

Focus of performance audit recommendations on the approach of public value creation: The case of the National Audit Office of Lithuania

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Abstract. Performance audits help to evaluate the performance of the audited public sector entities and, if the recommendations are implemented, contribute to their improvement. In light of the fact that the public sector is primarily concerned with the creation of value for society and for consumers of public services, it is essential that the impact of performance audits is determined with a specific focus on the creation of public value. Although the theory that Supreme Audit Institutions contribute to the creation of public value through their performance audit reports is beginning to emerge in the academic community, no criteria have yet been proposed to determine the impact of performance audits on the creation of public value. The objective of the study is to propose a framework for evaluating the creation of public value that is grounded in empirical evidence and incorporates a range of criteria for measuring the impact of performance audits on public value. In order to ascertain whether the objectives set out in the recommendations contained in the performance audit reports could be linked to the elements of a public value creation evaluation framework identified in the

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academic literature, a content analysis of the recommendations in the performance audit reports was conducted. A comprehensive analysis was conducted of all 114 reports published by the Lithuanian Supreme Audit Institution over the period from 2015 to 2022. The content analysis identified the segments of the content of the recommendations of the performance audit reports that are linked to the creation of public value. The aforementioned segments have been assigned detailed codes, which have been aggregated into a coding system. They provide a framework for the evaluation of public value creation, encompassing the four key directions of public value creation: consumers and society; strategy; governance; and supply chain. The criteria identified in each direction serve to reveal the impact of the objectives set out in the recommendations included in the performance audit reports on the creation of public value. Evaluating the impact of performance audit in terms of public value creation is important for managers, policy makers and other decision makers in audited public entities. The proposed framework for evaluating public value creation would help to measure this impact.

Keywords: performance audit, evaluation of public value creation, performance audit recommendations, National Audit Office of Lithuania.

JEL Classification: M42, H83

1. INTRODUCTION

In economically developed countries, performance audit is considered a particularly useful tool for evaluating the performance and accountability of public sector entities. It is argued that performance audit not only helps to assess performance but also contributes to its improvement through the implementation of recommendations. Nevertheless, the benefits of performance audit are a topic of debate within the academic community, with questions surrounding its actual impact on the performance of public entities and their surrounding environment. The issue of impact can be explained by the fact that the public sector encompasses a multitude of activities and the management of public sector is a complex task, thus diverse potential outcomes may be expected. The objective of impact evaluation is to ascertain the relationship between an action and its consequence, which ultimately determines the final outcome. This may be classified as either achieved, not achieved, or as happened or did not happen, etc.

The assessment of the impact of performance audits represents a relatively novel area of research, one that is still undergoing significant development. To date, no studies have been conducted by Lithuanian researchers into the impact of performance audit (Dobrowolski et al., 2022; Shakharova et al., 2024). Meanwhile, at the international level, research is being conducted with the objective of identifying the most effective methods for assessing impact. The impact can have very different features. The different features of impacts have led researchers to categorise them into different forms and to choose different evaluation methods for each of them. Van Looke & Put (2011) systematised the forms of impact studied in the previous studies and identified the following: instrumental, conceptual, interactive, political-legitimising and tactical forms. Recent research on the impact of performance audit has increasingly focused on societal benefits and consumer satisfaction, and has therefore analysed the impact on consumers (Arthur et al., 2012, Rydzak et al, 2023), the impact on well-being (Irawan & McIntyre-Mills, 2016), and the impact from a customer/consumer satisfaction perspective (Banushi, 2019). As researchers develop theories of the impact

of performance audits, Cordery & Hay (2018) put forward the theory that Supreme Audit Institutions (SAIs) contribute to the creation of public value through performance audit reports. Cordery & Hay (2018) argue that there is a clear link between an SAI's performance and public value, that is, an SAI reports on the public value it creates when it reports on its performance. The main idea of Cordery & Hay (2018) is that public value can be created through the prism of the fields of action of the SAI. Building on the concept of theory put forward by Cordery & Hay (2018), there are prerequisites for developing this concept. Past and proposed studies on performance audit impact evaluation show a trend towards an increasing focus on holistic performance audit impact evaluation, but none of the proposed forms of performance audit impact evaluation covers all the directions related to evaluation of public value creation.

To fill this gap, a new approach is proposed that includes an evaluation of the impact of performance audit on public value creation. Evaluating the impact of performance audit in terms of public value creation is important for managers, policy makers and other decision makers of audited public entities. These decisions are implemented by the responsible persons of the audited entities, who are also responsible for the implementation of performance audit recommendations. The final outcome of decisions, and thus the creation of public value, is determined by the attitudes, perceptions and actions of the individuals involved.

It is important to emphasise that in order to evaluate the impact of performance audit on the creation of public value, it is important to find ways of measuring this value. However, the issue is that there is no developed framework for evaluating public value creation that can be used to evaluate the impact of performance audit. It should be noted that researchers (Alford & Hughes, 2008; Bracci et al., 2021; Cordery & Hay, 2018; Hartley et al., 2017; Jain Gupta & Suri, 2017; Meynhardt, 2014; Meynhardt & Bärö, 2019; Moore, 1994; Puron-Cid et al., 2008; Talbot, 2017; Tsheola et al., 2023, Kuril et al., 2024) have proposed a number of different criteria for assessing the public value created, but they have been fragmentary and have not been brought together in a single system. Truss (2019) tried to fill this gap, but this work only focused on the evaluation of public value creation, without linking it to the impact of performance audit on public value. Building on the work of other authors, Šalienė & Tamulevičienė (2024) extended Truss's (2019) framework for evaluating public value by linking it to the impact evaluation of performance audit. However, this framework is theoretical in nature and further empirical research is needed to confirm the validity of the elements included in the framework. In order to propose a framework for the evaluation of public value creation based on empirical data, integrating various criteria for assessing the impact of performance audit on public value creation, a content analysis of the recommendations of the performance audit reports of the National Audit Office of the Republic of Lithuania – the Supreme Audit Institution – was carried out. The analysis identified the objectives of the recommendations in order to link the objectives to the elements of the public value creation evaluation framework. If such a link is identified, it would be reasonable to argue that performance audit, the outcome of which is reflected in the recommendations of performance audit reports, has an impact on public value creation, which can be identified and measured through the proposed framework for evaluating public value creation.

2. LITERATURE REVIEW

In order to determine the impact of performance audit on the creation of public value, it is needed to measure and assess this value. To achieve this, a framework for evaluating the creation of public value should be developed as a tool for audited public sector entities to assess the change, progress and impact of public value creation. However, it is difficult to actually measure the benefits and contribution of public entities to the creation of public value, mainly because there are no defined and structured criteria for doing so. Although the academic literature identifies a variety of criteria for evaluating the creation of public value, there is a need to clarify and consolidate these criteria in order to establish a unified framework. Truss (2019)

has attempted to define everything that a public entity should do to ensure that the funding it receives provides optimal value. Truss (2019) proposes a four-direction evaluation of public value: achievement of objectives, governance, consumer and citizen engagement; and system capacity (resources). An examination of the criteria proposed by other authors reveals that they can be integrated in one way or another into the directions for measuring public value creation identified by Truss (2019). For example, Moore (1994) argues that public value should be evaluated in terms of the effective and efficient performance of public persons, programme evaluation, resource utilisation, customer satisfaction, and other relevant factors. Alford & Hughes (2008) supports Moore's (1994) perspective and claim that public value can be evaluated in terms of the accessibility of monetary or legal resources by examining the benefits to society. Puron-Cid et al. (2008) and Tamim & Orbán, 2022 further developed the model for assessing public value creation, incorporating financial transparency and sustainability as additional criteria. Jain Gupta & Suri (2017) present a set of criteria for measuring public value, including the delivery of high-quality public services, the competence of public organisations, achievement of socially necessary outcomes, etc.

Šalienė & Tamulevičienė (2024) summarised the findings of different researchers and developed a theoretical framework for evaluating public value creation (see Figure 1). In assessing the insights of the researchers analysed, it was identified that the criteria for evaluating public value creation proposed in the academic literature include four main directions that should form the framework for evaluating public value: 1) strategy; 2) governance; 3) consumers and society; 4) supply chain. These four directions are part of the framework for assessing public value creation proposed by Truss (2019). However, Šalienė & Tamulevičienė (2024) expanded these directions and proposed appropriate evaluation criteria for each of them, which are considered as elements of the framework. These elements were developed in accordance with the results of the previous studies.

As can be seen in Figure 1, the first direction of the public value assessment framework is "Strategy". Strategy includes the development of long-term objectives related to the protection of the environment, the openness of the state, the development of democratic values, etc. in the provision of public services and goods. These objectives are oriented towards the long-term perspective of the state in terms of the creation of general well-being and the development and strengthening of the state. The following authors suggest measuring the level of implementation of the strategy in their research, based on different aspects: Moore (2003), Puron-Cid et al. (2008), Talbot (2017), Hartley et al. (2017), Jain Gupta & Suri (2017), Deng et al. (2018), Meynhardt & Bärö (2019), Truss (2019), Valle-Cruz (2019), Zavattaro & Brainard (2019), Gross Lopes et al. (2019), Bracci et al. (2021). To summarise the criteria proposed by these authors for measuring the level of implementation of the strategy, the following elements have been added to the framework for evaluating the creation of public value: (1) mission and objectives and (2) planning.

The second direction of the public value creation evaluation framework is "Governance". Elements of this direction have been incorporated into the framework through the systematisation of findings of Moore (2003), Alford & Hughes (2008), Puron-Cid et al. (2008), Morin (2008), Hartley et al. (2017), Jain Gupta & Suri (2017), Talbot (2017), Deng et al. (2018), Meynhardt & Bärö (2019), Truss (2019), Valle-Cruz (2019), Zavattaro & Brainard (2019), Adi & Dutil (2018), Bringselius (2018), Bracci et al. (2021), Reis & Gomes (2022), Mamokhere (2023).

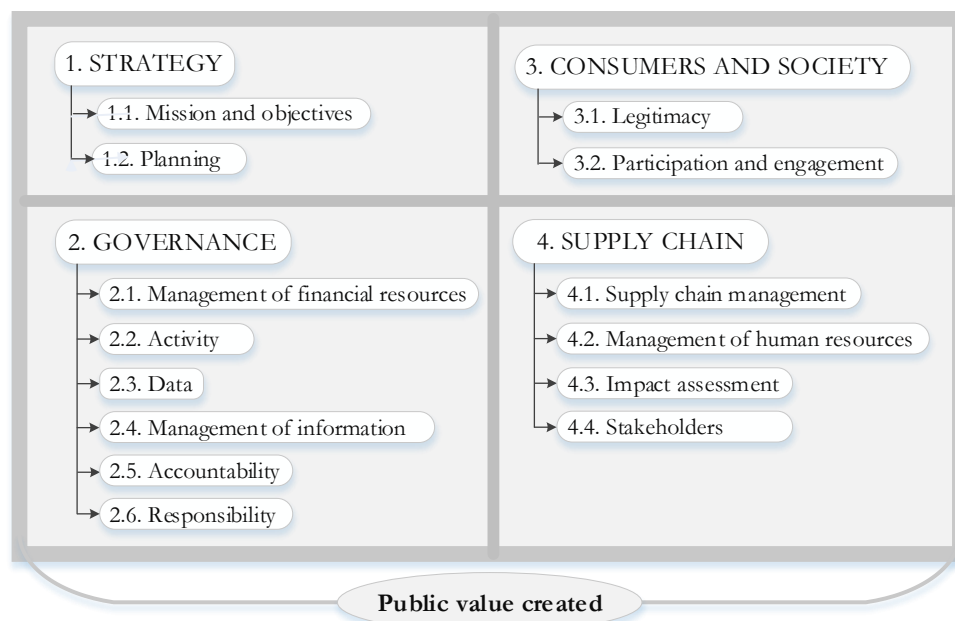


Figure 1. Theoretical framework of evaluation of public value creation

Source: Šalienė & Tamulevičienė (2024)

In their research, the authors have identified a set of criteria for the evaluation of the creation of public value. These include the utilisation of finances, assets and other resources, the disclosure of financial and other information relevant to the public, the quality of the information, the level of public accessibility of the information, the assessment of the cost-benefit ratio, the level of data openness, the level of data privacy protection, the level of operational efficiency, the evaluation of operational procedures, the quantity and quality of public services, the level of accountability, and the level of responsibility. In terms of contents, the aforementioned criteria are grouped and presented as the six elements of the governance direction. These are as follows: (1) management of financial resources; (2) activity; (3) data; (4) management of information; (5) accountability; and (6) responsibility.

The third direction of the proposed theoretical framework for evaluating public value creation is "Consumers and society". In terms of the consumer-society perspective, the literature identifies such evaluation criteria as the level of attention to different groups in society (Moore, 2003; Meynhardt, 2014; Hartley et al., 2017); the level of orientation towards the consumer (Jain Gupta & Suri, 2017; Deng et al., 2018); the level of satisfaction of basic needs (Meynhardt, 2014); the level of citizen participation and engagement (Jain Gupta & Suri, 2017; Zavattaro & Brainard, 2019; Truss, 2019); the level of satisfaction with quality of life (Meynhardt & Bärö, 2019); the level of citizen self-development (e.g., understanding of the quality of public services, awareness of one's own rights etc.) (Jain Gupta & Suri, 2017; Deng et al., 2018); the level of government engagement with citizens (Meynhardt, 2014; Gross Lopes et al., 2019). Taking these criteria proposed by the authors into consideration, the following elements have been identified as belonging to the third direction: (1) legitimacy, since in a democracy every legitimate consumer should have access to public services and goods; (2) participation and engagement, which is not only understood as the consumption of public services and goods, but also as a political, social, cultural and other kind of engagement and participation that is relevant to the creation of public value.

The fourth direction of the framework for the evaluation of the creation of public value is the "Supply chain". A strong supply chain ensures the quality, sufficiency and affordability of public services and products, i.e. the ability of public entities to meet their long-term objectives. This direction should be

analysed taking the four following components of the framework into account: (1) supply chain management; (2) management of human resources; (3) impact assessment; and (4) stakeholders. These elements of a public value creation evaluation framework were identified based on the criteria proposed by Alford & Hughes (2008), Jain Gupta & Suri (2017), Talbot (2017), Bryson et al. (2017), Deng et al. (2018), Criado & Gil-Garcia (2019), Gross Lopes et al. (2019), Meynhardt & Bäro (2019), Truss (2019), Valle-Cruz (2019), Reis & Gomes (2022), Sibiya & Vyas-Doorgapersad (2023), Zanaabazar et al. (2024) for assessing public value (level of collective competences; level of individual competences; assessment of political opportunities; focus on stakeholders; level of provision and use of digital services; level of innovation; level of standardisation of services; level of procedural rationality; level of functionality of the system; level of equity; level of corruption).

In conclusion, all the directions and elements of the framework for the evaluation of public value creation are preconditions for a possibility of a holistic evaluation. This framework makes it possible to compare the elements of the framework with the objectives of the performance audit. However, it is important to note that this theoretical framework for evaluating public value creation has been developed on the basis of research findings, without considering the link to the impact of performance audits on public value. Therefore, in order to substantiate whether this framework is appropriate for evaluating the impact of performance audits on public value, a content analysis of the objectives of the recommendations made in the performance audit reports of the Lithuanian Supreme Audit Institution was carried out. The aim of this study was to substantiate the suitability of the identified elements of the public value creation measurement framework for assessing the impact of performance audit, and to add new elements to the framework if necessary.

3. METHODOLOGY

To determine whether the objectives of the recommendations presented in performance audit reports could be linked to the elements of the public value creation evaluation framework identified in the scientific literature, a content analysis of the performance audit reports was conducted. Performance audit reports are documents that provide relevant information for the study regarding the objectives of the the performance audits. The report is the result of the work of performance auditors, presenting the audit objectives, key findings, and recommendations that reflect the conclusions. The documents needed for content analysis are freely available, as performance audit reports are published on the National Audit Office's website. The study utilized reports from Lithuania's National Audit Office submitted between 2015 and 2022. A total of 114 reports were analysed, meaning that the sample for the content analysis study is 100 % (see Table 1).

Table 1

The number of performance audit reports in 2015-2022

Year	2015	2016	2017	2018	2019	2020	2021	2022	Total
Number of performance audit reports, units	16	26	22	11	9	12	7	11	114

Source: compiled by authors

In preparation for conducting the content analysis, the structure of the recommendations presented in the performance audit reports was examined. It was determined that each recommendation could be divided into two parts. The first part is the objective of the recommendation, i.e., what the recommendation aims to achieve; the second part consists of the actions that should be taken to achieve the recommendation's objective (see Figure 2).

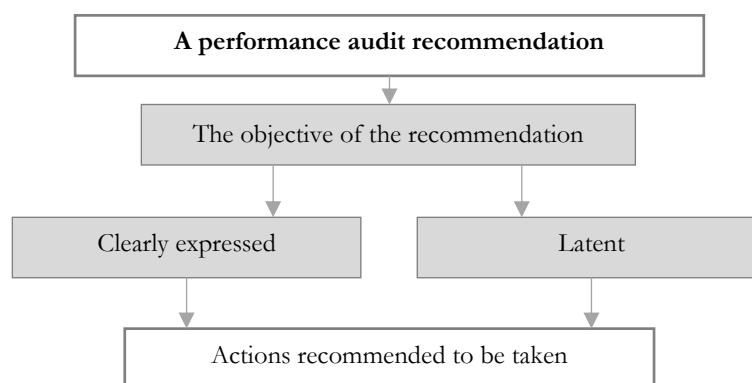


Figure 2. Structure of a performance audit recommendation

Source: compiled by authors

The content analysis process consists of a sequential order of actions. In planning the content analysis, Bengtsson's (2016) proposed methodology was applied, where the content analysis process is divided into four stages: (1) decontextualization; (2) contextualization; (3) classification and systematization; (4) analysis through interpretation and presentation of insights (see Figure 3).

In the first stage of content analysis decontextualization, the objectives of the recommendations provided in the performance audit reports were reviewed to identify code groups and codes. After understanding the essence of the original contents of the recommendations, meanings relevant to the study were identified. They were then categorized into code groups, with codes assigned to each group. Based on the classification of public value creation evaluation directions, four code groups were distinguished: (1) strategy; (2) governance; (3) consumers and society; (4) supply chain. Codes were assigned to each direction, which either reflect a specific direction directly or can be associated with it based on keywords, the direct meaning of the content or the latent meaning.

After completing the decontextualization stage, which resulted in a list of codes based on the four code groups, the initial data were processed. This involved coding the objectives of the recommendations in the performance audit reports. To ensure data reliability, the coding results were reviewed twice. During the coding process, specific text segments reflecting the objective of the recommendation were extracted, without including any secondary content. In this way, the necessary segments for the study were coded, while irrelevant content was eliminated.

During the coding process, while assigning codes to segments, the diversity of the text revealed the need to refine the coding system by breaking it down into smaller elements – sub-codes, thus the coding system was expanded with these sub-codes. Through abstraction, conceptualization, and a logical approach, the objectives of the recommendations in the performance audit reports were divided into content segments, to each of whom a specific code and a sub-code were assigned. Using the sub-code system, the results of the content analysis were calculated and organized. In this way, the third stage of content analysis was implemented – the codes have been grouped according to characteristics. Finally, based on the content analysis results of the performance audit reports, the theoretical framework for evaluating public value creation was supplemented with codes identified during the empirical study, which were incorporated into the system as elements of individual directions. The results of the content analysis were evaluated, and insights were provided.

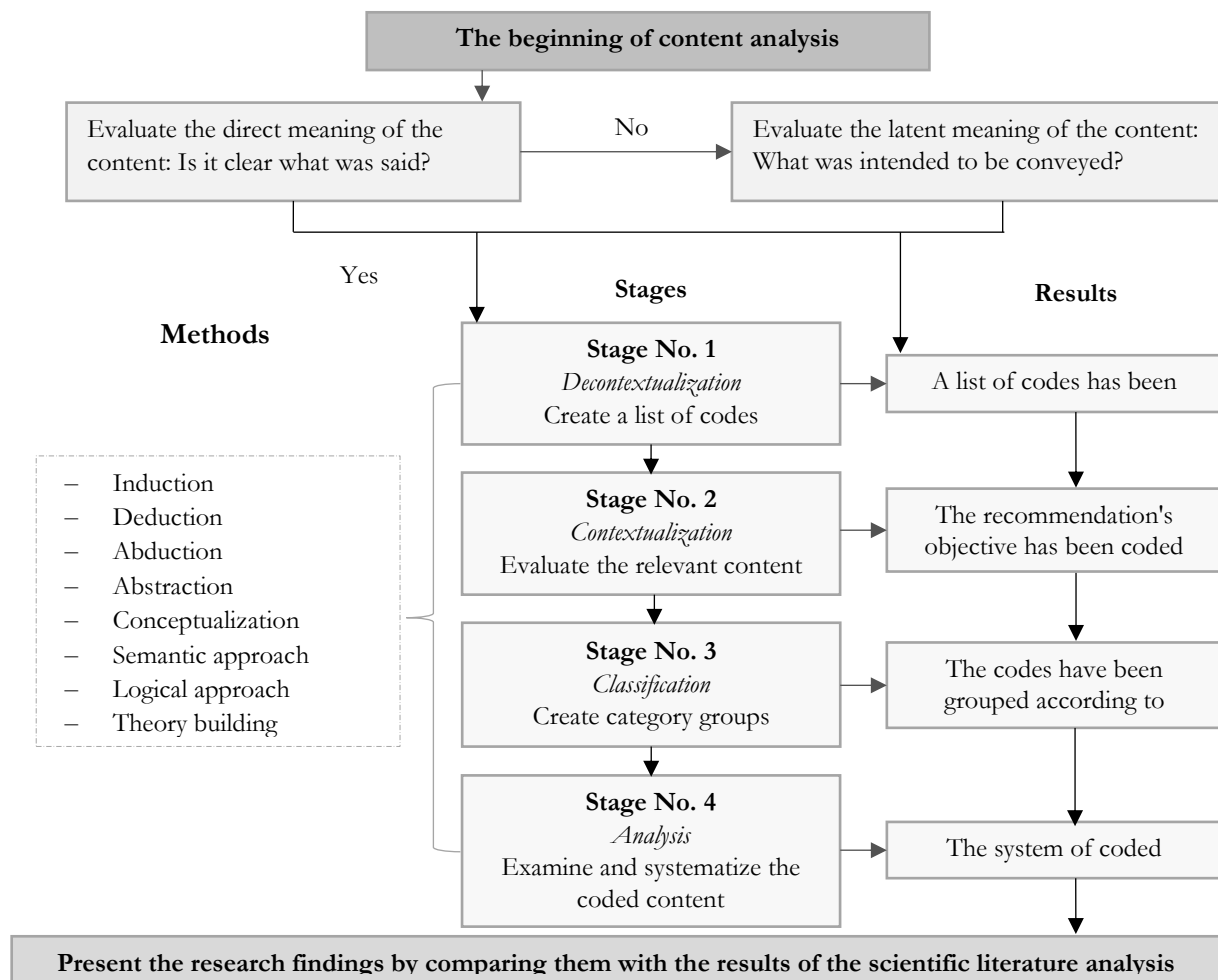


Figure 3. The structure for conducting content analysis of recommendations presented in performance audit reports

Source: compiled by authors

It is important to note a limitation of the study that could have impacted its objectivity: during the assignment of sub-codes, it was identified that some sub-codes overlap between codes and code groups. That is, based on their meaning, the same sub-code could be assigned to more than one code group. To ensure the reliability of the study, such sub-codes were assigned to the clearly dominant meaning.

4. EMPIRICAL RESULTS

4.1. The general results of the content analysis of performance audit report recommendations

The result of a performance audit is a report that provides recommendations to the audited entities. From 2015 to 2022, 114 performance audit reports were published on the website of the National Audit Office of Lithuania, and the data from these reports were used for content analysis. During the content analysis of the performance audit reports, content segments reflecting the purpose of the recommendations were coded. A total of 737 content segments (hereinafter referred to as segments) were coded during the study. When coding the content, the segments were assigned to one of four code groups that correspond

to the directions of the theoretical public value creation evaluation framework. 70 segments were assigned to the "Strategy" code group, 427 segments to the "Governance" group, 92 segments to the "Consumers and society" group, and 148 segments to the "Supply chain" code group (see Figure 4).

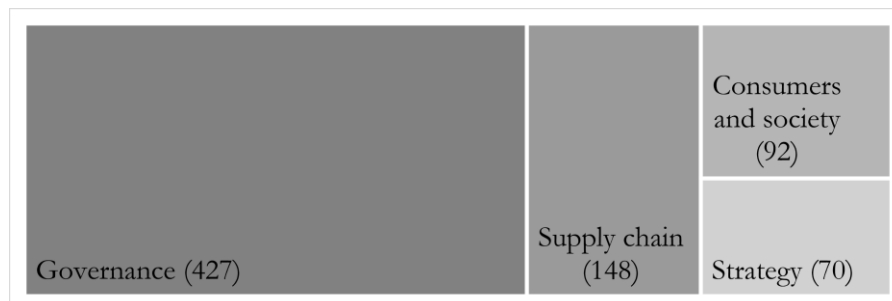


Figure 4. The number of content segments by code groups

Source: compiled by authors

Each code group consists of codes, to which sub-codes are additionally assigned. The sub-codes are designed to reflect the essence of the recommendation's objective without aiming to overly condense the meaning. Sub-codes are useful for clarifying the specific objectives pursued by the recommendations.

According to "Performance audit standards ISSAI-3000" (INTOSAI, 2019) and scientific perspectives, all four code groups can be ranked from 4 (most significant element) to 1 (least significant element). The highest rank 4 should be assigned to the group "Consumers and society," as the final product created by public sector entities is intended for them. Strategy is shaped in a way that creates value for consumers and society, therefore, the second most significant direction is "Strategy," with a rank of 3. Next, in terms of significance, is "Governance" (rank 2). The "Supply chain" code group is assigned a rank of 1, as it is more of an implementation aspect of other directions rather than an independent direction within the public value creation evaluation framework (see Figure 5).

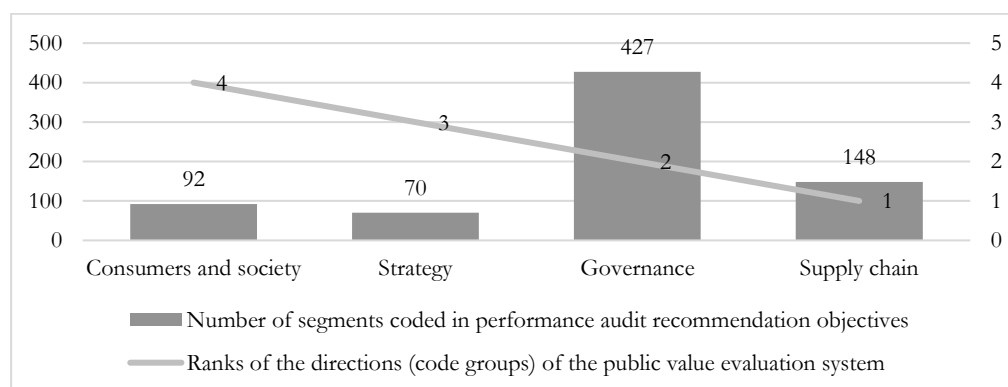


Figure 5. The relationship between the ranks of the directions in the public value creation evaluation framework and the number of segments coded within each direction

Source: compiled by authors

The assignment of ranks indicates that the most frequently recommended objectives during performance audits are associated with the third most significant direction in the public value creation evaluation framework: "Governance". This suggests that, according to the identified ranks, the most important directions in this system "Consumers and society" and "Strategy" are not viewed as primary in the objectives set in performance audit recommendations.

Considering the identified importance of the public value direction ranks, the following review of the research results presents the content analysis findings of the performance audit reports by rearranging the order of the theoretical public value creation evaluation framework directions, or in other words, the code groups: (1) consumers and society; (2) strategy; (3) governance; (4) supply chain. Since the results of the content analysis method can be interpreted both quantitatively and qualitatively, a quantitative assessment and qualitative insights are provided below.

4.2 The objectives set during the performance audits in the "Consumers and society" direction

As mentioned earlier, public value is created for consumers and society. In this context, the term "consumer" is understood as the direct recipient of public services, rather than the definition provided in "Fundamental Principles of Public-Sector Auditing ISSAI 100" (INTOSAI, 2019), where the "consumer" refers to the user of performance audit reports. Society is understood in a broad sense, meaning a group of individuals connected by social ties. According to the principles of performance audit outlined in "Performance Audit Principles ISSAI 300" (INTOSAI, 2019), performance audit recommendations should ensure that entities implementing the recommendations will significantly enhance benefits to society, among other areas for improvement. Thus, based on performance audit standards, it is reasonable to expect that the objectives of the recommendations will be aimed at providing substantial benefits to society.

Although the theoretical framework for evaluation public value creation in the "Consumers and society" direction includes two elements (legitimacy and participation/engagement), an analysis of the content of performance audit reports from the National Audit Office of Lithuania identified five elements (codes) under this category: (1) benefit to society (52 segments); (2) legitimacy (28 segments); (3) equity (4 segments); (4) shaping society (4 segments); (5) participation and engagement (4 segments) (see Figure 6). Therefore, this direction of the public value creation evaluation framework can be supplemented with the following empirically identified elements: benefit to society, equity, and shaping society.

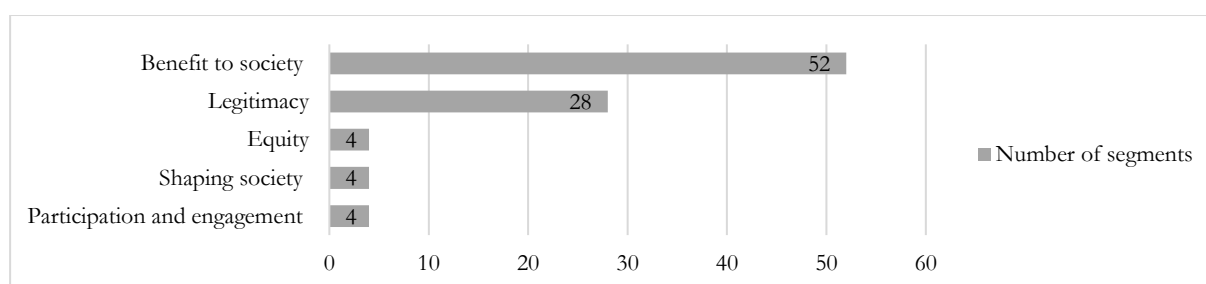


Figure 6. Codes of the code group "Consumers and society" and the number of coded content segments

Source: compiled by authors

The code "*benefit to society*", proposed as an addition to the public value creation evaluation framework based on the analysis of scientific literature, consists of 52 coded content segments. These segments are categorized into 8 sub-codes (see Table 2).

Table 2

Sub-codes under the *"benefit to society"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Attention to social groups	28	5.	Providing benefits to society	4
2.	Striving for a healthy society	7	6.	Ensuring the protection of societal interests	1
3.	Ensuring integration	6	7.	Attention to societal expectations	1
4.	Attention to societal needs	4	8.	Regulation of social relations	1

Source: compiled by authors

In the scientific literature, within the context of public value creation, emphasis is placed on various societal groups (Hartley et al., 2017; Meynhardt, 2014). Content analysis supports this theory, revealing that performance audit recommendations aim to pay greater attention to social groups (28 segments). The social groups targeted by these recommendations include, for instance, students, children with disabilities and special educational needs, individuals affected by domestic violence, and others. Seven content segments were assigned to the specific code "striving for a healthy society." This specific code clearly reflects the goal directed at creating public value, as only a healthy society can ensure that a state stays strong, economic prosperity is created, etc. The need and necessity to integrate vulnerable individuals into society, the labor market, and other areas were highlighted six times in performance audit recommendations. These and other content segments identified through content analysis reflect the context of societal benefit. The findings of this study confirm that the objectives set by performance audits are closely aligned with societal benefit and, simultaneously, with the creation of public value.

The second group, based on the number of identified content segments, is *"legitimacy"*. Broadly speaking, legitimacy entails the obligation for all entities to adhere strictly and consistently to laws and regulatory acts. The requirements laid down by the law should be implemented impartially, respecting, protecting, and upholding human rights while eliminating discrimination. Legitimacy is realized by ensuring that all members of society have access to public services. In scientific literature, legitimacy is regarded as one of the elements of public value, encompassing legal or regulatory obligations (Alford & Hughes, 2008) as well as procedural legitimacy (Bryson et al., 2017). The code *"legitimacy"* includes 28 content segments, grouped into five sub-code categories (see Table 3).

Table 3

Sub-codes for the *"legitimacy"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Ensuring consumer interests	14	4.	Ensuring consumer satisfaction	1
2.	Ensuring consumer rights	9	5.	Focus on citizen interest	1
3.	Protection society	3			

Source: compiled by authors

The entirety and significance of the *"legitimacy"* sub-codes encompass consumer and societal rights as defined by law. The creation of public value through consumer legitimacy is highlighted by Deng et al.

(2018) and Jain Gupta & Suri (2017). Objectives set within performance audit recommendations aim to ensure consumer interests (14 segments) and rights (9 segments) by implementing provisions of the consumer rights and protection legislation. Additionally, there is an objective to protect society (3 segments) from various negative factors through the implementation of the Constitution of the Republic of Lithuania. However, the performance audit reports could more frequently emphasize legitimacy objectives, as legitimacy – achieved through legal acts and regulatory documents – helps achieve optimal outcomes in creating public value.

In the "Consumer and society" code group, the fewest segments were assigned to three codes: "*participation and engagement*" (4 segments assigned to the sub-code "promoting participation and engagement"); "*shaping society*" (4 segments assigned to the sub-code "shaping behavior/perception/attitudes"); and "*equity*" (4 segments assigned to two sub-codes, "assessing consumer opportunities" and "ensuring equality"). The limited number of these content segments mentioned in performance audit recommendations suggests that these areas are not considered a primary objective. Therefore, to achieve a greater impact in creating public value, entities audited could be recommended to evaluate these aspects more frequently.

4.3. The objectives set during the performance audits in the "Strategic" direction

Although, given the importance of strategy, one might expect that performance audits would focus heavily on strategy and long-term objectives, the study reveals that performance auditors allocate limited attention to strategy during audits. Compared to other code groups, "Strategy" has the fewest objectives set (70 segments out of 737). In the public value creation evaluation framework, the strategic direction is comprised of two elements (code groups): (1) mission and objectives (51 segments) and (2) planning (19 segments). It is noteworthy that the two strategic direction evaluation elements identified in the scientific literature – mission and objectives, and planning – were also empirically validated.

Public entities should organize their activities taking the needs of future generations into consideration (Irawan & McIntyre-Mills, 2016; Moore, 1994) and maintain a clear vision for the organization's future that aligns with community sustainability (Truss, 2019). Decision-making should aim to internalize all costs and avoid transferring issues and pressures – whether environmental, structural, financial, economic, or social – to future generations.

In evaluating the "*mission and objectives*" code, 52 content segments were identified and grouped into 10 sub-codes. The largest number of segments – 23, were assigned to the sub-code "pursuing objectives". This sub-code includes content segments such as ensuring that other entities contribute to the achievement of operational objectives set for the entity effectively; ensuring that status is granted only to those projects that significantly contribute to the implementation of national strategic objectives; ensuring that the activities of other entities support the entity's operational objectives; striving for all legally mandated measures to support the objective of helping children develop meaningful concepts of individual and societal life; and ensuring that only those state-owned enterprises which are essential for achieving state objectives are operating. This sub-code encompasses clear, well-defined objectives that are recommended for implementation.

The "*mission and objectives*" code includes a sub-code that encompasses the state's strategic direction of "*ensuring ecological sustainability*" (6 segments). In the scientific literature, ecology is considered an element of public value creation (Bracci et al., 2021), and as the study indicates, performance audit recommendations set objectives in the field of ecology. These objective include pollution reduction, environmental improvement, and the minimization of negative environmental impacts, among others. The results of the

study are in line with Hancu-Budui & Zorio-Grima (2024), who investigated the impact of environmental audits on the creation of public value.

Effective public sector policymaking is a process that ensures impartial actions and interests of influential entities. The sub-code "policymaking" has 6 segments assigned to it. Additionally, the sub-code "implementation of effective policy" (4 segments) is associated with policymaking. Policy is significant as it encompasses the overall framework for societal organization, which supports the structure of public life; therefore, the objectives set in performance audit recommendations are meaningful from this perspective.

The objective presented in performance audit recommendations "setting of objectives" (4 segments) indicates that entities have not developed the fundamental directional tool for their operations – a clear objective. The recommendations aim to encourage "adherence to objective implementation timelines" (3 segments) and "evaluation of implementation of objectives" (2 segments). One content segment was assigned to each of the following sub-codes: "development of strategy," "identification of objectives," and "improvement of systems." Although there are few recommendations related to objectives, the absence of strategic objective or deficiencies in their establishment and implementation can have detrimental effects on the state and society.

The importance of planning is widely recognized and undisputed. It would thus be logical to assume that the planning process would receive significant attention. However, the study results show that recommendations for the planning direction are not frequently provided in performance audit reports. The "planning" code has 16 sub-codes assigned, which collectively encompass only 19 content segments (see Table 4).

Table 4

Sub-codes under the "planning" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Improvement of plans	3	9.	Planning policy	1
2.	Planning of activities	2	10.	Planning prevention	1
3.	Implementing reform	1	11.	Planning measures	1
4.	Meeting deadlines	1	12.	Planning risk management	1
5.	Preparation of plans	1	13.	Planning indicators	1
6.	Planning financial resources	1	14.	Planning evaluation	1
7.	Planning benefits for the consumer	1	15.	Substantiating plans based on data	1
8.	Planning benefits to society	1	16.	Alignment of plans	1

Source: compiled by authors

It is noteworthy that the sub-codes designated for planning indeed encompass previously mentioned elements, yet in the planning domain, they are presented as the objects of planning. The sub-codes indicate that all the elements of public value should be planned, such as benefits to the consumer, benefits to the society, and others.

4.4. The objectives set during the performance audits in the "Governance" direction

When analysing the recommendations in performance audit reports from the perspective of a public value creation evaluation framework, it was found that the majority of coded content segments – 427 in total –, belong to the "Governance" code group. This indicates that the objectives of the recommendations in the reports are primarily focused on governance elements. According to the theoretical approach of the

public value creation evaluation framework, the governance dimension is comprised of six elements: management of financial resources, activity, data, management of information, accountability, and responsibility. In the content analysis of the recommendations' objectives within performance audit reports, 11 distinct codes were assigned to the "Governance" code group, and it is suggested to expand this system dimension with five additional elements: management of state assets, legal acts and regulations, functions, control, and monitoring. The number of segments assigned to each code is presented in Figure 7.

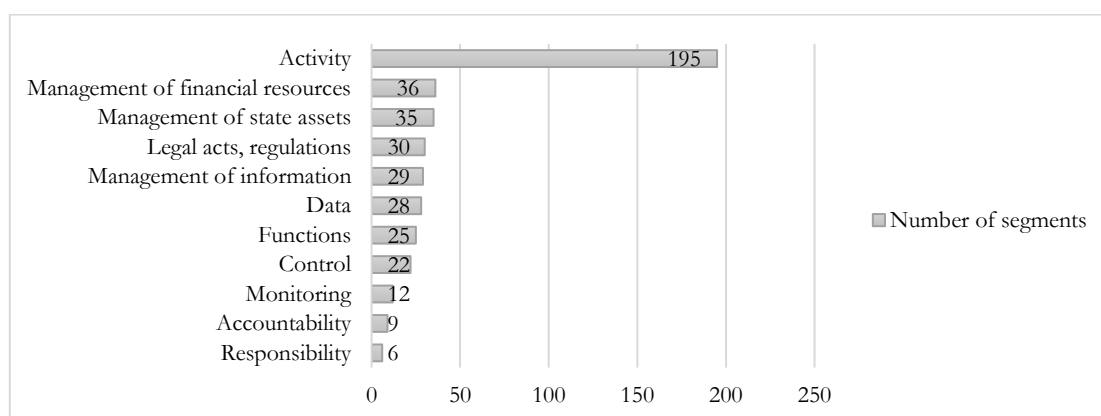


Figure 7. Codes of the code group "Governance" and the number of coded content segments

Source: compiled by authors

In the governance direction, the objectives of the recommendations are most often focused on activity. A total of 195 content segments were assigned to the code "activity", which are grouped into 24 sub-codes (see Table 5).

Table 5

Sub-codes under the "activity" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Ensuring service accessibility	28	13.	Ensuring operational transparency	5
2.	Focusing on effectiveness	24	14.	Managing emergency situations	5
3.	Providing quality services	23	15.	Applying best practices	4
4.	Improving activity	14	16.	Collaborating	2
5.	Ensuring evaluation and its improvement	14	17.	Improving responsiveness	2
6.	Ensuring operational efficiency	13	18.	Managing change	2
7.	Improving decision-making	11	19.	Assessing relevance	2
8.	Ensuring equal opportunities	10	20.	Legalizing incentives	1
9.	Delivering public services according to need	9	21.	Creating benefits	1
10.	Improving governance	8	22.	Creating added value	1
11.	Prioritizing objectives	7	23.	Defining criteria of activities	1
12.	Improving processes	7	24.	Providing methodological support	1

Source: compiled by authors

The code "*activity*" encompasses a substantial portion of content segments, allowing for several insights. The objectives of performance audit recommendations primarily relate to ensuring service accessibility (28 segments), providing quality services (23 segments), and delivering public services according to need (9 segments). This underscores that the essence of performance auditing is to assess and improve the quality and delivery of public services, focusing on service recipients.

The objectives of the audit recommendations is to focus on two primary principles of the 3E approach – effectiveness (24 segments) and efficiency (13 segments). While objectives related to effectiveness are clearly emphasized, efficiency objectives are mentioned less frequently. This supports Pollitt's (2003) assertion that efficiency is under-assessed in Supreme Audit Institution (SAI) performance audits. The principle of economy and its elements are reflected through resource management, which is associated with the supply chain direction.

The recommendations also include objectives to improve: activities (14 segments), decision-making (11 segments), governance (8 segments), processes (7 segments), and responsiveness (2 segments). This indicates that performance auditing focuses on enhancing processes and organizational activities. However, limited attention is given to evaluation – only 14 segments relate to ensuring and improving evaluation. This is considered a significant drawback, as evaluation is essential for measuring goal achievement and progress of activities. Additionally, prioritization receives little focus (7 segments), even though it could help manage resources more effectively and address key issues. The assurance of democratic values is reflected through the following objectives: "ensuring equal opportunities" (10 segments) and "ensuring operational transparency" (5 segments). This demonstrates that performance audit recommendations can contribute to fostering democratic values and creating public value.

Finally, several specific objectives were identified, such as "managing emergency situations" (5 segments), "applying best practices" (4 segments), "collaborating" (2 segments), "managing change" (2 segments), and improving other activities which are mentioned less frequently. These objectives are rarely mentioned, confirming that the impact of performance audit on management of changes is limited.

In the "Governance" code group, 36 content segments were assigned to the code called "*management of financial resources*". They represent 36 recommendations aimed at the proper management of financial resources. This code consists of 18 sub-codes; however, each of them is mentioned infrequently (see Table 6). This suggests that the issue of financial resource management receives limited attention in the objectives of performance audit recommendations.

Table 6

Sub-codes under the "*management of financial resources*" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Effectively utilizing finances	7	10.	Securing funds	1
2.	Allocating financial resources purposefully	3	11.	Creating a motivating funding system	1
3.	Using funds strategically	3	12.	Ensuring funding availability	1
4.	Reducing the need for budget funds	3	13.	Justifying reimbursement (reward)	1
5.	Planning financial resources	3	14.	Justifying prices	1
6.	Applying the cost-benefit principle	3	15.	Reliably managing finances	1
7.	Reducing expenses	2	16.	Systematically utilizing investments	1
8.	Ensuring investment benefits	2	17.	Properly allocating expenses	1
9.	Protecting funds from loss	1	18.	Ensuring self-funding	1

Source: compiled by authors

An evaluation of the objectives related to financial resources in performance audit recommendations suggests that the area of financial resources is not set as a primary objective. The most frequent recommendation goal in this area is "effectively utilizing finances" (7 segments). Supporting objectives, each mentioned three times in the performance audit reports, include "allocating financial resources purposefully", "using funds strategically", "reducing the need for budget funds", and "planning financial resources". Notably, the cost-benefit ratio is mentioned only in three segments, despite being highlighted in the academic literature as a key element of public value (Alford & Hughes, 2008). The study results reveal that management of financial resources is not a priority in the objectives of performance audit recommendations, which supports theoretical assumptions that financial goals are not the primary focus in performance audits (Meynhardt, 2014).

Continuing the analysis of the elements of the public value creation evaluation framework assigned to the "Governance" direction, it is essential to highlight that the empirical study identified *"management of state assets"* as an element, which was not previously identified or included in the framework through literature review. State assets have a very broad meaning, encompassing not only assets used in the activities of entities but also land resources, national infrastructure, historical heritage, and so on. Due to the broad definition and specific nature of state assets, there is a basis for assigning state assets management specifically to the governance direction of the evaluated framework. While the area of the management of state assets is not emphasized in theory, in practice performance audit objectives are set for this purpose (35 segments), with 13 sub-codes assigned to this element (see Table 7).

Table 7

Sub-codes under the *"management of state assets"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Effective management of assets	14	8.	Making asset-related decisions	1
2.	Protecting assets	6	9.	Managing assets sustainably	1
3.	Utilizing assets rationally	4	10.	Ensuring adequate assets	1
4.	Maintaining assets	2	11.	Ensuring lawful and fair asset management	1
5.	Using assets efficiently	1	12.	Managing asset data	1
6.	Controlling assets	1	13.	Managing assets effectively	1
7.	Optimizing assets use	1			

Source: compiled by authors

The objective of "effective management of assets" is reflected in 14 coded content segments. The assets management code also includes assets protection, rational assets use, ensuring assets maintenance, and more. Proper state assets management should be considered one of the elements in public value evaluation, as state assets not only enable public entities to function but also encompass public welfare, which is built through culture, environment, forests, waters, land resources, and other assets belonging to the state and society.

30 content segments were assigned to the *"legal acts and regulations"*, as an objective of performance audit recommendations. It should be noted that the area of legal acts and regulations is not often set as a primary objective. Actions related to legal acts and regulations are more commonly recommended as a means to achieve other goals. However, in thirty instances, legal acts and regulations are explicitly identified as objectives. The *"legal acts and regulations"* code consists of seven sub-codes (see Table 8).

Table 8

Sub-codes under the *"legal acts and regulations"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Improving legal acts/regulations	17	5.	Ensuring compliance	1
2.	Implementing legal acts	5	6.	Ensuring compatibility of legal acts	1
3.	Ensuring optimal timelines	3	7.	Ensuring the rule of law	1
4.	Initiating legal amendments	2			

Source: compiled by authors

In theory, public value creation is associated with legal or regulatory obligations (Alford & Hughes, 2008). Therefore, the element *"legal acts and regulations"* should be included in the public value creation evaluation framework. The number of sub-code segments indicates that the most frequently cited objective related to legal acts and regulations is their improvement (17 segments), with attention also given to the objective of *"implementing legal acts"* (5 segments). However, it is essential to emphasize that legal acts are more often viewed as a means to achieve an aim rather than a primary objective. Consequently, when setting objectives related to legal acts and regulations in recommendations, they should be specified to clarify the purpose of improving legal acts.

Another element of the *"Governance"* direction included in the theoretical framework for public value creation evaluation, and confirmed through empirical research, is *"management of information"*. Timely, high-quality, reliable, and understandable information is essential for making appropriate management decisions. The dissemination and provision of this information is a process for which responsible individuals should be assigned, with their functions outlined in the entity's regulatory documents. All information on the activities of public entities, which is not classified by law, should be publicly accessible to other public entities and society. In the academic literature, this element is associated with the quality of information (Deng et al., 2018; Jain Gupta & Suri, 2017), access to information (Valle-Cruz, 2019), and dissemination of information (Puron-Cid et al., 2008). When evaluating the number of coded segments, the study results indicate that objectives related to the *"management of information"* are also present in performance audit recommendations. These objectives encompass 10 sub-codes and 29 (out of a total of 737) content segments (see Table 9).

Table 9

Sub-codes under the *"management of information"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Informing	6	6.	Ensuring sufficient information	2
2.	Ensuring information accessibility	6	7.	Presenting information effectively	1
3.	Publicizing information	5	8.	Restructuring the information system	1
4.	Ensuring information quality	3	9.	Improving information management	1
5.	Managing information	3	10.	Improving information dissemination	1

Source: compiled by authors

When evaluating the study results and taking the critical importance of quality information dissemination into consideration, this element could receive more attention in performance audit

recommendations. Public entities are interconnected and interact in various ways, meaning that the quality and proper dissemination of information have an impact on key decisions at the national, governmental, and public entity levels. Furthermore, in the context of democratic values, consumers and society must be adequately informed and have the opportunity to access and use information as needed.

The *"data"* element, within the *"Governance"* code group, is also referenced in the theoretical framework for public value creation evaluation (Bracci et al., 2021; Truss, 2019; Valle-Cruz, 2019). The study indicates that the objectives of performance audit recommendations in practice may be oriented toward the data element as well. 28 content segments were assigned with the *"data"* code, encompassing 7 sub-codes (see Table 10).

Table 10

Sub-codes under the *"data"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Ensuring data quality	12	5.	Using data for evaluation	1
2.	Ensuring data accessibility	7	6.	Basing planning on data	1
3.	Making data-driven decisions	4	7.	Ensuring data-driven management	1
4.	Ensuring data security	2			

Source: compiled by authors

It is widely recognized that high-quality, reliable data available in a timely manner is the foundation of accurate and valid evaluation. The limited focus on data-related objectives indicates insufficient attention to improving evaluation. Evaluation is one of the core elements of management and activities. If the audited entities do not conduct evaluations of their activities, they cannot monitor changes, progress, and impact, nor can they make timely decisions when necessary.

In the academic literature, functions are not discussed as an element of public value creation evaluation. Bryson et al. (2017) and Hartley et al. (2017) emphasize procedural rationality and operational procedures in the public value creation evaluation system. The performance of procedures and functions could be considered related elements. The element of *"functions"*, as an objective of performance audit recommendations, was mentioned 25 times, with 8 sub-codes assigned to the functions code (see Table 11).

Table 11

Sub-codes under the *"functions"* code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Assigning functions	9	5.	Clarifying functions	2
2.	Performing functions	4	6.	Optimizing functions	3
3.	Ensuring the efficiency of functions	3	7.	Identifying functions	1
4.	Separating functions	2	8.	Ensuring function independence	1

Source: compiled by authors

Broadly speaking, it can be assumed that the proper execution of functions is more of a means to achieve objectives than an objective in itself. However, the latter could also be the case depending on the context. For instance, objectives in performance audit recommendations are often associated with assigning functions (9 segments) to specific individuals or entities. Function assignment, especially when functions were previously unassigned, such as when initiating new activities, can be a valid objective. However, setting an objective of "performing functions" (4 segments) should not be an objective, as it is widely understood

that assigned functions are mandatory to carry out. There are also objectives aimed at improving function performance: ensuring efficiency, separating functions, clarifying, optimizing, identifying them, and ensuring their independence.

In academic literature, the element of *"control"* is not typically associated with the concept of public value. The area of control is not an object of performance auditing, as control is carried out by designated entities, such as control institutions, agencies, and other bodies. However, performance audit reports do set objectives related to control. The limited emphasis on control in performance audit evaluations is also reflected in the study results, as objectives related to control in performance audit recommendations encompass only 22 content segments. These segments are assigned to 8 sub-codes, with the main objectives for improving control systems being *"ensuring control efficiency"* (9 segments), *"performing control operations"* (3 segments), *"evaluating the control system"* (3 segments), *"increasing control impact"* (2 segments), *"strengthening control"* (2 segments), *"establishing control principles"* (1 segment), *"creating a control system"* (1 segment), and *"ensuring control quality"* (1 segment). The conclusion for evaluating the control element is that, while the function of performance auditing is not associated with control in Supreme Audit Institution (SAI) standards, control objectives are set in practice. Given that control objectives are identified in practice, they should be reflected in the public value creation evaluation framework.

The codes for *"monitoring"*, *"accountability"*, and *"responsibility"* have the lowest number of segments, with 12, 9, and 6 content segments, respectively. In the academic literature, accountability (Talbot, 2017; Zavattaro & Brainard, 2019) and responsibility (Bringselius, 2018) are considered part of the public value creation evaluation framework. Monitoring, however, is not highlighted in the literature. The small number of segments does not reflect the importance of monitoring, accountability, and responsibility elements. To achieve monitoring objectives, the following recommendations are provided: *"establishing monitoring indicators"* (2 segments), *"improving monitoring"* (5 segments), and *"ensuring monitoring"* (5 segments). The importance of monitoring in governance direction is undeniable; effective monitoring tools help track changes and enable timely responses, making it a crucial tool that receives too little attention in performance audits. The same can be said for accountability and responsibility.

Accountability objectives, as an object of performance audit evaluation, are emphasized in the academic literature (Funkhouser, 2011; Gracia & Kurnia, 2021; Morin, 2016; Pontones Rosa & Perez Morote, 2016; Reichborn-Kjennerud, 2013), yet in practice, objectives for improving accountability are rarely set. Content analysis of performance audit reports identified the following sub-codes for the accountability code: *"providing quality reports"* (4 segments), *"establishing accountability"* (2 segments), *"ensuring compliance with reporting requirements"* (2 segments), and *"reducing the accountability burden"* (1 segment). All individuals involved in collective and individual decision-making should assume responsibility for the consequences of those decisions, thereby safeguarding the civic rights of society members. Responsibility objectives were raised 6 times in recommendations, including *"establishing responsibility"* (5 segments) and *"applying responsibility"* (1 segment). In the context of performance audit recommendations, responsibility has a constructive, pragmatic tone, with objectives focused on defining responsibilities in line with rules or laws.

4.5. The objectives set during the performance audits in the "Supply chain" direction

The proper development and strengthening of the supply chain ensures the long-term sustainability of the public service delivery system. The analysis of the recommendations of the performance audit reports identified 148 content segments under the "Supply chain" direction of the public value creation evaluation framework. And this is the second largest code group in terms of number of segments, with 9 codes. Some of the elements (codes) of this direction identified in the empirical study are the same as those identified in

the literature analysis: management of human resources; management of supply chain; impact assessment; stakeholders. Based on the results of the content analysis of the performance audit reports, the following elements have been added to the "Supply chain" direction of the public value creation evaluation framework: management of resources; supervision; optimisation; prevention; functionality (see Figure 8).

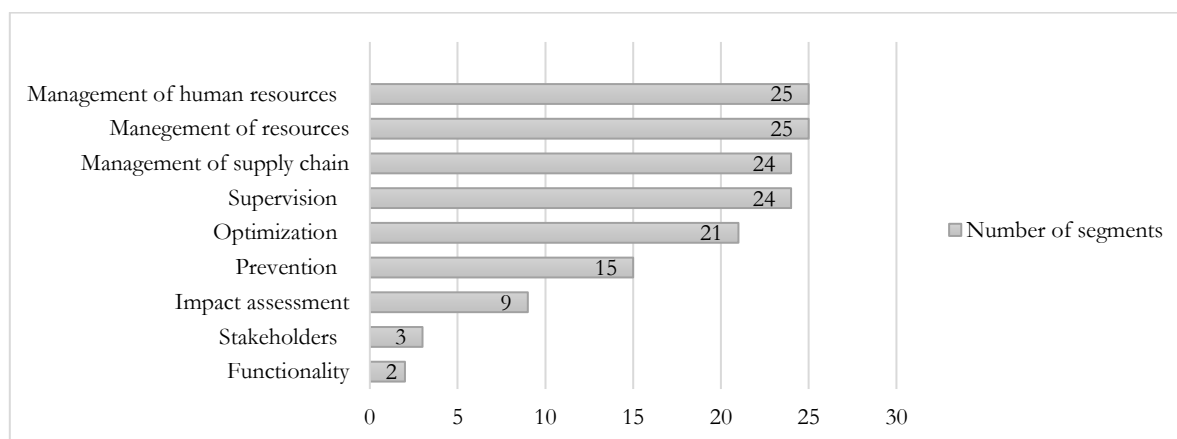


Figure 8. Code of the code group "Supply chain" and the numbers of coded content segments

Source: compiled by authors

Within the list of resources, "*management of human resources*" is distinguished as a separate code from other resources and comprises 12 sub-codes and 25 content segments (see Table 12).

Table 12

Sub-codes under the "*management of human resources*" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Ensuring competences	12	7.	Assigning powers	1
2.	Developing adequate human resources	2	8.	Attracting human resources	1
3.	Assessing the need for human resources	2	9.	Effective utilisation of human resources	1
4.	Evaluating remuneration policies	1	10.	Managing human resources in a balanced way	1
5.	Employee engagement and participation	1	11.	Improving human resource management	1
6.	Efficient utilisation of human resources	1			

Source: compiled by authors

The professional skills of public sector employees need to be continuously maintained and strengthened to improve performance and impact. The study showed that the largest number of content segments in the sub-code group - 12 - is attributed to the assurance of competences. High, or at least sufficient, human resource competences are a key element in the strength of the supply chain and therefore an important element in both the supply chain and the public value creation system. Other objectives are also reflected in the management of human resources policy but are rarely mentioned in the performance audit recommendations.

Resources are the set of means which can be used to achieve objectives. The code "*management of resources*" covers all resources except the financial ones, which are assigned to the "Governance" direction, and human resources, to which a separate code in the "Supply chain" code group is assigned thus emphasizing their importance. The resource management code consists of 10 sub-codes and 25 content segments (see Table 13).

Table 13

Sub-codes under the "*management of resources*" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Using resources efficiently	8	6.	Using resources in a targeted way	1
2.	Improving resource management	4	7.	Consolidating resources	1
3.	Using resources rationally	3	8.	Ensuring the quality of resources	1
4.	Ensuring the security of resources	3	9.	Ensuring the availability of resources	1
5.	Saving resources	2	10.	Ensuring sufficient resources	1

Source: compiled by authors

As can be seen in Table 13, the sub-codes assigned to the resource management code cover the entire resource management system, from efficient use to availability, sufficiency, etc. It is important to note that according to "Performance Audit Principles ISSAI 300" (INTOSAI, 2019), elements such as minimising the cost of resources and ensuring availability of resources at the right time, in the right quantity and quality, and at the best price, reflect the principle of effectiveness. However, the third element of the 3E approach, effectiveness, was not once explicitly mentioned in the objectives of performance audit recommendations. However, considering the definition of effectiveness, the management of resources could be implicitly assigned to the effectiveness category. To summarise the results of the analysis of "*management of resources*" code, two important observations can be made. First, the management of resources - other than financial and human resources - receives very little attention in the objectives of performance audit recommendations (25 segments out of 737). Secondly, there are no explicit objectives for the management of time as an important resource.

The segments that include objectives clearly related to the code "*management of supply chain*" were assigned to this element. These would be the following sub-codes: "ensuring sustainable service delivery" (9 segments); "managing risk" (9 segments); "ensuring cyber protection" (4 segments); "ensuring response" (1 segment); "ensuring efficiency of systems" (1 segment).

"*Supervision*" as an element of the public value creation evaluation framework has not been identified in the scientific literature. Supervision could be considered a component of control, although control is not the primary or necessary subject of performance audits. This element has received considerable attention. In Lithuania, supervisory functions are carried out by specific entities. The supervision code consists of 7 sub-codes and 24 coded segments (see Table 14).

Table 14

Sub-codes under the "*supervision*" code and the number of coded content segments

No.	Sub-codes	No. of segments	No.	Sub-codes	No. of segments
1.	Carrying out supervision	6	5.	Establishing a supervision system	2
2.	Improving supervision	5	6.	Ensuring the impact of supervision	1
3.	Ensuring efficient supervision	5	7.	Establishing responsibility for supervision	1
4.	Ensuring effective supervision	4			

Source: compiled by authors

In terms of the number of segments assigned, the most important objective in the area of supervision is "carrying out supervision", i.e. the audit has identified the need to carry out supervision procedures in the audited area. Improving supervision, ensuring efficient supervision, etc. are also mentioned in the recommendations made in the performance audit reports as objectives that can have an impact.

"*Optimisation*" can be defined as the gradual improvement of existing situations, processes, methods and services, building on what is already happening. Optimisation can be associated with the introduction of innovations, new methodologies, etc. Optimisation of actions, resources or processes is one of the elements that is not classified in the scientific literature as part of the public value creation framework. However, in line with the principles of good public governance, optimisation makes a significant contribution to saving resources, improving service quality, etc. This code consists of 7 sub-codes covering 21 segments. The main focus is on the following objectives: "optimising administration" (10 segments) and "reducing duplications" (5 segments). Optimising the administrative process and eliminating overlaps of actions should allow for greater efficiency in cost management. Other sub-codes include the following objectives to be optimised: criteria (2 segments); functions (1 segment); methodology (1 segment); supervision (1 segment); activity (1 segment).

"*Prevention*" is the early elimination or avoidance of a potential adverse event through changes in legislation, public education, psychological support for social groups, etc. Prevention can be applied to crime, suicide, corruption, domestic violence, bullying of children at school and other negative phenomena that are detrimental to society and the state. The performance audit recommendations set objectives to ensure prevention in different areas (15 segments) and cover 6 sub-codes. The prevention element has not been addressed in the scientific literature on the public value creation framework. However, the prevention element has been identified through an investigation of the objectives of the recommendations made in the performance audit reports. The most common objective in the performance audit recommendations is "carrying out prevention" (7 segments). This shows that not enough attention is paid to prevention in the activities of the audited entities, leading to various adverse events and occurrences. Public finances and other resources are used to respond to adverse events. Therefore, proper implementation of preventive measures could help to save resources. Other recommended objectives are "increasing the impact of prevention" (3 segments); "improving prevention" (2 segments). One content segment was assigned to each of the following sub-codes: "planning prevention"; "developing a prevention framework"; "evaluating the impact of prevention". As can be seen, the most important elements of prevention - planning, developing and evaluating the impact - receive little attention.

Within the "Supply chain" code group, the lowest number of segments was assigned to the following codes: "*impact assessment*" (9 segments), "*stakeholders*" (3 segments) and "*functionality*" (2 segments) (see Table 15).

Table 15

Sub-codes under the "*impact assessment*", "*stakeholders*", "*functionality*" codes and the number of coded content segments

No.	Codes	Sub-codes	No. of segments
1.	Impact assessment	Evaluating impact	3
2.		Evaluating progress	3
3.		Seeking impact	2
4.		Evaluating causality	1
5.	Stakeholders	Assessing the interest of stakeholders	2
6.		Balancing the interests of stakeholders	1
7.	Functionality	Maintaining the functionality of the systems	1
8.		Ensuring functionality	1

Source: compiled by authors

"*Impact assessment*" as a component of the supply chain was identified by Truss (2019). Impact assessment should cover all areas of activity to determine the extent to which those impacts have occurred and whether they have been beneficial. The sub-codes "evaluating impact" and "seeking impact" could be directly related to impact. Given the small number of content segments devoted to impact assessment, it is natural to question whether the implementation of the objectives set out in the recommendations will have an impact in terms of creating public value. Or whether Kells' (2011) seven-critic theory, according to which, even after taking action and implementing the recommendations, impact may not be achieved, will prove true. The other two sub-codes, "evaluating progress" and "evaluating causality", have been assigned to impacts even though they are not directly related. This is because sometimes even when progress is made, when recommendations are implemented, nothing really changes, and the situation does not improve or improves insufficiently. It should also be noted that only one segment is devoted to the identification and evaluation of causality. In terms of determining causality, performance audits should, for example, ask the reasons why governments have low impact. Causality evaluation should be understood as the identification and management of the factors that influence a given situation by eliminating the causes of deficiencies and problems, i.e. the very roots of the problems.

"*Stakeholder*" influence can be very important in supporting or implementing policies and programmes. Collaboration with stakeholders could therefore make an important contribution to improving the performance of public entities and creating public value, thereby saving resources (Truss, 2019). Yamamoto & Kim (2019) note that SAI activities are expanding from traditional supervision to the provision of insights and functions based on stakeholder needs. It is therefore reasonable to expect that the objectives of the recommendations would include an approach that ensures a balance between independence, audit impact and responsiveness to the interests of stakeholders, legislators, citizens and the public. In accordance with TAAIS 300 (2019), the subject of a performance audit does not have to be limited to specific programmes, entities or funds, but may include the impact of the services provided by responsible parties or the impact of government policies and regulations on the administration, stakeholders, businesses, citizens and the public. The study shows that the focus on stakeholders in the objectives of the performance audit recommendations is minimal (3 segments).

"*Functionality*" is the characteristic that shows that functions are performed perfectly, and the best possible result is achieved. Functionality should not be confused with functions, as they are elements with different characteristics. Academic literature includes, for example, the functionality of e-services (Deng et al., 2018) or the overall functionality of a system (Jain Gupta & Suri, 2017) as part of a public value creation framework. The content analysis showed that only 2 content segments were assigned to the functionality code. It can therefore be concluded that the focus on functionality in the performance audit recommendations is insufficient and may be a significant disadvantage in ensuring the strength and efficient functioning of the supply chain.

5. SUMMARY OF RESULTS AND DISCUSSION

The results of the content analysis of the objectives of recommendations in performance audit reports confirm that the objectives of performance audit recommendations are focused on the elements of the public value framework, i.e. the empirically identified elements of the public value framework are fully consistent with those identified in the literature review. In addition, the additional elements identified in the content analysis allow for the extension of the public value creation evaluation framework in the following directions: "Consumers and society", "Governance" and "Supply chain" (see Figure 9). The criteria of the

public value creation measurement framework developed would form the basis for the formulation of the objectives of the performance audit recommendations and their implementation, and would provide a basis for evaluating the impact of the performance audit on public value creation.

To summarise the results of the analysis of the objectives of the performance audit recommendations made by the Lithuanian SAIs, some additional insights can be provided for discussion.

The objectives of the performance audit recommendations show where weaknesses have been identified. Achieving the objectives of the recommendations should reverse the situation, address the shortcomings and ultimately have a positive impact in terms of increased public value. An assessment of the content of the recommendations made in the performance audit reports showed that performance improvements in terms of 3E are rarely recommended. This confirms Pollitt's (2003) point that in practice performance audits that assess performance against the 3Es are very rare. According to Pollitt (2003), performance audits tend to focus on the notion of good management practices or good administration, and performance auditors are expected to provide their personal insights into the implementation of good management or good practices. This assumption is supported by the highest number of coded segments in the area of governance, i.e. the highest number of performance audit recommendations are in the area of governance. Although the content analysis revealed several instances of performance audits being carried out from an ecology or equity perspective, elements that extend the concept of the 3Es to the 5Es, this is not a common practice, but rather a first attempt to take a broader view.

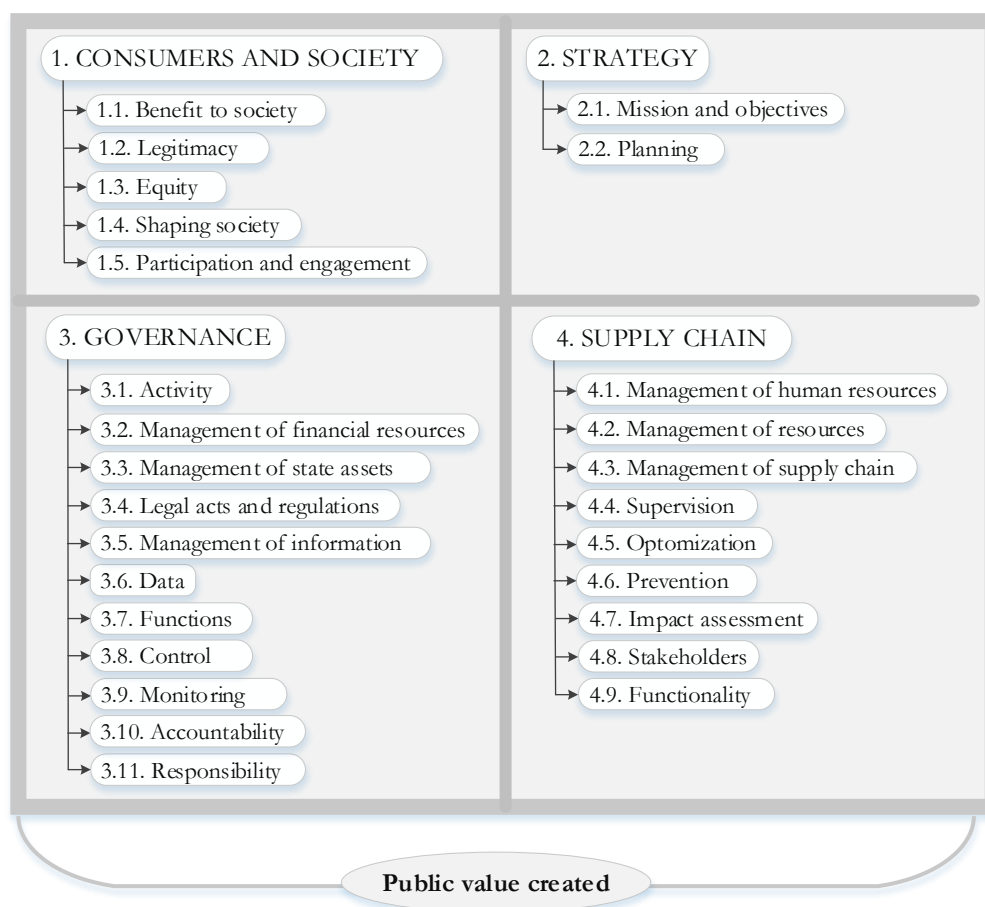


Figure 9. A framework for evaluating the public value creation for the assessing performance audit's impact on public value

Source: compiled by the authors

Once recommendations have been made, the auditees submit action plans for the implementation of the recommendations, i.e. the actions that will lead to the implementation of the recommendations. The presence or absence of impact of performance audits is influenced by the fact that the evaluation of the implementation of recommendations assesses whether the actions foreseen in the plans have been carried out but not the impact itself. Ineffective actions planned to implement the recommendations may not have an impact, even if implemented. It is therefore reasonable to assume that the seven criticisms of performance auditing described by Kells (2011) are justified. In this context, it is not only the objectives of the recommendations that can have an impact, but also the means by which the objectives are achieved. If the means are not effective, the implementation of the recommendations may be merely cosmetic, or the actions taken may be empty rituals. Impact assessment is complicated by the fact that recommendations sometimes set objectives without specifying criteria and measurement indicators, such as improving performance or achieving quality. Without criteria, it is not possible to assess impact.

During the analysis of the reports, it was noted that performance auditors do not fully consider the interrelationships, potential interactions and dependencies among the different elements (e.g. resource constraints). According to Alford & Hughes (2008), value is a pure concept and must be related to the benefits generated and the use of resources expended by public entities. This means assessing how the objectives of the public sector can be achieved with minimum public expenditure and in accordance with legal or regulatory obligations. Truss (2019) argues that rather than seeking to quantify costs and outcomes, it is essential to observe the interrelationship among all the elements. A broader evaluation of relationships can be useful for achieving positive impact.

Content analysis reveals that performance audits do not assess causality. This confirms the conclusion of Weets (2008) that the indicators used in performance audits are limited in measuring effectiveness and do not evaluate causality. “Performance Audit Principles ISSAI 300” (INTOSAI, 2019) states that the performance audit process focuses on finding (identifying) problems, weaknesses and their causes. Once the causes of problems have been identified and eliminated, system errors or deficiencies are eliminated. The result of a performance audit is a set of recommendations on the subject under audit and the monitoring of their implementation. The content of the recommendations should be a call to action, a search for performance solutions, a suggestion for solutions, allowing a clearer vision of how to achieve the objectives set.

The quality of the recommendations is one of the factors that determines their proper implementation. In examining the content of the recommendations provided, it was noted that the objectives and the means of achieving the objective are often intertwined. What is an objective in one set of recommendations may be a recommendation for action in another set of recommendations. Sometimes it is not clear what the objective of the recommendation is, as it recommends the implementation of a specific measure without explaining why it is important and what it aims to achieve. The content of the recommendations is dominated by a wide variety of terms and meanings. This increases the risk of different perceptions and interpretations of the content of the recommendations, which may affect the final outcome.

The content analysis shows that none of the recommendations focus on impact assessment. The recommendations do not call for impact assessment and the SAI only evaluates progress, which is limited to the implementation of the recommendations, leaving the impact unmeasured. In light of these observations, it would make sense to propose the standardisation of performance audit reports, as suggested by Pontones Rosa & Perez Morote (2016) in their work. Reporting templates could improve the quality of reports and help reduce the audit expectation gap (Pontones Rosa & Perez Morote, 2016).

6. CONCLUSION

The content analysis of the objectives set out in the recommendations of the performance audit of the Lithuanian SAI showed that the theoretical elements of the creation of public value and the elements identified in the content analysis are fully consistent. 114 performance audit reports submitted between 2015 and 2022 were used for content analysis. A total of 737 content segments were coded in the content analysis of the recommendations. The segments were assigned to one of four code groups: "Strategy" (70 content segments); "Governance" (427 content segments); "Consumers and society" (92 content segments); "Supply chain" (148 content segments). All four code groups are ranked from 4 (most significant element) to 1 (least significant element) according to the logical order of directions. The most significant code group is "Consumer and society"; the second most significant is "Strategy"; the third most significant is "Governance"; and the least significant is "Supply chain" (a strong supply chain is seen as a consequence of good strategy and governance). The coding of content segments was used to extend the theoretical framework of evaluation of public value creation and to identify the most common areas of public value evaluated in performance audits.

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