Latvijas Republikas
Valsts kontrole

KONTROL SPĒKS

PUBLIC ANNUAL REPORT

2025 OF THE STATE AUDIT OFFICE OF THE REPUBLIC OF LATVIA

2026

Public Annual Report 2025 of the State Audit Office of the Republic of Latvia

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Foreword

When viewed through the prism of the audit results conducted by the State Audit Office of Latvia, the past year sheds light on several strategically crucial issues that require political decisions not only next year, but already today. These are issues that will affect both the well-being of society and the financial and security sustainability of the country in the coming decade. Therefore, it is appropriate to apply the saying that one should prepare the sled in the summer because late action on these issues means incomparably higher costs in the future.

First of all, it is the rising cost of living. Energy and transport poverty still seem like theoretical concepts to many today. The results of the audits by the State Audit Office of Latvia show that they can become structural problems with a direct impact on social cohesion, employment opportunities and trust in the state without timely action, that is, the timely measures to alleviate the burden of rising energy prices on vulnerable groups in society and people with lower incomes.

Heating, fuel and electricity will become greener. This is dictated by external conditions that make conventional fossil resources more difficult to access and force us to increasingly use homegrown energy, take into account security considerations, which in turn will impact the climate and leave a favourable environment for future generations.

Since the transition to greener energy affects every resident of Latvia, the task of policymakers is to ensure that it is inclusive and fair for all. We must not allow a situation in which insulated housing, lower bills and accessible emission-free transport become a privilege while green transition merely means increasing costs with fewer and fewer options for all.

An important tool for addressing these challenges is the funding available to Latvia from the Social Climate Fund. Targeted support for socially vulnerable households will create the prerequisites for a fair transition to greener energy and avoid having to solve energy poverty in the future.

Life “on paper” or policies, plans and documents that have no basis in real life is one of the most significant obstacles to achieving a high-quality state administration. This gap between what is planned and the reality creates a distorted vision of what is happening in one area or another, prevents the development of high-quality policies and public services, and misleads citizens about the services and opportunities available to them.

If a policy document is without a clear understanding of the problems to be solved, the desired situation or the results to be achieved, and if its implementation is uncoordinated and without a clear understanding of the funds invested, then it is safe to say that we will neither solve anything via the given policy nor ensure development. This is exactly the picture we discovered in the audit when we assessed how the implementation of a cohesive social policy was progressing.

An audit of inpatient healthcare revealed that several services were considered available in hospitals but the public of Latvia could not receive these services and that it was better not to even take patients to these hospitals.

Year after year, overly ambitious development plans for the national airline, inconsistent with Latvia’s needs and capabilities, are presented by promising the taxpayers to return the state budget money lent to the company, but this is not met. Therefore, it is quite understandable that the public and political trust in the airline management has disappeared.

What these examples have in common is that the reality declared in the documents does not correspond systematically to what the population experiences in practice. Unfortunately, these are not the only examples. The more such “crooked mirrors” exist, the lower the public trust in state administration will be. Furthermore, without this trust, implementing financially large-scale investments in national security and the necessary structural reforms is impossible.

Those of us who work in state administration, must speak clearly and show the true situation, even if it is not bright or reveals the shortcomings of past decisions. Better a bitter truth than a sugary deception.

An indispensable prerequisite for the development of an institution, a local or regional government, sector or the entire country is, from time to time, to take a look at what we can do without in the future. Last year showed that there were state institutions and processes in state administration that we could do without. Fewer state institutions, fewer state-owned enterprises, less spending; this is not an end in itself but a tool for a more efficient and sustainable country. This can make the work of public administration faster, cheaper and it can free up resources for doing urgently needed work.

In its new Strategy, the State Audit Office of Latvia has committed to ensuring that state administration works to reduce both administrative burdens, excessive bureaucracy, and unnecessary spending.

In the reporting year, the State Audit Office of Latvia completed a four-year cycle, which made us look back on what had been accomplished since 2022 and think about the institution's role in strengthening the financial efficiency of public administration in its next stage of development. This annual report presents the results of the work of the State Audit Office team, which sheds light on the above-mentioned and many other challenges essential to the growth of our country. It also shows the growth of the State Audit Office team and the State Audit Office of Latvia as a state institution. We are becoming stronger in assessing new and important issues for society, and this contributes to the common good and the promotion of the sustainable development of the country.

Thank you to the State Audit Office team and to every one of our cooperation partners!

Respectfully
Mr Edgars Korčagins
Auditor General,
Chair of the Council of the State Audit Office of Latvia
Riga, May 2026

Scope of the State Audit Office of Latvia

1.1. Basic information

Latvijas Republikas
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The State Audit Office of the Republic of Latvia is one of the independent state institutions enshrined in the Satversme (*Constitution*) of Latvia, an independent, collegial supreme audit institution, which is subject only to the law and the purpose of its activity is to follow whether the actions with financial resources and property of public funds are legal, correct, effective, economical and efficient.

Strategy of the State Audit Office of Latvia 2022–2025

The Strategy of the State Audit Office of Latvia 2022-2025 is a medium-term development planning document, the purpose of which is to ensure effective planning and implementation of the activities of the State Audit Office of Latvia within the scope of its functions and tasks.

The Strategy defines the mission, vision, values, purpose and lines of action of the State Audit Office of Latvia.

Mission
We are the watchdog of public resources and make sure they serve the common good.

Vision
Our audits have contributed significantly to the social welfare and the sustainable development of the country.

Values
Accountability. Cooperation. Development.

Strategic goal:
The goal of the State Audit Office is the efficient, fair and legal operation of the public sector in the public interest.

Lines of action of the State Audit Office of Latvia

1. Promote sound public spending to maximise benefits to the public.
2. Strengthen public confidence in the public sector by contributing to national integrity.
3. Increase the impact of the work of the State Audit Office for the public benefit.
4. Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges.

Legal framework and competence

- Sections 87 and 88 of the Satversme (Constitution) of Latvia
- The State Audit Office Law
- The Law on Audit Services
- The Law on Budget and Financial Management
- *ISSAI*[1] standards
- UN resolutions[2]
- The Statutes of the State Audit Office and other internal regulations of the State Audit Office

In its activities, the State Audit Office of Latvia complies with the principles of state administration and other legal provisions applicable to the work of state institutions.

[1] International public sector auditing standards that comply with the requirements recognized and approved by the International Congress of Supreme Audit Institutions regarding the work of supreme audit institutions and the recognition of which in Latvia is determined by the Auditor General.

[2] United Nations General Assembly, Resolution A/RES/66/209, Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions, adopted 22 December 2011; United Nations General Assembly, Resolution A/RES/69/228, Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions, adopted 19 December 2014.

New strategy

The State Audit Office has approved **the Strategy 2026–2029 of the State Audit Office of the Republic of Latvia.**

> *“This strategy is an essential tool in our work, as it helps to maintain focus on long-term goals, specifies the steps to achieve them and provides a clear message to both our cooperation partners and to society as a whole. In the next stage of development, we will increase the proportion of performance audits, which will make an even greater contribution to the sustainable development of the country and will provide answers to the expectations of the society and cooperation partners for good governance. We will continue to introduce a results-based monitoring approach for our recommendations. At the same time, we will pay special attention to the development of the human capital of the State Audit Office of Latvia because it is people with their professionalism and enthusiasm that allow us to increase trust in the results of our work,”* emphasised Auditor General Edgars Korčagins.

Before the development of the new Strategy information was gathered via: an assessment of the implementation of the Strategy 2022–2025, *Peer review*[3] of the State Audit Office, a self-assessment of external communication and stakeholder engagement (in accordance with the *Performance Measurement Framework*[4]), a self-assessment of the State Audit Office’s integrity (using the *IntoSAINT* methodology), a study of the employee commitment of the State Audit Office[5], an assessment of the State Audit Office function to decide on the recovery of losses caused as a result of illegal actions, a review of the resources approved for the State Audit Office of Latvia in the State Budget Law to cover expenses and planned expenses, public surveys, opinion leader surveys, and surveys of audited units. The activities carried out from 2022 to 2025 that affected the lines of action of the State Audit Office of Latvia in the new strategy period were identified.

The new Strategy defines two lines of action:

I **Development of public sector auditing** by identifying problems and providing recommendations, focusing on reducing public expenditure or increasing revenue, as well as closer cooperation with auditees and other stakeholders.

II **Development of the resources of the State Audit Office** by placing special emphasis on strengthening human capital, creating a modern organisational environment and developing information technology solutions.

[3] An internationally accepted way to conduct such an assessment is a *peer review*. These are reviews carried out in a specific supreme audit institution by representatives of SAIs from other countries in accordance with international auditing standards.

[4] *IDI PMF* is *INTOSAI* Development Initiative Performance Measurement Framework.

[5] Employee commitment index was determined by means of *TRI*M*™ Employee Commitment methodology.

1.2. Structure

The State Audit Office of Latvia consists of **the Auditor General, the Council of the State Audit Office of Latvia, six Audit Departments and support functions.**

The Auditor General is the Chairperson of the Council of the State Audit Office of Latvia. The Auditor General is appointed to office by the Saeima (Parliament of Latvia) for a term of four years and may be reappointed for no more than two consecutive terms. The Auditor General determines the audit methodology, requirements for audit quality control and is responsible for establishing an internal control system and performs other duties in accordance with the State Audit Office Law[6].

The Saeima approves **Council Members of the State Audit Office of Latvia** for four years upon the recommendation of the Auditor General. Council Members may be re-appointed, but for no more than two consecutive terms. A selection procedure is held for positions of Council Member of the State Audit Office, except if the Auditor General decides to recommend a current Council Member for re-approval in the Saeima. On 10 April 2025, the Saeima approved Ms Maija Āboliņa and Ms Ilze Bādere for a second term as Council Members of the State Audit Office of Latvia.

Council Members of the State Audit Office are also appointed by the Auditor General to the position of a Director of an Audit Department of the State Audit Office of Latvia. The Council of the State Audit Office approves the regulations stipulating the activities of the State Audit Office of Latvia and examines other issues in accordance with the State Audit Office Law. Council Members of the State Audit Office of Latvia lead the corporate governance directions[7] of the State Audit Office of Latvia.

The Audit Departments are responsible for conducting financial, compliance and performance audits in accordance with an annual audit plan approved by the Council of the State Audit Office of Latvia.

The support staff of the State Audit Office of Latvia covers strategic planning, supervision and analysis; project, process and quality development and management; human resource development and management; legal service and assessment of violations of audited entities; public relations and internal communication; international cooperation; financial management; information technology maintenance and development; maintenance and support; record keeping and administrative functions.

At the meeting of the Council of the State Audit Office of Latvia (1) a decision was made on 15 February 2024 to establish one Financial Audit Department from 1 May 2025, (2) a decision was made on 18 March 2024 to organise the work of performance and compliance audits, which provides for a structure of five Audit Departments from 1 May 2025; (3) a decision was made on 16 December 2024 to reorganise support divisions to optimise the structure of the State Audit Office of Latvia. During the reported year, the changes in the structure of the State Audit Office of Latvia that had been approved in 2024 took effect. From 1 May 2025, (1) a single Financial Audit Department has been established; (2) the organisation of performance and compliance auditing has been adapted to the new structure; (3) support functions have been reorganised to optimise the structure of the State Audit Office of Latvia.

The (1) Ethics Commission; (2) Audit Methodological Management (development, maintenance and development of audit methodologies); (3) Expert group for quality control (facilitating quality of draft audit plans and draft reports) **operate permanently in the State Audit Office of Latvia**.

In cooperation with external partners, the State Audit Office of Latvia has established: (1) Public Council that performs advisory functions, including consulting and expressing an opinion on audit topics planned by the State Audit Office in all sectors of the national economy by helping to identify experts for engagement in audits that require specific knowledge and experience; (2) Attestation Commission with the aim of providing an opinion to the Auditor General on the suitability of candidates for the position of Head of Sector and the suitability of Heads of Sector for the position held; (3) Certification Commission, which decides on the issuance or refusal of a certificate for auditing and recertification.

[6] The corporate governance directions of the State Audit Office of Latvia were approved by a decision of the Council of the State Audit Office of Latvia on 23 September 2024 (minutes No 49, § 2). The Auditor General leads the corporate governance direction of "Sustainability and external communication" (in accordance with the Strategy 2022–2025 of the State Audit Office of Latvia).

[7] The corporate governance directions of the State Audit Office of Latvia were approved by a decision of the Council of the State Audit Office of Latvia on 23 September 2024 (minutes No 49, § 2). According to the Strategy 2022–2025 of the State Audit Office of Latvia, the Council Members of the State Audit Office of Latvia lead the following corporate governance directions: (1) IT development and innovation; (2) Development of infringement assessment; (3) Management of implementation of recommendations; (4) Monitoring of internal control systems, quality management systems and performance of the State Audit Office; (5) Human capital development, internal communication and cooperation; (6) Development of public sector auditing.

Structure of Audit Departments as of 1 May 2025

Sector	Employees[8]	Competence
The First Audit Department Council Member, Department Director Mārtiņš Āboliņš		
Sector of economics and energy	7	Performance and compliance audits in the economic and energy sectors
Sector of transport and communication	7	Performance and compliance audits in the transport and communication sectors
The Second Audit Department Council Member, Department Director Gatis Litvins		
Defence Sector	5	Performance and compliance audits in the defence sector
Interior Sector	5	Performance and compliance audits in the interior sector
Justice Sector	6	Performance and compliance audits in the justice sector including the combat and prevention of corruption
The Third Audit Department Council Member, Department Director Maija Āboliņa		
Welfare Sector	4	Performance and compliance audits in the welfare sector
Healthcare Sector	5	Performance and compliance audits in the healthcare sector
Education and Culture Sector	6	Performance and compliance audits in the education, science and culture sectors
The Fourth Audit Department Council Member, Department Director Inga Vilka		
Public Administration Sector	6	Performance and compliance audits on horizontal issues of public administration, in the financial sector and in the foreign affairs sector
Digital Governance Sector	8	Performance and compliance audits in the e-government sector and information systems auditor tasks in audits
The Fifth Audit Department Council Member, Department Director Oskars Erdmanis		
Regional Sector	7	Performance and compliance audits in the local and regional governments and regional development sector
Rural Environment Sector	6	Performance and compliance audits in the rural environment sector
Environment Sector	6	Performance and compliance audits in the environmental protection and climate sectors
Financial Audit Department Council Member, Department Director Ilze Bādere		
The First Sector	11	Audits in the field of public finances, including local and regional governments, derived public entities partially financed from the state budget and institutions not financed from the state budget, the annual report of the State Treasury on the financial accounting of the state budget, the annual report of the State Revenue Service on the taxes, duties and other payments attributable to the state budget administered by it
The Second Sector	10	Audits in the field of public finances, including the Ministry of Foreign Affairs, the Ministry of Economics, the Ministry of Finance (also the State Treasury and the State Revenue Service), the Ministry of Education and Science, the Ministry of Culture, the Ministry of Welfare and the Ministry of Transport
The Third Sector	11	Audits in the field of public finances, including the Ministry of Defence, the Ministry of the Interior, the Ministry of Climate and Energy, the Ministry of Justice, the Ministry of Health, the Ministry of Smart Administration and Regional Development, and the Ministry of Agriculture

The Sectors of the Audit Departments conduct audits mainly in the specified policy area; however, they may also conduct audits in another policy area or on cross-departmental issues and participate in cross-sectoral and cross-departmental audits.

[8] Number of staff and officials in Audit Departments including long-term absentees as of 31 December 2025.

Performance of the State Audit Office of Latvia

2.1. Key goals achieved in 2025

Promoted effective use of public funds
39 audits completed and 46 reports prepared by raising issues of public importance and highlighting opportunities for improvement in the use of public resources.

A single opinion on the accuracy of the annual consolidated financial statement of the Republic of Latvia
The reported year is the last year when 27 separate financial audit reports and opinions were prepared. The new approach to financial audits has been implemented fully since May 2025.

Added value of the State Audit Office work promoted
Audited entities have taken action to implement 87.8% of recommendations[9]. As a result of implementing the recommendations provided, a financial return of 1:2.27 has been achieved.

Prestigious international award received for the work of the State Audit Office of Latvia
The prestigious Elmer B. Staats Award was received for the elaborated article, which reflected the long-term development path of the State Audit Office in defining recommendations and determining their impact.

Proposals have been made to improve the mechanism for recovering losses under the State Audit Office Law
As a result of the ex-post assessment, 16 proposals have been made to improve the regulation both for improving procedural procedures and on substantive aspects.

Cooperation and exchange of best practices among SAIs developed
A workshop of the Working Group on Municipality Audit (*WGMA*) of the European Organisation of Supreme Audit Institutions (*EUROSAI*) was organised in Riga. It was attended by more than 50 delegates from 23 European SAIs, municipal policymakers and representatives of the academic environment.

Trilateral cooperation among Baltic SAIs strengthened
A forum of Baltic SAIs has been organised. Topics discussed at the forum: national security and defence, communication of audit results, and strengthening public trust.

Caring for sustainability and greening
The targeted implementation of the Greening Plan 2022-2025 of the State Audit Office of Latvia has allowed not only to introduce sustainability measures, but also to achieve practical and significant results.

Strategic priorities for the next four years have been determined
A new Strategy 2026–2029 of the State Audit Office of Latvia and a Strategy Implementation Plan have been drafted.

Survey data[10]: **Respondents highly value the professionalism and political independence of the State Audit Office of Latvia.**

[9] Summary of the implementation of audit recommendations for which the last recommendation was implemented in the period from 1 January 2025 to 31 December 2025 (including the implementation of all recommendations completed during this period).

[10] Results of the survey "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by RAIT Custom Research Baltic LLC in 2025. State institutions included in the survey sample: Procurement Monitoring Bureau, Competition Council, State Revenue Service, State Audit Office of Latvia, Ombudsman's Office.

2.2. Meeting performance indicators in the period of the Strategy 2022–2025 of the State Audit Office of Latvia

I Line of Action	**Promote sound public spending to maximise the benefits to the public**
Indicator	92% of the recommendations that the State Audit Office provides after an audit are implemented, including an increase of those introduced in the initial reporting period.
Performance	On average, more than 90% have been implemented while the proportion of recommendations implemented within the original deadline is also increasing.
Indicator	More than 90% of audits[11] are carried out in areas evaluated as high-risk.
Performance	Up to 83% of audits were conducted in high-risk areas while proactive audits were also conducted in other risk areas to cover more areas, even if they are lower risk but improvements in them would affect a wide segment of the public.
Indicator	The majority (over 50%) of surveyed state and administrative institutions admit that the audits of the State Audit Office have contributed to the efficient management of public funds.
Performance	89% of opinion leaders consider[12] that the work of state administration improves after audits by the State Audit Office. 82% of opinion leaders believe[13] that recommendations help state institutions make better decisions, and 78% believe that improvements can also be observed after audits.
Indicator	Double financial return for every euro invested in ensuring the operation of the State Audit Office.
Performance	Performance annually ranges from 1:2.27 to 1:5.6.
II Line of Action	**Strengthen public confidence in the public sector by contributing to national integrity**
Indicator	Representatives of non-governmental organizations and the sectors within the scope of the audit confirm that the audits have contributed to the facilitation of public trust.
Performance	94% of opinion leaders[14] assess the audit topics as generally of public importance and 82% believe that the recommendations help state institutions make better decisions.
III Line of Action	**Increase the impact of the work of the State Audit Office of Latvia for the public interest**
Indicator	10% increase in the awareness of the audited entities and partner organizations about the audit results performed by the State Audit Office and their understanding of the objectives and tasks of the State Audit Office.
Performance	Awareness of the audit results and understanding of the goals and objectives of the State Audit Office have not increased during the strategy period.
Indicator	47% of respondents are informed about the work of the State Audit Office.
Performance	49% of Latvia's population surveyed responded[15] that they trusted the State Audit Office of Latvia in general; 18% had heard and read about an audit conducted by the State Audit Office and its results.

[11] This indicator applies to all types of audits, except financial audits.

[12] Results of the survey "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by Market and Public Opinion Research Centre SKDS between 11 December and 21 December 2023.

[13] Results of the survey "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by RAIT Custom Research Baltic LLC in 2025.

[14] Results of the survey "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by RAIT Custom Research Baltic LLC in 2025.

[15] In cooperation with Market and Public Opinion Research Centre SKDS, a survey of the population in Latvia "Public attitude towards the State Audit Office of Latvia" was conducted from March to April 2025.

IV Line of Action — Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges.

Indicator	The employee commitment index reaches more than 80%.
Performance	The employee commitment index reached 90% during the strategy period.
Indicator	Increase in the engagement of employees[16].
Performance	The employee commitment index has increased by 2 points at the end of the strategy period compared to 2022.

More detailed information on the achievements in the previous four years is included in the annual public reports of the State Audit Office and in the summary prepared by the State Audit Office of Latvia.

[16] The employee commitment indicator was determined in 2022 and is monitored according to the *TRI*M™* Employee Commitment methodology.

2.3. Results of financial audits on the accuracy of annual reports

The framework of the 2nd action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Strengthen public confidence in the public sector by contributing to national integrity."

The State Audit Office of Latvia conducts financial audits in ministries and central government institutions on a regular, annual basis and the State Audit Office of Latvia issues opinions on the accuracy of the annual reports of ministries and institutions and an opinion on an annual consolidated financial statement of the Republic of Latvia on the outturn of the state budget and municipal budgets (*ACFS*) after the audits. Financial audits seek an answer to the question whether financial reporting complies with laws and regulations and provides a clear and true picture of the financial position and performance of the institutions.

Annual consolidated financial statement of the Republic of Latvia

Opinion of the State Audit Office of Latvia by August 1

Review of the financial accounting of the state budget
A separate opinion is not provided

Annual overview of taxes of the State Revenue Service (SRS)
A separate opinion is not provided

Ministries and central government institutions
Opinion of the State Audit Office of Latvia by April 1; **opinion of a certified auditor** for two institutions

Local and regional governments
Opinion of a certified auditor by April 1

These audits assess not only the accuracy of financial accounting, but also randomly selected compliance issues, i.e., assessment of the compliance of measures, activities, transactions or actions with laws and regulations, planning documents, nationally (or internationally) recognised practices and sectoral standards and provision of recommendations.

A financial audit may result in drafting an interim audit report, which is an audit report that is elaborated if the audit has identified significant irregularities that require a rapid response before the audit is completed, for example, before drafting an annual report.

Change in approach to conducting financial audits from 1 May 2025

The internal project of the State Audit Office **"Provision of a single report of an independent auditor in financial audits – in the audit of the annual financial statement"** initiated in 2022 was completed during the reporting period.

2025 was the last year when the State Audit Office prepared 27 financial audit reports and opinions (14 ministries, 12 central government institutions and the ACFS). From May 2025, the new approach to conducting financial audits has been fully implemented, that is, we will provide only one audit report on the accuracy of the ACFS from now on.

On the accuracy of annual reports and the ACFS 2024

26 annual financial audits in ministries and central government institutions were completed.

This is the second year when all opinions issued by the State Audit Office of Latvia on the accuracy of the annual reports have been **unqualified**.

In addition, in the financial audit "On the accuracy of the annual report 2024 of the Ministry of Defence", an interim report "Establishment of militarised sculpture composition" was drafted. In the financial audit "On the accuracy of the annual report 2024 of the Ministry of Transport", an interim report "How did the state supervise the investment made in *airBaltic* during COVID-19 pandemic?" was elaborated.

A **qualified** opinion was provided in the completed audit of ACFS.

Unqualified opinions

The audits provided assurance that the financial statements of policy sectors presented a true and fair view of the financial position of the sectors in all material respects, any changes therein, and the financial results and cash flows of sectors for the year ended 31 December 2024, and they were drafted in accordance with the requirements of the laws and regulations in force in the Republic of Latvia.

The financial audit found that, contrary to the Law[17], the Ministry of Transport paid a bonus of 4,913 euros to an official during the period when the official was suspended from performing their duties in connection with a disciplinary case. The Ministry of Transport exercised the right to challenge the decision of the State Audit Office of Latvia on the approval of the audit report "On the Annual Report 2024 of the Ministry of Transport" at the Council of the State Audit Office[18]. In May 2025, the Council of the State Audit Office reviewed the complaint, rejected it in full and approved the audit report by supplementing it with information on the factual and legal circumstances on the awarding and disbursement of the bonus.

Six audit reports included a section of findings on errors discovered during the audit that did not affect the annual report.

Ministry of Defence

A review was conducted on the military sculpture composition project implemented by the Ministry of Defence at the Ādaži Military Base taking into account the risks raised regarding spending state budget funds, financing for the creation of the military composition, as well as the priorities for planning and implementing defence measures. At the same time, the planning and implementation process of construction projects of the Ministry of Defence and the internal control established by the Ministry of Defence over construction projects were also assessed. A separate review report "Establishment of military sculpture composition" was prepared.

[17] Section 21, Part One of the Law on Disciplinary Liability of State Civil Servants.
[18] Section 64, Part One of the State Audit Office Law of Latvia.

Central Election Commission

It is noted that the balance sheet value of the Central Election Commission decreased significantly, by 91%, at the end of the reporting year, as intangible investments worth 1,096,467 euros were excluded from the accounting record. In accordance with the adopted conceptual decisions, the management of the information systems necessary for ensuring elections will no longer be under the responsibility of the Central Election Commission, and thus the information system owned by the institution is being terminated.

Ministry of Education and Science

Signals have been identified at the Riga Style and Fashion Technical School that indicate fraud risks in the recruitment of vocational education groups. The Ministry of Education might not have allocated 84,577 euros in funding or it may have been redirected to other purposes if it had been provided with truthful information.

Within the institutions subordinate to the Ministry, there is no uniform approach to how value added tax should be applied to services when implementing *Erasmus+* learning mobility projects. In three institutions that implement *Erasmus+* learning mobility projects of vocational education institutions and are value added taxpayers, there have been transactions worth at least 228,306 euros with other taxpayers of the European Union. However, the institutions concerned have not assessed whether these transactions are subject to value added tax and whether taxes should be paid into the state budget.

Ministry of Justice

When calculating the average earnings[19], the Court Administration has not ensured its impartiality, proportionality and fairness. Namely, the average earnings calculated for employees after a long absence significantly exceed the amount that would have been calculated if the employee had performed his/her duties. In the calculation of the average earnings, here was no legal basis to include the salary (bonus and/or cash award) paid for the month during which the employee did not perform his/her duties but was in a justified leave of absence. Thus, 5,673 euros of state budget funds were spent illegally.

Ministry of Climate and Energy

The audit pointed out irregularities in the compensation of the costs of the mandatory procurement of electricity from the state budget. It was detected that the state budget had to cover the public trader expenses of 1,154,646 euros for loan interest in 2024 to compensate for these costs. These expenses have arisen because, under the current financing arrangements, the public trader, Limited Liability Company "*Enerģijas publiskais tirgotājs*" (Energy Public Trader) borrows the necessary financing to cover the actual costs from its holding company joint-stock company Latvenergo by paying interest on the loan, as it does not receive compensation for expenses from the state budget in a timely manner.

Ministry of Culture

It was noted that work continued to ensure appropriate accounting of exhibition buildings[20] and attention was drawn to the explanation provided in the ministry's annual report that, upon implementing the recommendation provided in the 2021 financial audit conducted by the State Audit Office of Latvia, they planned to invite an expert who would be familiar with both the fields of cultural heritage and construction. Based on the assessment provided by the expert in the field, a decision would be made in which account group the exhibition buildings would be accounted for.

[19] In the reporting year, the Court Administration interpreted and applied Parts One, Three, Five, and Seven, Section 3.[1] of the Law on the Remuneration of Officials and Employees of State and Municipal Institutions, which determines the conditions for calculating average earnings, incorrectly.
[20] Amendments to Cabinet Regulation No 956 "Regulation on the National Museum Collection" of 21 November 2006 were approved on 9 January 2024.

Qualified opinion

Audit **"On the Annual Consolidated Financial Statement 2024 of the Republic of Latvia"**.

The annual financial statement consolidates 73 reports. The balance sheet total is 45.1 billion euros, the consolidated public debt is 19.1 billion euros, revenue is 17.2 billion euros and expenditure – 17.9 billion euros.

The national debt was 19.1 billion euros in par value (excluding the currency result of derivative financial instruments linked to debt securities) at the end of 2024. The debt has increased by 8%, which was determined by the borrowing measures taken in 2023 to ensure the overall financing needs, including to finance the state budget deficit and refinance national debt liabilities.

The audit of the ACFS 2024 has found that there are significant limitations of scope (neither after the auditing performed by certified auditors nor after the audit procedures performed by the State Audit Office, it is possible to obtain sufficient assurance about the extent of the necessary corrections), which are attributable to parts of the statement on which the State Audit Office of Latvia cannot provide an opinion.

Item of balance sheet	Sector	Sum, in euros
Balance sheet assets Total limitation of scope is 2,358,247,300 euros (5.2% of total assets[21])		
Long-term investment	Reports of local and regional governments[22]	584,637,300
Current assets	Annual tax report of the State Revenue Service (Ministry of Finance)	1,773,610,000
Balance sheet liabilities Total limitation of scope is 1,853,042,300 euros (4.1% of total liabilities[23])		
Result of budget outturn	Annual tax report of the State Revenue Service (Ministry of Finance)	1,312,345,700
Liabilities		540,696,600
Sub-balance items Total limitation of scope is 262,372,300 euros (30.9% of total off-balance assets[24])		
Off-balance assets	Annual tax report of the State Revenue Service (Ministry of Finance)	262,372,300

Also for 2024, the State Audit Office of Latvia did not obtain sufficient and appropriate audit evidence regarding the truthfulness and completeness of the information provided in the annual tax report of the State Revenue Service regarding the balance sheet item "Short-term claims", "Budget outturn result" and the part "Liabilities", off-balance sheet assets, and it was not possible to determine the amount of necessary corrections in the annual tax report of the State Revenue Service.

Errors detected and corrected during audits

The audited entities were already informed of the errors and irregularities in accounting records identified during the financial audits during the audit, and the audited entities acted to eliminate them before the elaboration of their annual report.

During the financial audits in ministries and central government institutions, errors totalling 262.5 million euros, or 96% of the errors detected were corrected.

[21] Consolidated accounting balance sheet of the state, balance sheet value 45,062,177,500 euros.
[22] Jelgava City Municipality, Liepāja City Municipality, Ogre Regional Government, Ropaži Regional Government, Līvāni Regional Government, and Talsi Regional Government.
[23] Consolidated accounting balance sheet of the state, balance sheet value 45,062,177,500 euros.
[24] Consolidated accounting balance sheet of the state, off-balance sheet asset value 849,385,800 euros.

The most significant uncorrected errors (i.e., both errors that the sector could not correct and errors the correction of which required more time) were identified in the Ministry of Defence (mainly in the accounting for future expenses and advance payments for services and projects), the Ministry of Smart Administration and Regional Development (periodization of transfer expenditure) and the Ministry of Education and Science (periodization of transfer expenditure and classification and indication of payments to the European Union budget in the annual report).

In turn, the most significant corrections during the audit were made in the Ministry of Economics (reporting of capital allowances granted under the Recovery and Resilience Facility programs that have not yet been applied in off-balance sheet), the Ministry of the Interior (adjustment of provisions for post-employment benefits in several institutions of the ministry), the Ministry of Health (clarification of the value of intangible assets to be reported in the balance sheet) and the Ministry of Climate and Energy (periodization of transfer expenditure).

Compliance issues

The financial audits assessed specific compliance issues for two sectors by determining whether the funding of 33,032,694 euros was used in accordance with the purpose of allocation, in compliance with applicable legislation, and in achieving the planned results.

Adverse opinion on compliance issue: planning and spending of state budget funding for professional services and research in the field of climate and energy.

When requesting, planning and spending funding for professional services and research in the field of climate and energy, the Ministry of Climate and Energy has not ensured good financial management; budget funds have not been planned and spent effectively in accordance with the requirements of the Law on Budget and Financial Management. According to the procurement plan, the Ministry planned to spend only 1,120,436 euros or 12.7% for this purpose out of the 8,856,894 euros allocated to the Ministry for professional services and research in 2024. In fact, the funding used for professional services and research was even less in 2024, namely, 312,607 euros or 3.5% of the allocated funding. Of this funding, 3,433,690 euros have been redirected to other purposes, including 594,405 euros for the implementation of other Ministry activities while 2,839,285 euros have been reallocated to the Ministry of Economics.

Already in 2023, the Ministry spent only 2.5% of the planned funding of 4,554,028 euros for professional services and research in the field of climate and energy. In addition, the practice established in previous years would continue in 2025. 500,000 euros of the 9,056,177 euros allocated to the Ministry of Climate and Energy in the 2025 state budget for professional services and research have already been reallocated to the Ministry of Culture while 1,186,164 euros have been redirected to additional funding for security priorities.

Qualified opinion on compliance issue: the use of funding for the implementation of the Recovery and Resilience Facility, measure 1.2.1.2.i.1. “Enhancing energy efficiency in business (including the transition to renewable energy technologies in heating)” implemented by the Ministry of Economics and the presentation of commitments undertaken in the report.

It has been confirmed that the Ministry of Economics has spent the funding of 24,175,800 euros allocated in accordance with the allocation purpose and has achieved the indicators planned for the support program, i.e., 94% of the total planned CO2 emission savings, which should be achieved by 2026 as well as having exceeded the planned total funding of supported projects in 2024. However, significant, but not comprehensive inconsistencies have been identified in the internal control system of the Ministry of Economics (including in the mutual exchange of information with JSC “Development Finance Institution Altum”). The Ministry has not provided that information is available in the financial records regarding the presentation of short-term claims of the support program in the amount of 212,270 euros, the recognition of program management costs in the amount of 140,799 euros, as well as the presentation of potential liabilities in the off-balance sheet items in the amount of 16,597,434 euros for approved projects for which capital discounts were granted (an agreement has been concluded with a company) but were not applied (disbursed). Attention is drawn to the fact that only 45% of the funding was used in 2024, and the results of the last selection rounds of the support program indicate that the interest of companies in this support program will decrease significantly. By using data on the projects of companies approved by the end of 2024, the auditors estimated that 2,090,480 euros were needed to achieve the CO2 emission savings target for JSC “Development Finance Institution Altum”. Thus, on 31 December 2024, JSC “Development Financial Institution Altum” had at least 11,208,267 euros at its disposal, which were no longer necessary to achieve the objectives of the support program and which could be redirected to other support programs.

Interim reports and a review report prepared as part of financial audits

Review report[25] **"Establishment of military sculpture composition"**

In brief

No violations of laws and regulations were detected in the implementation of the military sculpture composition project; however, planning, monitoring and communication problems were revealed in its progress. The project was classified as a construction of a plaza, not a sculpture site, and this could have affected the critical assessment of the project.

Conclusions

The development of the military sculpture composition at Ādaži Military Base implemented by the Ministry of Defence over several years demonstrates problems in timely planning, monitoring and communication. The successful implementation of the project required in-depth study and practical participation of stakeholders, a more thorough and coordinated approach of the National Armed Forces of Latvia, the State Defence Military Sites and Procurement Centre, and the Ministry of Defence.

Taking into consideration the request of the Minister of Defence to provide recommendations on best practices on how to improve internal processes in construction, the State Audit Office of Latvia expressed the opinion that the centralised construction and procurement planning and implementation system established by the Ministry of Defence had all the prerequisites to successfully conduct processes. To prevent similar cases in the future, the Ministry should not increase bureaucracy but rather apply the existing control and reporting mechanisms more effectively. It is crucial to provide formal supervision and also to delve into the essence, evaluate and engage in decision-making and implementation practically.

Communication Press release Infographics

Review report[26] **"How did the state supervise the investment made in *airBaltic* during the COVID-19 pandemic?"**

In brief

The Ministry of Transport, the *airBaltic* Council, and the Cabinet of Ministers did not take sufficient action to facilitate the governance of *airBaltic* in a manner that might promote the return of the state investment made during the COVID-19 pandemic. As a result, the State Audit Office of Latvia has recognised the recommendations made in the 2021 audit[27] as not implemented.

Conclusions

The government had a clear intention to recover the investment made during COVID-19, but there was no concrete vision on how to do it. Sufficient actions have not been taken at any of the supervision levels, *id est*, the Cabinet of Ministers, the Ministry of Transport, the *airBaltic* Council, which potentially could have facilitated the return of the state investment. As of mid-2023, airBaltic business plans were no longer related to the goal of recovering the state's investment.

The Ministry of Transport and the *airBaltic* Council have not significantly improved the governance of airBaltic and have not sufficiently ensured the representation of state interests in the company. The Cabinet of Ministers had not established a special procedure for managing the risk of investment recovery as suggested by the State Audit Office in 2021. Although the government's general strategic goal for *airBaltic* was defined in 2022, the government has not set specific goals and directions of action to promote Latvia's accessibility.

Communication Press release Infographics Press conference

[25] Financial audit report "On the accuracy of the annual report 2024 of the Ministry of Defence".
[26] Financial audit report "On the accuracy of the annual report 2024 of the Ministry of Transport".
[27] Interim audit report of the State Audit Office No 2.4.1-36/2020 "Investments in aviation companies of the Ministry of Transport mitigating the consequences of the COVID-19 crisis".

Review report **“Legality of payments made by the Rēzekne Technical School”**

In brief

The financial audit[28] sample included entities to be audited like the institution subordinate to the Ministry of Education and Science, the Vocational Secondary Educational Institution “Rēzekne Technical School”. The planned expenses of the Rēzekne Technical School were 4,773,668 euros in 2025 that was 5% more than the previous year, while the total balance sheet was 14,309,071 euros at the beginning of 2025. The expenses for remuneration of 3,447,803 euros and student scholarships of 480,471 euros constituted the most significant part of the expenditure. In turn, expenses for payment of various services were planned to be 385,190 euros in 2025.

Conclusions

The audit identified possible fraudulent activities, intentional falsification of payment documents with the aim of transferring funds to third parties. At least 54,000 euros might have been embezzled from the budget of the Technical School. Such actions were possible because the name or first name and surname of the recipient of the payment were not checked when making transfers for compliance with the specified account number (IBAN) allowing funds to be transferred to persons who were not entitled to them.

Communication Press release

Recommendations made in financial audits

There were 6 recommendations made to departments in total in 26 financial audits. Implementation of the recommendations made by the State Audit Office of Latvia regarding the accuracy of annual reports shall, for instance, will lead to effective and economically sound state budget planning and use of funding in accordance with the purpose by improving the procedures for controlling the allocation and use of funding; and reduction in state budget expenditure by compensating for the costs of mandatory electricity procurement.

Three recommendations have been provided in the audit of the ACFS 2023: one recommendation has been provided to the State Revenue Service of Latvia and two recommendations to the Ministry of Finance. By implementing the recommendations, the information systems related to drafting an annual tax report of the State Revenue Service will be improved while also reviewing the possibilities for optimising tax administration processes by informing the Ministry of Finance about it; revenues from the transport operation tax and the company’s light vehicle tax will be included in the State Revenue Service’s annual tax report by applying the accrual principle in accounting.

Additional financial audit

Based on the Memorandum of Understanding[29], Article 3, Paragraph 5 of the State Audit Office Law and the Work Plan 2025 of the State Audit Office, a financial audit has been completed “On the accuracy of the Annual Report 2024 of the NATO Headquarters Multinational Division North (MND-N)”. Two financial opinions are provided, one on the financial statement for the Framework Nations Budget and the other on the shared multinational funded budget.

The Danish Supreme Audit Institution (*Rigsrevisionen*) audited the financial statements drafted by the HMDN before 2023, and the State Audit Office of Latvia will audit the annual report of the NATO Headquarters Multinational Division North for 2024 and two subsequent years.

Awareness workshop after financial audits

After the conclusion of the financial audits in ministries and central government institutions, the State Audit Office organised an awareness workshop on current affairs in financial audits and changes in financial auditing starting from 1 May 2025. More than 300 employees from state and municipal institutions participated in the workshop in person and remotely. Information materials were developed after the workshop.

[28] In the financial audit initiated in 2025 "On the accuracy of the annual consolidated financial statement 2025 of the Republic of Latvia".
[29] Framework Nation Memorandum of Understanding between the Ministry of Defence of the Kingdom Denmark and Ministry of Defence of the Republic Estonia and the Ministry of Defence of the Republic of Latvia and Department of National Defence of Canada and the Canadian Armed Forces and the Minister of Defence of the French Republic and the Federal Ministry of Defence of the Federal Republic of Germany and the Ministry of Defence of the Italian Republic and the Ministry of National Defence of the Republic of Lithuania and the Minister of National Defence of the Republic of Poland and the Ministry of Defence of the Republic of Slovenia and the Minister of Defence of the Kingdom of Spain and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland and the Supreme Headquarters Allied Powers Europe concerning the Operation, Manning, Funding, Administration, and Support of the Headquarters Multinational Division North dated 25 February 2022 (concluded on 7 September 2021, ratified by the Saeima on 10 February 2022, published in official gazette “Latvijas Vēstnesis” No 33, 16 February 2022).

2.4. Performance and compliance audits and their results

The framework of the 1st action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Promote sound public spending to maximise the benefits to the public."

The State Audit Office of Latvia conducts performance and compliance audits.

The purpose of performance audits is to verify whether the activities, programmes and actions of state institutions comply with the principles of economy, efficiency and effectiveness.

Effectiveness is an assessment of the achievement of set objectives[30] .

Economy is the maintenance of low costs when assessing whether the least possible resources are used for a specific purpose while maintaining quality[31] .

Efficiency is the rational use of available resources by assessing whether the optimal return is achieved with the resources used[32].

In compliance audits, auditors verify whether actions, financial transactions and information comply in all material respects with laws, regulations and binding agreements, as well as with nationally recognised international practice.

In total, 10 performance audits and 1 review were completed during the reporting period.

In the three ongoing performance audits, for which the planned completion date is set for 2026, two interim audit reports and one review report have been drafted.

Out of 10 completed performance audits, effectiveness was assessed in 10 audits, or 100% of cases, whereas economy and efficiency were assessed in four audits, or 40% of cases.

The audits resulted in 55 recommendations to the audited entities to eliminate the irregularities discovered. The deadline for implementing the recommendations specified in the audit descriptions (see below) is 28 February 2026. The current overview of the recommendations to be implemented is available on the Recommendations Platform.

At the end of the reporting period, work continued on 12 performance audits and 2 compliance audits initiated in 2024 or 2025.

Survey data[33]: **78% of opinion leaders believe that improvements have been observed in the work of state administration after audits**.

Determining audit topics

Based on the risk assessment of the audit areas, the State Audit Office of Latvia determines performance and compliance audit topics and plans its activities so that the intended audit topics correspond to the most current challenges as much as possible. To identify these risks, the State Audit Office of Latvia conducts an assessment of audit areas with the aim of focusing on those audit topics that would have the greatest possible social and economic impact when examined and recommendations are made for their resolution.

Every entity who has financial resources or property of a public entity at their disposal, as well as entities who perform state or municipal procurement, and state-owned and municipal enterprises within the meaning of the Law on the Management of Capital Shares and State-owned and Municipal Enterprises of a Public Entity, is subject to audit by the State Audit Office of Latvia. The Saeima is not subject to audit by the State Audit Office.

[30] When assessing effectiveness, attention is paid to the achievement of objectives, i.e. to what extent the planned objectives and results have been achieved.

[31] When assessing economy, attention is paid to the reduction of resources, i.e., whether activities have been implemented at the lowest cost while maintaining quality.

[32] When assessing efficiency, attention is paid to the ratio between input and output, i.e., the audit checks whether the resources needed to achieve the objectives of specific activities are used in a way that ensures an optimal ratio between input and output, or whether better results could be achieved using the same resources.

[33] Survey Report "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by RAIT Custom Research Baltic LLC in October-November 2025.

Risk assessment of public policy areas (assessment of risk criteria and their materiality according to the division into areas)	National development trends (priorities under NDP2027)	Assessment of resources available for the State Audit Office of Latvia

DECISION ON THE AUDIT TOPICS FOR THE CURRENT YEAR

A summary of the audits planned for 2026 has been elaborated by outlining the current areas in which the work of public administration and the use of public funds in the public interest will be assessed.

Survey data[34]: **94% of opinion leaders assess the audit topics of public importance in general**.

No reforms, no staff - where is inpatient healthcare heading?[35]

In brief

The funding for hospitals primarily maintains a fragmented hospital network, rather than ensuring equal and high-quality care for patients. The number of hospitals has increased, the division into levels does not work in practice, and the content and quality of services differ significantly. More than half of the required on-call shifts are not provided in admission departments; they are often performed by uncertified doctors, and individual doctors are recorded impossible workloads, that is, up to 452 hours per month.

Conclusions

More than 700 million euros, or 40% of the healthcare budget, are allocated to hospitals annually, but the funding primarily maintains a historically developed, fragmented hospital network, rather than ensuring equal and high-quality care for patients.

The l payment system within the network of hospitals is fragmented and unfair within the network: top-tier hospitals, which have the most patients, have seen the biggest cuts in funding while lower-tier hospitals are provided with a fixed fee that provides stable income regardless of the number of patients. Cross-subsidization and unclear redistribution of funds exist.

Recommendations

Recommendations have been made to the Ministry of Health, the implementation of which will result in the following: patients will receive high-quality services in an organised hospital network, a full team of specialists providing medical assistance will be available in all locations in a revised network of admission departments, hospital services will be planned by linking available funding to the quality of services, hospitals will receive fair payment taking into account the complexity of patient treatment cases. Implementation deadline: before January 2029.

Communication Press release Infographics Recommendations implementation timeframe Video Media briefing

[34] Survey Report "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by *RAIT* Custom Research Baltic LLC in October-November 2025.
[35] Performance audit "Is inpatient healthcare planned and organised effectively?".

Disability status: a gateway to a fragmented support system[36]

In brief

More than 221 thousand people with disabilities live in Latvia, and their number has increased by more than 15% from 2018. In 2024, at least 1.039 billion euros (6.4% of total state budget expenditure) were allocated from the state budget for disability expertise and support, while local and regional governments allocated at least another 20 million euros.

The support system is fragmented and unequal, especially at the municipal level, as the availability and scope of services vary significantly depending on the place of residence, most notably in care support.

Conclusions

In general, the understanding of disability status in Latvia is correct, that is, to provide support to people with functional impairments so that they can overcome or reduce the barriers created by functional limitations and exercise their rights and freedoms on an equal basis with other people. However, currently, disability status does not always achieve its purpose. In many cases, disabled people use this status primarily not to receive support to overcome or reduce the barriers caused by functional limitations, but only to compensate for the loss of income.

Recommendations

The Ministry of Welfare has been issued recommendations which, when implemented, will result in improvement in the circulation and quality of information required for determining disability by reducing the administrative burden. Furthermore, when determining disability, the support needed by an individual will also be assessed and recommendations for further rehabilitation will be provided. At the same time, the human resources and training system of the State Medical Commission for Expert-Examination of Health and Working Ability will be strengthened and state and municipal support, including for care and transport, will become more targeted and equal. Implementation deadline is January 2031.

Communication Press release Infographics Recommendations implementation timeframe Opinion of the Ministry of Welfare Video

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Is the national policy to curbing the shadow economy effective?

In brief

From 2014 to the end of 2022, the Shadow Economy Combating Council operated under the leadership of the Prime Minister. Estimating the size of the shadow economy is complicated and is carried out using various methods.

The central instrument for curbing the shadow economy in Latvia is the Shadow Economy Curbing Plan. Along with horizontal measures, the Plan identifies two priority sectors, id est, construction and healthcare.

Conclusions

Despite the long-term increased government's attention paid to the shadow economy, the current approach with a separate plan at the centre is not sufficiently effective because the planned and implemented measures are more focused on consequences than causes. Research results are not used sufficiently. The data used for decision-making and communication with the public is not versatile.

[36] Performance audit "Does disability status achieve its purpose and is granted in the best possible way?"

Recommendations

One recommendation is issued to the Ministry of Finance, the implementation of which will improve the approach and tools for limiting the shadow economy, based on long-term available statistical data, including official national data, to which access is guaranteed.

Thus, shadow economy, bureaucracy, and administrative burden will reduce and socially responsible

Communication Press release Infographics Recommendation implementation timeframe Opinion of the Ministry of Finance Video

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Remuneration system reform: weak sustainability and limited impact on the causes of problems[37]

In brief

The 32% increase in remuneration expenditure in 2024, compared to 2022, has not reduced the inequality of institutional remuneration funds among state institutions. For 2023–2025, 55.4 million euros have been allocated for the implementation of the reform; however, there are still “rich” and “poor” departments and institutions in state administration. In equal or equivalent positions, monthly salaries in different state institutions can still differ by up to a third, and historically established base funding dominates over the value of the position.

The variable part of the remuneration (bonuses and cash prizes) is used regularly and systematically in several state institutions, and not as an exceptional motivational tool by replacing the increase in monthly salary in practice.

Conclusions

The legal framework for the reform has been established, including a procedure for determining a monthly salary, but the goals of the reform, that is, ensure equal and competitive salaries in state administration, have not been achieved in practice. The inequality of remuneration among ministries and institutions persists. Employee remuneration is still determined by historically established base funding, not by the value of a position and the content of the work.

Recommendations

Recommendations have been provided to the State Chancellery, which, when implemented, will improve the transparency and comparability of wages throughout the state administration. Uniformly compiled information on monthly wages and their relationship to salary scales will be publicly available. A fairer and more uniform approach to the allocation of bonuses, cash prizes and additional benefits (for example, compensation for health insurance and vision correction funds) will be promoted while strengthening the understanding of the importance of a permanent salary at the same time. The methodology for determining the base monthly wage and the quality of work performance evaluation will also improve by safeguarding that high ratings are awarded in exceptional cases for special achievements, and not as a daily practice. Implementation deadline is January 2031.

The State Audit Office called on the Cabinet of Ministers to establish a goal-oriented budget planning principle so that additional funding is first directed towards increasing the permanent part (monthly salary) to the midpoint of the monthly salary, and to decide on the review of the base funding for compensation and the development of an equalization model among departments and institutions.

Communication Press release Infographics Recommendations implementation timeframe Opinion of the State Chancellery Video Institutional remuneration – monthly salary and variable remuneration data

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[37] Performance audit “Implementation of the reform of the remuneration system in state administration”.

How to provide a sufficient number of police officers?

In brief

Police salaries in Latvia have increased significantly in recent years, and it should no longer be a reason for police officers to leave the service. The shortage of police officers is compensated partially by overtime, which totals 296 full-time positions. Workloads and human resources are distributed unequally. In Riga Region, only 44% of the required positions of police officers are filled in the field of investigation, response and prevention. In Kurzeme, Zemgale, Vidzeme and Latgale, the hiring rate is around 83%.

Almost 1,000 police officers perform administrative or security functions. Comprehensive solutions are needed to attract and retain police officers. This includes balancing workloads at the institution level, changing the distribution procedure for cadets, relieving police officers of non-characteristic tasks, continuing to improve the service pension system, and involving the public and the private sector in ensuring security more broadly.

Conclusions

The main reason for the shortage of police officers in the State Police of Latvia is no longer remuneration, but human resource management and prioritization of tasks. In the last five years, the number of police officers has decreased by more than 1,000. Currently, approximately a quarter of the positions are vacant and have not been possible to fill for a long period of time. In Latvia, the number of police officers per capita is 58% lower than the average in the European Union.

Recommendations

Recommendations were provided to the Ministry of the Interior and the State Police. Their implementation will equalise the workload of police officers, allow for more effective use of police officers for the performance of critical police functions, and promote the retention of experienced police officers. Police officers will also be relieved of duties in resolving less significant situations by involving the public and businesses more widely.

The State Audit Office of Latvia calls on the Cabinet of Ministers to continue improving the service pension system so that it meets the interests of national security, the human resource needs of the services, the capabilities of the state budget, and the principle of fairness in relation to the rest of society. Implementation deadline is December 2030.

Communication Press release Infographics Recommendations implementation timeframe Opinion of the Ministry of the Interior Expert assessment

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The social cohesion policy is unclear and uncoordinated[38]

In brief

The area of a cohesive society affects many sectors and has been identified as one of the national security priorities, and the Ministry of Culture develops a social cohesion policy that is unclear, fragmented and ineffective. There is a lack of coordination among state institutions and public involvement in the planning and implementation of this policy; the role of Social Integration Fund is unclear.

There are no clearly defined indicators that would allow assessing the impact of the policy and the dynamics of social cohesion. The mesures taken so far are not purposefully oriented towards achieving specific results. Common finances for implementation of the policy cannot be determined and there is a lack of clarity about the use of funds.

Latvian language lessons for adults are uncoordinated, organised by various state institutions without a common strategy, and data on learning outcomes is lacking.

[38] Performance audit "Are policies on social cohesion purposefully planned and implemented?".

Conclusions

The social cohesion policy implemented by the Ministry of Culture is not targeted and does not provide measurable results. Despite its importance in the internal security of the country, the policy lacks clear planning, coordination and specific achievable indicators. Complete information on the sector's funding and its spending is not available.

Recommendations

Recommendations have been provided to the Ministry of Culture and the Social Integration Fund the implementation of which will establish a clear, comprehensive, results-oriented policy, as well as establish a transparent monitoring system in the field. In turn, the Ministry of Culture, the Ministry of Education and Science, the Ministry of Welfare and the Social Integration Fund, in cooperation with each other, will establish a single Latvian language teaching system for adults by optimising the number of institutions involved in this system. Implementation deadline is October 2029.

Communication Press release Infographics Recommendations implementation timeframe Opinion of the Ministry of Culture Opinion of the Social Integration Fund Discussion Video

Port Development Fund: support for ports or civil servants?[39]

In brief

The Port Development Fund does not finance the implementation of common port projects, although it was established for this very purpose in 1994. The amount of the Fund's financing reaches an average of 231,000 euros per year, which is formed by contributions from the largest port authorities. From 2019 to 2023, 819,666 euros (68%) of the Fund's budget was used for remuneration of the Secretariat of Latvia's Ports, Transit and Logistics Council, which employed 16 employees of the Ministry of Transport, on average, in 2022 and 2023.

Conclusions

Most of the tasks financed by the Fund actually duplicate tasks under the responsibility of the Ministry of Transport. The funding of the Fund served, rather, to provide additional remuneration for ministry employees, wider business travel opportunities and cover representational expenses.

It was found that in the period from 2019 and 2023, at least 161,770 euros were spent uneconomically and, in some cases, illegally.

There are significant management deficiencies, including an unclear legal status of the Fund and insufficient monitoring of the use of funds.

Recommendations

One recommendation is issued to the Ministry of Transport, the implementation of which will enable the Ministry to ensure the operation of the Council (Secretariat function and material and technical support) within its resources and port authorities will be exempt from financing this function by reducing the risks of overlapping competencies and double financing. Implementation deadline is September 2029.

Communication Press release Infographics Recommendations implementation timeframe Opinion of the Ministry of Transport Letter by the Madam Prime Minister Opinion of state-owned Limited Liability Company "*Latvijas Jūras administrācija*" (Latvian Maritime Administration) Video

[39] Performance audit "Assessment of the operation of the Port Development Fund".

Municipal Spending and the Challenges of Digital Transformation in the Shadow of Incentives[40]

In brief

The incentives granted in local and regional governments are diverse: in the local and regional governments included in the audit sample[41], 39 unique incentives are available, which cost 66.2 million euros for those local and regional governments, or an average of 5% of the municipal budgets.

There are shortcomings in determining the costs of administering incentives and the expected results are not clear. 2.7 million euros have already been spent on the creation of the Single Information System for Incentives (SISI), and another 2.9 million euros will be invested from the Recovery and Resilience Facility (RRF) funds. At least 460,000 euros will be needed from the state budget annually to maintain the SISI. Local and regional governments do not use the SISI due to a lack of technical solutions and funding.

Conclusions

The incentives granted by local and regional governments (e.g. allowances, compensations, discounts, co-financing) were very diverse and costly for local and regional governments. They are often not sufficiently justified, do not achieve the intended goals or are not proportionate to the costs of administration, and it is not always clear whether the specific incentive is really necessary.

There are significant risks of state support and competition for the further development of the SISI and the legal and effective use of 2.9 million euros from the RRF funds.

Recommendations

The audit has provided recommendations to the Ministry of Smart Administration and Regional Development and local and regional governments, the implementation of which will result in the incentives granted by local and regional governments be more targeted, more transparent and better linked to the needs of specific population groups and the goals of local and regional governments while improving the effectiveness of the use of financial resources at the same time. In turn, a long-term development plan for the SISI will safeguard sustainable use of the system by allowing local and regional governments to administer incentives more effectively and residents to receive support more easily and without unnecessary bureaucracy. Implementation deadline is July 2030.

Communication Press release Infographics

Recommendations implementation timeframe

Bauska Regional Government Olaine Regional Government
Jūrmala City Municipality Ropaži Regional Government
Rēzekne City Municipality Tukums Regional Government
Ministry of Smart Administration and Regional Development
Opinion of Bauska Regional Government Opinion of Jūrmala City Municipality
Opinion of Olaine Regional Government Opinion of Rēzekne City Municipality
Opinion of Ropaži Regional Government Opinion of Tukums Regional Government
Opinion of the Ministry of Smart Administration and Regional Development

[40] Performance audit "Is the system of incentives implemented in local and regional governments effective?".

[41] The State Audit Office of Latvia audited in six local and regional governments included in the audit sample: Tukums Regional Government, Olaine Regional Government, Ropaži Regional Government, Bauska Regional Government, Rēzekne City Municipality, and Jūrmala City Municipality.

Municipal Administrative Commissions: an ineffective, outdated solution in the administrative violation process[42]

In brief

Administrative commissions were introduced during the Soviet era as a means of organising state administration by involving the widest possible segment of society. The principles of governance have changed significantly since then, but the commission model has not been revised. Currently, 99.9% of violations are recorded, investigated and transferred to a commission by another official, for instance, municipal police, but the commission examines the case and decides on the penalty. In 2024, 343 members worked in the commissions; an average of 8 in each local or regional government or even up to 11 members in some places.

The heads of local and regional governments agree with the State Audit Office and recognise the need to reform the commission model, mostly by making administrative processes simpler, faster and more understandable to communities.

Conclusions

Unilateral decision-making in local and regional governments would be more effective and modern in terms of time, costs and quality, and even up to 7.5 times cheaper and significantly faster. This would allow local and regional governments to save up to 1.12 million euros per year.

Recommendations

The Ministry of Justice, the Ministry of Smart Administration and Regional Development, and local and regional governments were recommended to abandon the collegial operating model of commissions in the administrative violation process, ensure that all cases in local and regional governments are reviewed individually by reducing bureaucracy and administrative burden. Processes will become simpler and more understandable for citizens. Implementation deadline is July 2030.

Communication Press release Infographics Recommendations implementation timeframe
Survey of chairpersons of municipal administrative commissions in Latvia
Opinions of the audited institutions Video

Is the introduction of cloud computing services in public administration purposeful?

In brief

The benefits of cloud computing services were identified as early as 2013; however, the creation of a more active state data processing cloud has been launched in 2024.

Although information and communication technology (ICT) spending continues to grow annually and there are plans to invest another 12.5 million euros in four state cloud computing centres by 2026, calculations of potential savings from cloud computing services have not been made.

The state data processing cloud alone will most likely not be able to satisfy all the needs of state administration, because, according to institutional forecasts, the volume of disk arrays will have to be increased by 48% in two years while the projects envisage only a 20% increase.

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[42] Performance audit "Are municipal administrative commissions a good solution to ensure an effective administrative violation process?".

Conclusions

The introduction of cloud computing services in state administration has so far not been sufficiently targeted in Latvia. Although cloud computing provides opportunities to optimise ICT resources, improve security and reduce costs, previous measures have not ensured a unified and coordinated approach across the entire state administration.

State institutions lack knowledge and practical support in the implementation of cloud computing, a fifth of the surveyed state institutions do not even know where to look for information about service providers and their terms of use.

Recommendations

The audit provided recommendations to the Ministry of Smart Administration and Regional Development, the implementation of which would allow for a targeted and coordinated transition to cloud computing services across the entire state administration by providing a common understanding of policy, available support and coordinated provision of services in the public data processing cloud. At the same time, state institutions will have access to up-to-date information and practical guidelines in one place, the quality of services and costs will be monitored, and this will allow for the more effective implementation of national plans. Implementation deadline is July 2030.

Communication 🔗 Press release 🔗 Infographics 🔗 Recommendations implementation timeframe 🔗 Opinion of the Ministry of Smart Administration and Regional Development 🔗 Video

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Review 🔗 **"Introduction and use of artificial intelligence in Latvia"**

In brief

17% of state institutions are already using AI solutions, 22% are planning to implement them while 55% of institutions do not have a clear plan for using AI.

It is positive that digital services and open data are already available in state administration that is an essential prerequisite for implementing AI solutions.

Conclusions

Latvia lacks a single strategy for the development and safe use of AI in state administration. Latvia receives lower rankings in international assessments measuring AI development than Lithuania and Estonia. Latvia lacks highly qualified AI specialists.

Communication 🔗 Press release 🔗 Infographics 🔗 Inspirational event

Additional reports in performance audits[43]

Interim audit report[44] **"Civil and military cooperation in the field of medical support"**

In brief

The military capacity of the National Armed Forces of Latvia consists of separate, but interconnected, capabilities to perform specific tasks in national defence, such as air defence, indirect fire support, combat engineering and other capabilities. Medical support capability is one of the most essential, yet often underestimated capabilities. In the field of medical support, after providing first aid and evacuating the wounded from the combat zone, the National Armed Forces rely on the civilian healthcare sector, which continues to treat and care for the wounded.

The interim audit report has assessed the existence of prerequisites for the readiness of the civilian medical sector to provide medical support to the National Armed Forces of Latvia in the event of war.

Conclusions

Although several significant steps have already been taken in Latvia to strengthen civil and military cooperation in the field of medical support, the audit has indicated areas where further development is required. The development of a resilient and highly prepared healthcare system is a strategic prerequisite for national security in both peacetime and wartime.

Recommendations

Recommendations have been provided to the Ministry of Defence, which should be implemented in close cooperation with the Ministry of Health, the Ministry of Education and Science and other responsible ministries. Implementing the recommendations will improve the ability of the civilian healthcare system to provide medical support to the National Armed Forces effectively in a crisis or war situation; the organizational model of civil-military cooperation, the resilience of hospitals and the knowledge of medical personnel in the field of military medicine will be strengthened. Implementation deadline is January 2030.

Communication Press release

Interim audit report[45] **"Untapped opportunities in retrofitting of housing"**

In brief

Apartment residents pay 360-390 million euros for heating energy every year and, at such prices, the costs will exceed 10 billion euros over the next 20 years. Timely retrofitting of buildings would allow these costs to be reduced significantly while improving the quality of life and the value of housing. There are more than 39,500 apartment buildings in Latvia and at least 26,600 dwelling houses need retrofitting but only about 4% of them have been retrofitted so far. The average cost of retrofitting projects per square metre has increased by 127% since 2017, and rapidly increasing nstruction costs are one of the main obstacles to building retrofitting, as they significantly reduce the economic return on retrofitting for residents.

[43] Drafted interim audit reports and a review report in 2025 in three performance audits, for which the planned completion date is set for 2026 and 2027.

[44] The interim audit report is developed in performance audit "Development of the Medical Support Capability of the National Armed Forces" and is a part of the overall audit scope.

[45] The interim audit report is drafted in the performance audit "Do investments in improving heating systems and energy efficiency of buildings ensure sustainable and economically sound heating?"

Conclusions

Latvia relies mainly on European Union funds to improve the energy efficiency of multi-apartment residential buildings, but these funds are not enough to achieve the goals set in the National Energy and Climate Plan 2021–2030, and residents face significant difficulties in implementing retrofitting projects.

The audit has found that rising construction costs, insufficient regulation of the amount of eligible costs and passive actions of responsible state institutions in attracting alternative sources of financing for retrofitting projects, significantly increase the long-term liabilities of apartment owners. As a result, the average annual savings in heating costs do not cover the amount of loan payments in 54% of the implemented projects. The survey shows that 88% of residents experience a decrease in heating costs after retrofitting; however, the total reduction in maintenance costs is felt only by 39% of residents while for 45% of residents these costs increase.

The audit estimated that the average monthly loan payment after house retrofitting was 1-1.5 euros/m2 while 42% of respondents indicated in the survey of apartment owners that they would not be willing to pay more than 0.5 euros/m2 for a retrofitting project. Without additional targeted support measures, energy efficiency improvement measures will not be available to a large part of society. In 2024, 18.7% of the population admitted that the expenses related to housing maintenance were very burdensome for them. 6.7% of the population is already unable to keep their homes warm. Involving low-income households in energy efficiency measures requires additional targeted support mechanisms that have not been created so far.

Recommendations

Recommendations have been provided to the Ministry of Economics, the implementation of which will improve the housing retrofitting process in Latvia. Retrofitting will be more affordable, understandable and effective, public funding will be used more efficiently and the number of retrofitted buildings will increase. Apartment owners will have access to early professional support and transparent information. Targeted support for vulnerable households and strengthened involvement of local and regional governments will speed up decision-making and reduce social and financial barriers to retrofitting. Implementation deadline is January 2030.

Communication 🔗 Press release 🔗 Infographics 🔗 Recommendations implementation timeframe 🔗 Opinion of the Ministry of Economics 🔗 Population survey results 🔗 Results of projects implemented under the EU Funds support programme 🔗 Opinion of the Ministry of Climate and Energy 🔗 Discussion

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Review[46] on the implementation of measures to militarily strengthen the eastern border of Latvia

In brief

The report summarises the most important facts about the progress made so far and the challenges in implementing anti-mobility measures or the creation of the Baltic defence line to inform the responsible institutions in a timely manner and call for necessary improvements. Taking into account the national importance and urgency of the military strengthening of the eastern border, as well as the crucial importance of cooperation among various ministries, the State Audit Office of Latvia has called on the Cabinet of Ministers to engage and implement active political leadership, as well as to regularly monitor the implementation of the plan for military strengthening of the border.

Communication 🔗 Press release

[46] The review report was prepared in the performance audit "Is the military strengthening of Latvia's eastern border proceeding according to plan?".

2.5. Implementation of audit recommendations

The framework of the 1st action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Promote sound public spending to maximise the benefits to the public."

Recommendations provided in audits are the most significant added value of the work of the State Audit Office of Latvia. The international standards for SAIs indicate that the recommendations provided should be such that their implementation will result in better lives for citizens[47]. Therefore, it is crucial for the State Audit Office of Latvia that the recommendations provided are perceived not only as a list of actions to be taken with deadlines and that the process of monitoring the implementation of recommendations is not just a formal correspondence between the State Audit Office of Latvia and the audited entity[48]. The purpose of each action included in the recommendations is to encourage or ensure specific changes and improvements. When providing a recommendation, a positive, tangible or detectable impact is expected as a result of its implementation.

Return on investment

The impact return ratio achieved as a result of the implementation of recommendations provided within the framework of the State Audit Office audits for **2025** is **1 : 2.27**.

The total expenditure of the State Audit Office of Latvia was 7,869,509 euros by cash flow in 2025 compared to the estimated impact of 17,833,816 euros in 2025.

Quantifiable impact achieved	Impact in 2025, euros
Benefit to the population (or group of society)	1,130,017

Example of the greatest impact: The Ministry of Health has increased the individual reimbursement limit for medicines and medical devices for oncology patients from 14,228,72 euros to 30,000 euros per patient over a 12-month period. This is based on the increase in price levels since the initial setting of this limit in 2006.

Quantifiable impact achieved	Impact in 2025, euros
Increase in revenue	24,297

Example of the greatest impact: State-owned Limited Liability Company "*Valsts nekustamie īpašumi*" (State Real Estate) has reviewed the rental fee for private law entities in some cases and increased it in 2025, thus generating revenue.

Quantifiable impact achieved	Impact in 2025, euros
Cost reduction	8,419,331

Example of the greatest impact: The Ministry of Economics ensured the reassessment of funding for the implementation of measure 1.2.1.2.i.1. "Enhancing energy efficiency in business (including the transition to renewable energy technologies in heating)" implemented by the Ministry of Economics under the Recovery and Resilience Facility and coordinated with the European Commission the reallocation of 8,419,331 euros[49] of funding to other purposes, as this funding was no longer necessary to achieve the CO_2 emission savings objective of the support measure.

[47] ISSAI 12. The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens.

[48] An institution that was audited and to which recommendations were made in this audit.

[49] 6,811,812 euros to investment 7.1.1.2.i "Modernization of electricity transmission and distribution networks" of the Ministry of Climate and Energy and 1,607,519 euros to investment 3.1.1.7.i "Loans to real estate developers for the construction of low-rent housing" of the Ministry of Economics.

Examples of the non-quantifiable impact achieved by implementing recommendations provided in the audits by the State Audit Office of Latvia in 2025

Ministry of Defence

In the interests of national defence, control over the use of state budget funds has been strengthened and the competence of the Ministry of Defence for managing investments in the national defence industry has been determined.

Audit

Financial audit “On the accuracy of the annual report 2023 of the Ministry of Defence”

Recommendation

The Ministry of Defence shall determine and implement further financing of state-owned “*Valsts aizsardzības korporācija*” LLC (State Defence Corporation) from the state budget funds in accordance with the guidelines and by providing for financial instruments suitable for the state-owned enterprise.

To improve the policy of the defence and security industry and to develop a legal framework that provides for the controlled involvement of private individuals in the performance of the external and internal security functions of the state in accordance with the interests of defence.

Outcome

The Ministry of Defence has established a procedure for approving the annual budget of the corporation, which is also formed from the state budget funds invested in the corporation’s share capital and subsidies/grants awarded on the basis of the concluded delegation agreement. The legislation defines the competence of the Ministry of Defence for managing investments in the state defence industry by providing that the management of investments in the state defence industry and the coordination of processes related to the development of military goods production may be fully or partially delegated to the state corporation. The policy of the defence and security industry has been improved.

Ministry of Finance

Impact related to institutional optimisation by eliminating the Lottery and Gambling Supervision Inspectorate and transferring its functions to the State Revenue Service.

Audit

Financial audit “On the revenue part of the state budget of the Republic of Latvia in the annual report 2013 on the outturn of the state budget and municipal budgets”

Recommendation

The Ministry of Finance shall evaluate the organizational model and effectiveness of the administration of lotteries and gambling and take steps to optimise it.

Outcome

On 1 April 2026, the Lottery and Gambling Supervision Inspectorate, which was under the supervision of the Ministry of Finance, was terminated, its functions were transferred to the State Revenue Service, and two positions were reduced. Such a merger of institutions reduces the administrative burden on businesses, as procedures and information submission take place in one institution while strengthening the state’s ability to supervise the industry effectively and respond to identified risks in a timely manner at the same time.

Impact related to promoting discussions at the legislative level on the results achieved by budget departments.

Audit

Financial audit “On the annual consolidated financial statement 2023 of the Republic of Latvia on the outturn of the state budget and municipal budgets”

Recommendation

In order to ensure useful, uniform and timely information for making budget allocation decisions, the Ministry of Finance should improve the process of managing the objectives and results of the use of funding by budget institutions in cooperation with the State Chancellery.

Outcome

Although the implementation of the recommendation is ongoing, ministries have been informing the Saeima about the operational goals and results achieved in the previous year in accordance with the resources used, the benefits to society and the impact on the future financing of sectoral policies in the medium term since 2025. This has facilitated discussions on the results achieved at the legislative level.

Ministry of Transport

Impact related to financial discipline.

Audit Performance audit "Accessibility of public transport services on subsidized routes"

Recommendation The Ministry of Transport, in cooperation with state-owned "*Autotransporta direkcija*" LLC (Road Transport Administration), should develop an action plan so that the provision of public transport services meets the financial capabilities of the budget program allocated for the current year.

Outcome Improved financial discipline. In order to safeguard the continuity of public transport services and compensate public transport service providers for losses for the public transport services provided, the Ministry of Transport has planned a grant to cover losses to public transport service providers annually (from 2025 to 2027) as a base funding of 93,787,014 euros. In 2025, an additional 1,734,567 euros, or 1.85% of the base funding, have been allocated from the contingency fund.

Ministry of Justice

Benefit for citizens: improvement of public good, which eases the social situation of the family in cases where a child has addiction problems.

Audit Performance audit "Does the child with behavioural issues and his/ her family have the opportunity to receive the necessary support?"

Recommendation To safeguard the best interests of children and comply with the basic principles of child rights protection provided for in the law[50], the Ministry of Justice, in cooperation with the Ministry of Welfare and the Ministry of Health, should assess the possibility of covering expenses related to the detection of the use of alcoholic, narcotic or psychotropic substances in a child's body from state or municipal budget funds.

Outcome On 1 January 2025, amendments to the Administrative Liability Law[51] have taken effect stipulating that minors or their legal representatives do not have to reimburse expenses related to the detection of the use of alcoholic, narcotic or psychotropic substances in a child's body. Obtaining information about a child's addictions in order to provide services for the treatment and prevention of addictions in a timely manner is in the interests of the state.

Benefit for citizens: improvement of public welfare for families with children.

Audit Performance audit "Does the child with behavioural issues and his/ her family have the opportunity to receive the necessary support?"

Recommendation To ensure the best interests of children and prevent ineffective use of state budget funds, the Ministry of Justice, in cooperation with the Ministry of the Interior, should assess the possibility of not applying administrative liability to children for living without a valid identity document and for losing an identity document[52].

Outcome The Office of Citizenship and Migration Affairs of Latvia has changed the practice of applying legal provisions within the framework of the current legal framework and does not apply administrative punishment, a warning or a fine, to minors for the above violations. A child's case may be sent to a municipal administrative commission for the application of compulsory measures of an educational nature only if intentional and abusive actions with personal identification documents are detected. As a result of the recommendation, administrative convictions are not initiated to minors for a formal violation, thus also saving the resources of the Office of Citizenship and Migration Affairs in the examination of administrative violation cases.

[50] Section 6, Part 1 and 2, Part 2.1, Paragraph 10, Sections 48 and 49 of the Law on the Protection of the Children's Rights.
[51] Law "Amendments to the Administrative Liability Law" of 21 November 2024.
[52] Section 17, Part 1 and 4 of the Identity Documents Law.

State Chancellery

A well-organized legal framework that will bring about positive changes in the assessment of liability.

Audit	Performance audit "Assessment of the responsibility of state administration employees"
Recommendation	Draft a framework for independent assessment of disciplinary liability in cases where an impartial and comprehensive investigation of a disciplinary case within a state institution or department is not possible.
Outcome	The adopted amendments to the Law on Disciplinary Liability of State Civil Servants clarify the procedure for investigating disciplinary cases and ensure a more transparent and independent disciplinary investigation process, especially for top-level managers. From now on, if a disciplinary case is initiated against, for example, a state secretary or head of an institution, it will be investigated by an inter-institutional commission of the Member of the Cabinet of Ministers to which the relevant institution is subordinate (the commission includes representatives from other institutions), thus ensuring greater impartiality.

Local and regional governments

Impact related to attracting investment in the regions.

Audit	Performance audit "Opportunities for improving municipal action, institutional cooperation and implementation of public investment projects to promote businesses in local and regional governments"
Recommendation	The Investment and Development Agency of Latvia should develop an action plan to promote cooperation with local and regional governments, including by promoting their understanding of the opportunities for implementing large-scale investment projects in a specially designated manner, as well as for centralised use of the state platform for business development business.gov.lv.
Outcome	The Investment and Development Agency of Latvia has improved cooperation with local and regional governments in the field of attracting investment, and investor interest in the regions has been promoted.

The audited entities have taken action to implement 87.8% of the recommendations and more than 75.7% of the implemented recommendations were implemented within the original deadline.

Survey data[53]: **according to opinion leaders, the recommendations of the State Audit Office play an important role in improving the quality of decisions made by state institutions; 82% believe that the recommendations help state institutions make better decisions.**

A letter has been sent to the Saeima, the Prime Minister, and the Minister of Finance drawing attention to recommendations provided in audits and not yet implemented, or other findings and insights that could have a positive impact on the state budget.

In 2025, a summary of audit findings and conclusions of the State Audit Office on problematic issues, complicated, resource-intensive or unjustified administrative procedures, as well as recommendations and possible solutions was sent to the Bureaucracy Reduction Action Group. This summary reminded of both the recommendations that were yet to be implemented and the recommendations that had been closed as not implemented.

In the reporting year, while continuing to introduce the new model for recommendation management, the State Audit Office of Latvia hosted a meeting with representatives of independent state administration institutions.

[53] Results of the survey "Image and assessment of the activities of the State Audit Office of the Republic of Latvia from the perspective of opinion leaders" conducted by RAIT Custom Research Baltic LLC in October- November 2025.

Communication on progress in implementing recommendations

Latvijas Republikas Valsts kontrole

Recommendation Platform

A page has been created on the website of the State Audit Office of Latvia where one can view recommendations from audits that still have at least one unimplemented recommendation.

LATVIJAS REPUBLIKAS SAEIMA

Reporting to the Saeima Public Expenditure and Audit Committee

Participation in meetings on the progress of the implementation of recommendations.

Presentations on the implementation of recommendations provided by the State Audit Office of Latvia in individual sectors:

- Implementation of the State Audit Office's recommendations in the field of special education
- Progress in the implementation of the recommendations provided to the State Chancellery in the audit of the State Administration Reform Plan
- Progress in the implementation of the recommendations provided to the State Chancellery

#PēcRevīzijas

The hashtag *#PēcRevīzijas* activated on X and Facebook about the progress of implementing audit recommendations. Almost 30 activities have been provided to monitor progress in implementing recommendations.

International recognition

The prestigious Elmer B. Staats Award was awarded for the article Think BIG! Testing a New Approach for Recommendations" drafted by the State Audit Office of Latvia.

The Elmer B. Staats Award is awarded for excellence in the preparation of articles for the INTOSAI Journal by evaluating their originality, contribution to knowledge, relevance, usefulness and transfer of knowledge to the work of other SAIs, as well as literary quality, creativity and research justification.

The article analyses the approach of the State Audit Office to measuring the impact of recommendations and promoting change in state administration, an innovation that has attracted international attention.

2.6. Review of violations of legal provisions identified during audits

The framework of the 2nd action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, “Strengthen public confidence in the public sector by contributing to national integrity.”

The State Audit Office of Latvia has the authority to examine how public funds are used, as well as to provide recommendations to improve their management. The State Audit Office of Latvia does not have a punitive function, but it must report to the responsible authorities on any violations found during the audits and monitor their review in accordance with the State Audit Office Law.

Since 1 August 2019, when amendments[54] to the State Audit Office Law of Latvia took effect by granting the State Audit Office of Latvia the right to make decisions on the recovery of losses caused as a result of illegal actions in cases where an audited entity or its higher authority does not itself resolve the issue of recovery of losses from the responsible official or employee.

The State Audit Office of Latvia has conducted an assessment of how the function assigned to it, to decide on the recovery of losses caused by unlawful conduct, has worked over the past five years.

Auditor General Edgars Korčagins emphasised, *“This ex-post evaluation is not just a retrospective analysis because it offers specific proposals for improving the regulation and practice. Five years of applying this practice confirm that this regulation serves its initially set goal as a whole, that is, to facilitate accountability in state administration and improve the effectiveness of loss recovery. At the same time, the evaluation highlights several significant shortcomings that hinder the effective application of the regulation. The challenges are mainly related to the mutual inconsistency of legal norms, different interpretations in practice and incompletely developed criteria for assessing the responsibility of officials. [..]”*

The *ex-post evaluation report* puts forward 16 proposals for improving the regulation by covering both the improvement of procedural order and substantive aspects.

The ex-post evaluation report was *presented* to the Saeima Public Expenditure and Audit Committee and *state secretaries* of all ministries.

Proceedings for the recovery of losses caused by unlawful actions[55]

Three proceedings in relation to the violations detected in three audits were initiated in the reporting year. The processes continued in relation to the findings of four audits regarding the losses incurred. The compensation processes for losses continued, for example, for violations in the payment of remuneration, violations related to the purchase of excessively expensive services, and bookkeeping.

In addition to the initiated proceedings, two additional information requests were sent to one audited entity to clarify the factual circumstances of the case, and, after evaluating the information received, a decision was made by the Council of the State Audit Office to initiate an administrative case.

In total, seven proceedings for 360,110 euros continued in 2025 (including one proceeding regarding part of the losses). In three cases, the Council of the State Audit Office decided to postpone the recovery of losses in connection with criminal proceedings initiated after the State Audit Office had reported on the illegal conduct identified in the audit; the assessment continued in the audited entities in two cases, an administrative proceeding was initiated for the recovery of losses in one case, and the audited entity is taking action to recover the losses in one case.

[54] The Law “Amendments to the State Audit Office Law” of 20 June 2019, which supplements the State Audit Office Law with Section 57.1, which provides that after the decision on approval of an audit report has entered into force, the State Audit Office shall decide on the recovery of losses caused as a result of illegal actions identified in the audit, as well as with a new Chapter XIV, which provides for the procedure for implementing the process of recovering losses caused as a result of illegal actions identified in the audit of the State Audit Office. The regulation applies to audits initiated after 31 July 2019.

[55] Data as of 5 January 2026.

Criminal cases[56]

Five reports were sent to the State Police and the Prosecutor General's Office regarding alleged criminal offences. In connection with the aforementioned reports, two departmental inspections continued, and three criminal proceedings were initiated and are ongoing.

Seven complaints have been prepared and sent regarding the decisions of the persons directing the proceedings regarding the termination of criminal proceedings.

37 criminal proceedings (including 15 at the trial stage) that were initiated after audits in previous years continued based on the audit results.

In connection with the information provided by the State Audit Office regarding the commitment of a criminal offence provided for in Section 175, Part Four of the Criminal Law of Latvia, one conviction has entered into force for one individual.

Administrative violation cases[57]

The competent authorities have been notified of potential administrative irregularities identified in two cases, including an official being in a conflict-of-interest situation and violations in bookkeeping.

Administrative penalties were imposed on 2 individuals for the aforementioned violations.

Disciplinary cases[58]

Three lists of violations identified in three audits have been sent to audited entities: two individuals have been disciplined, and two individuals have had their employment in civil service terminated.

Response from an audited entity regarding one list of violations sent in 2024 has been received, and the violation has been admitted.

Two letters have been sent regarding potential disciplinary action. Liability of one official has not been assessed; one case has been time-barred.

[56] Data as of 5 January 2026.
[57] Data as of 5 January 2026.
[58] Data as of 5 January 2026.

2.7. Public relations

The framework of the 3rd action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Increase the impact of the work of the State Audit Office of Latvia for the public interest."

The State Audit Office of Latvia has developed a communication strategy aiming to provide internal and external communication support for achieving the indicators set out in the Strategy of the State Audit Office of Latvia for 2022–2025.

Communication priorities: audit reports, implementation of recommendations, media and discussion events, visibility of the State Audit Office of Latvia, international cooperation activities, management opinions, employer image and *#ValstsKontrolesKomanda* (SAI Latvia team).

In the reporting year, special attention was paid to the use of plain language, and how and why to communicate with institutions, the public and with each other. This helps to strengthen trust, achieve goals and improve the quality of work.

Communication in figures

- **100% communication** about all initiated and completed audits
- **> 80** press releases on current affairs of the State Audit Office
- **> 70** interviews and participation in various broadcasts (television and radio)
- **2 press briefings** at the State Audit Office of Latvia[59] and **2 Regional Media Days** in June and December
- **7 opinion articles**[60] and **8 videos**[61] on audit results
- **Expert discussions** and **3 events** at the State Audit Office of Latvia[62]
- **6 articles**[63] in foreign international audit journals
- **An average of two social media posts per day** on social media Facebook X Linkedin Instagram Bluesky

[59] Results of the report on state supervision of COVID-19 investments in airBaltic; results of the audit report "No reforms, lack of personnel – where is inpatient healthcare heading?".
[60] The legal and ethical obligations of a judge in further education; Integrity: the compass of the work of the State Audit Office; Latvian public procurement regulation: complicated and inflexible; Municipal administrative commissions: time to abandon the collegial model; My heart aches for my generation's neglect of children's education; Misunderstood availability of hospitals: half-empty buildings without full staff are not in the interests of patients; Crisis management centre: a conductor for assembling the puzzle.
[61] Will energy policy management ensure the achievement of ambitious goals?; Are policies on social cohesion purposefully planned and implemented?; Assessment of the operation of the Port Development Fund; Are municipal administrative commissions a good solution to ensure an effective administrative infringement process?; On the accuracy of the annual consolidated financial statement 2024 of the Republic of Latvia; Is the introduction of cloud computing services in public administration purposeful?; Is inpatient healthcare planned and organised effectively?; Does the child with special needs have the opportunity to receive an education that meets his or her abilities, needs, and the best interests of the child?
[62] Is cohesion achievable?; Inspirational start: AI opportunities in state administration; Housing retrofitting challenges and solutions: how to move forward?
[63] The INTOSAI Journal, on the performance audit of biodegradable waste sorting in Latvia; the EUROSAI Innovation Journal, on the cooperation of the three Baltic SAIs in the review of the Rail Baltica project; INTOSAI Environmental Journal "Greenlines", on the audit of the emission allowance auctioning instrument; the INTOSAI Environmental Journal, on improving the effectiveness of financial auditing: one report instead of 27 reports; the EUROSAI WGMA Newsletter, on municipal support for business development and on municipal administrative commissions in ensuring an effective administrative violation process.

TOP posts[64] of the State Audit Office of Latvia on social media

- Post "An audit published on the Port Development Fund"
- Post "Review report on the establishment of a military sculptural composition at the Ādaži Military Base"
- Post "The State Audit Office presents proposals for benefits in the state budget worth millions"

- Post "The State Audit Office invites apartment building owners to participate in a survey on building retrofitting and energy efficiency"
- Post "We are hosting a discussion about AI in state administration at the Conversation Festival Lampa."
- Post "We are publishing an audit of inpatient healthcare"

- Post "Happy to be part of the *#ValstsKontrolesKomanda*! New colleagues meet with Auditor General Edgars Korčagins"
- Post "Conclusions *#PēcRevīzijas* about inpatient healthcare"
- Post "We met with the management of the Investment and Development Agency of Latvia"

Cooperation with the population and socially active organizations

It is crucial to observe independence in public sector auditing, therefore achieving a balance between the independence of the State Audit Office of Latvia and the involvement of public representatives in the auditing process is essential. When planning audit work, one criterion is letters from residents and whistleblower reports. In turn, during the audit process itself, cooperation was implemented with those non-governmental organizations that provided or could provide support to the State Audit Office of Latvia in its audit work.

In the reporting year, 29 socially active organizations and their representatives were involved in six completed performance audits and one review.

Audit-based training and exchange of experience

One of the action lines of the State Audit Office's activities is to increase the impact of the work of the State Audit Office of Latvia for the public benefit, therefore, significant human resources of the State Audit Office of Latvia have been invested in educating the public sector and partner organizations by ensuring the transfer of knowledge gained in audits and increasing the impact of the State Audit Office's work.

The State Audit Office of Latvia has participated in discussions, workshops, fora, conferences and trainings that cover the relevant audit topics.

[64] The popularity of posts is assessed by how many times a particular post has appeared in whole or in part in a social media user's timeline. At the same time, the assessment does not include job advertisements and content created by other (mostly media) sources that has been republished on the State Audit Office's accounts.

Timeline of major events

January	A presentation entitled "Problems and opportunities for the development of public procurement" was given to public procurement professionals at the annual 🔗 conference. The developed 🔗 Guide for development planning to promote entrepreneurship and attract investment in a local or regional government was presented at the training organised by Latvia's Municipal Training Centre.
February	🔗 Meeting with chairpersons of local and regional councils of Latvia on new audit topics and implementation of result-based recommendations.
March	🔗 The Guide for development planning to promote entrepreneurship and attract investment in a local or regional government was presented at the workshop "Current events and trends in promoting entrepreneurship in a local or regional government" hosted by the Ministry of Smart Administration and Regional Development. Discussion at the 🔗 panel discussion "Reducing bureaucracy and expenditure: how to dare turning words into actions?" hosted by the Employers' Confederation of Latvia.
April	🔗 Sharing the experience of the State Audit Office at the State Administration School webinar on the Code of Ethics in state administration.
May	🔗 Discussion about the possibilities and already existing mechanisms for ensuring the principle of fairness at the European Congress of Patient Organizations. The results of the review on the implementation and use of artificial intelligence in state administration were presented at the inter-institutional meeting of the State Digital Development Agency.
June	Participation in the final event of the 🔗 VEFRESH innovation procurement project 🔗 #IPROMOon procurement system development and risk management. 🔗 Discussion about the use of municipal resources, community councils, the role of rural district administrations, and local initiatives in regional development at the Latvia's Rural Communities Parliament working group in Mālpils.
July	Participation in the 🔗 discussion "Robots in government? State administration in the age of artificial intelligence" and 🔗 discussion "What is the price of health in Latvia?" at the Conversation Festival Lampa.
August	The topic "Auditor's integrity: compass and anchor in everyday work" 🔗 was discussed at the Summer Conference 2025! organised by Latvia's Association of Certified Auditors.
September	The international conference "Advanced governance and internal audit in the public sector: opportunities and challenges" 🔗 discussion about reducing bureaucracy and administrative burden, improving the effectiveness of institutions, the importance of performance audits, preventing corruption and conflict of interest risks, as well as the possibilities of using technology and artificial intelligence in the public sector.
October	At the panel discussion "Balance of regulation and freedom: risks, opportunities and future scenarios" of the event "Procurement Forum 2025", fair competition, effective procurement and the principles of sustainable governance were 🔗 discussed.
November	🔗 Participation in the panel discussion "Governance and innovation with AI" at the Artificial Intelligence Forum of the State Competitiveness Commission at the Riga Castle. A webinar 🔗 was held on the application of the provisions of the Law on the Prevention of Squandering of the Property of a Public Entity at the State Administration School.

December A forum of the State Audit Office and internal audit was organised on reducing bureaucracy and administrative burden, information and communication technology audits, and performance audits.

The annual conference "Public Sector Audit, Taxes and Accounting 2025" discussed changes in tax administration, financial reporting, case law and the latest trends in the industry, as well as ethics and quality in public sector auditing.

Participation in the discussion "How to ensure that the defence budget is used honestly?" at the international conference "Is Defence Money Safe?" organized by the Society for Transparency Delna and the Corruption Prevention and Combating Bureau.

At the panel discussion "The path to a socially responsible health policy" of the Baltic Assembly conference "Health as an Investment in the Security and Future of the Region" in the Saeima, it was explained how audit data helped making informed decisions in healthcare.

Educational and informative events were provided to create interest in the activities of the State Audit Office among the younger generation. In April 2025, the State Audit Office of Latvia welcomed future communication and journalism professionals from Vidzeme University of Applied Sciences. The State Audit Office has also conducted an informative lecture for students of the Faculty of Economics and Social Sciences of the University of Latvia to introduce them to the work of the State Audit Office, as well as organised a discussion with students of the Faculty of Law of Riga Stradiņš University about the place and role of a supreme audit institution in a democratic country.

In turn, participation in the school program "Ready for Life" of the foundation "Mission Possible" continued throughout the year. Visits by the experts of the State Audit Office of Latvia were organised in 26 schools across Latvia by meeting more than 530 children and young people. The digital format of the game "Do You Know What State Money Is?" was sent to 12 schools.

Cooperation with senior state officials

The State Audit Office of Latvia cooperates with the top state officials, the President of Latvia and the Prime Minister.

In February 2025, during a meeting between the Auditor General and the President of Latvia Mr Edgars Rinkēvičs, the audit topics and priorities of the State Audit Office for 2025 were discussed.

In turn, the parties discussed current issues in the activities of the State Audit Office, including the progress of the implementation of the recommendations provided by the State Audit Office during the July meeting.

Cooperation with the Saeima

The State Audit Office of Latvia has a close cooperation partner, the Parliament of Latvia, or the Saeima, including the Public Expenditure and Audit Committee. During the reporting period, participation was ensured in 66 Saeima committee meetings, by giving more than 20 presentations, including 33 meetings of the Saeima Public Expenditure and Audit Committee, in which 16 issues were considered regarding audit results, eight issues were considered regarding recommendations and nine other significant issues were discussed.

In June 2025, the Auditor General addressed the Members of Parliament by presenting the annual report on the achievements in the past period and the plans for the future.

Before the upcoming plenary session of the Saeima, Auditor General Edgars Korčagins stated, *"Any difficulties, challenges or even crises simultaneously open up good opportunities. The maturity of our state administration creates a solid foundation in many of its areas for a qualitatively new leap in the development of simpler, cheaper and more socially friendly services and processes. To use these opportunities, it will be necessary for responsible officials to be determined to review the usual and often outdated order of things and to make unpopular and courageous decisions not only from time to time, but every day."*

Public Council of the State Audit Office of Latvia

The Public Council of the State Audit Office of Latvia is an advisory body established by the Council of the State Audit Office of Latvia with the aim of promoting public involvement in auditing, informing about audit results, and explaining the results to the public.

In October 2025, a meeting of the Public Council of the State Audit Office of Latvia discussed the new audit topics for 2026 and the framework of the Strategy 2026-2029 of the State Audit Office.

Members of the Public Council have provided significant support in auditing work and explaining the results to the public.

2.8. International activities

The framework of the 3rd action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, “Increase the impact of the work of the State Audit Office of Latvia for the public interest”, and of the 4th action line “Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges”.

The State Audit Office of Latvia continues to be an important member of the international audit community and a support provider in the field of public sector audits, as well as promoting Latvia’s recognition at the international level by representing Latvia in the governing structures and working groups of international SAI organizations.

International cooperation framework

International Organization of Supreme Audit Institutions (*INTOSAI*)

Member since 1994.

Observer status in the Financial Audit and Accounting Subcommittee (FAAS) of the Professional Standards Committee (FAAS) and Performance Audit Subcommittee (PAS).

Member of four working groups: (1) Working Group on Evaluation of Public Policies and Programs; (2) Working Group on Environmental Auditing; (3) Working Group on Follow-up Audit; (4) Task Force on Citizen Participation and Civil Society Engagement.

European Organization of Supreme Audit Institutions (*EUROSAI*)

Member since 1995.

SAI Latvia manages the Secretariat of the Working Group on Municipality Audit (WGMA) from 2024.

Member of four working groups: (1) Working Group on Environmental Auditing; (2) Working Group on Information Technologies Auditing; (3) Working Group on the Audit of Funds Allocated to Disasters and Catastrophes; (4) Network for Ethics (N.ET).

Audit of the annual financial statement of the NATO Headquarters Multinational Division North

From 2024 to 2026, responsibility for conducting audits of the annual financial statements of the NATO Headquarters Multinational Division North.

Association of Supreme Audit Institutions of the Member States of the European Union and the European Court of Auditors or Contact Committee

Member of three activities: (1) Working Group on Value Added Tax; (2) Network on Fiscal Policy Audit; (3) Network for Energy Auditing.

Task Force *Rail Baltica*

The Task Force was established by concluding a Memorandum of Understanding among the three supreme audit institutions of the Baltic countries.

Cooperation mechanisms with other SAIs

15 mutual cooperation agreements with supreme audit institutions and INTOSAI Development Initiative.

Cooperation Forum of the Baltic Supreme Audit Institutions.

Active cooperation also with other SAIs, both in the field of audit methodology, through learning curricula, and through participation in workshops on current public sector audit topics.

Timeline of major events

January	Participation in the international high-level conference for heads of supreme audit institutions by the Organization for Economic Co-operation and Development (OECD) and INTOSAI Development Initiative (IDI) by 🔗 discussing the integration of audit conclusions and recommendations into state budget formation and budget expenditure review processes.
February	🔗 Meeting with representatives of the United States Embassy at the State Audit Office to discuss public sector auditing and current issues in state administration.
March	A bilateral 🔗 meeting between the Supreme Audit Institution of Laos and the State Audit Office of Latvia in Riga aimed at strengthening cooperation, sharing experience on state budget audits, and improving the professional development of auditors.
April	🔗 Meeting with representatives of the European Parliament's Committee on Budgetary Control (CONT) on the implementation of state expenditure for defence purposes and the use of European Union funding in Latvia at the State Audit Office.
May	Task Force Rail Baltica meeting in Riga by 🔗 bringing together the SAIs of Latvia, Estonia, Lithuania, Finland and Poland on improving oversight of the most ambitious infrastructure project in the region. Online 🔗 meeting with the new Auditor General of Lithuania to discuss future cooperation opportunities both bilaterally and at the Baltic level.
June	The international conference "Security of the European Union Member States from the Perspective of SAIs" 🔗 discussed security challenges and the role of SAIs in the complicated geopolitical situation. A report on the activities of the WGMA was 🔗 presented at the EUROSAI Governing Board meeting to highlight the most significant achievements in the past year.
August	Cooperation agreement 🔗 signed among the State Audit Office of Latvia, the Supreme Audit Institution of Dominica, the IDI and the Caribbean Organization of Supreme Audit Institutions (CAROSAI) on Phase 2 of the Global Integrity Program (GSAI) project in support of the Supreme Audit Institution of Dominica.
September	A workshop of the EUROSAI WGMA on regional development policy planning, availability of funding, mutual synergy of support programs, and the role of SAIs in regional development was 🔗 organised in Riga.
October	The EUROSAI Congress 🔗 discussed auditing in municipalities and natural disaster management, as well as a meeting with the EUROSAI leadership on cooperation in the WGMA. 🔗 Discussed at the XXV INTOSAI Congress on the use of artificial intelligence in state administration and the role of SAIs during financial and economic crises. Forum of Baltic SAIs 🔗 organised discussing the need to increase defence spending, strengthen transparency and public trust.
November	Conclusions of the State Audit Office regarding the actions and investments of local and regional governments to promote entrepreneurship in Latvia were 🔗 presented at the Contact Committee meeting.
December	Cooperation agreement and activity plan for 2026–2028 🔗 signed with the Supreme Audit Institution of Uzbekistan to establish a long-term partnership in the development of public financial supervision and audit practices.

2.9. International projects

The framework of the 3rd action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Increase the impact of the work of the State Audit Office of Latvia for the public interest".

Support to SAIs of the EU Eastern Partnership countries[65] and Uzbekistan

Project: "Capacity building of the SAIs of the EU Eastern Partnership countries and Uzbekistan in the process of integration of ISSAIs"

Project funding and its source: State budget of the Republic of Latvia, in accordance with the annual Development Cooperation Policy Plan, 34,000 euros of which 31,670 euros were spent in 2025.

Implemented activities in the reported period: (1) SAI Uzbekistan was provided with insight into performance and compliance audits, in compliance with ethical principles, anti-corruption and cooperation with stakeholders, as well as a bilateral Cooperation Agreement and Activity Plan for 2026–2028 were signed; (2) SAI Moldova was provided support with the preparation of financial audit documents, auditing an annual consolidated financial statements, state budget audits, communication with non-SAIs, accounting of intangible assets, biological resources and minerals, municipality audits, etc.; (3) Support was provided to the Supreme Audit Institution of Ukraine remotely, by participating in an interview with the Ukrainian Centre for Analytics and Advocacy to help the Supreme Audit Institution of Ukraine apply the most appropriate European practices, as well as participation in the EUROSAI project group to support Ukraine; (4) Cooperation was initiated with the Supreme Audit Institution of Armenia by meeting with representatives of the institution, representatives of the Armenian government, diplomats and representatives of international donor organisations on cooperation opportunities with donors and potential areas of cooperation.

Working visits: Armenia Moldova Moldova Uzbekistan Uzbekistan

Participation of the State Audit Office of Latvia in the Global Integrity Initiative (*GSAI*)

Project: support project to SAI Dominica.

Agreement of the State Audit Office of Latvia on cooperation in providing support to SAI Dominica between the INTOSAI Development Initiative, the Caribbean Organisation of Supreme Audit Institutions (CAROSAI) and SAI Dominica in 2023 (Project Phase 1). An agreement was signed Phase 2 of the project in August 2025.

Project funding for 2023[66]–2025[67]: 100,000 US dollars. The State Audit Office of Latvia co-financed 2,161 euros in the reported period.

Project funding for 2025[68]–2026[69]: up to 149,000 US dollars. The State Audit Office of Latvia co-financed 113 euros in the reported period.

Implemented activities during two visits in the reported period: (1) training on conducting all types of audits by supporting the implementation of the audit quality management system, engaging in the mid-term evaluation of the development strategy and the preparation of the new strategy, drafting guidelines for cooperation with non-SAIs, developing proposals for changes to legislation and improving communication with parliament, integrating data analysis tools into audits and implementing an audit information system; (2) providing practical training in accordance with the new compliance audit manual and assistance in improving the performance audit manual, conducting discussions on a financial audit report, planning the next financial audit, and providing support in pilot compliance audits.

Working visits: Visit Visit to plan project Phase 2

[65] The EU Eastern Partnership was established with the aim of promoting political association and economic integration with the European Union's eastern neighbours in order to foster stability, economic growth and mutual trust in the region. The Eastern Partnership is implemented with regard to Moldova and Ukraine in Eastern Europe and Georgia, Armenia and Azerbaijan in the South Caucasus. Since the establishment of this policy, the EU Eastern Partnership has been a priority of Latvia's foreign policy and Latvia participates actively in the development of the Eastern Partnership policy.
[66] Until July 2025.
[67] Funding from the EU, US government and IDI funds, as well as financial and technical resources from cooperation partners.
[68] From August 2025.
[69] Funding from the EU, Saudi Arabia and IDI funds, as well as financial and technical resources from cooperation partners.

International training on strategic support for supreme audit institutions

In November 2025, the State Audit Office of Latvia hosted training organized by IDI for colleagues involved in providing support to other SAIs. The training promoted an in-depth understanding of working with SAIs in difficult circumstances, paying special attention to the professional resolution of sensitive issues. Knowledge was strengthened about the impact of the political, economic and cultural context on cooperation, as well as coordination with other support initiatives. Participants learned management approaches to organizational change and their practical application when providing support to SAIs. At the same time, practical skills were developed for tailored consultations and training, as well as in project implementation, management and linking results to the strategic goals of SAIs.

2.10. Integrity framework

The framework of the 4th action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges."

The State Audit Office is aware of its special role in strengthening the democratic and legal state of Latvia, promoting public welfare and sustainable development of the country, as well as in facilitating the effective use of public financial resources. Therefore, the State Audit Office of Latvia undertakes to work for the public good both with high professional competence and human integrity and responsibility.

The State Audit Office has developed the Code of Ethics of the State Audit Office, which is based on the State Audit Office Law and other regulatory enactments, as well as international public sector auditing standards, including ISSAI 130[70]. The Code establishes the basic principles of professional integrity of the State Audit Office, their manifestation in behaviour and general ethical requirements for the employees of the State Audit Office, current and former officials and external experts engaged in the performance of the tasks of the State Audit Office.

To share the experience of the State Audit Office, an article was elaborated for the journal *"Jurista Vārds"* (Lawyer's Word), "Professional integrity: compass of the work of the State Audit Office"; a webinar was conducted on the Code of Ethics in state administration at the State Administration School; participation in the conference of Latvia's Association of Certified Auditors "Summer Conference 2025"

In July 2025, an event was organised to share experience on the integrity framework, including legal framework, educational activities and the review of the integrity framework, with representatives of the Uzbek state administration, who were involved in the prevention of corruption and strengthening internal control systems on a daily basis.

In turn, in October 2025, an Ethics Week was organized for the employees of the State Audit Office of Latvia on the topic "Respect, Integrity and Us", during which the annual Ethics Barometer survey was also conducted and the event "Ethics of a Communal Apartment" was organized.

[70] International Organization of Supreme Audit Institutions (INTOSAI) standards (ISSAI).

2.11. Internal control system

The framework of the 4th action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges."

During the reporting year, the State Audit Office of Latvia performed internal control procedures in accordance with the quality management system, Work Plan 2025 and the Internal Audit Work Plan of the State Audit Office of Latvia.

Activity	Achievement
Internal audit	Two internal audits initiated on the assessment of the functions of the Legal Department and an evaluation of the organization of State Audit Office business trips. Implementation of recommendations made as a result of internal audits conducted in previous years was monitored.
Risk assessment	Assessment of risks of implementing the Strategy 2022–2025 of the State Audit Office of Latvia. Monitoring of the implementation of the measures to mitigate/prevent risks set out in the risk assessment of the implementation of the Strategy 2022-2025 of the State
Peer review	Work continued on the implementation of the recommendations of the Peer Review of the State Audit Office of Latvia[71] carried out in 2022.
Evaluation	Assessment of risks of corruption and conflict of interest.
Descriptions of work processes	In accordance with the quality management policy of the State Audit Office, a large-scale updating of the descriptions of the State Audit Office work processes is initiated.

[71] An internationally accepted way to conduct such an assessment is a peer review. These are reviews carried out in a specific supreme audit institution by representatives of SAIs from other countries in accordance with international auditing standards.

2.12. Activities for sustainability

The framework of the 4th action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges."

The Greening Plan

Being aware of the responsibility of the State Audit Office of Latvia as the supreme audit institution in sustainability and seeking opportunities to operate in a more environmentally friendly manner, the activities in sustainability set out in the Greening Plan for 2022–2025 of the State Audit Office of Latvia were implemented and the measurements for environmental aspects for 2025 were taken during the reporting year.

Purchase of drinking water was replaced with filtered tap water by **100%**.

Printing equipment toner consumption decreased by **89%**.

Paper use decreased by **7%**[72].

Electricity consumption decreased by **41%**[73].

Green public procurement was implemented.

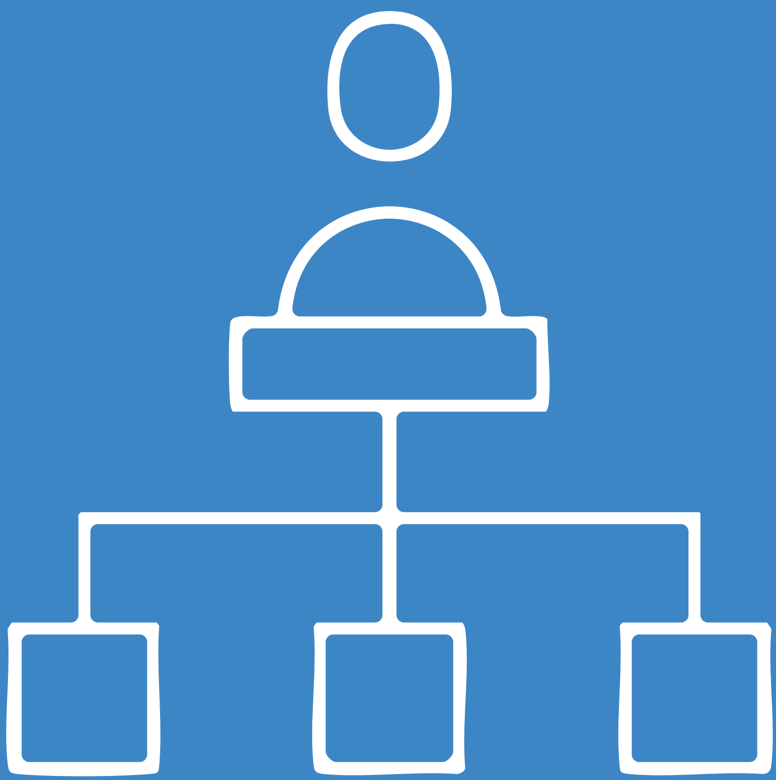
The Getliņi EKO landfill was visited for information purposes.

The amount of waste generated was reduced by replacing the previous practice of disposing of unnecessary/outdated items with an electronic auction.

Participation in the "Big Clean-up" resulted in clean work environment by starting preparations for moving to other office premises in 2027.

Participation in the New Habits Business Forum "Durability", as well as sharing experiences and leading a working group on responsible and transparent decision-making.

[72] Compared to the average power consumption for 2019–2021.
[73] Compared to the average power consumption for 2019–2021. Data on electricity meter readings, which record the electricity consumption of the State Audit Office of Latvia separately.



Resources of the State Audit Office of Latvia

3.1. Human resources

The framework of the 4th action line of the Strategy for 2022-2025 of the State Audit Office of Latvia, "Ensure the efficient operation of the State Audit Office and promote the professional growth and motivation of employees under the conditions of new opportunities and challenges."

The greatest value of the State Audit Office is its employees. It is their professional competence and independent actions that ensure the institution's ability to fulfil its mission in the public's interests. Without motivated, knowledgeable and responsible employees, it is impossible to perform audits reliably, qualitatively and effectively.

At the beginning of 2025, there were 180 staff positions in the State Audit Office of Latvia in total. 140 audit functions and 40 support functions.

Taking into account the risks that insufficient salary funding may pose to the institution's operations, the State Audit Office has approved[74] a list of positions that are consistent with the institution's strategic priorities and principles of effective management thereby reducing the number of positions by 14.

There are **166 staff positions** in the State Audit Office of Latvia in total

127 audit functions

39 support functions

154 employees and officials[75] work for the State Audit Office

117 audit functions

37 support functions

12 vacancies[76]

Distribution of employees and officials **by age and gender groups**

20–29	30–39	40–49	50–59	60–66
4	32	66	38	14

Average age of employees is **46 years**

125 women or 81%

29 men or 19%

In order to ensure strategic human resource planning in accordance with the developed list of positions and to attract employees purposefully with appropriate qualifications, 11 competitions for vacant positions in the State Audit Office of Latvia were announced. As a result of the competitions, a total of more than 250 applications were received. The largest number of applications, 42 applications to be precise, was for the position of State Auditor in the State Administration Sector.

Employment at the State Audit Office of Latvia

21 employees started working

23 employees ceased employment

Turnover rate is **15%**

Average number of years worked – **9 years**

In the reporting year, the previously introduced work organization of working in hybrid mode (partially in person and remotely) was maintained. To safeguard an opportunity for employees to perform their work more fully remotely, information technologies have been developed.

[74] Decision of the Council of the State Audit Office of 17 July 2025 (Minutes No 42, § 1).
[75] As of 31 December 2025, including long-term absentees.
[76] 7.2% of a total of 166 positions, including 10 positions related to auditing, or 7.9% of a total of 127 positions.

Increasing the professional competence of employees

During the reporting period, targeted training programs and exchange of experience were implemented to achieve the set strategic goals, employees would feel more motivated and more resilient in facing changing living conditions.

In general, to increase professional competence, the staff ensured participation in 108 training events and other educational events, of which 93 were external training and 15 were internal training.

Internal teaching staff conducted training or experience exchange workshops on topics such as audit software and tools, risks and controls in the IT environment, the concept of “3E”[77] in theory and practice, plain language and effective communication.

To gain international experience, the State Audit Office of Latvia has organised experience-building training courses that help develop audit methodology and improve audit quality. In cooperation with experts from SAI Ireland, performance audit practice has been strengthened from problem formulation to strengthening the impact of recommendations.

Opportunities have been identified to use INTOSAI IDI Professional Education for SAI Auditors (PESA) training for auditor certification or expert training module. In the pilot project, one participant in each module and one trainer for each participant have been applied for the PESA financial, performance and compliance audit module training from the State Audit Office of Latvia.
stiprināšanai.

Auditor certification

In accordance with the State Audit Office Law, a provision took effect in 2023 that a Head of Sector of an Audit Department could be a person who obtained a certificate for conducting public sector audits, and an audit group could be led by a Head of Sector or an auditor who held such a certificate.

While continuing the certification of heads of sectors and auditors, 1 certificate for conducting performance audits was issued, 15 employees were re-certified for conducting performance audits, 10 employees were re-certified for conducting financial audits.

There are 61 certified individuals for conducting performance audits and 49 certified individuals for conducting financial audits in employment relations with the State Audit Office of Latvia[78].

Certificate of Acknowledgment

In accordance with the Law on State Awards, the award of the State Audit Office of Latvia, that is, a Certificate of Acknowledgment has been established. A Certificate of Acknowledgment is awarded to cooperation partners of the State Audit Office of Latvia and officials and employees of the State Audit Office to express appreciation for their contribution to the achievement and development of the goals set by the State Audit Office of Latvia. Certificates of Acknowledgment are presented once a year on the day of the establishment of the State. Audit Office of Latvia, on 16 August or on another day when this anniversary is celebrated.

On the occasion of the 102nd anniversary of the State Audit Office of Latvia, the national award, Certificate of Acknowledgment were presented to eight employees for their contribution to the achievement and development of the goals set by the institution, for professionalism and perseverance, as well as for their creative approach and significant contribution to the work of the State Audit Office of Latvia.

[77] Concepts of economy, effectiveness, efficiency.
[78] Data as of 31 December 2025, including 13 people whose certificates have been suspended.

A Certificate of Acknowledgement was also presented to two cooperation partners:

Ms Evija Unāma, Producer at Latvia's National Radio, for explaining the audit results of the State Audit Office actively and professionally in the public space

The State Treasury of Latvia for significant support in the State Audit Office project "Provision of a single report by an independent auditor in financial audits, that is, the audit of an annual consolidated financial statement".

Mentoring Service

The mentoring service is part of the long-term approach of the State Audit Office to staff development and strengthening the capacity of the organisation by providing continuity, quality and professional sustainability. Guidelines for the activities of mentors have been developed.

The Mentoring Service of the State Audit Office of Latvia includes 21 trained mentors.

During the reporting year, mentors were assigned to 20 new employees. Feedback was received from the new employees on the work of their mentors. This information will be used to improve processes and develop the Mentoring Service of the State Audit Office.

Value Ambassadors

The Value Ambassadors were established as a value orientation initiative of the State Audit Office of Latvia to promote implementation, updating and strengthening of the mission, vision, and values of the State Audit Office of Latvia.

- Organization of internal events
- Support in internal communication
- Mission, vision, and value training
- Value monitoring and proposals

The group of Value Ambassadors consists of eight staff members-volunteers[79]. Value Ambassadors collaborate with the Auditor General in generating ideas, planning and implementing activities and facilitate the implementation, updating and strengthening of values.

The Value Ambassadors help organise events for the exchange of experience and informal discussions on topics such as: (1) development of the State Audit Office Innovation Laboratory and the involvement of artificial intelligence in everyday work; (2) effective use of Microsoft Teams in everyday work and mutual communication; (3) everyday life of the State Audit Office on social media; effective communication in the digital environment; (4) on the results of the phishing simulation; (5) cybersecurity: more than passwords: what a manager does and how it helps us; (6) working with Ervy enterprise: practical application.

[79] As of 31 December 2025.

3.2. Financing and spending

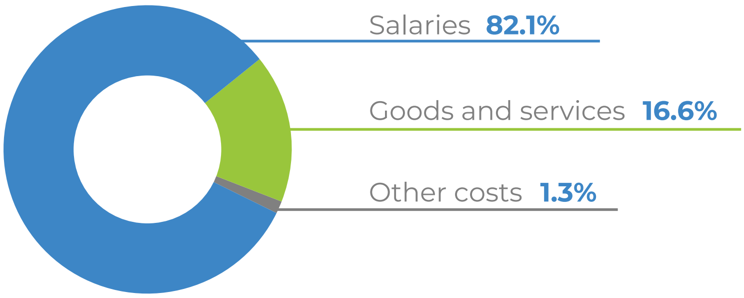
The State Audit Office of Latvia receives funding for the provision of basic functions from the state budget. In 2025, the budget of the State Audit Office of Latvia was 8.5 million euros, which was 2.8% more than in the previous year (8.26 million euros). The increase in funding is due to more additional funding allocated for the implementation of priority measures and more funding allocated from the budget program 01.00.00 "Appropriation Reserve" compared to the previous year.

The additional funding allocated to the State Audit Office in 2025 is 0.529 million euros, including (1) 0.344 million euros for the implementation of the priority measure "Building the capacity of State Audit Office in public sector auditing by strengthening human capital and developing information technologies", (2) 0.153 million euros from the budget program 01.00.00 "Appropriation Reserve" of the budget department "74. Funding to be redistributed in the annual state budget outturn process" and (3) 0.032 million euros as transfers in accordance with the Annual Development Cooperation Policy Plan.

Funding received, its spending in 2025 and comparative information

No	Financial indicators	Previous year (actual outturn)	Reported year, euros		
			Approved in the Law (no amendments)	Approved in the Law (with amendments)	Actual outturn
1.	Financial resources to cover expenditure (total)	7 809 995	8 348 528	8 533 284	7 869 509
1.1.	Grants	7 785 512	8 348 528	8 501 551	7 837 839
1.2.	Transfers	24 483	0	31 733	31 670
2.	Expenditure (total)	7 809 995	8 348 528	8 533 284	7 869 509
2.1.	Maintenance costs (total)	7 753 208	8 262 095	8 446 851	7 785 790
2.1.1.	Current expenditure	7 736 537	8 244 566	8 429 240	7 768 179
2.1.1.1.	Remuneration	6 629 213	6 946 742	6 964 960	6 461 664
2.1.1.2.	Goods and services	1 107 324	1 297 824	1 464 280	1 306 515
2.1.2.	Subsidies, grants, and social benefits	320	320	320	320
2.1.3.	Current payments to the European Community budget and international cooperation	16 261	17 209	17 209	17 291
2.2.	Capital expenditure	56 787	86 433	86 433	83 719

The actual expenses of the State Audit Office of Latvia were 7.87 million euros in 2025.



The largest proportion of expenditure consisted of the costs for remuneration of 6,461,664 euros or 82.1% of budget expenditure, which was 2.5% less than in the previous year (6,629,213 euros). The decrease in expenditure is mainly due to employee turnover.

The second largest proportion of expenditure was attributed to the purchase of goods and services of 1,306,515 euros or 16.6% of budget expenditure that was 18% more than in the previous year (1,107,324 euros). The increase in expenditure was mainly related to the introduction of the audit support software TeamMate+ (a newer version of TeamMate), migration of information systems from the local data centre of the State Audit Office to cloud services, development of a new office space design project, and ensuring the operation of the EUROSAI WGMA Secretariat and organising its annual meeting in Riga.

The amount of expenditure for office premises such as rent and utilities was 596,511 euros, or 46.7% out of goods and services in the reporting year. It was 0.7% less than in the previous year (600,549 euros). The decrease in expenditure is related to the decrease in utility payments by implementing the activities set out in the Greening Plan 2022–2025 of the State Audit Office.

The State Audit Office of Latvia has been renting office premises at 50 Skanstes iela, Riga, from a private sector economic operator since 2006. The total area of the rented premises is 4,014 m2. The term of the lease agreement on the premises of the State Audit Office of Latvia is 2027. In January 2024, the Council of the State Audit Office of Latvia decided[80] to accept the offer of State-owned Joint Stock Company *"Valsts nekustamie īpašumi"* (State Real Estate)[81] for the establishment of an activity-based office of the State Audit Office at 26 Krišjāņa Valdemāra iela, Riga. On 5 March 2025, a preliminary agreement has been signed with State Joint-stock Company *"Valsts nekustamie īpašumi"* on the conclusion of a lease agreement for real estate and preparations have begun for the transfer to the new office. Office space will be handed over to the State Audit Office of Latvia for use on 1 February 2027, and the lease term shall be 15 years. By moving to the new office, the area of the premises used will decrease by 58%, saving at least 343.3 thousand euros each year.

Funding for priority measures and its spending

In the process of drafting the state budget for 2025, the State Audit Office of Latvia submitted an application for a priority measure for 2025–2027 "Building the capacity of the State Audit Office of Latvia in public sector audits by strengthening the human capital and developing information technologies" with the aim of strengthening the capacity of the State Audit Office of Latvia by: 1) developing new information technology solutions and improving the integrity of existing solutions throughout the entire period of the Strategy of the State Audit Office of Latvia; 2) increasing the monthly salaries of employees in accordance with the amendments to the Law on Remuneration of Officials and Employees of State and Municipal Institutions[82] and bringing them closer to the average salary in the sector, (3) deploy information systems and data in cloud services, thereby increasing the security of information systems and protection against cyberattacks, (4) ensure the functioning of the Secretariat of the EUROSAI WGMA.

In 2025, funds for priority measures have not been used in full due to employee turnover, cheaper services purchased through public procurement procedures for the development of office interior design projects, and the migration of information systems from a local data centre to a cloud service.

Research

Two studies were conducted during the reporting year. In cooperation with Limited Liability Company "RAIT Custom Research Baltic"[83], a survey on the assessment of the work of the State Audit Office by non-SAIs (costs 6,246.02 euros (including VAT)) was conducted. In cooperation with Limited Liability Company "SKDS"[84], a public opinion study, a survey on the public attitude towards the State Audit Office of Latvia (costs 6,354.44 euros (including VAT)) was conducted.

Information on the results of studies conducted by the State Audit Office of Latvia and planned studies is available in the research and publications data base of the State Chancellery of Latvia: *https://ppdb.mk.gov.lv/datubaze*.

[80] On 15 January 2024, the Council of the State Audit Office of Latvia made a decision (Minutes No 3, § 3).
[81] The offer for the lease of premises made by State-owned Joint Stock Company "Valsts nekustamie īpašumi" (State Real Estate) on 14 October 2023.
[82] Amendments to the Law on Remuneration of Officials and Employees of State and Municipal Institutions entered into force on 1 July 2022.
[83] The total amount of the contract is 12,805.43 euros (including VAT).
[84] The total amount of the contract is 13,139.15 euros (including VAT).

4. Priorities for the next year

Priorities for 2026

The priorities for 2026 essentially stem from Strategy 2026–2029 of the State Audit Office of Latvia. Special emphasis is planned on several activities of the State Audit Office of Latvia.

As a result of the audits, promote the strengthening of national security, effective, responsible, public interest-compliant and transparent operation of public sector institutions.

In financial auditing, provide a single audit report on the accuracy of the annual consolidated financial statement of the Republic of Latvia, thus starting a new phase in financial auditing.

To provide audit recommendations with financial or other impact, including reductions in public spending or increases in revenue.

To improve the function of the State Audit Office to decide on the recovery of losses caused as a result of illegal actions, by advancing the 16 proposals developed for the improvement of the legislation, which cover both the improvement of procedural procedures and substantive legal aspects.

Develop a crisis communication manual for the State Audit Office as a practical tool for action in certain critical situations by safeguarding coordinated and professional actions of

Lead the EUROSAI WGMA by developing and making the external audit system of municipality more effective as a whole, organising WGMA meetings and publishing the EUROSAI WGMA Journal.

Continue cooperation with INTOSAI IDI and the Ministry of Foreign Affairs of Latvia in providing development cooperation assistance to the SAIs of Armenia, Dominica, Moldova and Uzbekistan.

Draft a human capital development strategy for the State Audit Office for the period from 2026 by facilitating the development of employee competencies and the ability to adapt to the changing challenges of the work environment and public at large.

Develop an information technology strategy for the State Audit Office for the period from 2026 by outlining the future development directions of the institution's information and communication technologies.

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