State Administration Structure Law

The *Saeima*[1] has adopted and
the President has proclaimed the following Law:

Chapter I

General Provisions

Section 1. Terms Used in this Law

The following terms are used in this Law:

1) **public person** – the Republic of Latvia as the initial legal person governed by public law and derived public persons. Such persons shall act in accordance with the principles of public law;
2) **derived public person** – a local government or other public person established by law or on the basis of law. Such public person has been conferred its own autonomous competence by law, which includes also establishing and approval of its own budget. Such a person may have its own property;
3) **institution** – an authority which acts on behalf of a public person and to which authority whose competence in State administration is specified by a regulatory enactment, financial resources are allocated to implement its activities and which has its own personnel;
4) **body of a public person** – an institution or an official, whose competence and right to directly express the legal will of a public person are specified in a basic legal instrument or a law regulating the activities of the relevant public person;
5) **direct administration –** institutions and officials of the Republic of Latvia as the initial public person;
6) **indirect administration –** institutions and officials of derived public persons;
7) **administrative decision** – an individual legal instrument directed to the establishment, altering, determination or termination of legal consequences in the field of State administration. Administrative decisions regulate specific public legal relations with other institutions or officials (orders, and others) or with private individuals (especially – administrative acts). An internal decision that is aimed at the preparation of an administrative decision, procedural direction or other internal activities of an institution within the scope of service or employment relations is not an administrative decision;
8) **official** – a natural person who is authorised to take or prepare administrative decisions in general or in a particular case ;
9) **political official** – an official who is elected or appointed on the basis of political criteria;
10) **administrative official** – an official who is a civil servant or an employee of an institution and who is appointed to an office or hired on the basis of professional criteria; and
11) **private individual** – a natural person or a legal person governed by private law.

Section 2. Purpose of the Law

The purpose of this Law is to ensure a democratic, lawful, effective, open and publicly accessible State administration.

Section 3. Scope of Application of this Law

(1) This Law determines the institutional system of State administration subordinate to the Cabinet and basic provisions regarding the operation of State administration.

(2) Provisions of this Law also apply to private individuals, who perform the tasks of State administration delegated to them in accordance with the procedures prescribed by law or transferred to them by authorisation .

(3) The principles of State administration and other provisions of this Law are also applicable to institutions that are not subordinate to the Cabinet, insofar as it is not otherwise prescribed in the special legal norms of other laws.

Section 4. Activities of Public Persons

(1) The Republic of Latvia, as the initial public person, shall act in the field of State administration through the intermediation of institutions of direct and indirect administration.

(2) Derived public persons shall act in the field of State administration through the intermediation of the institutions of indirect administration.

Section 5. Liability of Public Persons for their Institutions

(1) Institutions of direct administration shall represent the Republic of Latvia. The Republic of Latvia shall be liable for the activities of the institutions of direct administration.

(2) Institutions of indirect administration, when acting in a field that has been transferred by law to the autonomous competence of the relevant derived public person, shall represent such public person. The derived public person shall be liable for the activities of the institutions of indirect administration.

(3) Institutions of indirect administration may perform specific tasks of State administration, which tasks are in the competence of the Republic of Latvia, but the performance of which is transferred to the relevant derived public person or the institution itself. In such case, the institution shall represent the Republic of Latvia. The Republic of Latvia shall be liable for the activities of such institution within the scope of the tasks transferred to such institution, insofar as the relevant institution of indirect administration is subordinate to the institution of direct administration.

(4) If well-founded doubts exist with respect to which public person an institution belongs, namely – which public person is represented by the institution in the relevant case, it shall be deemed that the institution represents the Republic of Latvia, and the Republic of Latvia shall be liable for the activities of such institution.

Section 6. Unity of State Administration

State administration shall be organised in a single hierarchical system. No institution or administrative official may remain outside this system.

Section 7. Subordination of State Administration

(1) The Cabinet shall implement subordination in the organisation of State administration (institutional subordination) and in the performance of the functions of State administration (functional subordination).

(2) The Cabinet shall implement subordination through the intermediation of an individual member of the Cabinet. The member of the Cabinet shall implement subordination directly or through the intermediation of an institution of direct administration, its unit or official.

(3) Subordination shall be implemented in the form of control or supervision.

(4) Control means the rights of higher institutions or officials to issue orders to lower institutions or officials, as well as to revoke decisions of lower institutions or officials.

(5) Supervision means the rights of higher institutions or officials to examine the lawfulness of decisions taken by lower institutions or officials and to revoke unlawful decisions, as well as to issue an order to take a decision in case of unlawful failure to act.

(6) In determining the form and content of the institutional subordination of an institution within the scope of one public person, the nature of the functions or tasks of the State administration transferred to such institution, the effectiveness of the performance of such functions or tasks, and the considerations for the ensuring of lawfulness and democratic control shall be taken into account.

(7) The form and content of the functional subordination of an institution shall be prescribed by regulatory enactments, in accordance with which the institution performs the relevant functions and tasks of State administration.

Section 8. Subordination of Derived Public Persons

(1) The form and content of the institutional subordination of derived public persons shall be determined by the law, by which or on the basis of which the relevant derived public person has been established. Unless otherwise prescribed by law, the relevant derived public person shall be under the supervision of the Cabinet.

(2) The form and content of the functional subordination of derived public persons shall be prescribed by regulatory enactments, in accordance with which the relevant functions or tasks of State administration are performed.

(3) If the performance of a specific task of direct administration is transferred to a derived public person or a particular institution of such public person (Section 5, Paragraph three), the relevant authority shall determine the form and content of the functional subordination for the performance of such task. If not otherwise determined by the authority, then, in the performance of this task, the derived public person or the particular institution shall be subject to control of the relevant authority.

(4) Local governments, in performing the functions of State administration that in accordance with law are transferred to their autonomous competence, shall be under the supervision of the Cabinet in accordance with the procedures and in the amount prescribed by the Law On Local Governments.

Section 9. Functions of State Administration

State administration under the management of the Cabinet shall perform the administrative functions of executive power (functions of State administration), which functions consist of specific administrative tasks and liability for the performance of such tasks.

Section 10. Principles of State Administration

(1) State administration shall be governed by law and rights. It shall act within the scope of the competence prescribed by regulatory enactments. State administration may use its powers only in conformity with the meaning and purpose of the authorisation.

(2) State administration shall observe human rights in its activities.

(3) State administration shall act in the public interest. Public interest shall include also proportionate observance of the rights and lawful interests of private individuals.

(4) State administration, individual institutions or officials, in implementing the functions of State administration, shall not have their own interests.

(5) State administration in its activities shall observe the principles of good administration. Such principles shall include openness with respect to private individuals and the public, the protection of data, the fair implementation of procedures within a reasonable time period and other regulations, the aim of which is to ensure that State administration observes the rights and lawful interests of private individuals.

(6) State administration in its activities shall regularly examine and improve the quality of services provided to the public. Its duty is to simplify and improve procedures for the benefit of private individuals.

(7) The duty of State administration is to inform the public of its activities. This especially applies to that section of the public and to those private persons whose rights or lawful interests are or may be affected by the implemented or planned activities.

(8) State administration shall be organised in a manner that is as convenient and accessible to private individuals as possible.

(9) State administration shall be organised in compliance with the principle of subsidiarity.

(10) State administration shall be organised as effectively as possible. The institutional system of State administration shall be regularly examined and, if necessary, improved.

(11) State administration in its activities shall also observe the principles of law not referred to in this Section, which principles have been discovered, derived and developed in institutional or court practice, as well as in jurisprudence.

Section 11. Application of Principles of State Administration

(1) The principles of State administration shall be applied:

1) in interpreting this Law and other regulatory enactments;
2) in examining (also in court) the lawfulness and usefulness of actions of institutions and officials; and
3) in examining and evaluating the quality of work of institutions and administrative officials.

(2) If the principles of law referred to in Section 10, Paragraphs five, seven and eight of this Law are not complied with, the private individual whose rights and lawful interests are affected is entitled to require the compliance therewith in accordance with the procedures of administrative procedure.

Section 12. Contracts Governed by Public Law

(1) In order to ensure the effective performance of the functions of State administration, the institution having jurisdiction shall, in accordance with the procedures prescribed by law, enter into the following contracts governed by public law in the field of State administration.

1) co-operation contracts (Section 61);
2) administrative contracts (Chapter X);
3) delegation contracts (Chapter V); and
4) participation contracts (Chapter VI).

(2) Contracts governed by public law shall be concluded in a written form in compliance with the provisions of The Civil Law and observing the restrictions prescribed by regulatory enactments.

(3) Other types and conditions of contracts governed by public law that are not referred to in this Section may be prescribed by law.

Chapter II

Institutional System of Direct Administration

Section 13. Establishment of the Institutional System of Direct Administration

The institutional system of direct administration shall be established and the organisation of its work shall be determined by the Cabinet.

Section 14. Recording of Institutions of Direct Administration

(1) In order to ensure the transparency and effectiveness of the institutional system of direct administration, a database on the institutions of direct administration shall be established.

(2) The database on the institutions of direct administration shall be established, overseen and maintained by an institution of direct administration determined by the Cabinet.

(3) The following publicly accessible information shall be included in the database:

1) the name, subordination and competence of the institution;

2) the location, telephone number and other means of communication, and reception hours for visitors of the institution;
3) the structure of the institution;
4) the by-laws and rules of procedure of the institution;
5) a list of officials;
6) internal regulatory enactments that are binding on the institution and that are issued by it;
7) the list of external regulatory enactments that directly regulate the activities of the institution in the particular field; and
8) public reports.

(4) The Cabinet or the relevant member of the Cabinet may additionally determine publicly accessible information not referred to in Paragraph three of this Section that shall be included in the database.

(5) The database published on the Internet shall be publicly reliable.

Section 15. Establishment, Reorganisation and Liquidation of Institutions of Direct Administration

(1) The Cabinet shall establish, reorganise and liquidate institutions of direct administration on the basis of law or on its own initiative in compliance with the principles of State administration.

(2) The Cabinet, when establishing an institution of direct administration, shall appoint a member of the Cabinet to whom the relevant institution of direct administration shall be subordinate.

(3) An institution of direct administration shall be reorganised:

1) by incorporating the institution into another institution of direct administration – as a result, the institution to be incorporated ceases to exist;
2) by merging the institution with another institution of direct administration or with several other institutions of direct administration – as a result, the institutions to be merged cease to exist and a new institution of direct administration is established on their basis;
3) by transferring one unit or several units of the institution to another institution of direct administration or several other institutions of direct administration – as a result, the institution to be split up continues to exist; or
4) by separating all its units among other institutions of direct administration – as a result, the institution to be split up ceases to exist.

Section 16. By-laws of Institutions of Direct Administration

(1) The activities of the institutions of direct administration shall be regulated by by-laws that are approved by the Cabinet.

(2) The following shall be set out in the by-laws:

1) the name of the institution;
2) the member of the Cabinet to whom the institution is subordinate;
3) the functions, tasks and competence of the institution;
4) the procedures, by which reports regarding the performance of the functions of the institution and utilisation of resources shall be provided;

5) the mechanism for ensuring the lawfulness of the activities of the institution;
6) the institution or the administrative official, to whom private individuals may dispute administrative acts or actions; and
7) other matters that are considered to be significant by the Cabinet.

Section 17. Head of an Institution of Direct Administration

(1) The head of an institution of direct administration shall organise the performance of the functions of the institution and be liable for it, shall manage the administrative work of the institution by ensuring the continuity, effectiveness and the lawfulness thereof.

(2) Unless prescribed otherwise by regulatory enactments, the head of an institution shall:

1) manage the financial, personnel and other resources of the institution;
2) approve the list of offices of the institution;
3) determine the duties of the administrative officials and employees of the institution;
4) appoint to and remove from office officials, hire and dismiss from work employees;
5) ensure the development of the annual operational plan and budget request of the institution;
6) establish an internal control system of the institution; and
7) determine the procedures for pre-examination and post-examination of administrative decisions.

(3) The head of an institution of direct administration shall perform the tasks assigned by the relevant member of the Cabinet, the duties specified in the by-laws of the institution, and other functions prescribed by regulatory enactments and shall be liable for the performance thereof.

Section 18. Ministries

(1) A Ministry is the managing (highest) institution of the relevant sector of State administration. The Ministry shall organise and co-ordinate the implementation of laws and other regulatory enactments, it shall participate in the developing of the policy of the sector.

(2) The Ministry shall be subject to the direct control of the Minister.

Section 19. Competence of the Minister in the Ministry

(1) The Minister shall manage the work of the Ministry.

(2) The Minister:

1) shall represent the Ministry without special empowerment;
2) shall issue orders to the State secretary;
3) shall issue orders to the administrative officials and employees of the Ministry, who shall inform a higher official thereof;
4) may revoke internal regulatory enactments, decisions and orders, except administrative acts, issued by the State Minister, Parliamentary Secretary, State secretary and other administrative officials of the Ministry; and
5) may implement the competence of the administrative manager of the Ministry himself or herself.

(3) The Minister shall perform also other functions prescribed by regulatory enactments, which are not referred to in Paragraph two of this Section.

(4) If the Minister as the administrative manager of the institution fully or in part takes over into his or her competence a matter that is in the competence of an official, or in the case referred to in Paragraph two, Clause 5 of this Section, the provisions of Sections 37, 38 and 39 of this Law with respect to taking over authorisations are applicable to the Minister.

Section 20. Competence of Members of Cabinet in Institutions of Direct Administration

(1) The competence of the members of the Cabinet in the sector of State administration shall be determined by the Cabinet.

(2) The Prime Minister, Deputy Prime Minister or other members of the Cabinet shall have the same competence in the institution of State administration that is directly subordinate to him or her as the Minister in a Ministry (Section 19), unless prescribed otherwise by regulatory enactments.

Section 21. Competence of State Minister in Institutions of Direct Administration

(1) The competence of the State Minister in the units of the Ministry or in the institutions that are transferred under his or her subordination shall be determined by the Cabinet.

(2) The State Minister, within the scope of his or her competence, has the same rights as Ministers.

Section 22. Competence of Parliamentary Secretary in Institutions of Direct Administration

(1) The Parliamentary Secretary shall ensure the link between the member of the Cabinet and the *Saeima*.

(2) The Parliamentary Secretary on the assignment of the member of the Cabinet shall represent the member of the Cabinet.

(3) The Parliamentary Secretary, in order to perform his or her duties and the functions prescribed by law, within the competence determined by the member of the Cabinet:

1) shall issue orders to the State secretary or other State administrative officials (employees), who shall inform a higher official thereof;
2) may issue orders to the head of the institution subject to control of the member of the Cabinet and – in specific cases – to other administrative officials (employees), who shall inform a higher official thereof; and
3) shall perform other duties prescribed by regulatory enactments.

Section 23. State Secretary

(1) The State secretary is the administrative head of a Ministry.

(2) The State secretary shall be subject to control of a Minister.

(3) The State secretary shall organise the transfer of the records and documents transferred to the State secretary of the previous Minister to the new Minister.

(4) If the institution of direct administration that is not a Ministry is subject to the direct control of a member of the Cabinet, the Cabinet may determine that the head of the relevant institution is an official having the rights of a State secretary.

Section 24. Advisory Officials, Employees and Office of the Members of Cabinet

(1) In order to ensure his or her activities, a member of the Cabinet may hire advisory officials and employees for the time period of his or her term of office, and establish a office. The competence of advisory officials in the institution of direct administration, especially the rights to issue orders to administrative officials, shall be determined by the member of the Cabinet.

(2) The office of the Minister shall be a unit of the Ministry. The office of the Prime Minister and the Deputy Prime Minister shall be a unit of the State Chancellery. The office of the Minister for Special Assignments shall be a unit of the Ministry or a unit of another institution of direct administration.

Section 25. Status of Advisory Officials and Employees

(1) A member of the Cabinet shall enter into employment contracts with advisory officials or employees for the time period of his or her term of office.

(2) After termination of the employment contract the advisory official or employee shall receive the provided for remuneration for the time period specified in the employment contract, but not more than for three months. This provision does not apply to cases when a civil servant exercises the rights provided for in Paragraph four of this Section.

(3) A member of the Cabinet may give notice of termination of the contract with an advisory official or employee at any time, without specifying the reasons for such notice.

(4) If a member of the Cabinet selects a civil servant as an advisory official, such civil servant has the right, upon the termination of the duties of the office, to return to the previous or an equivalent office of a civil servant.

(5) The member of the Cabinet may have supernumerary advisory employees whose status and competence shall be provided for by regulations of the Cabinet. They are not officials within the meaning of this Law and the Law On Prevention of Conflict of Interest in Activities of State Officials if they do not receive remuneration or other financial benefit.

Section 26. State Chancellery

(1) The State Chancellery shall be subject to the direct control of the Prime Minister.

(2) Other institutions of direct administration may be subordinate to the State Chancellery.

(3) The administrative head of the State Chancellery shall be the director of the State Chancellery.

(4) The director of the State Chancellery, in order to ensure the performance of the functions of the State Chancellery, may issue an order to the State secretary who shall inform the relevant Minister thereof. If the order of the director of the State Chancellery is in conflict with the order of the Minister, the order of the Minister shall be in effect.

(5) The State Chancellery shall:

1) organisationally ensure the work of the Cabinet, especially – by organising meetings of the Cabinet, ensure the preparation of Cabinet documents in conformity with the procedural rules prescribed by regulatory enactments, and manage the record-keeping of the Cabinet;
2) within the scope of the political guidelines and on the assignment of the Cabinet, participate in the planning of the government policy;
3) on the assignment of the Prime Minister, co-ordinate and supervise the performance of the decisions of the Cabinet and the Prime Minister;
4) inform the public regarding the work of the Cabinet;
5) manage the budget resources of the Cabinet; and
6) perform other functions prescribed by regulatory enactments and assignments given by the Cabinet and the Prime Minister.

Chapter III

Institutional System of Indirect Administration

Section 27. Establishment of an Institutional System of Indirect Administration

The institutional system of indirect administration and the organisation of the work thereof shall be determined, in accordance with the law and regulations of the Cabinet, by the relevant derived public person in compliance with the principles of State administration.

Section 28. By-laws of Institutions of Indirect Administration

The body of a derived public person, upon establishing an institution of indirect administration, shall issue the by-laws of the institution. The provisions of Section 16, Paragraph two of this Law apply to the by-laws of the institutions of indirect administration.

Section 29. Subordination of Institutions of Indirect Administration

The body of a derived public person shall implement subordination over an institution of indirect administration independently or through the intermediation of a specific institution or official.

Section 30. Laws Regulating Activities of Institutions of Indirect Administration

(1) Provisions of this Law (except the provisions of Chapter II) shall be applied to institutions of indirect administration, insofar as the special legal norms of other laws do not specify otherwise.

(2) With respect to institutions of indirect administration the provisions of Section 15, Paragraph three and Section 17, Paragraphs one and two of this Law shall be applied.

Chapter IV

Hierarchical Order of State Administration

Section 31. Hierarchy of Institutions

(1) The institutions shall operate in a unified hierarchical system, in which one institution is subordinate to another institution. The institutions may form a subordination system of several levels.

(2) The highest institution shall be a Ministry or another institution of direct administration subject to the direct control of a member of the Cabinet.

(3) A regulatory enactment may specify that the functional subordination over the institution of one public person shall be implemented by an institution of another public person.

(4) The hierarchy of a joint institution of various public persons shall be determined by a regulatory enactment, in which a higher institution shall be indicated.

Section 32. Hierarchy of Officials

(1) In State administration officials shall be included in a unified hierarchical system, in which one official is subordinate to another official. Officials shall act within the scope of their competence and shall perform their duties and exercise their rights independently.

(2) A member of the Cabinet shall be the highest official with respect to the officials of the institutions subordinate to him or her. The next highest officials shall be the State Minister, Parliamentary Secretary and State secretary.

(3) An official of direct administration shall be a higher administrative official with respect to all the officials of direct administration of hierarchically lower levels that are subordinate to him or her.

(4) An official of indirect administration shall be a higher official with respect to all officials of indirect administration of hierarchically lower levels that are subordinate to him or her.

(5) If not specified otherwise by regulatory enactments, the subordination of officials within the scope of one public person shall be implemented in the form of control.

(6) The hierarchy of the officials who act in the institutions of various public persons (Section 31, Paragraph three), shall be determined by regulatory enactments. If the form of subordination is not specified in the relevant regulatory enactment, it shall conform to the form of subordination specified for the particular function.

Section 33. Replacement in State Administration

(1) The head of an institution shall be replaced by the next lowest official, unless specified otherwise by regulatory enactments. The head of an institution shall approve the procedures for the replacement of administrative officials.

(2) If an administrative official does not perform or is hindered from the performance of his or her duties, the next highest administrative official shall without delay appoint a person replacing such administrative official, in order to ensure continuity of the work of the institution,. A higher

administrative official may derogate from the replacement procedures approved by the head of the institution, by especially justifying such derogation.

Section 34. Right to Obtain Information

A higher institution or official may request and obtain from a lower institution or official the information at their disposal, observing the restrictions on the accessibility of information prescribed by laws.

Section 35. Right to Perform Internal Examinations

(1) A member of the Cabinet, head of the institution or other administrative official specified by regulatory enactments may organise or perform internal examinations in their institution and in lower institutions, in order to ascertain facts or evaluate the actions of the relevant administrative officials.

(2) Administrative officials have the duty to co-operate with the official who conducts the examination referred to in Paragraph one of this Section, to answer his or her questions and to provide to him or her with all the information at his or her disposal as is necessary for the relevant internal examination.

Section 36. Right to Initiate Disciplinary Matters

(1) An official may initiate a disciplinary matter regarding an administrative official with respect to whom he or she is a higher official. He or she shall send the initiated matter to the head of the institution, unless prescribed otherwise by regulatory enactments.

(2) If the initiation of a disciplinary matter is not within the competence of the official, he or she shall notify the administrative official, in whose direct competence is the initiation of such disciplinary matter.

Section 37. Right to Take Over of Authorisations

(1) Higher institutions or officials may take over into their competence an existing matter that is in the record-keeping of an institution or administrative official subject to the control of such higher institution or official.

(2) In exceptional cases, higher institutions or officials may take over into their competence an existing matter that is in the record-keeping of an institution of direct administration or an administrative official, which are under the supervision of the higher institution or official. In such case, institutions or officials that wish to exercise such rights may do so only if they have received written consent from their higher institution or official. Consent shall not be necessary if the right to take over authorisations are exercised by a member of the Cabinet.

(3) If an institution of indirect administration performs an administrative function that is within its autonomous competence (Section 5, Paragraph two), an institution of direct administration or an administrative official may take over in their competence an existing matter that is in the record-keeping of the institution of indirect administration or an administrative official, if such taking over is provided for in external regulatory enactments. If an institution of indirect administration performs

a function of direct administration (Section 5, Paragraph three), the provisions of Paragraph two of this Section shall be applied.

(4) Within the framework of the administrative procedure, such an administrative official has the rights specified in Paragraphs one, two and three of this Section to take over the authorisations, as whose issued administrative instruments may be disputed, unless specified otherwise by regulatory enactments.

(5) There are no rights to take over the authorisations prescribed in Paragraphs one, two and three of this Section if:

1) within the framework of the administrative procedure a collegial authority, in accordance with law or Cabinet regulations, issues an administrative act or decides on actual action in the case of competition, examination, certification, licensing or in cases similar thereto;
2) in accordance with law or Cabinet regulations, a collegial institution makes a decision regarding the entering into a contract in connection with procurement for the needs of the State; or
3) a decision is made by a collegial institution whose members are independent in the performance of their duties and are not subject to orders or influenced in other ways with respect to their decision, and the decision of the institution is taken in accordance with the procedures provided for by law or Cabinet regulations, in which procedures the principles of evidencing characteristic of judicial procedure are applied.

(6) If the right of taking over the authorisations specified in this Section has been exercised, a higher institution or official shall take a decision in the relevant matter.

Section 38. Partial Right to Take Over of Authorisations

(1) Partial right to take over authorisations shall include the right of a higher institution or official to decide, by a written order, on a specific aspect of a matter, without taking over the whole matter into their competence.

(2) If the partial right to take over authorisations have been exercised, the institution or administrative official having initial jurisdiction shall take the final decision, observing the aspect of the matter decided in the order of a higher institution or official and deciding on the remaining aspects.

(3) If the partial right of taking over authorisations are exercised within the framework of the administrative procedure, it shall be referred to in the substantiation of the administrative act.

(4) All the conditions for the taking over of authorisations are applicable to the partial taking over of authorisations (Section 37).

Section 39. Liability for Taking Over of Authorisations

(1) Upon fully taking over a matter that is in the record-keeping of a subordinate institution or administrative official into the competence of a higher institution or official (Section 37), the higher institution or official shall concurrently undertake liability for the decision taken.

(2) A higher institution or official, who has exercised the right of partial taking over of authorisations (Section 38), shall be liable for the aspect of the matter, which such institution or official has decided on.

Chapter V

Delegation of Specific Administrative Tasks

Section 40. Basic Provisions for Delegation

(1) A public person may delegate a private individual or another public person (hereinafter – the authorised person) such administrative tasks as include the taking of administrative decisions. Such administrative task may be delegated only if the authorised person can perform the relevant task more effectively.

(2) An administrative task may be delegated by law to a private individual, along with an external regulatory enactment issued by a body of a public person or with a contract in cases prescribed by law.

(3) Administrative tasks may be delegated in cases prescribed by law to another public person. In such case, the provisions of this Chapter shall be applied, insofar as the special legal norms of other laws do not prescribe otherwise.

Section 41. Subject-matter of Delegation

(1) A public person may delegate administrative tasks, the performance of which is in the competence of such public person or its institution. When delegating administrative tasks, the relevant public person shall be responsible for the performance of the function as a whole.

(2) The following administrative tasks may not be delegated:

1) planning and approval of the policy and strategic development of the sector;
2) co-ordination of the activities of the sector;
3) supervision of institutions and administrative officials; and
4) approval of the budget of public persons, distribution of financial resources at the level of programmes and sub-programmes, and control of financial resources.

(3) In addition to the tasks specified in Paragraph two of this Section the following may not be delegated to private individuals:

1) issuance of administrative acts, except in a case, when such is provided by law;
2) tasks related to the performance of the functions of the external and internal security of the State, except the cases, when such is provided for by law or Cabinet regulations; and
3) other tasks, which by their nature may be performed only by institutions.

Section 42. Conditions for Delegation to Private Individuals

(1) A private individual must be entitled to perform the relevant administrative task. In deciding on the delegation of an administrative task to a private individual, the experience, reputation, his or her resources, qualification of the personnel and other criteria shall be taken into account.

(2) In deciding on the delegation of an administrative task to an association of persons, it shall be evaluated whether such association does not represent the interests of a specific group having financial or other interests.

Section 43. Subordination of Authorised Persons

(1) In delegating an administrative task in accordance with law or Cabinet regulations, an institution shall be determined, to which the authorised person is subordinate with respect to the performance of the specific task.

(2) When delegating an administrative task in accordance with a contract, the authorised person shall be subordinate to the institution that enters into the contract with respect to the performance of the specific task.

(3) The supervision over the performance of administrative tasks shall be complete and effective.

(4) The specific form and content of subordination shall be determined by taking into account the contents of the delegated administrative tasks and other considerations. The authorised person, to whom the right to issue administrative acts are delegated, shall be under functional control, unless prescribed otherwise in external regulatory enactments.

(5) The institution, to which the authorised person is subordinate, shall be liable for the lawful and efficient performance of the delegated task. Such institution shall be an institution for disputing of the administrative acts issued by the authorised person, unless another institution has been specified in external regulatory enactments.

(6) The authorised person shall provide the institution, to which it is subordinate, with the information required by the institution in relation to the performance of the delegated task.

Section 44. Compensation of Losses in Case of Delegation

(1) Financial losses and personal injury caused to third parties shall be compensated:

1) from the State budget, in cases when the delegation is prescribed by law or Cabinet regulations; or
2) from the budget of the public person, to which the delegating person belongs, in cases when the delegation is determined by a contract.

(2) The authorised person shall, by way of subrogation, compensate the losses to the relevant public person if:

1) the losses have been incurred as a result of unlawful actions of the authorised person or his or her failure to act; or
2) the authorised person does not perform the delegated task or does not perform it properly.

Section 45. Procedure for Contractual Delegation

(1) The delegation of administrative tasks that are in the competence of an institution of direct administration for a time period up to three years, shall be decided on by the member of the Cabinet to whom the institution that enters into a contract is subordinate. The Cabinet shall decide on the delegation for a longer period of time.

(2) The delegation of the tasks of the institutions of indirect administration shall be decided on by the body of the relevant derived public person, which body shall inform the institution of direct administration, to which the relevant derived public person is subordinate. If the time period for the

delegation exceeds one year and the term of office of the local government councillors, the contract of delegation shall be co-ordinated with such institution of direct administration.

(3) In the decision regarding delegation the permissibility of delegation shall be determined and regulated by delegation regulations.

Section 46. Contents of Delegation Contracts

A delegation contract shall set out:

1) the contracting parties;
2) the delegated administrative task and the regulatory enactment, in accordance with which the relevant task has been transferred into the competence of the delegating party;
3) the time period and procedures for the performance of the delegated administrative task;
4) the specific liability of contracting parties;
5) quality evaluation criteria for the performance of the task, but, if the subject-matter of the contract is a one-time task, – also the results to be achieved;
6) the procedures for settlement of mutual accounts, and regulations for the granting of financial and other resources;
7) the procedures for the provision of regular accounts and reports;
8) the procedures for the supervision of the activities of the authorised person;
9) the procedures for the entering into effect of the contract;
10) the term of validity of the contract; and
11) other essential conditions of the contract.

Section 47. Termination of Delegation Contracts

(1) A delegation contract shall terminate upon the expiry of the time period for which such contract has been entered into.

(2) If the time period of the contract exceeds three years, each contracting party may give a notice of the termination of the contract, observing the time period of one year for giving a notice of termination.

(3) A shorter period for giving a notice of termination than the period provided for in Paragraph two of this Section may be provided for in the contract.

(4) A notice of termination of the contract may be given without observing the time period for giving a notice of termination if the other contracting party grossly violates the provisions of the contract or if other important reasons exist that do not allow the continuation of contractual relations.

(5) A notice of termination of a contract shall be given if the basic provisions for the entering into of such contract (Section 40) or the special conditions of delegation to private individuals (Section 42) do not exist anymore.

Chapter VI

Public Participation in State Administration

Section 48. Types of Public Participation

(1) In order to achieve the purpose of this Law, institutions shall involve public representatives (representatives of public organisations and other organised groups, individual competent persons) in their activities, by including such persons in working groups, advisory councils or by asking them to provide opinions.

(2) In matters important to the public, institutions have a duty to organise a public discussion. If an institution takes a decision that does not correspond to the opinion of a considerable part of society, the institution shall provide a special substantiation for such decision.

(3) Institutions (hereinafter also – authorising persons), in compliance with the provisions of this Chapter, may authorise private individuals to perform the tasks of State administration.

(4) In ensuring public participation in their activities, institutions may also utilise other types of public involvement specified by regulatory enactments that are not referred to in this Section.

(5) The head of an institution shall decide on the involvement of public representatives in the activity of the institution and on the type of such involvement, unless specified otherwise by regulatory enactments.

Section 49. Regulations for Authorisation

(1) A private individual may be authorised, by an external regulatory enactment or participation contract (Section 50), to perform an administrative task that does not include the taking or preparation of an administrative decision if:

1) it is performed for the purposes of public benefit (non-commercial purposes);
2) it is efficient, in order to promote the public involvement in State administration;
3) the task can be performed with at least the same effectiveness.

(2) Observing the provisions of this Chapter, the provisions of Section 42, Paragraph one are applicable to the authorisation. In selecting a private individual, an institution shall apply objective criteria, observing the conditions specified in Paragraph one of this Section. When entering into a participation contract, the authorising person shall, if necessary, substantiate the choice. The substantiation together with the draft contract (Section 50, Paragraph three) shall be publicly available.

Section 50. Regulations for Entering into Participation Contracts

(1) Provisions of Section 46 of this Law are applicable to participation contracts.

(2) The authorising person shall inform a higher institution and, in cases prescribed by regulatory enactments – also the highest institution (Section 31, Paragraph two) regarding the intention to enter into a participation contract.

(3) Draft participation contracts shall be publicly available for at least 10 days before signing. The authorising person shall be liable for the public availability of the contract.

(4) If the allocation of budget funds is provided for in the contract, with respect to the use of such funds and financial accounts thereof, the same conditions are applicable as those to the contracting institution.

(5) The procedures by which institutions of direct administration enter into participation contracts shall be determined by the Cabinet.

(6) Institutions of indirect administration shall enter into participation contracts in cases and in accordance with the procedures determined by the body of a derived public person. If such procedures are not determined, participation contracts shall be entered into by the body of a derived public person.

Section 51. Public Access to Participation Contracts

Participation contracts shall be publicly available. Procedures for public access to contracts shall be determined by the Cabinet.

Section 52. Liability of Authorising Persons

(1) The authorising person shall be liable for proper performance of the task.

(2) The authorising person shall ensure proper performance of the task both in the authorisation instrument and henceforward, by supervising the activities of the private individual.

Section 53. Compensation of Losses in Case of Authorisation

(1) Financial losses and personal injury that has been incurred by a third party while performing an administrative task shall be compensated from the budget of the public person, to which the authorising person belongs.

(2) The authorised person shall, by way of subrogation, compensate the losses to the public person if the losses have been incurred as a result of unlawful actions of the authorised person or his or her failure to act.

Chapter VII

Co-operation in State Administration

Section 54. Basic Provisions for Co-operation

(1) Institutions that are not in hierarchical relationship shall co-operate in order to perform their functions and tasks.

(2) An institution that has received a relevant proposal from another institution may refuse co-operation only if the reasons for refusal provided for in Section 56 of this Law exist.

(3) Institutional co-operation shall be free of charge, unless prescribed otherwise in external regulatory enactments.

(4) Institutions may co-operate both in individual cases and continuously. When co-operating continuously, institutions may enter into interdepartmental agreements (Sections 58- 60).

(5) When co-operating, public persons may enter into co-operation contracts (Section 61).

Section 55. Subject-matter of Institutional Co-operation

(1) An institution may propose that another institution ensure the participation of individual administrative officials in the performance of particular administrative tasks.

(2) An institution, observing the restrictions prescribed by regulatory enactments, may propose that another institution provide the information that is at its disposal.

(3) An institution may propose that another institution provide it with an opinion on a matter that is in the competence of the institution that provides the opinion.

(4) Other subject-matter of co-operation may be determined by regulatory enactments.

Section 56. Refusal to Co-operate

(1) An institution may refuse to co-operate, by substantiating the refusal in writing, if:

1) co-operation is impossible due to practical reasons;
2) co-operation is impossible due to legal reasons;
3) another institution may be involved in the co-operation with less expenditure of resources; or
4) the necessary expenditure of resources exceeds the necessity of the institution that proposed the co-operation for such co-operation.

(2) An institution that has received a refusal to co-operate, may invite a higher institution of the institution that has given the refusal to evaluate the justification for such refusal.

Section 57. Insufficient Co-operation

If an institution considers that the purpose of the proposed co-operation has not been achieved due to the actions or a failure to act of the other institution (co-operation is insufficient or is not properly ensured), it may inform the higher institution of the other institution thereof.

Section 58. Interdepartmental Agreements

(1) In order to ensure continuous co-operation, the institutions that are subordinate to various members of the Cabinet (belong to different departments) may enter into interdepartmental agreements in writing.

(2) Institutions may enter into interdepartmental agreements also if they belong either to one public person or to various public persons.

(3) The competence of institutions prescribed by regulatory enactments may not be delegated or altered by an interdepartmental agreement.

(4) Interdepartmental agreements shall not be binding on the higher institutions of the relevant institutions. Such agreements shall not restrict the hierarchical rights of higher institutions.

Section 59. Co-ordination and Performance of Interdepartmental Agreements

(1) Prior to the signing of an interdepartmental agreement an institution shall co-ordinate the draft agreement with a higher institution. If the higher institution does not give a written answer within a period of one month from the day when the draft agreement was sent the agreement shall be considered to be co-ordinated.

(2) If an interdepartmental agreement is not performed properly, the institution shall inform the higher institution of the institution that does not perform the agreement thereof.

(3) An institution may not require the performance of an interdepartmental agreement from the other institution if the non-performance of the agreement is the result of the actions of a higher institution.

(4) An action regarding the non-performance of interdepartmental agreements, as well as for the compensation of losses may not be brought in court.

Section 60. Termination of Interdepartmental Agreements

An interdepartmental agreement shall be terminated if:

1) the time period, for which it has been entered into, expires;
2) at least one of the institutions ceases to exist or is re-organised;
3) one institution gives a notice of termination regarding it or
4) one institution does not or cannot perform the agreement due to a change in actual or legal circumstances. In such case, the relevant institution or its higher institution shall without delay inform the other contracting institution thereof.

Section 61. Co-operation Contracts

(1) Public persons shall enter into co-operation contracts in order to achieve a more effective performance of an administrative task that is within the competence of at least one contracting party – public person.

(2) Co-operation contracts on behalf of a public person shall be entered into by the body of such public person or an institution having jurisdiction.

(3)The competence of derived public persons prescribed by regulatory enactments may not be delegated or altered by a co-operation contract. The hierarchical relationship between various public persons and their institutions may not be affected by co-operation contracts.

(4) Derived public persons shall inform the institution of direct administration, to which the relevant public person is subordinate, regarding the co-operation contract.

(5) If the subject-matter of a co-operation contract is an administrative task which is in the autonomous competence of a derived public person (Section 5, Paragraph two), the co-operation contract may provide for the settlement of a contractual dispute in court. Unless provided for in the contract or prescribed otherwise in regulatory enactments, the contracting parties may not bring an action in court.

Chapter VIII

Examination of Administrative Decisions and Liability for Administrative Decisions

Section 62. Basic Provisions for Examination of Administrative Decisions

(1) The provisions of this Section apply to written administrative decisions, with the exception of urgent administrative decisions.

(2) Examination of administrative decisions shall include the examination of the efficiency and lawfulness of such decisions.

(3) Administrative decisions, in accordance with regulatory enactments, shall be examined both before (preliminary examination) and after (post-examination) the taking of such decisions.

(4) The provisions of this Chapter with respect to the procedures for the examination of administrative decisions shall be applied, insofar as it is not specified otherwise by regulatory enactments.

Section 63. Examination of Efficiency of Administrative Decisions

When examining the efficiency of administrative decisions, the necessity and appropriateness of such decisions to the achievement of the relevant purpose shall be evaluated. Considerations of the efficiency of administrative acts shall be determined by the Administrative Procedure Law.

Section 64. Examination of Lawfulness of Administrative Decisions

In examining the lawfulness of administrative decisions:

1) the conformity of such decisions with external regulatory enactments and the general principles of law shall be evaluated;
2) if necessary, the conformity of such decisions with internal regulatory enactments and the principles of State administration shall be evaluated;
3) in case of a mutual conflict of legal norms, the legal norm to be applied shall be determined;
4) if freedom of action has been granted with respect to the taking of an administrative decision, it shall be determined how far the freedom of action applies to the specific administrative decision; and
5) if freedom of action has been granted with respect to the content of the administrative decision, the scope of the choice of content of the decision shall be determined.

Section 65. Preliminary Examination of the Efficiency of Administrative Decisions

The taker of an administrative decision shall acquaint a higher administrative official in the relevant institution with the draft decision. Such an administrative official shall evaluate the efficiency of the administrative decision.

Section 66. Preliminary Examination of the Lawfulness of Administrative Decisions

(1) Preliminary examination of the lawfulness of an administrative decision shall be performed both by the taker of such decision (basic examination) and by a special unit or official of the institution (additional examination).

(2) The basic examination of the lawfulness of administrative decisions shall be mandatory. Such examination shall be performed also if special procedures for the examination are not prescribed in the internal regulatory enactment .

(3) If it has been determined in the additional examination that a draft administrative decision is lawful, the relevant administrative official shall endorse such decision. If it has been determined in the additional examination that a draft administrative decision does not conform to legal norms, such decision shall not be endorsed. In such case, the person performing the additional examination shall indicate his or her objections in writing, specifying the requirements, to which a lawful administrative decision must conform.

(4) If an administrative decision is taken without observing the objections specified in the additional examination, the person who takes such decision shall substantiate his or her considerations in writing.

Section 67. Post-examination of Administrative Decisions

(1) The post-examination of administrative decisions shall be performed observing the relevant form of subordination (Section 7, Paragraphs four and five).

(2) Procedures and principles for the disputation and revoking of administrative instruments and actual actions shall be determined by the Administrative Procedure Law.

(3) An administrative official specified by the regulations or other internal regulatory enactments of an institution shall perform an incidental (regarding the specific case), random post-examination and regular post-examination.

(4) A higher administrative official may, with a substantiated decision, revoke or vary an unlawful or inefficient administrative decision taken by any lower official.

Section 68. Liability for Administrative Decisions

(1) The taker of an administrative decision shall be liable for the efficiency and lawfulness of such decision.

(2) The administrative official who performs the additional examination of the lawfulness of a draft administrative decision, shall be liable for the evaluation given by him or her. If it has been determined in the additional examination that the draft administrative decision is unlawful, but the administrative decision has been taken without observing the specified objections, the administrative official who has performed the additional examination shall not be liable for the unlawfulness of the administrative decision with respect to the inconsistencies pointed out.

Section 69. Preliminary Examination of Administrative Decisions of Collegial Authorities

(1) The additional examination of the lawfulness of administrative decisions of collegial authorities (commissions, councils, etc.) shall be performed by an administrative official who in accordance with a regulatory enactment is liable for examination of lawfulness.

(2) If an administrative official considers that the relevant draft administrative decision is lawful, he or she shall endorse such decision. If an administrative official has objections with respect to the lawfulness of such administrative decision, the official shall substantiate his or her objections in writing, by specifying the requirements to which a lawful administrative decision must conform.

(3) If a collegial authority takes an administrative decision disregarding the objections specified in the additional examination, each member of the collegial authority shall express his or her considerations regarding the lawfulness of the relevant administrative decision and such considerations shall be recorded in the minutes of the taking of the administrative decision of the collegial institution.

(4) For the body of a derived public person the procedures for ensuring the lawfulness of other administrative decisions may be specified by law.

Section 70. Liability for Administrative Decisions of Collegial Authorities

(1) Those members of the collegial authority who have voted shall be liable for the efficiency and the lawfulness of an administrative decision of a collegial authority, unless any such member has especially requested to record their objections in the minutes of the taking of the decision.

(2) The administrative official who performs the additional examination of the lawfulness of an administrative decision, shall be liable for his or her evaluation. If it has been determined in the additional examination that the draft administrative decision is unlawful, but the administrative decision has been taken disregarding the specified objections, the administrative official who has performed the additional examination, shall not be liable for the illegality of the administrative decision with respect to the specified inconsistencies.

(3) Different principles of liability may be determined by law for the body of a derived public person, except for the case when such body issues an administrative act.

Section 71. Types of Liability

(1) Officials in the cases prescribed by law shall be subject to civil, criminal or administrative liability, but, in cases determined by regulatory enactments, also disciplinary liability for administrative decisions.

(2) Political officials shall not be subject to disciplinary liability.

Chapter IX

Internal Regulatory Enactments

Section 72. Basic Provisions for Internal Regulatory Enactments

(1) The Cabinet, a member of the Cabinet, the body of a derived public person or the head of an institution shall issue internal regulatory enactments:

1) on the basis of a regulatory enactment; or
2) upon their own initiative on the matters that are in their competence.

(2) An official not referred to in Paragraph one of this Section shall issue internal regulatory enactments on the basis of a regulatory enactment.

(3) Internal regulatory enactments shall conform to external regulatory enactments, to general principles of law (including the principles of State administration and the principles of administrative procedure) and to rules of international law, as well as to internal regulatory enactments issued by a higher institution or official.

(4) An internal regulatory enactment shall be binding on the institution (units and employees thereof) or on the officials with respect to whom the internal regulatory enactment has been issued.

Section 73. Types of Internal Regulatory Enactments

(1) The body of a public person and officials within the scope of their competence shall issue internal regulatory enactments regarding:

1) the structure and the work organisation (by-laws, regulations) of the institution;
2) the structure and the work organisation (regulations) of the unit;
3) the application of external regulatory enactments or general principles of law (instructions);
4) the exercising of the freedom of action conferred by regulatory enactments, by determining uniform action in equal cases (recommendations). In individual cases, derogation from these recommendations is permitted, by specially substantiating such derogation;
5) behavioural regulations in the institution; and
6) the procedures for the taking of administrative decisions, regarding the performance of the duties of officials and other employees, behaviour, work safety in the institution, and other matters related to the activities of the institution.

(2) Competence for the issuance of internal regulatory enactments, regulations for the contents, the coming into effect and the validity of internal regulatory enactments shall be determined by the contents of such enactments and not by their title.

Section 74. Competence of the Cabinet and Members of the Cabinet in the Issuance of Internal Regulatory Enactments

The Cabinet and a member of the Cabinet shall issue internal regulatory enactments in accordance with the Law on the Structure of the Cabinet. The Ministry of Justice shall be informed regarding draft instructions or recommendations of a member of the Cabinet, for which the Ministry shall provide an opinion in accordance with the procedures prescribed by regulatory enactments.

Section 75. Competence of the Head, and the Head of a Unit of an Institution of Direct Administration in the Issuance of Internal Regulatory Enactments

(1) The regulations of an institution of direct administration shall be issued by the head of such institution. The draft regulations shall be co-ordinated with a higher institution or a member of the Cabinet if the institution is directly subordinate to such member.

(2) The regulations of a unit, shall be issued by the head of the unit after co-ordination with the head of the institution, in conformity with the by-laws and the regulations of the institution.

(3) The head of an institution shall issue instructions and recommendations if there is no instruction issued by a higher official or such instruction is insufficient. Draft instructions or recommendations shall be co-ordinated with the Ministry of Justice and a higher institution, but if such institution does not exist – with the relevant member of the Cabinet.

(4) An official shall co-ordinate the other internal regulatory enactments referred to in Section 73 of this Law prior to their issuance with a higher official, unless specified otherwise by the regulatory enactments. A draft internal regulatory enactment shall be considered also as co-ordinated if no written objections have been received within a time period of one month after it was sent.

Section 76. Competence of the Body of a Derived Public Person, Institution or Official in the Issuance of Internal Regulatory Enactments

(1) The procedures for the issuance and coming into effect of internal regulatory enactments of institutions and officials of a derived public person shall be determined by the body of the derived public person.

(2) Draft instructions and recommendations of the body, institution and official of a derived public person shall be co-ordinated with a higher institution and the Ministry of Justice or another institution specified by the Cabinet.

Section 77. Coming into Effect of Internal Regulatory Enactments

(1) An instruction or recommendations may come into effect after co-ordination with the Ministry of Justice. Draft instructions or recommendations shall be considered as co-ordinated if the Ministry of Justice has not, in a substantiated decision in writing, disputed the lawfulness thereof within a period of two months after the sending of such draft instructions or recommendations.

(2) Instructions or recommendations regarding issues of the competence of direct administration (Section 5, Paragraphs one and three) come into effect on the next day after their publication in *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia], unless another time period for the coming into effect has been prescribed by internal regulatory enactments.

(3) Internal regulatory enactments, except instructions and recommendations, come into effect on the day they are signed, unless another time period for the coming into effect has been prescribed by internal regulatory enactments.

Section 78. Application of Internal Regulatory Enactments

(1) If an official has well-founded doubts as to whether the instructions or recommendations conform to the provisions of external regulatory enactments or to the general principles of law, such internal regulatory enactment shall not be applied and he or she shall immediately notify a higher official and institution, or the official, who has issued such a regulatory enactment, and the Ministry of Justice in a reasoned written report. The institution or official that has issued the relevant regulatory enactment, may give a written order to apply such enactment. The order shall be executed if it also includes a legal basis as to why the doubts of the official are to be dismissed.

(2) If an official determines a conflict between internal regulatory enactments, he or she shall apply the instrument that has been issued by a higher institution or official.

(3) If an official determines a conflict between the internal regulatory enactments issued by institutions or officials of hierarchically the same level, he or she shall apply:

1) the general legal norm, insofar as such norm is not restricted by a special norm of law; or
2) the most recent instrument, if the both legal norms are general or special. The date of adoption of the regulatory enactment shall be decisive.

(4) If an official has well-founded doubts as to whether the internal regulatory enactment conforms to another internal regulatory enactment, the official shall apply such instrument, but shall inform a higher official and institution, or the official, who has issued such a regulatory enactment, and the Ministry of Justice of his or her doubts in a reasoned written report.

Chapter X

Administrative Contracts

Section 79. Basic Provisions for Administrative Contracts

(1) Administrative contracts are agreements between public persons and private individuals regarding the specification, amendment, termination or determination of administrative legal relations. An administrative instrument shall remain an independent legal instrument even if it has been included in a contract.

(2) An administrative contract on behalf of a public person shall be concluded by the institution or official having jurisdiction.

(3) The subject-matter of an administrative contract is a matter that is within the competence of the relevant public person. The contract shall be directed at the implementation of such competence within the scope of the legal norms that regulate such implementation.

Section 80. Preconditions for Entering into Administrative Contracts

(1) Administrative contracts shall be entered into in the following cases:

1) in order to terminate a legal dispute, especially a judicial procedure; or
2) if the legal norms that are to be applied grant freedom of action to the institution with respect to the issuance of administrative instruments, their contents or with respect to actual actions.

(2) Entering into an administrative contract is not permissible if the form of the contract is not appropriate for the regulation of the particular legal relations, especially if such contract would be in conflict with the principles of State administration or would disproportionately restrict the legal protection of a private individual.

Section 81. Conditions for the Contents of Administrative Contracts

(1) The obligations that the contracting parties undertake by an administrative contract entered into between a public person and a private individual, shall be proportionate.

(2) Obligations of public persons shall be lawful. If such obligations are the issuance of an administrative instrument or the actual actions of an institution, such obligations shall conform to the provisions of the Administrative Procedure Law.

(3) The obligations of private individuals shall be specific and shall serve for the performance of the task given by a public person.

(4) If a private individual has a subjective right to what a public person has undertaken to provide by an administrative contract, the obligations of the private individual shall be only such as may be the terms of the relevant administrative instrument (time periods, preconditions, tasks, reservations, including the reservation of revocation).

Section 82. Consent to Administrative Contracts

(1) An institution may enter into an administrative contract in accordance with Section 80, Paragraph one of this Law if a higher institution has consented to the draft administrative contract.

(2) An institution may enter into an administrative contract in accordance with Section 80, Paragraph one, Clause 2 of this Law if an institution that may dispute the relevant administrative act has consented to the draft administrative contract.

(3) Other procedures for the co-ordination of administrative contracts may be prescribed by regulatory enactments.

Section 83. Rights of Private Individuals

Administrative contracts, in accordance with Section 80, Paragraph one, Clause 2 of this Law, shall not restrict the rights of private individuals, which rights they have in accordance with the Administrative Procedure Law. If a private individual disputes or appeals an administrative instrument or actual action, it shall be considered as a notice of termination of the contract.

Section 84. Rights of Third Parties

Administrative contracts shall not restrict the rights of third parties.

Section 85. Performance of Administrative Contracts

(1) If a contracting party does not properly perform the administrative contract or has doubts as to the validity of such contract, the other contracting party may request the performance of the contract by judicial proceedings.

(2) Judicial procedure and enforcement of the judgment shall take place in accordance with the Administrative Procedure Law.

Section 86. Termination of Administrative Contracts and Compensation of Losses

(1) An administrative contract shall terminate if:

1) it is fulfilled;
2) the term of validity of such contract has expired;
3) a notice of termination of the contract is given and the time period for giving the notice has come; or
4) the public person cannot perform such contract anymore due to a change in legal circumstances.

(2) Rights for the compensation of losses and their amount shall be determined by The Civil Law, unless prescribed otherwise in the contract.

Chapter XI

Activities of Public Persons in the Sphere of Private Law

Section 87. Basic Provisions for Activities of Public Persons in the Sphere of Private Law

(1) Public persons shall act in the sphere of private law in the following cases:

1) when carrying out transactions that are necessary in order to ensure the activities of such public persons;
2) when providing public services; and
3) when performing commercial activities (Section 88).

(2) If a public person acts in the sphere of private law, the laws that regulate private transactions in general shall be applied, insofar as such activities are not restricted by other regulatory enactments.

(3) Derived public persons, when establishing legal persons governed by private law, including such persons as do not have a gaining of profit nature, may not avoid the liabilities specified by this Law and may not set for them other aims as do not follow from the functions of the relevant public person.

Section 88. Commercial Activities of Public Persons

(1) Public persons may perform commercial activities:

1) if the market is not able to ensure the implementation of the public interest in the relevant field;

2) in a sector in which a natural monopoly exists, thus ensuring public availability of the relevant service;
3) in a strategically important sector;
4) in a new sector;
5) in a sector, for the development of the infrastructure of which large capital investments are necessary; or
6) in a sector, in which, in conformity with the public interest, it is necessary to ensure higher quality standards.

(2) In order to perform commercial activities, public persons shall establish a commercial company in accordance with law.

Section 89. Conditions for Entering into Contracts of Private Law

Contracts of private law shall be entered into, observing that:

1) such contracts shall be entered into without any discrimination;
2) contracting parties shall be equal;
3) obligations of contracting parties shall be proportionate;
4) a public person does not have the right to arbitrarily prohibit or impede the exercising of human rights; and
5) a public person shall be itself liable for the performance of the functions specified by regulatory enactments.

Chapter XII

Liability of Officials, Property of Public Persons, Work Audit and Public Reports of Institutions

Section 90. Liability of Officials

If an official, in the performance of official duties, has deliberately or due to gross negligence caused financial losses to a public person, the public person shall request that the official compensates the losses in accordance with the procedures prescribed by regulatory enactments.

Section 91. Property of Public Persons

(1) The property of a public person shall be in the possession of the institution (hereinafter – property of the institution). The institution shall reasonably utilise the property transferred to its possession.

(2) All the property of an institution that has been obtained or created by a civil servant or an employee in the performance of his or her duties, shall belong to the relevant public person, unless prescribed otherwise by law.

(3) The head of an institution shall appoint an official who shall manage the property of the institution. If such official has not been appointed, the property of the institution shall be managed by the head of the institution.

Section 92. Information Regarding Property of Institution

Information regarding the property and condition of accounts of an institution shall be publicly available, unless prescribed otherwise by law.

Section 93. Audit of Institutions

(1) In order to ensure effective operation of State administration, an audit shall be performed in institutions.

(2) The audit may encompass a separate field. The procedures for the performance of an audit shall be prescribed by regulatory enactments.

(3) An internal audit shall be established in the institutions. In performing an internal audit, the work schedules for the activities of the institution, methods and procedures that ensure effective work of the institution shall be evaluated, and recommendations for the improvement of the effectiveness of the work of the institution shall be provided.

Section 94. Public Reports

(1) In order to inform the public regarding the activities of an institution, and regarding the use of the budget resources allocated to such institution, the institution shall prepare public reports.

(2) Types, contents and procedures for the publication of public reports shall be determined by regulatory enactments.

Transitional Provisions

1. With the coming into force of this Law, the Law On the Structure of Ministries (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1997, No. 5; 1998, No. 15; 2001, No. 14) is repealed.

2. By 1 January 2005 the Cabinet shall ensure the conformity of State administration with the provisions of this Law.

3. By 1 January 2004 the Cabinet shall develop and submit to the *Saeima* draft laws regarding the necessary amendments to other laws.

4. By-laws of institutions, except such by-laws as have been issued on the basis of the Law On the Structure of Ministries, in conformity with the provisions of this Law, shall be adopted by 1 January 2005. Until that time, the by-laws of institutions that are in force on the date of the coming into force of this Law, shall remain in effect insofar as they are not in conflict with this Law.

5. Section 14, Paragraph five of this Law comes into force on 1 January 2005.

6. If at the date of coming into force of this Law a duty to perform a task of State administration has been delegated by a contract to a private individual (Chapters V and VI), then, if the delegation is not terminated due to other reasons, he or she shall continue to perform this task in accordance with the existing provisions, but not longer than until 1 July 2003. Until that time, if such is allowable and efficient in accordance with the provisions of this Law, the delegation shall be drawn up in

conformity with the requirements of this Law or shall be terminated in accordance with the previous provisions for the delegation.

7. By 31 March 2003 the Cabinet shall develop and submit to the *Saeima* draft laws regarding the amendments to the laws, by which the issuance of administrative instruments is delegated to private individuals.

8. Interdepartmental agreements (Sections 58, 59 and 60) and co-operation contracts of public persons (Section 61) that are in force on the date of coming into force of this Law, shall remain in force not longer than until 1 January 2005. Until that time, agreements (contracts) shall be drawn up in conformity with the requirements of this Law or shall be terminated not later than on 1 January 2005. A protocol signed by the institutions (contracting parties) and a written approval of a relevant higher institution, which confirms that an agreement (contract) conforms to the requirements of this Law, shall also be considered as drawing up in conformity with the requirements of this Law. Such protocol and approval shall be appended to the agreement (contract).

9. The internal regulatory enactments that interpret external regulatory enactments shall be co-ordinated with the Ministry of Justice (Section 75, Paragraph three; Section 76, Paragraph two and Section 77, Paragraph one) as of 1 January 2004. Until this date, institutions shall send the referred to regulatory enactments to the Ministry of Justice.

10. Chapter X of this Law comes into force on 1 July 2003. By 1 March 2003 the Cabinet shall develop and submit to the *Saeima* a draft law regarding the amendments to the Administrative Procedure Law, which regulates the adjudication by a court of such matters as arise from legal relations on the basis of an administrative contract.

11. Section 88 of this Law does not apply to such entrepreneurial activities of public persons as have been commenced prior to the coming into force of this Law.

12. For the application of this Law, the Cabinet shall issue the internal regulatory enactments that are necessary in order to implement the norms of this Law, to explain them or to achieve uniform application of such norms.

This Law comes into force on 1 January 2003.

This Law has been adopted by the *Saeima* on 6 June 2002.

President V. Vīķe-Freiberga

Rīga, 21 June 2002.

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[1] The Parliament of the Republic of Latvia