



Does the country ensure effective use of the official electronic address in communication with individuals and businesses?

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Audit Report

Does the country ensure effective use of the official electronic address in communication with individuals and businesses?

20 January 2021

Compliance / performance (combined) audit “Does the country ensure effective use of the official electronic address in communication with individuals and businesses?”

The audit was performed based on audit schedule No 2.4.1.-21/2019 of the Audit and Methodology Department of the State Audit Office of 26 June 2019.

The cover design uses a photo from the website *Depositphotos*.

Dear Reader,

Since 2017, the Ministry of Environmental Protection and Regional Development has been developing an eAddress solution to create a platform for official electronic communication between the state and an individual, which is equivalent to official paper communication to a person's declared place residence or registered office. The auditors estimate that the total cost of setting up the eAddress solution could be around 6.94 million euros.

After introducing eAddress, the state and an individual would use a secure, convenient, and guaranteed official electronic communication channel, which is also an advantage of eAddress compared to other electronic communication channels. It would be suitable for both parties to communicate in one place and to find an addressee in a single address book without looking for contacts on the institutions' websites or individuals, regardless of whether the individual has previously submitted an e-mail address to the authority for communication. The eAddress would also ensure the secure circulation of personal data and other protected information.

In the audit, we assessed whether the eAddress solution was designed following the governmental intention and was used in electronic communication between individuals and institutions by safeguarding the quality, security, and benefits of developing a unified electronic communication solution.

During the audit, we found that an eAddress solution was designed and the laws and regulations stipulated its operating principles, but the implementation of the solution caused difficulties by resulting in the goals of developing the eAddress is not achieved.

The eAddress aims at providing official electronic communication between the state and an individual; however, individuals rarely use it, only 1% of the planned proportion. The eAddress solution is new and unknown, but other channels are available for electronic communication with the

state. The principles of eAddress (security, guaranteed delivery, and convenience) alone do not ensure sufficient motivation to change existing communication habits.

The implementation of eAddress has taken a long time. Initially, it was planned that all intended users would use it in 2018, but it has not been implemented in all institutions actually, and there is no widespread use of eAddress in everyday communication. The untapped savings from the slow expansion of eAddress use could amount to 5.32 million euros per year. Therefore, there is a need for more active action of the Ministry of Environmental Protection and Regional Development by ensuring the management of the implementation of eAddress as a state-level ICT solution.

We thank the audited entities for cooperation inter alia the Ministry of Environmental Protection and Regional Development, which is responsible for implementing the eAddress concept, and the State Regional Development Agency, which is responsible for the design and maintenance of the technical solution. We also thank the experts of Ventspils City Council, Ventspils Digital Centre, the Office of Citizenship and Migration Affairs, and the Register of Enterprises, who contributed to the auditors' understanding of various eAddress operation-related processes, as well as 933 institutions that provided opinions on eAddress development and implementation in the survey during the audit.

We hope that the conclusions and recommendations of the audit will contribute to the implementation and improvement of the eAddress to achieve the goals of developing the eAddress and the funds invested in its creation would give a return.

Respectfully,
Department Director
Ms Kristīne Jaunzeme



Summary

Main Conclusions

The use of eAddress

Electronic communications in the eAddress continue to grow gradually by reaching almost 800,000 messages sent per year. However, this is a small amount compared to 3.6 million documents in total sent to the institutions during the year, and it lags behind the MEPRD's plan to reach up to 1.2 million messages sent per year in the first years of eAddress operation. Also, 90% of correspondence in the eAddress environment is inter-institutional communication, with only ten institutions accounting for half of all messages sent. The eAddress used for the communication between individuals and the state accounts for only 10% of the total usage of eAddress.

The use of eAddress by individuals is voluntary. Approximately 13,000 individuals have begun using eAddress, which is only 1% of the initially planned number. The habit of sending electronic documents by e-mail and using e-services by recognising them as sufficiently convenient and convenient tools for communication with the state could explain the low activity of individuals. Apparently, individuals do not see significant benefits from using eAddress currently and are not motivated to begin using eAddress without clear additional benefits voluntarily.

Citizens are not used to using eID cards, and eSignatureMobile as electronic identification means every day necessary for creating and using eAddress. The identification possibilities provided by various Internet banks are much more widely used, including receiving a number of e-services. Without resolving the issue of using qualified means of electronic identification daily, the wider use of eAddress among individuals will be limited.

eAddress is one of many electronic communication channels.

If the trend continues that individuals do not actually use eAddress and only institutions use it for mutual communication mainly, investment in the deployment of eAddress may prove ineffective because institutions already had a different document circulation environment established before eAddress and setting the latter was unnecessary.

Institutions for which the use of eAddress is mandatory also do not hasten to join the eAddress environment and use it actively in everyday communication:

- 5% of institutions have not activated the connection to eAddress, but another 47% of institutions did so with a delay of up to 17 months after the deadline provided in the eAddress Law;
- Almost half of the institutions (48%) have not sent any messages in the eAddress, but 13% of institutions have sent them very rarely, that is, only up to three messages in two years of the eAddress operation.

Majority of the state institutions do not use eAddress daily.

When institutions do not join the eAddress and do not start using it, one does not use the eAddress as a single communication environment, therefore institutions and individuals must look for other electronic communication channels even if they have chosen to use the eAddress.

The implementation of eAddress lacks a clear vision of how to communicate with each user group in order to promote the wider use of eAddress. The MEPRD organised initially widely planned institutional training only for a narrow circle of 66 institutions out of a total of 3,349 institutions. Moreover, they organised the training only once at a time when the development of the eAddress solution had not been completed and the final functionality was not available yet. Social advertising campaigns organised for individuals have not provided a significant increase in the number of eAddress users either.

The state institutions also point to the lack of quality promotion activities by drawing attention to the fact that only a small part of the obstacles to the timely implementation of eAddress were due to technical or financial problems. The state institutions indicate the lack of information and understanding as a major obstacle.

Achieving eAddress goals and implementing benefits

Achieving eAddress goals and implementing benefits

The implementation of eAddress has taken a long time, its goals have not been achieved, and the planned benefits have not been implemented.

Initially, it was planned that all intended users would use it in 2018, but only a part of state institutions has introduced it actually and uses on a daily basis. Only from 2023, one intends to introduce the eAddress as a mandatory communication channel with legal entities such as enterprises, associations, foundations, political parties, etc. In its turn, the use of eAddress by individuals will remain voluntary. In general, there is no widespread use of eAddress among state institutions, neither in communication with individuals nor in mutual communication, as well as the implementation of eAddress still continues in some state institutions. As a result, the eAddress does not cover all addresses, that is, state institutions and individuals, who were identified¹ as 1.2 million originally.

The goals of eAddress are not achieved, and implementation thereof continues.

The audit concludes that a part of intangible (qualitative) benefits is being achieved, such as faster communication options, the ability for the state institutions to initiate official electronic communications with individuals themselves, and the ability to send sensitive data conveniently. However, several principles of eAddress do not work - guaranteed delivery does not always work and the recipient does not always receive messages, when state institutions do not connect to and use the eAddress, electronic correspondence is not kept in one place, the eAddress communication is not closely related to announcing e-services results, etc.

The planned financial benefits of eAddress associate mainly with the increase in the total share of electronic documents in state institutions by striving for faster and cheaper paperless communication increasingly. However, the eAddress is only one of the electronic communication channels, and there is no detailed monitoring approach and indicators provided for clear identification whether eAddress messages replace existing paper documents with subsequent actual cost savings or other electronic communication channels with corresponding additional quality benefits but already without significant cost savings.

When estimating potential savings during the audit, one concludes that the benefits do not exceed the financial savings initially planned at present. While the planned savings projections² varied up to 11.59 million euros by 2020 (increase in electronic document sending compared to paper-based communications, time savings for individuals and state institutions from face-to-face visits), the actual use of eAddress could only provide savings of around 2.7 million euros by 2020, which is more than four times less. A small number of private users and the volume of messages sent in the eAddress environment between both state institutions and individuals, and in comparison with the total volume of documents sent to state institutions can be an explanation.

Investment	Savings	Ratio
MEPRD planned to invest 1.55 million euros	by saving 11.59 million euros	1:7
There are 5.55 million euros invested in MEPRD and state institutions	There are 2.7 million euros saved	2:1

* *The investment does not include the costs of setting up DIE (document integration environment) already incurred before the approval of the eAddress concept.*

In the coming years, the amount of financial benefits of eAddress is unlikely to grow rapidly. However, the gap between the costs of electronic and paper communications continues to widen due to the increase in the postal tariff for paper documents, the remuneration of staff, and the processing of documents, and the reduction in the cost of electronic signatures. By postponing the mandatory use of eAddress for legal entities from 2020 to 2023 and being unable to agree on expanding the range of mandatory eAddress users with new groups for more than a year, the circulation of documents is becoming more and more expensive every year. Due to the slow growth of eAddress, the amount of lost savings can reach 5.32 million euros per year.

Lost savings due to long-lasting introduction is 5.32 million euros per year.

Given that eAddress is one of many communication channels, the management of different communication channels in state institutions requires administrative resources to coordinate and keep track of how to communicate with each individual in each individual case, for instance, paper letters, electronic documents in e-mail, placement of information at the user's workplace on the portal *Latvija.lv* or on the service portal created by state institutions, sending information in the eAddress, etc. Therefore, it is important for MEPRD and SRDA to offer a clear vision for further development and use of eAddress in specific situations.

The legislation also does not provide for mandatory use of eAddress, although policy-planning documents related to the security of eAddress stressed its use in communications involving restricted information and personal data. At present, eAddress is not integrated into specific processes, whereas laws and regulations stipulate only vaguely that eAddress will become the primary communication channel after an individual has activated it.

The audit survey has found that a relatively large number of institutions (22%) do not see the benefits of eAddress. A small number of private users also indicates that the security of eAddress messages for communication with the state does not ensure widespread interest in eAddress in itself and its voluntary introduction without an additional promotion strategy, linking to reception of e-service results, or providing communication between individuals.

If the MEPRD does not take active steps to ensure the full implementation and development of eAddress, a large part of electronic communications will continue to co-exist in other communication channels that are more common for state institutions and individuals, but eAddress will not be used or exist as another alternative electronic communication tool by not reaching its purpose.

One requires a strategy for facilitating the use of the eAddress.

Delivery and monitoring of messages in the eAddress

Although guaranteeing a sender that the message will be delivered is one of the advantages of eAddress, it is not always provided. Approximately 15,000 or 1% of sent messages in the eAddress solution are not delivered due to the technical actions of an addressee's system without timely retrieval or even rejection of the message addressed to it. The audit also identified 19% of messages on the *Latvija.lv* portal that are not opened and read. Thus, one has not used the options provided by information technology to remind an addressee of an unopened message while maintaining the approach of delivering paper documents. In all those cases, the message is considered delivered and the addressee may have legal consequences arisen therefrom even if the addressee has not opened and read the message.

Individuals do not read 19% of messages in eAddress, and there is no reminder mechanism.

Successful delivery of messages in the eAddress does not depend on the built-in controls of the eAddress solution to a large extent but on the sender's and addressee's willingness and ability to follow the settings of their record keeping systems and their changes closely. Taking into account the limitations of the eAddress technical solution and the possibilities to improve the automatic control for eliminating most typical errors, improving the daily monitoring of the eAddress system is required by analysing and informing state institutions proactively about necessary actions and good practices, as well as amending laws and regulations by stipulating clear division of the obligations and responsibility of state institutions.

Quality of eAddress catalogue

The eAddress directory is a component of eAddress, which contains information about the created addresses. The completeness and ease of use of the eAddress directory are essential prerequisites for the creation and use of eAddress in correspondence. The audit revealed that the data on state institutions in the e-Address directory was of poor quality and incomplete resulting in cumbersome search for and identification of addressees and organisation of correspondence in the eAddress environment.

The eAddress directory is incomplete and does not provide high-quality data.

The eAddress directory is related to the list of Public Entities and State Institutions administered by the Register of Enterprises closely, where the information about state institutions is placed. One has chosen a decentralised approach to keeping the list, as the Register of Enterprises inserts the information provided by the state institutions without the right to check the correctness and accuracy of the information provided by the state institutions, to correct or request correction of information (for example, wrongly indicated type of institution, name, and time of establishment). Hence, the data from the list used to populate the eAddress directory is of poor quality and causes inconvenience to eAddress users in communication with the state. The shortcomings of the list of public entities and state institutions also do not allow achieve the goal of compiling the list to full extent, that is, to ensure the public with high-quality information on all established public entities and state institutions in one place.

Although both the MEPRD and the Register of Enterprises have already identified and known data quality problems since the establishment of eAddress, the activities implemented so far do not solve and eliminate them completely and there is no specific action plan to eliminate the shortcomings.

Designing eAddress

The development of the eAddress solution follows the strategy set by the state regarding the re-use of resources, therefore one does not design the eAddress solution anew but develops and supplements the sharing solutions existing in the country.

The developed eAddress solution corresponds to the scope defined in the concept, laws, and regulations basically. However, there are also deviations from some intentions. For example, employees of state institutions are allowed simpler access through the record keeping systems of state institutions while individuals can access it only with an eID card, *eSignatureMobile* and *eSignatureCard*. The simplified procedure for the access of state institutions to the eAddress contradicts the basic principle of creating the eAddress for the secure circulation of personal data in the electronic environment.

Despite the deficiencies and necessary improvements in the operation of eAddress identified, changes in the technical solution of eAddress are made before making appropriate amendments to laws and regulations. This indicates a rushed and inadequately coordinated analysis of eAddress processes. This might also lead to different interpretations of the proper functioning of the eAddress, which may be particularly important in proving a secure and guaranteed delivery.

The auditors have estimated that the development of the central eAddress solution has cost around 3.62 million euros (including ERDF co-financing of 3 million euros), which is twice more than 1.55 million euros initially planned³. In its turn, the total cost of setting up an eAddress solution could have reached 6.94 million euros, including an estimate of the cost of integrating the record keeping systems of state institutions (1.93 million euros) and the cost of setting up the Document Integration environment already established (1.39 million euros) whereon the eAddress solution was developed. To date, none of the progress reports on the implementation of the eAddress has summarised the total costs so one could follow the increase in costs and decide on further actions and the most appropriate steps to ensure the deployment of the eAddress. However, information on the total costs of the solution and their detailed breakdown is significant when deciding on the development of nationwide ICT.

Planning the designing of eAddress

The eAddress concept as a component of eGovernment has been developed since 2009. Initially, one intended to create a solution for registering e-mail addresses of individuals so that the e-mail addresses of all individuals would be available to the state in one place. Being aware of the risks that the state would not be able to manage in the event of such a solution (security of private e-mail services, long-term availability, and provision of guaranteed delivery), the approach was changed to the creation of an eAddress. The eAddress aimed at shaping a centralised mechanism for secure and guaranteed electronic communication between state institutions and individuals by facilitating the introduction of paperless document circulation.

Although the principles, objectives, and intended benefits of setting up the eAddress were set out, no eAddress report summarises and assesses whether and how they have been implemented and achieved. Without such an assessment and without situation awareness after the launch of the eAddress, the further purposeful development of eAddress is endangered.

The opportunities to verify the progress of the eAddress implementation are limited because the annual reporting on the progress of the eAddress implementation by the MEPRD set by the government has taken place only once. The MEPRD has not complied with the required reporting procedures and the obligation to report on progress that prevents decision-makers, the government, and all stakeholders from receiving information on the progress of the eAddress designing and identified problems, and they are unable to decide on further actions that require cross-sectoral involvement and assignments outside the MEPRD.

The implementation of eAddress is not managed as a state-level ICT project, whose successful implementation requires the active involvement of all state institutions, the widest possible involvement of individuals, and the use of eAddress in everyday communication so that the eAddress can achieve the goal of ensuring common electronic communication channel between the state and individuals and forge more efficient and qualitative public administration.

Major recommendations and proposals

Based on the audit conclusions, one proposal has been submitted to the Cabinet of Ministers and eleven recommendations to the MEPRD for improving the implementation of the eAddress, promoting its use, and implementing the planned benefits in order to ensure the achievement of eAddress objectives.

Proposal

So that high-quality and one-time information on all established public entities, state institutions, and their eAddresses would be provided and motivation of individuals to use eAddress (quality and convenience) would be facilitated, we invite the Cabinet of Ministers to find a solution for improving the quality of data of the List of Public Entities and State Institutions by deciding on the extension of the powers of the Register of Enterprises to maintain the list if necessary.

Recommendations

For achieving the goal of creating the eAddress, ensuring purposeful and high-quality implementation of the eAddress, promoting wider use of the eAddress among individuals, in communication between the state and individuals, and in communication among state institutions, one should:

- Analyse and evaluate the implementation and use of the eAddress in the communication between the state and individuals regularly, set new tasks for the full-fledged implementation and design of eAddress, and prepare relevant evaluation reports;
- Safeguard the necessary amendments to the laws and regulations regulating the operation of the eAddress and define a clear division of duties and responsibilities in relation to the eAddress access solution on the portal *Parvaldiba.lv*;
- Match the requirements of electronic identification means for different eAddress user groups and access solutions;
- Evaluate the possibilities of monitoring undelivered messages in the eAddress and improving preventive controls, collect good practices and the most typical mistakes in the use of eAddress regularly, offer possible solutions, and inform the state institutions thereof;
- Assess the current situation and draft solutions to reduce the number of unopened messages in the eAddress;
- Ensure regular analysis of eAddress user data by assessing the reasons for non-use and looking for solutions to support each specific user group in using the eAddress and develop a targeted, specific user-oriented awareness-raising plan to facilitate the attraction of new users.

References

¹ “Concept of the Official Electronic Address” drafted by the Ministry of the Interior on 4 February 2014 (approved by Cabinet Order No 90 of 3 March 2014).

² Within the framework of the ERDF project “Public Administration Information and Communication Technology Architecture Governance System”, Development of technical specifications for the Secure Electronic Delivery Platform (DEPP) and DEPP implementation plan. DEPP study report (version 1.1, Riga, 2016).

³ “Concept of the Official Electronic Address” drafted by the Ministry of the Interior on 4 February 2014 (approved by Cabinet Order No 90 of 3 March 2014).