



3.3 FINANCIAL CONTROL

Legislative Alignment and Administrative Capacity

Ministry of Finance
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Strengthening the Financial Control

Development and application of the principles of decentralized responsibility of the management

Development of all three components of Public Internal Financial Control:

1. Financial management and control,
2. Internal audit and
3. Harmonisation



Legal Framework of the Public Internal Financial Control System and the External Audit in the Republic of Macedonia

Law Regulations of PIFC and External Audit

Law on Public Internal Financial Control

("Official Gazette of the Republic of Macedonia", no 22/07);

Law on Internal Audit in the Public Sector

("Official Gazette of the Republic of Macedonia", no. 69/04 and 22/07),

State Audit Law

("Official Gazette of the Republic of Macedonia", no.65/97, 70/01, 31/03, 19/04, 70/06 and 133/07)

Sub Law Regulation for FMC

Rulebook on the Basic Elements of Financial Management and Control and Standards of Internal Control in the Public Sector

(„Official Gazette of the Republic of Macedonia”, no130/07);

Rulebook on the Form, the Contents and the Manner of Submitting the Statement on Quality and the Status of Internal Controls

(„Official Gazette of the Republic of Macedonia”, no8/08)

Rulebook on Financial Management and Control

(under preparation)

Sub Laws Regulation for IA

Rulebook on Basic Elements of instructions for working, the charter, annual plan and the program for internal audit

(„Official Gazette of the Republic of Macedonia”, no 38/2005);

Rulebook execution of internal audit

(IIA standards)

(„Official Gazette of the Republic of Macedonia”, no 72/03),

Internal Audit Manual

(published on website of the Ministry of Finance)

The Main Objectives of the New PIFC Law

Consolidation
existing two
laws

Conforming
with
IIA and IC
standards

Strengthening
institutional
capacity for
PIFC

FMC

Strengthening
managerial
responsibility and
accountability

Establishing
Financial Affairs
Units users
responsible for
financial
management and
control in all
budget

Strengthening
position Minister
of Finance and
CHU for FMC

IA

Strengthening
the
independence
of internal
auditors

Set up criteria
for
establishing
Internal Audit
Units

Certification
internal
auditors

Criteria for the Number of Internal Auditors in IA Units

2 internal auditors for budget up to 50 million denars

(≈ 800 thousand euro)

4 internal auditors for budget up to 500 million denars

(≈ 8 million euro)

5 internal auditors for budget up to 2 billion denars

(≈ 32,5 million euro)



STRENGTHENING ADMINISTRATIVE CAPACITY FOR PIFC

Strengthening FMC

Administrative Capacity on Central Level

Trainings for high level
managers in

**27 budget
users**

Training for risk
assessment and internal
acts for FMC for

**60 managers in
10 pilot
institutions**

Job training for writing
procedures for staff in

**10 pilot
institution**

Next Steps in Strengthening FMC System

Establish departments/units for Financial Affairs in 65 budget users on central level according Action plan

Equip departments/units for Financial Affairs in 65 budget users on central level with employing / transferring 130 persons

Employing 1 person in the CHU unit for FMC

Next Steps in Strengthening FMC System

Adopting of
sub laws to
the new
PIFC law

Publishing
of Manual
for FMC

FMC trainings
for 15 central
level
institutions

in frame of new MATRA project



Strengthening Administrative Capacity for IA



Development and Results of IA

	2005	2006	2007	2008
Established IA units	15	23	62	78
Internal auditors	37	67	97	112
IA reports	107	230	311	-
Recommendations	779	1927	2128	-
% of implemented recommendations	42	44	56	-

Next Steps in Strengthening IA System

Adopting of
sub laws to
the new
PIFC law

Publishing
of Manual
for IA

IA trainings for
15 central level
institutions

in frame of new MATRA project

Next Steps in Strengthening of IA

Adoption of Action plan for
establishing and equip IA
units in

65 budget users on central level

Employing / transferring
135 persons in IA units
according to Action plan

Employing 3
person in the CHU
unit for IA



Thank you for your Attention
Questions and Comments