

Risk assessment table / PFM RP Action Plan 2022

No.	Functional area	Impact area	Risk trigger event, situation or factor	Risk level	Mitigation measure	Responsibility	Deadlines (dd/mm/yyyy)			Completed ? (Yes / No)	Risk active / closed ?
Pillar I - Economic Analysis, Macroeconomic and Fiscal Framework											
Priority 1. Revenue Forecasting and Reporting	Measure 1: Improving tax and customs reporting in accordance with the EU best practices Measure 2: Enhancing tax and customs modelling capacity	Not getting the needed technical assistance	Moderate	Realisation of permanent trainings of the employees	MoF and partners for technical assistance	31	12	2025	No	Active	
		Insufficient human capacity		The Ministry of Finance should employ qualified personnel	MoF						
Priority 2. Economic Analysis and Macroeconomic Forecasting	Measure 1: Capacity building for economic analyses Measure 2: Developing new macroeconomic models	Insufficient capacities	Moderate	The Ministry of Finance needs to employ highly qualified personnel for matters related to macroeconomic projections and macroeconomic data analyses	MoF	31	12	2025	No	Active	
Priority 3. Strengthening Debt Management	Measure 1: Reduction of operational risks in public debt management	Insufficient human capacity	Moderate	highly qualified personnel for matters related to public debt management (knowledge of the international capital market, debt portfolio risk management,	MoF	31	12	2025	No	Active	
		Outflow of educated staff		Permanent training and improvement of the existing staff in the public debt management unit is needed							

Pillar II - Revenue Mobilisation										
Priority 1. Tax and Customs Policy	Measure 1: Improved Revenue Legislation Framework, Harmonised with the EU Acquis	Outflow of educated staff	Moderate	The Ministry of Finance should employ highly qualified personnel for matters related to drafting tax legislation and harmonisation with EU Acquis public debt management (knowledge of best EU tax practices)	MoF and PRO	31	12	2024	No	Active
Priority 2. Tax Administration	Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance	Untimely implementation of all stages in the process of making legal changes	Low	Continued communication between PRO and MF	PRO, MF	31	12	2023	No	Active
		Not introducing compliance risk management	Moderate	Establishment of Compliance Risk Management Committee	PRO (CRMU)	1	1	2024		
	Measure 2: Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)	Insufficient commitment to high management	Low	Establishment of Reform Steering Committee	PRO (PRO's Collegium)	1	1	2024		
		Lack of finance	Moderate	Strong commitment and coordination of all stakeholders to secure finance	PRO (PRO's Collegium), MF	1	1	2025		
		Lack of capacity and commitment of PRO's employees, especially IT staff	Moderate	Strong commitment and coordination of all stakeholders to increase the capacity of the IT staff	PRO (PRO's Collegium+HRS)	1	1	2025		
		Significant changes in the legislation	High	Harmonization with existing legislation	PRO, MF	1	1	2025		
Priority 3. Customs	Measure 2: Modernization of customs services and their digitalization	A different level of staffing of customs services can be an incentive for organized criminal networks to redirect their operations to border points with weaker customs control.	Medium	Adequate education of human resources according to needs and provision of appropriate technical means for better equipment, monitoring of the situation and coordination of all border points, including cooperation with other institutions with competences at border crossings.	Customs Administration, Ministry of Finance	31	12	2025	No	Active
		Timely and quality implementation of trainings for handling the new sophisticated control equipment		Coordination between the concerned organizational units in the Customs Administration, the project teams and the staff of the Customs Administration during the definition and implementation of the trainings	Customs Administration					
	Untimely implementation of all stages in the process of alignment with EU systems	Coordination between the concerned organizational units in the Customs Administration, the project teams and the staff of the Customs Administration during the definition and implementation of the trainings		Customs Administration, Ministry of Finance, (EU)						

Pillar III - Planning and Budget										
Priority 1. Budget Planning	Measure 1: Advancement of medium-term planning	Human potential for implementation	Average	Personnel strengthening in the Ministry of Finance and budget users through training and professional development	Ministry of Finance and Budget users	31	12	2025	No	Active
	Measure 2: Improved budget planning and development of measurable performance indicators									
	Measure 3: Fiscal consolidation for gradual and sustainable reduction of the budget deficit									
Priority 2. Strengthened Public Investment Management	Measure 1: Planning Sustainable Levels of Investment	Untimely and insufficient staffing of the PIM Department in the MoF with qualified staff	High	Planning and realisation of new recruitments in the PIM department; Implementing a policy/strategy for attraction, motivation and retention of qualified staff	MoF	30	6	2023	No	Active
	Measure 2: Improved project appraisal, selection and allocation of resources for capital investments									
Priority 3. Effective Instruments under the Growth Acceleration Plan	Measure 1: Establishment of different funds in the state institutions and development of different financial instruments	Untimely adoption of the legal changes regarding the establishment of the Funds and units in the institution	Moderate	Strong commitment and coordination of all stakeholders to secure establishment of the funds and units for strengthening capacities.	FITD/FEZ/DBNM/ALRD	31	12	2025	No	Active
	Measure 2: Strengthening the capacities of various institution									

Pillar IV - Public Procurement										
Priority 1. Public Procurement Policy	Measure 1: Strengthening institutional capacities	Whether all concerned institutions will be involved in the activities of the advisory group	LOW	Ensuring strong commitment, effectiveness and coordination between stakeholders	PPB	31	12	2023	No	Active
		Untimely adoption of the legal changes regarding the education system of the Public Procurement Bureau	SUBSTANTIAL	Timely initiation of the procedure for legal amendments	PPB/MF/GOV/Assembly	31	12	2025		
Priority 2. Public Private Partnerships (PPPs)	Adoption of the Law on Public Private Partnership	The Proposal Law is harmonized with all relevant institutions. It has been submitted for a second opinion to the European Commission, which obligation arose from the Bilateral Meeting on Chapter 5-Public Procurement on 11.11.2022. After receiving the opinion from Brussels and acting on it, the Law will be submitted in Government procedure and for adoption by the Assembly of the Republic of North Macedonia	Medium	Ensuring strong commitment, effectiveness and coordination between stakeholders	Government/Assembly	31	12	2023	No	Active
Priority 3. Appeal Mechanism	Strengthening the administrative capacity of SAC and increasing the transparency, efficiency and effectiveness of SAC	1.Inability to decide within the legal deadlines, possibility for outflow of professionally qualified staff 2.Possibility of outflow of professional staff and bringing in a situation of difficult functioning of the Commission 3.System failure	SUBSTANTIAL	Strengthening the administrative capacity of the SAC through the employment of a sufficient number of qualified experts	1.Government of RNM/ Assembly of RNM 2.Ministry of Finance / SAC	31	12	2024	No	Active
Pillar V - Integrated Public Finances										
Priority 1. Implementation of an Integrated Financial Management Information System (IFMIS) to Support the Implementation of Public Financial Management Reforms and Organic Budget Law	Measure 1: IFMIS is fully operational to support the implementation of OBL reforms	Insufficient staffing and insufficient training of human resources	Moderate	Selection of experienced and qualified personnel in the Working Body for IFMIS and their appropriate training is required	MoF	31	12	2024	No	Active
Priority 2. Strengthen the Accounting of Budgets and Budget Users	MEASURE 1: Strengthening the accounting system by applying of new accounting practices	Insufficient human capacity in the Financial System Department	low	The Ministry of Finance should employ highly qualified personnel for work related to knowledge in the field of accounting in the public sector.	MoF	31	12	2023	No	Active
Priority 3. Public Finance Academy	Continuous training in the field of public finance	Insufficient human resources in the Academy of Public Finance	Medium	planning new hires - establishment of motivation and retention policies	MoF	31	12	2025	No	Active

Pillar VI - Public Internal Financial Control										
Priority 1. Financial Management and Control	"Harmonization of the system of internal financial control in the public sector in the Ministry of Finance"	Insufficient staffing and training of personnel resources	Medium	<ul style="list-style-type: none"> - planning new hires - establishment of motivation and retention policies - provision of continuous trainings 	MoF and public sector entities	31	12	2025	No	Active
Priority 2. Internal Audit										
Priority 3. Financial Inspection	Improving the legal framework	Insufficient human capacity	High	Commitment of top and middle management	Assembly of RNM	31	12	2023	No	Active
	Introducing a system of annual remuneration of financial inspectors based on results	Non-enactment of the Law on Financial Inspection in the Public Sector	Moderate	Strong commitment and coordination of all stakeholders for the adoption of the new Law on Financial Inspection in the Public Sector	MoF					
	Improved methodologies and systematization (increasing the added value of the financial inspection function)	Non-adoption of the Law on Financial Inspection in the Public Sector	Substantial	Strong commitment and coordination of all stakeholders	MoF					
	Designing a concept for obtaining a license for a financial inspector	Failure to submit a Program for theoretical training and practical work and a Program for taking and conducting an exam for obtaining a license for a financial inspector	Moderate	Strong commitment and coordination of all stakeholders	Ministry of Finance and Twinning project					
	Preparation of the Program for the training of financial inspectors on an annual level	Failure to adopt a Program for the training of financial inspectors on an annual level	Low	Top management commitment	MoF					

Pillar VII - External Control and Parliamentary Oversight

<p>Priority 1: External Control and</p>	<p>Strengthen the legal framework for external audit</p>	<p>New draft State Audit Law for strengthening SAO financial and operational independence not submitted and not adopted by the Assembly of RNM;</p>	<p>Moderate</p>	<p>Within the Twinning project activities, new draft State Audit Law was prepared. Opinion on the draft law was provided from: the twinning partner SAIs of the Republic of Croatia and the Republic of Bulgaria; DG Budget of the European Commission; and INTOSAI Development Initiative (IDI). Auditor General handed over the draft State Audit Law to the Minister of Finance for further action and meetings are held between representatives from both institutions.</p>	<p>State Audit Office, Ministry of Finance and Assembly of RNM</p>	<p>31</p>	<p>12</p>	<p>2023</p>	<p>No</p>	<p>Active</p>
<p>Priority 2: Parliamentary Oversight</p>	<p>Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM</p>	<p>Inability to sign a Memorandum of Cooperation between the Assembly and the SAO;</p>	<p>Moderate</p>	<p>High-level meetings were held between the Auditor General and the President of the Assembly of the RNM, also representatives from the Assembly of the RSM actively participated in the activities of component 3 of the Twinning project, within which the activity for drafting a Memorandum of Cooperation is foreseen.</p>	<p>SAO, Assembly of RNM</p>	<p>31</p>	<p>12</p>	<p>2022</p>	<p>Yes</p>	<p>Closed</p>
	<p>Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM</p>	<p>Inability to prepare and adopt Procedures of the Assembly of RNM for the mechanism for review of audit reports;</p>		<p>In the framework of activities of component 3, written procedures for the delivery and review of audit reports and other documents to/by the Parliament. They will be final after the adoption of the new Law on State Audit and adjustment of the content of the procedures with it.</p>		<p>31</p>	<p>12</p>	<p>2023</p>	<p>No</p>	<p>Active</p>
	<p>Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM</p>	<p>Inability to prepare amendments to the existing Manual "Introduction to Audit Reports";</p>		<p>A new Manual "The role of the State Audit Office and the Parliament in strengthening the efficiency in the management of public finances" has been prepared. It will be finalised after signing the MoU between SAO and Assembly of RNM and adjusting it.</p>		<p>31</p>	<p>12</p>	<p>2022</p>	<p>Yes</p>	<p>Closed</p>
	<p>Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM</p>	<p>Inability to prepare a training plan</p>		<p>This activity will be implemented after adoption of the new State Audit Law, a training plan for MP and Assembly Staff will be prepared for strengthening institutional capacities for reviewing audit reports in the Assembly of RNM</p>		<p>31</p>	<p>12</p>	<p>2023</p>	<p>No</p>	<p>Active</p>

Pillar VIII - PFM at Local Level

<p>Priority 1. Fiscal Decentralisation Measure 1: Improving Fiscal Capacity and Increasing Municipal Revenues</p>	<p>New / revision of the Law on Financing of Local Self-Government Units</p>	<p>Late adoption of the new Law on Budgets, which is the basis for the preparation of this law</p>	<p>High</p>	<p>Strong commitment and coordination of all stakeholders for the adoption of the new law</p>	<p>Ministry of Finance and Parliament of RSM</p>	<p>31</p>	<p>12</p>	<p>2024</p>	<p>No</p>	<p>Active</p>
	<p>Increasing the own revenues of the municipalities, increasing the funds allocated to the municipalities from the central budget and introducing criteria for</p>	<p>insufficient human capacity and limited financial resources, the need for additional analyzes and research, as well as a more ethical will to solve the problem</p>	<p>Moderate</p>	<p>Strong commitment and coordination of all stakeholders</p>	<p>Ministry of Finance, municipalities and Government of RSM</p>	<p>31</p>	<p>12</p>	<p>2025</p>		
	<p>Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants</p>	<p>insufficient human capacity and limited financial resources, the need for additional analyzes and research, as well as a more ethical will to solve the problem</p>			<p>Ministry of Finance, Ministry of education and science Ministry of labor and social Policy Ministry of culture Ministry of defense Other competent ministries and institutions from where capital grants are transferred</p>					
<p>Priority 1. Fiscal Decentralisation Measure 2: Regional and Local Development</p>	<p>Establishment of the Agency for regional and local development and achieving balanced regional development</p>	<p>complexity of the procedure</p>	<p>Substantial</p>	<p>Strong commitment and coordination of all stakeholders</p>	<p>Ministry of Local Self Government</p>	<p>31</p>	<p>12</p>	<p>2024</p>	<p>No</p>	<p>Active</p>
<p>Priority 2. Financial Discipline, Transparency and Accountability at Local Level Increasing of the financial discipline</p>	<p>Realistic planning of the revenues and expenditures of the municipalities</p>	<p>insufficient human capacity</p>	<p>Moderate</p>	<p>Strong commitment and coordination of all stakeholders, especially of municipalities for implementation of provisions of the Law on financing LSGU</p>	<p>Municipalities and Ministry of Finance</p>	<p>31</p>	<p>12</p>	<p>2025</p>	<p>No</p>	<p>Active</p>
	<p>Rationalization of operations and reduction of unnecessary expenses</p>			<p>Strengthening of human capacities</p>	<p>Ministry of Finance</p>					
	<p>Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation</p>			<p>Strong commitment and coordination of all stakeholders</p>						
<p>Priority 2. Financial Discipline, Transparency and Accountability at Local Level Measure 2. Increasing the transparency and accountability in the work of the municipalities</p>	<p>Increasing control by the state</p>	<p>Not adpting the new Law on financial inspection in the public sector</p>	<p>Moderate</p>	<p>Strong commitment and coordination of all stakeholders</p>	<p>Ministry of Finance</p>	<p>31</p>	<p>3</p>	<p>2023</p>	<p>No</p>	<p>Active</p>
		<p>Not organising and performing the exam for acquiring licence for financial inspector</p>	<p>Substantial</p>	<p>Strong commitment and coordination of all stakeholders</p>	<p>Ministry of Finance</p>	<p>31</p>	<p>12</p>	<p>2023</p>		
	<p>Improving the transparency and timely informing the general public about the work of the municipality</p>	<p>insufficient human capacity</p>	<p>Moderate</p>	<p>Strengthening of human capacities</p>	<p>Ministry of Finance</p>	<p>31</p>	<p>12</p>	<p>2025</p>		