

State Audit Office: deficiencies in the higher education financing system raise concerns regarding the quality of studies

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The society cannot be convinced that Latvia's higher education system is moving towards excellence, for the goals set by the state for its development are insufficiently ambitious. Such conclusion has been made by the State Audit Office upon performing the audit of the higher education financing system. The system is not effective, the allocation of funds for the state-funded study places is dictated by the universities, not by the state, in accordance with the established development priorities. During the academic year, the funds are reallocated between the study programmes at the discretion of the universities, and this is not sufficiently controlled by both the universities and the responsible ministries. Problems regarding the remuneration system of academic staff and attracting the best lecturers were found as well. The fact that currently there is no plan to provide funds for the development of studies following the closing of the EU Structural Fund financing in 2020 does not contribute to the sustainability of the system.

Development in the higher education system is very slow, for mostly the current level is maintained, rather than promoting the achievement of ambitious goals. For example, no significant increase in the financing of exact science studies is planned, even though it is a priority field in Latvia. In turn, the indicator of unemployed graduates which impacts the policy planning of the higher education institutions does not accurately represent graduate employment, for only the total number of employed graduates is calculated, with no regard to whether the person is employed in the acquired profession and industry.

According to the State Audit Office, the higher education financing system is ineffective and raises doubt regarding its sustainability. Currently, it focuses on the provision of funding to the higher education institutions, rather than studies and training of experts demanded by the labour market. The universities themselves, rather than the ministries, determine how many and what kind of state-funded study places will be required. The current situation permits the reallocation of funds intended for state-funded study places during the academic year at the discretion of the higher education institutions, and often the funds are reallocated to programs that do not prepare experts in the priority fields – engineering, ICT, pharmacy and agriculture.

The ministries and the universities have not ensured control over the funds allocated for the state-funded study places. Some universities do not know the cost of preparing an expert, and some

universities have set lower tuition fees in comparison to the state funding allocated for a state-funded study place. The greatest difference, for example, has been found in the Doctoral study programme “Veterinary Medicine” – the Latvian University of Agriculture has fixed an annual fee of EUR 3200 for a study place, while the allocated state budget funding for one study place is EUR 15 458.

During the period from 2014 until 2016, the universities included in the scope of the audit have, at their discretion, used almost EUR 6 000 000 of the funds intended for the state-funded study places, acquired without properly filling the state-funded budget places, and divided the acquired funds between programmes of different levels and costs. It is possible that some tuition fees have been covered by the budget funds allocated for the state-funded study places.

Latvia has not developed a uniform academic staff recruitment and succession policy in order to attract the best lecturers, which would promote competition and improve the quality of studies. The systems for remuneration and workload determination are complex and non-transparent. Within the framework of one workload, the employee can perform duties for up to six different positions, and the remuneration for equivalent posts for one workload can differ significantly, and often is unrelated to the results.

Seeing that the financial resources currently available to the higher education systems could be managed better, the State Audit Office has provided recommendations to the Ministry of Education and Science, the Ministry of Culture, and the Ministry of Agriculture. The implementation of these recommendations would guarantee to the society – the students, their parents, and the employers, that the higher education system in Latvia is striving for excellence and providing the best possible education.

Information: The State Audit Office regulatory/performance audit “Is the system of financing higher education effective?” was carried out in order to determine whether the higher education policy planning, monitoring of implementation, and financing procedures ensure the achievement of goals set for the development of higher education, thus contributing to the development of the state. The scope of the audit includes three ministries and their subordinate higher education institutions founded by the state:

- Ministry of Education and Science (Riga Technical University, Vidzeme University of Applied Sciences, Liepāja University, and Rēzekne Academy of Technologies). Audit Report: http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-15_2016/Revizijas%20zinojums-IZM_30.11.2017.pdf
- Ministry of Culture (Jāzeps Vītols Latvian Academy of Music) Audit Report: http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-15-1_2016/Revizijas%20zinojums_KM-30.11.2017.pdf
- Ministry of Agriculture (Latvia University of Agriculture). Audit Report: http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-15-2_2016/Revizijas%20zinojums_ZM-30.11.2017.pdf

Summary: http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-15_2016/augstakas%20izglitiba%20finansesanas%20sistemas%20efektivitate.pdf