



*Seminar “Audit of Public Revenues – Exchange of Experience,
Problems and Best Practice”*

Revenue audits in Lithuania

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24 October 2014

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Revenue audits carried out by the National Audit Office of Lithuania (NAOL)

Revenue audits are carried out in the same manner as financial (regularity) and performance audits.

The responsibility for revenue audits at the NAOL lies with one of the audit departments.

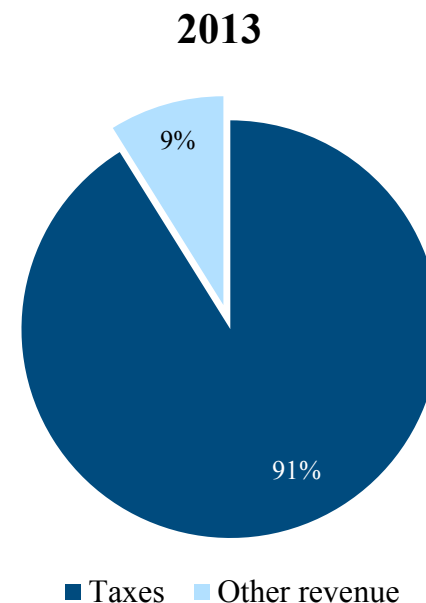
There are no auditors specialising specifically in revenue audits at the NAOL; however, continuous surveillance of the revenue areas is assigned to certain performance and financial auditors, who are supposed to observe and detect the main problems.

Budgeting

At the end of the current year, the Ministry of Finance draws up drafts of the financial indicators of the state budget and municipal budgets for the coming year. The preparation of this draft also involves forecasting the next year's revenue.

Revenue of the state budget

- Tax revenue
- Income from public assets
- Income of state budgetary institutions
- Non-repayable financial assistance (funds)
- Grants
- Other revenue



Budget execution

The largest share of taxes is collected and administered by two tax administrators:

- State Tax Inspectorate (STI) (95 % of taxes)
- Customs of the Republic of Lithuania (5 % of taxes)

Audits carried out by the NAOL on a regular basis

- Audit of the draft state budget
- Audit of the set of consolidated financial statements of the state
- Financial (regularity) audit of the Treasury
- Audits of Tax Funds

Revenue planning: the role of the NAOL

The NAOL performs the audit of the draft state budget and issues an audit opinion on this draft to the Parliament.

When drawing up the audit opinion, auditors evaluate whether the forecast of the state budget revenue sufficiently considered the factors affecting the size of the revenue:

- evaluate the feasibility of the economic scenario;
- analyse the models and/or data used for the revenue forecast.

Reporting on the annual results: the role of the NAOL

The NAOL performs the audit of the set of consolidated financial statements of the state (which also includes the set of the state budget execution reports), issues an audit opinion on this set, and submits a corresponding report to the Parliament.

The audit examines whether the annual revenue report includes the data from all sources.

Audits of Tax Funds

Every year, the NAOL performs audit of the Tax Fund of the STI.

The objective of the audit is to assess the data contained in the set of the financial statements and in the accounts of taxes and other payments to the budgets and to issue an independent opinion.

Audit of the Treasury

The objective of the audit is to assess the data contained in the set of the financial statements of the Treasury and/or in other statements and reports and the regularity of the management, use and disposal of the Treasury funds and assets and to issue an independent opinion.

Performance audits

Performance audits in the revenue area conducted in 2010-2013:

- Administration of Excise Duty (2010)
- Evaluation of Tax Arrears (2010)
- Realization and Destruction of the Derelict, Confiscated Property, or Property Handed Over to the State Otherwise (2011)
- Declaration of the Property and Income of the Residents (2012)
- Tax Incentives (2013)
- Agricultural Tax Reliefs (2013).

Administration of Excise Duty

The audit focused on the following:

- establishing excise duty rates, taking into account EU legislative requirements
- social and economical impact of changes in the excise duty rates and measures taken to foresee this impact
- control of payment of excise duty at the STI and the Customs
- coordination of the fight of responsible institutions against smuggling and illegal turnover of goods
- applicable punishment for smuggling and illegal turnover of goods

Evaluation of Tax Arrears

The objective of the audit:

- to evaluate whether the STI and the State Social Insurance Fund are efficiently dealing with arrears and debts and applying all available measures to reduce them
- to check whether there is a common system with the same requirements and procedures functioning in all levels of administration of arrears and debts

Realization and Destruction of the Derelict, Confiscated Property or Property Handed Over to the State Otherwise

The objective of the audit:

- to evaluate the efficiency of the realisation and destruction of the derelict, confiscated property or property handed over to the state otherwise

Declaration of the Property and Income of the Residents

The objective of the audit was to evaluate the effectiveness of the declaration of property and income by the residents:

- Is the purpose of the declaration of property and income of residents clear?
- Are declarations of the property and income of residents administered in the right manner?
- Is publicly available data on property and income declarations informative?

Tax Incentives

The objective of the audit was to assess the effectiveness of the monitoring of the application of tax incentives:

- Is it possible to determine the impact of tax incentives according to their purpose?
- Are budget revenue losses incurred due to the application of tax incentives assessed?
- Is information about budget revenue losses incurred due to the application of tax incentives made available to the public?
- Are tax incentives applied in a proper way?

Agricultural Tax Reliefs

The objective of the audit was to assess the effectiveness of the application of agricultural tax reliefs:

- Do we know how many agricultural entities have the right to apply agricultural tax reliefs?
- Do we know the amount of declarable income from agricultural activities?
- Are there sufficient administrative measures and techniques applied to agricultural tax reliefs?



Thank you for your attention.