

LAW FOR AMENDMENTS AND ADDITIONS TO THE STATE AUDIT LAW

Article 1

In the State Audit Law (Official Gazette of Republic of Macedonia no.65/97, 70/2001, 31/2003, 19/04, 73/04 70/06) after the article 27 – b, a new chapter III – b and seven new articles 27-v, 27-g, 27-d, 27-gj, 27-e, 27-dz, and 27-z are added, stating the following:

" III-b. AUDIT AUTHORITY FOR PRE-ACCESSION FUNDS OF THE EUROPEAN UNION IN THE REPUBLIC OF MACEDONIA

Article 27v

In the State Audit Office, the Government of Republic of Macedonia designates an Audit Authority in the management system of the pre-accession funds of the European Union in Republic of Macedonia, as functionally independent audit authority (hereinafter referred to as: Audit Authority).

The Audit Authority audits the Instrument for pre-accession assistance – the IPA funds (hereinafter referred to as:IPA funds).

The Audit Authority is organisationally independent from the State Audit Office.

The organisational structure of the Audit Authority is determined by an act, brought by the Head of the Audit Authority.

The cooperation between the Audit Authority and the State Audit Office will be realized according to the Memorandum of understanding and cooperation between the State Audit Office and the Audit Authority.

The Audit Authority verifies: the efficient functioning of the management and control system for the pre-accession funds of the European Union in the Republic of Macedonia and the reliability of the accounting transactions and information submitted to the European Commission, according to the working methodology prepared in accordance with the International auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI).

Article 27g

During the course of each year, the Audit Authority prepares an Annual audit working plan that is independent from the Annual working plan of the State Audit Office.

The Audit Authority submits the annual working plan mentioned in paragraph 1, to the National Authorising Officer and to the European Commission, by the end of the current year for the following year.

The Audit Authority, by 31 December each year prepares an annual audit report following the model provided in the Framework agreement concluded between the

European Commission and Republic of Macedonia for implementation of the IPA Regulation. The Annual audit report covers the previous 12-month period ending on 30 September of the year that is subject of the audit.

The Audit Authority prepares Annual opinion for the period mentioned in paragraph 3 of this Article that is submitted at the same time as the Annual audit report and it represents a verification, in order to determine whether the management and control system functions efficiently and in accordance with the IPA Regulation of the European Commission and other agreements between the European Commission and the Republic of Macedonia.

The Audit Authority submits the Annual report and the Annual opinion to the European Commission, the Competent Accrediting Officer and the National Authorising Officer.

The Audit Authority prepares Opinion on the final statement of expenditure for total or partial completeness of the programs financed by the IPA funds. The final statement of expenditure is prepared and submitted to the European Commission by the National Authorising Officer.

Where appropriate, the opinion on the final statement of expenditure can be supported by an audit report prepared by the Audit Authority, for the period that has not been audited before the total or the partial completeness of the program.

The Audit Authority prepares the Opinion on the final statement following the model provided in the Framework agreement and submits it to the European Commission and to the Competent Accrediting Officer at the same time or within three months of the submission of the Final report from the National Authorising Officer to the European Commission.

The Annual plan, the Annual audit report and the Annual opinion are prepared and submitted in Macedonian and English language.

The Annual report and the Annual opinion of the Audit Authority are not an integral part of the Annual report of the State Audit Office.

Article 27 d

The Audit Authority audit activities can be performed by Certified State Auditors and State Auditors from the State Audit Office of Republic of Macedonia appointed to work in the Audit Authority according to the act mentioned in Article 27v paragraph 4 in this law.

The Certified State Auditors and the State Auditors that audit the establishment and the effective functioning of the structural and control systems for management of the IPA funds have rights to obtain salaries and can receive additions to salaries by monthly payments of cash amounts, for the special conditions and responsibilities that derive from the working position according to Article 27b from this law.

The extent of the cash amount and the additions to the salaries mentioned in paragraph 2 from this article are determined by the Head of the Audit Authority.

Article 27 gj

The Audit Authority is managed by Head of the Audit Authority, which is appointed and dismissed by the Government of Republic of Macedonia upon a proposal and with an approval of the General State Auditor.

The Head of the Audit Authority is responsible for implementation of the budget part – the section in the Budget intended for the State Audit Office that is approved for the Audit Authority.

The Head of the Audit Authority is the only authorized signatory of the Annual audit plan, the Annual opinion and the Opinion on the final statement of expenditure for total or partial completeness of the programs, the proposed part of the budget related to the Audit Authority and other acts related to the functioning of the Audit Authority.

Article 27e

For realisation of its activities, the Audit Authority cooperates with the authorized audit institutions and bodies from the Member States in the European Union, candidates and potential candidate countries for membership in the European Union.

Article 27 dz

Financing funds for the Audit Authority are provided from the Budget of the State Audit Office under the programme “Audit Authority for pre-accession funds of the European Union in Republic of Macedonia”.

The programme mentioned in paragraph 1 in this article is prepared by the Audit Authority and is not subject to approval by the State Audit Office.

The Parliament of Republic of Macedonia votes and decides separately for the programme mentioned in paragraph 1 in this article from the section of the State Audit Office that is related to the Audit Authority in the Budget of Republic of Macedonia.

Article 27 z

For the purpose of realisation of its activities, to the Audit Authority must be made available all information and documents related to projects or programmes financed completely or partially from the resources of the pre-accession IPA funds.

Article 2

The Title before the Article 29 "IV. PENALTY PROVISIONS" is changed and states: "IV. VIOLATION SANCTIONS".

Article 3

In Article 28 paragraph 1 in the introduction sentence the words: "Cash fine of 10.000 to 300.000 denars will be paid for a violation", are replaced with the words: "Penalty amounting from 1.000 to 6.000 euros in denars equivalent value will be stated for violation of".

Paragraph 2 is changed and states:

"Penalty amounting from 500 to 2.500 euros in denars equivalent value will be charged for violation mentioned in paragraph 1 of this article as well to the responsible person of the legal entity that is subject of the audit."

Article 4

In article 29 paragraph 1 in the introduction sentence the words: "By cash fine of 10.000 to 50.000 denars", are replaced with the words: "Penalty amounting from 500 to 2.500 euros in denars equivalent value".

Article 5

Provisions from Chapter III-b of this law shall apply until accession of Republic of Macedonia into the European Union.

Article 6

This Law shall enter into force the eighth day after the date it is being published in the "Official Gazette of Republic of Macedonia".