. Implement checks to ensure the completeness and correctness of accounting data.
3. The SRS should take actions so that claims and liabilities against liquidated taxpayers were excluded from the records in a timely manner, so that the annual tax report of the SRS would not show unjustified amounts in the future, that is, assets and revenues would be overstated, but liabilities and expenses would be understated.	02.01.2023. 03.04.2023.	1. Automatic cancellation of overpayments of liquidated legal entities shall be ensured. 2. Elaborate an operational report, with the help of which liquidated taxpayers with tax overpayments can be selected, in order to ensure full control systemically.

Summary of deficiencies and errors corrected during the audit

In 2021, the accrual principle was introduced in the accounting of taxes, fees and other payments attributable to the state budget administered by the SRS. However, one should note that the State Audit Office was not able to start timely checks on the accuracy of the accounting records of the state budget payments administered by the SRS because the SRS annual tax report for 2021 submitted to the State Audit Office on 17 May 2022 was erroneous and contained incorrect data. In order to ensure the opportunity for the SRS to make corrections during this reporting period instead of applying them to next year's corrections in the comparable information, as well as for the State Treasury and the State Audit Office to be able to perform the actions provided for in the laws and regulations²⁴ already during the audit of the ACFS for 2021, a mutual understanding²⁵ was reached among the SRS, State Treasury and State Audit. The SRS continued to clarify the accounting data for 2021 and made corrections in accordance with the regulation²⁶ until 10 August 2022, for example, by eliminating the algorithm errors found by the auditors, as a result of which the balance decreased significantly by approximately **348,134,000 euros**.

Since 2015, it has not been possible for the State Audit Office to obtain sufficient and appropriate evidence of the transport and engineering structures presented in the financial annual report of the Riga City Municipality without conducting the closing inventory of the reporting year in accordance with the requirements of the regulations²⁷. However, during the audit, at the invitation of the State Audit Office, the Riga City Municipality carried out an extraordinary inventory of transport structures and engineering structures according to their condition on 1 March 2022, as a result of which a total of 182 fixed assets were excluded from the accounting, and for 15 fixed assets, fixed assets were combined and/or names corrected.

In addition, both in financial audits in ministries and central government institutions, and in the audit of the ACFS for 2021, a number of discovered errors with a total value of **961,966,000 euros**²⁸ have been corrected.

References

- ¹ Article 11 of Cabinet Regulation No 430 “Procedures for drafting an annual report” of 30 June 2020.
- ² Article 11 of Cabinet Regulation No 344 “Procedures for drafting an annual report” of 30 June 2020.
- ³ Article 14 of Cabinet Regulation No 344 “Procedures for drafting an annual report” of 30 June 2020.
- ⁴ Jelgava, Jēkabpils, Ogre, Ropaži, Saulkrasti, Valka, Ventspils Regional Governments and Liepāja City Municipality.
- ⁵ Ogre Regional Government.
- ⁶ The Ministry of Culture should take actions to review the issuing of invitations for representation purposes in the limited operation of its state-owned enterprises, thereby promoting the possibility of generating revenue from ticket sales (the recommendation is given in the interim report prepared within the framework of financial audit No 2.4.1-19/2020 “Financing for the state-owned enterprises of the Ministry of Culture to stabilize the financial situation and development of infrastructure”).
- ⁷ The Ministry of Transport should establish a governance system for state-owned enterprises, where the government has a decisive influence, which, in accordance with the provisions of the law, provides the opportunity for the state to implement the strategic goals of the sector and to participate fully in the process of setting goals and results, as well as in the evaluation process to facilitate effective management of capital shares and state-owned enterprises of the Ministry of Transport, rational and economically justified use of resources, as well as to ensure compliance with the conditions of participation of a public entity (recommendation given in the interim report prepared within the framework of financial audit No 2.4.1-36/2020 “Investments in the state-owned enterprises of aviation sector of the Ministry of Transport to mitigate the consequences of the COVID-19 crisis”). When making investments in the share capital of state-owned enterprises, the Ministry of Transport must define the objectives of investing state budget funds clearly and determine measurable achievable results, as well as develop a specific action plan, monitor the achievement of the adopted decisions, objectives and results for knowledge (recommendation given in the interim report prepared as part of financial audit No 2.4.1-36/2020 “Investments in the state-owned enterprises of aviation sector of the Ministry of Transport to mitigate the consequences of the COVID-19 crisis”).
- ⁸ In order for the National Health Service to ensure the economical use of state budget funds in the provision of healthcare services and the observance of the principle of equality among service providers, to carry out an assessment of the impact of the volume of services on the state budget and to achieve the most economically advantageous solution in determining the tariffs for healthcare services when planning the payment of individual services in the future (recommendation given within the framework of financial audit No 2.4.1-9/2020 “On the accuracy of the annual report for 2020 of the Ministry of Health”). To facilitate the efficient and economical use of the state budget funds for the intended purpose, the Ministry should choose a method of increasing the share capital that ensures the use of funds for the specific purpose as precisely as possible in case of repeated need when providing support to the state-owned enterprises of the Ministry of Health (the recommendation was given in the interim report prepared within the framework of financial audit No 2.4.1-36/2020 “Solidity and spending of requests for increasing the share capital of joint-stock companies of the Ministry of Health in addition to covering expenses incurred due to the outbreak of COVID-19”).
- ⁹ See more at <https://www.lrvk.gov.lv/lv/revizijas/revizijas/noslegtas-revizijas> (published on 24 August 2022).
- ¹⁰ The Annual Consolidated Financial Statement of the Republic of Latvia for 2021 on the outturn of the state budget and municipal budgets, volume 1, Report on consolidated debt (Annex 2) <https://www.kase.gov.lv/parskati-un-tames/latvijas-republikas-gada-parskats/2021> (resource viewed on 4 July 2022).
- ¹¹ Section 8 of the Law on the State Budget for 2021. <https://likumi.lv/ta/id/319405-par-valsts-budzetu-2021-nbsp-gadam> (valid until 31 December 2021).
- ¹² Section 28 of the Law on Overcoming the Consequences of the Spread of COVID-19 Infection <https://likumi.lv/ta/id/315287-covid-19-infekcijas-izplatibas-seku-parvaresanas-likums> (resource viewed on 19 July 2022).
- ¹³ Order No 780 of the Ministry of Finance “On increasing the maximum allowable amount of government debt at the end of 2021” of 30 November 2021.
- ¹⁴ Section 8 of the Law on the State Budget for 2020. <https://likumi.lv/ta/id/310965-par-valsts-budzetu-2020-gadam> (valid until 31 December 2020), Section 8 of the Law on the State Budget for 2021 <https://likumi.lv/ta/id/319405-par-valsts-budzetu-2021-nbsp-gadam> (valid until 31 December 2021).
- ¹⁵ Order No 146 of the Ministry of Finance “On increasing the maximum allowable amount of government debt at the end of 2020” of 5 May 2021.

- ¹⁶ Violation of the prohibition in the operation of construction companies established in the first part of Section 11 of the Competition Law and Article 101, paragraph 1 of the Treaty on the Functioning of the European Union.
- ¹⁷ Aizkraukle, Augšdaugava, Ādaži, Balvi, Bauska, Cēsis, Dienvidkurzeme, Dobele, Jelgava, Jēkabpils, Krāslava, Kuldīga, Ķekava, Limbaži, Ludza, Madona, Mārupe, Ogre, Preiļi, Rēzekne, Ropaži, Saldus, Saulkrasti, Sigulda, Smiltene, Talsi, Tukums and Valmiera Regional Governments.
- ¹⁸ Aizkraukle, Ādaži, Balvi, Bauska, Cēsis, Dobele, Jēkabpils, Krāslava, Kuldīga, Ķekava, Limbaži, Ludza, Madona, Mārupe, Ogre, Preiļi, Ropaži, Saldus, Saulkrasti, Sigulda, Smiltene, Talsi, Tukums and Valmiera Regions.
- ¹⁹ Daugavpils City Municipality with the local and regional governments that will be part of the newly created Augšdaugava Region; Liepāja City Municipality with the local and regional governments that will be part of the newly created Dienvidkurzeme Region; Rēzekne City Municipality with the local and regional governments that will be part of the newly created Rēzekne Region; Ventspils City Municipality and Ventspils Regional Government; Jelgava City Municipality with the local and regional governments that will be part of the newly created Jelgava Region.
- ²⁰ Aizkraukle, Augšdaugava, Ādaži, Balvi, Bauska, Cēsis, Dienvidkurzeme, Dobele, Jelgava, Jēkabpils, Krāslava, Kuldīga, Ķekava, Limbaži, Ludza, Madona, Mārupe, Ogre, Preiļi, Rēzekne, Ropaži, Saldus, Saulkrasti, Sigulda, Smiltene, Talsi, Tukums and Valmiera Regional Governments and Daugavpils, Jelgava, Liepāja, Ventspils City Municipalities.
- ²¹ Cabinet Regulation No 577 “Procedure for local and regional governments be granted a state grant for the development of a project of the administrative structure of the local or regional government of a newly formed region within the framework of the administrative and territorial reform,” of 15 September 2020; Cabinet Regulation No 631 “Procedure for awarding state co-financing of projects of territorial development planning documents of newly established local and regional governments” of 13 October 2020; Cabinet Regulation No 142 “Procedure for local and regional governments be awarded a one-time grant to co-finance the administrative expenses resulting from the implementation of the administrative and territorial reform” of 4 march 2021.
- ²² Cabinet Regulation No 631 “Procedure for awarding state co-financing of projects of territorial development planning documents of newly established local and regional governments” of 13 October 2020.
- ²³ Article 17 and Annex 2 to Cabinet Regulation No 631 “Procedure for awarding state co-financing of projects of territorial development planning documents of newly established local and regional governments” of 13 October 2020.
- ²⁴ Sections 30 and 32 of the Law on Budget and Financial Management; Article 11 of Cabinet Regulation No 430 “Procedures for drafting an annual report” of 30 June 2020.
- ²⁵ The State Audit Office’s interviews with SRS management and representatives of the Ministry of Finance, the State Treasury on 12 May 2022 and 22 July 2022.
- ²⁶ Article 40.2.2 of Cabinet Regulation No 344 “Procedures for drafting an annual report” of 30 June 2020.
- ²⁷ Cabinet Regulation No 585 “Regulations on bookkeeping and organization” (valid until 1 January 2022).
- ²⁸ Including corrections made in the reports of ministries and central government institutions in the total amount of **961,965,000 euros**; During the audit, Madona Regional Government recovered unreasonably paid VAT of **1,700 euros**.